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Craig Marley
Reverse Mortgage
Advisor



"As a former U.S. Navy SEAL, I learned about trust, integrity, honor and commitment. As your Reverse Mortgage Advisor, I am committed to applying these values to my business relationships and providing my clients with the highest standards of ethics, customer satisfaction and peace of mind."



Reverse Mortgage Review



Thanks Uncle Sam!

Washington, DC: According to HUD Secretary Alphonso Jackson, two million more Baby Boomers will be eligible for a FHA insured HECM Reverse Mortgage if Congress passes new legislation to increase the number of eligible borrowers. Under the FHA Home Equity Conversion Mortgage (HECM), homeowners 62 and older who are "equity rich" but "cash poor" can borrow against the equity in their home and receive tax free cash advances for as long as they live in their home. Borrowers may choose to receive a tax free monthly cash advance or a line of credit to spend on anything they wish. This extra income will greatly improve the quality of life and provide more financial independence. Under current FHA rules and interest rates, a 75 year old couple owning a \$400,000 home may be eligible to receive an extra \$1,500 per month or more tax free for as long as they live in their home. Or they can elect to establish a line of credit of up to \$225,000. They can buy a new RV or car, pay off credit cards or medical bills, take a vacation or send their grandkids to college and never have to worry about making a monthly payment. The reverse mortgage does not have to be re-paid as long as they live in their home. There are no pre-payment penalties or spending restrictions.



The Expanding American Homeowners Act of 2007 will make the HECM insured Reverse Mortgage more attractive by raising the current \$362,790 maximum limit to at least \$417,000. Congress is also considering raising it to \$600,000. Both homeowners must be 62 or older, live in their home as their primary residence and should have at least 70% equity to get the maximum loan. Borrowers pay a 2% mortgage insurance premium (MIP) to the FHA. The FHA insures the loan and guarantees the lender will meet their obligations to the homeowner. (continued on page 2)

What's in your piggy bank?

The equity in your home is like money in a giant "piggy bank"...money you've saved... money that belongs to you. With a reverse mortgage, you can quickly and easily access the money in your "piggy bank". And you can spend it on anything you wish. Best of all, you never have to make a monthly payment as long as you live in your home. What would you do with an extra \$225,000?. How about a new RV-paid in full with cash? Would a tax free \$1,500 a month make a difference in your life? (continued page 3.)





Happy Birthday Grandpa!

What would you do with an extra \$1,500 per month .. TAX FREE?...

Or a tax free line of credit for \$100,000 or more!

Pay off credit cards
Improve Your Lifestyle
Pay off medical and Rx
Take a Vacation
Buy a New RV or Car
Send Grandkids to College
Home Improvements
Travel



You too Grandma!

Reverse Mortgage Review

Thanks Uncle Sam! (continued from front page)

No income qualifications!

With a HECM Reverse Mortgage, senior homeowners with a low first mortgage balance will no longer have to make a monthly mortgage payment. Nor will they have to worry about the possibility of foreclosure because their first mortgage is paid in full with their reverse mortgage. This is a major advantage of a HECM Reverse Mortgage as it provides qualifying homeowners with the peace of mind knowing they can live in their home, worry free, as long as they wish. Even more attractive is the fact that there is no income verification, FICO credit score or financial qualifications. There are several payout options with the

HECM Reverse Mortgage. Homeowners can elect a monthly check or a credit line or a combination of both. A 75 year old couple could receive up to \$1,500 per month for as long as they live in their home. For taxpayers in the 30% tax bracket this is equivalent to a taxpayer earning over \$2,100 a month. This will be a significant benefit to many Baby Boomers in their retirement years. The HECM Reverse Mortgage loan is paid off when the homeowners sell, move or the last owner passes away. FHA/HECM Reverse Mortgages are “non-recourse” loans and are paid off from the sales proceeds only. All remaining equity is paid to the owner’s or their heirs per their wishes.

