

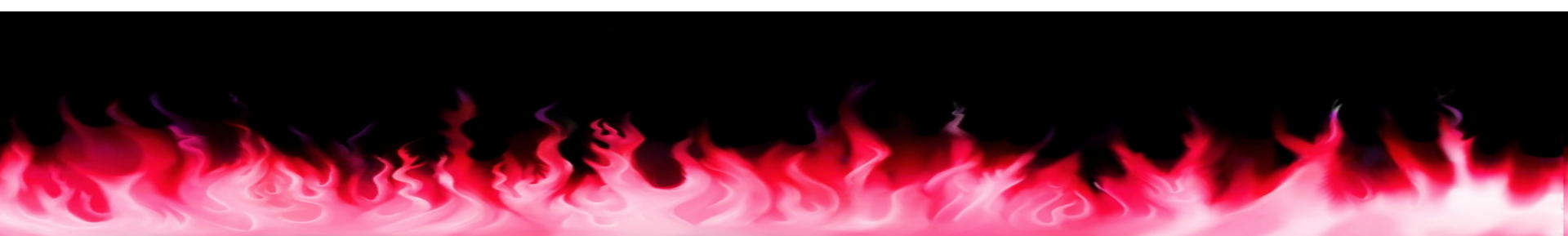
# The Truth About Reverse Mortgages

Presented by  
Steve Haney  
The Mortgage Doctor  
719-266-5500



# RM Myths

- The bank is going to take my home
- I am giving away my kids inheritance
- The fees are toooo high
- The bank might boot me out of my home
- RM's are only for rich people
- My home has to be free & clear to qualify





# *History*

- 1<sup>st</sup> RM closed on 19 Oct 1989
- Unregulated & bad stuff happened
- The rules have radically changed
- “ New reverse mortgage”
- About 200,000 close every year
- Growing popularity

# *What is a Reverse Mortgage?*

- Home Equity Conversion Mortgage (HECM)
- Loan against the equity in your home
- All moneys received are tax free cash
- No house payments balance of your life
- The Bank never takes your home, as long as you follow some basic rules
- Smart financial decision



# Who Qualifies?

- At least one borrower must be 62
- Must be a homeowner
- Most property types OK
- Home does not need to be free & clear
- Meet basic income and credit guidelines



# Consumer Protection

## 1. Counseling

All borrowers & spouses are required to receive counseling by an independent 3<sup>rd</sup> party.

## 2. Families

Encouraged to participate

## 3. Timing 3 day cooling off period

# *How do I get the cash?*

- Line of Credit (Adjustable Rate)
- Monthly Payments (Adjustable rate)
- Lump Sum (Fixed Rate)
- Combination of the above

# Who Likes Reverse Mortgages?

- Consumer Advocate
- Tom Marino - Trouble Shooter
- AARP
- Wall Street Journal
- FHA
- National Council on Aging
- Fox News & CNN





# *How Much Can I Get?*



It depends:

- Current interest rates
- Loan options chosen
- Value of your home
- Current loan balances, if any
- Age of the youngest borrower
- Govt regulations



# *What can I do with the money?*

- Pay medical bills
- Pay off existing mortgage
- Pay off other debts
- Home repairs
- Daily living expenses
- Save your home from Foreclosure

# What else can I do with the money?

- Gifts to charity
- Help Children
- Buy a rental property
- Long term care
- Insurance products
- Estate planning
- Stop living off retirement assets
- **Anything you want! It's your money!**

# Purchase a Home

- Use a RM to BUY a home
- Never pay cash
- Put 50% down
- Save the rest for fun money
- Smart financial move

# The Older You are, the more \$ you can get

62. = 38% of appraised value

72.= 45%

82 = 54%



## *What are the risks?*

- The loan balance goes up
  - Loan balance will go up
  - Home value may go down
- You still have to pay:
  - Homeowners insurance
  - Property Taxes
- Property must be principle residence
  - 6+ months per year
  - If you permanently move out, bank will start foreclosure



# Summary

- Yes, there are some risks.
- Yes, there are opportunities.
- No, there is no reason to be afraid.
- Yes, you can boost retirement income.
- Yes, you can pay off debts.
- Yes, you can follow dreams.
- Yes, everyone knows someone who could benefit from a Reverse Mortgage

Thanks for giving me a few minutes of your life. I hope that it was worthwhile.

## HEAR STEVE ON THE RADIO!



**MyMortgageGuySteve.com**  
(719) 266-5500 (877) 299-5500  
steve@mymortgageguysteve.com

**PROVIDENT LENDING CORPORATION**  
6025 Erin Park Dr, #C  
Colorado Springs, CO 80918

Steve Haney, President and Certified Mortgage Consultant

### SATURDAY

6 AM on KHOW 630 AM  
12 PM on KCSJ 590AM  
3 PM on KHOW 630 AM

### SUNDAY

12 PM on KHOW 630 AM

Remember to be nice. Everyone is fighting their own battles.