

Many Homebuyers, 62 Years and Older, are Discovering **HOME EQUITY CONVERSION MORTGAGES**

to More Amicably Settle Silver Divorce Negotiations



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 and HECM 4 Purchase Mortgage Highlights*

- Preserve liquidity by investing available assets wisely.
 - Existing home equity released to departing spouse.
 - Departing spouse may use H4P to purchase next home.
 - Neither spouse required to make ongoing monthly mortgage payments (nor prohibited from doing so).
- HECMs cannot be called regardless of future value of the home.¹
- Optional monthly mortgage principal and interest payments made can be available as growing line of credit.²
- Utilized to leverage available cash to purchase nicer home in more desirable locations such as closer to family, recreation, etc.
- HECMs are secured solely by the home. They are non-recourse loans to borrowers and heirs.¹

*As long as they live in the home as their primary residence, maintain the home and keep current taxes, insurance and other property costs and do not violate loan terms significantly similar to forward FHA mortgages. Counseling by independent third party, FHA approved counselor is required to ensure consumer's knowledge of program costs and other possible options. This material is not from HUD or FHA, nor was it approved by HUD or FHA.

(1) HUD 24 CFR Sec 206.27(b) (8)-(9) and (c)(1)-(2). (2) HUD 24 CFR Sec 206.25(g). Growth feature at same rates as are being accrued on the outstanding loan balance.



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A Home Equity Conversion Mortgage (HECM) can be used to extract equity and provide funds needed for departing spouse to purchase their next home.

- Asset Division and Home Ownership

HECM allows the spouses to use the equity in the current home to provide funds to buy a new home while the other spouse retains ownership in the existing home. Departing spouse may then utilize those funds to purchase their next home.

- Improved Monthly Cash Flow

A primary advantage of a HECM is that no monthly mortgage payment is required, nor prohibited, providing those who might be on fixed or limited income to better afford their new living arrangements.

- Financial Flexibility

Utilizing both a HECM and a HECM for purchase for each party provides greater financial stability and flexibility during this transitional period.

- Housing Security

Silver divorces can often result in significant life changes. Both the HECM and H4P can provide a sense of security by allowing both spouses to live comfortably without significantly depleting current or future financial resources.

These are highlights of some of the benefits a HECM can provide divorcing couples during what is likely a highly emotional period in their lives. Why not partner with an ex-CPA and financial professional to help resolve what may be the biggest challenge your clients may face?



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