FHA Regulates Reverse Mortgage Costs

The Department of Housing and Urban Development (HUD) and The Federal Housing Administration (FHA) regulate HECM Reverse Mortgage costs, interest rates and fees. There are no out of pocket closing costs to homeowners who elect to include these costs in their reverse mortgage. HECM loan costs are outlined below.

Origination Fee: Presently, the maximum HECM origination fee is **the lesser of:**

- \$7,256 or;
- 2% of your home’s appraised value
- Financed—no out of pocket costs

On a \$300,000 home the origination fee would be \$6,000.

Mortgage Insurance Premium (MIP)
 The FHA guarantees and insures each reverse mortgage with a Mortgage Insurance Premium or MIP. MIP comes in two parts. Part A is **the lesser of:**

- \$7,256 or;
- 2% of your home’s appraised value your interest rate. Your Mortgage

Insurance Premium guarantees you will receive your promised tax free cash advances and not have to repay your reverse mortgage balance for as long as you live in your home:

- No matter how long you live there
- What happens to your home’s value
- What happens to the lender

MIP guarantees your total debt can never be more than the value of your home, even if you live much longer than others your age or your loan balance exceeds the value of your home.

3rd Party Costs: Third party costs associated with closing a reverse mortgage include appraisal fee, title search, insurance, surveys, home inspection, recording fees, mortgage taxes, credit check for tax or property liens and other miscellaneous charges. Most HECM lenders in a given area are likely to charge similar amounts for these items which range from \$3,000 to \$5,000 depending on the loan amount.

Jumbo Reverse Mortgages to \$10 million

Jumbo Reverse Mortgages are now available in California for homeowners 62 and older living in million dollar properties. The major advantage of this program over the FHA/HECM loan is there is a significant increase in the loan limit. HECM limits are currently about \$250,000. Jumbo reverse mortgage limits are typically 50% or more of the home equity depending on the homeowners age.

The number one use of Jumbo reverse mortgages is to retire first mortgages and eliminate monthly mortgage payments. The program allows seniors 62 and older to obtain a reverse mortgage

up to \$10 million depending on their home equity, the borrowers ages, and the current interest rates. Some Jumbo reverse mortgages permit homeowners to choose between a lump-sum, a credit line or a monthly cash advance-tax free. When they move, sell or pass away, the loan balance is paid off from the proceeds of the sale of their property.

A 72 year old Temecula couple with a home worth \$1.5 million and a \$220,000 first mortgage paid off their first mortgage thus ending further monthly payments. They also received \$100,000 in cash plus \$4,057 per month tax free for 10 years all without selling or moving or any monthly payments. Bon Voyage.

What's in your piggy bank? (from page 1)

The maximum monthly tax free cash advance is determined by the age of the youngest owner, appraised value, interest rates and FHA limits. Establishing a credit line will reduce the monthly cash advance. A 75 year old couple could receive over \$1,500 per month tax free for as long as they live in their home. Or they could establish a \$25,000 credit line and receive \$1,300 a month.

Other Benefits:

- Owners remain on Title**
- FHA insured**
- Tax Free cash**
- No monthly payments**
- Live in your home for as long as you wish**
- No effect on Social Security**
- No effect on Medicare**
- No pre-pay penalty**
- No maturity date**
- Flexible cash advances**



Reverse Mortgage Educational Seminar

GET ALL THE FACTS!

Attend a no cost Reverse Mortgage Educational Seminar. Or if you prefer you may schedule a personal, one on one presentation in the comfort of your home.

For seminar dates and reservations call:

Craig Marley

Reverse Mortgage Advisor

951-245-9804

Mountain View Financial, Inc.

TAX FREE CASH

for

Youngsters 62 and older

**GET YOUR
CERTIFICATE of COUNSELING**

You must complete a 30 minute telephone session with a HUD approved Counselor before applying for a FHA/HECM Reverse Mortgage

For assistance in setting up your HUD counseling, please call:

Craig Marley
Reverse Mortgage Advisor
951-245-9804

Get All the FACTS! Attend a Seminar!

