

Realtors are Discovering the Ability to Create New GCI Opportunities With **HOME EQUITY CONVERSION MORTGAGES**



What is a Home Equity Conversion Mortgage?

Home Equity Conversion Mortgages were created specifically for senior homeowners, 62 years and older, who want to convert part of their home's equity into loan proceeds without ongoing mortgage payments.

HECM 4 Purchase Mortgage Highlights*

- Preserve liquidity by investing available funds wisely
 - Based on age, invest a portion of the purchase price in cash.
 - Obtain a HECM 4 Purchase loan for the balance.
 - Save remaining cash that would have otherwise gone to principal for smarter age appropriate cash allocation.
- Utilize as hedge against future housing market uncertainty.
- Monthly principal and interest mortgage payments not required, but any principal payments made can be available as growing line of credit... which grows in cash availability every month at the same rate as is being charged against the outstanding balance.
- Utilized to leverage available cash to purchase nicer home in more desirable locations such as closer to family, golf courses and others.

*As long as they live in the home as their primary residence, maintain the home and keep current taxes, insurance as well as other property costs and do not violate loan terms significantly similar to all FHA mortgages. Counseling by independent third party, FHA approved counselor is required to ensure consumer's knowledge of program costs and other possible options. A financial assessment is required, however monthly mortgage payments are not included in DTI.



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Seller
Concessions
Allowed!**

A Home Equity Conversion Mortgage (HECM) can be used for virtually anything, but they are very popular for purchasing a new home!

- Age in place
- Retain liquidity reserves
- Relocate closer to family or retirement
- Improve monthly cashflow with no monthly payment
- Retain deed and ownership for heirs

When should you reach out to Ridge Reverse?

Anytime you have clients, aged 62 and older, you should consider asking if a HECM for Purchase (H4P) would be a benefit... it may provide an option they were not aware of or had not considered. If they are:

- Lacking sufficient income leading to Debt to Income issues in traditional mortgages
- Nervous that their credit score may be a detriment.
- Concerned about making a move in this economic environment
- Worried about tapping into their retirement savings
- Uneasy moving closer to family and/or friends due to lack of affordability
- Unable to find an acceptable home for the all-cash offer they are willing to invest
- Looking for a condo but the bylaws rule out FHA and conventional spot approval



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