You want to determine if a reverse mortgage is right for you and make a fully informed decision. Unfortunately, there is considerable myth and mis-information regarding reverse mortgages that can make the decision making process very confusing and frustrating. It takes time to

gather the facts. Will I be able to stay in my home? Do I still own my home? How much money can I get? When do I have to repay the loan? Am I eligible? How do I apply? The fastest and easiest way to learn the truth about reverse mortgages is to attend a free educational seminar hosted by

an experienced reverse mortgage advisor. Seminars offer an ideal setting to ask questions, get valuable information and share ideas with others. These free seminars last about 60 minutes and are held at convenient locations. Both husband and wife are encouraged to attend and there is no obligation.



"Our income increased by over \$1,500 a month-tax free. We paid off all our credit cards and are now traveling around the country in our new RV"

Reverse Mortgage Application Requirements

- Original HUD Counseling Certificate
- Drivers License or Photo ID
- Social Security Card
- Medicare Card
- Homeowners Insurance
- Mortgage Statement
- Check marked "VOID"
- Spouse Death Certificate *
- Declaration of Trust *
- Power of Attorney *
- (* if applicable)

Loan payoff

Your reverse mortgage is paid off when:

The last owner moves, sells or passes away or;

The owners move out of their home permanently

After paying off your loan, all remaining equity is paid to you, your estate or heirs per your instructions.

Real People ... Real Stories

How a Reverse Mortgage Saved A Home

Bill and Margaret, both 68 years old, had been paying on their first mortgage for over 20 years but still owed the bank about \$60,000. After Bill retired, they managed to make it by on their combined Social Security, Bill's part time work and their retirement savings account. But when Bill got sick he could not work. They had to use their savings to pay for medical care and drugs. After several months, their savings was nearly depleted and they got behind in their \$585 a month mortgage payments. Nothing was more devastating than when they received a Notice of Foreclosure from their bank.

Bill and Margaret had about \$400,000 equity in their home. They did not want to sell or move. Besides the current real estate market was soft. But the bank wanted their payments now!

Then a friend told Margaret about a FHA/HECM reverse mortgage seminar and Bill and Margaret decided to attend one near their home.

A week later they contacted a HUD counselor. According to the HUD Counselor, they could pay off their first mortgage with tax free cash from their reverse mortgage and avoid foreclosure. The counselor figured there was enough money left over to pay off all Bill's medical bills and credit card debt. They discussed their situation with adult family members. Everyone was in agreement to proceed and so their decision was easy.

A month later, Bill and Margaret closed on their reverse mortgage. They set up a tax free \$25,000 line of credit for emergencies which would grow to almost \$50,000 within 10 years if left unused. The equity also provided them with a monthly tax free cash advance of \$756 for as long as they lived in their home. Combined with the \$585 a month mortgage savings gave them an extra \$1,341 a month in additional cash flow.

Suddenly life got a whole lot sweeter!

To My Readers: *This is the first edition of the Reverse Mortgage Review. I hope you find it an informative resource. Financing retirement is a major challenge and Social Security alone is likely to be insufficient. Other sources of income will be needed for retirees to gain greater financial independence. Reverse mortgages were developed by the federal government to supplement Social Security and help retirees improve their quality of life. My goal is to keep readers abreast of legislation regarding reverse mortgages, accurately report the facts and expose the myths. Future newsletters will provide information on some of the new reverse mortgage programs that are currently under development. In the meantime, If you have any specific questions, please feel free to call or email me. I will do my very best to answer your questions and help you make a fully informed decision.*

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"Professional Real Estate and Mortgage Services with Personal Attention"
Mortgages - Reverse Mortgages - Loan Processing - Financial Planning



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