

* **Help Your Buyer buy a home
with no mortgage payments**

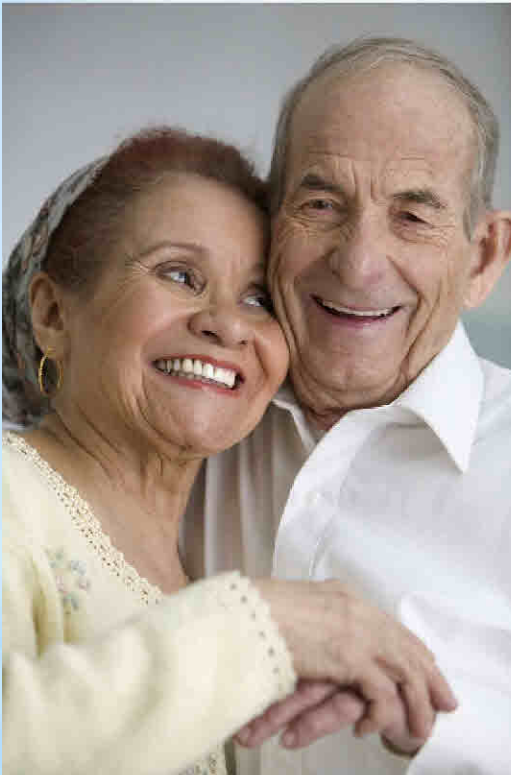


FHA HECM



**Introduction to Reverse Mortgages Financing
For Home Purchase!**

*Advantages



A senior 60 or older can now leverage their crucial cash retirement assets or buy “up” vs. paying cash, as now they can finance a large portion of the transaction.

And, without having a monthly mortgage payment!

*What is a Reverse Mortgage?

- * A HECM (Home Equity Conversion Mortgage), a FHA Insured loan, or
- * “Equity Elite” Proprietary Reverse Mortgage.
- * No repayment of the loan is required until the borrower(s) no longer occupies the home as their principal residence, dies, or defaults on taxes, insurance, or home maintenance.
- * At that time, the mortgage due and payable.
- * What is borrowed plus interest is due to the lender, remaining equity remains with the Borrower in life or with the estate.

*How does it work

- * Borrower will qualify between 35% to 70.0% Loan-To-Value (LTV) depending upon their age
- * The older the borrower, the higher the LTV, the lower the down payment.
- * Translates to a down payment of 65% to 40%, Including closing costs. (see examples next page)
- * In contrast, senior borrowers may need at least this much of a down payment to qualify for traditional financing.

*Some Examples:

Estimate Based on Youngest Aged Borrower 70

Purchase Price*	\$200,000	\$300,000	\$500,000	\$700,000	\$1,000,000 Equity Elite	\$3,000,000 Equity Elite	Monthly P & I Payment
Age	Cash Required To Close (INCLUDING Closing Costs)*						<u>\$0.00</u>
62	\$115,731	\$170,856	\$280,022	\$388,277	\$5192,126	\$1,599,132	
70	\$105,647	\$155,772	\$255,022	\$353,272	\$422,678	\$1,396,465	

Please Note: if your 70 years old Buyer has:

- 1) \$700,000 to buy All Cash, Buyer could buy a \$1,000,000 home with \$422,678
- 2) \$600,000 to buy All Cash, Buyer could buy a \$700,000 home with \$353,272
- 3) \$200,000 to buy All Cash, Buyer could buy a \$300,000 home with \$155,772

INCLUDING Closing Costs! Do your Real Estate Math!

Estimates Based on age of youngest buyer-borrower 70, HECM: Monthly Adjustable Initial Rate of 3.35% or Equity Elite Zero: Fixed Annual Rate 7.115% ,7.335% APR. Lesser of Purchase Price or Appraised Value or FHA Lending Limit of \$822,375 for 2021. Or Equity Elite Maximum Loan Amount of \$4,000,000. Subject to Financial Assessment and other conditions. Pre-Paid not included in Closing Costs. Equity Elite Condo Proceeds Lower than SFR (shown here), Condos Project approval by Equity Elite Lender required. Individual Condo Units approval by FHA required. Subject to errors and omissions and Interest and Program changes without prior notice. Sept 2021

- * **Scenario 2: Buyer 70 could buy a more satisfactory home than they could buy “All Cash”. Make everybody happier!!!!**

<u>All Cash Purchase</u>	<u>Estimate With Reverse Mortgage Financing * Age 70</u>
<u>Purchase Price:</u> \$200,000	\$300,000
<u>Funds Required to Close:</u> \$200,000 + Closing Costs	\$155,772 <u>including</u> Closing Costs
<u>Percentage of Purchase Price:</u> 100%	51.9%
<u>Monthly Payment:</u> \$0.00	\$0.00

**Estimates Based on age of youngest buyer-borrower, HECM: Expected Monthly Adjustable Rate of 3.350%. Lesser of Purchase Price or Appraised Value or FHA Lending Limit of \$822,375 FOR 2021. Or Equity Elite Maximum Loan Amount of \$4,000,000. Subject to Financial Assessment and other conditions. Pre-Paid not included in Closing Costs. Equity Elite Condo Proceeds Lower than SFR (shown here), Condos Project approval by Equity Elite Lender required. Individual Condo Units approval by FHA required. Subject to errors and omissions and Interest and Program changes without prior notice. Sep 2021

* Why Use Reverse Mortgage as a Purchasing Tool?

- * No monthly mortgage payments (Taxes and Insurance payments and any property charges are required to be kept current and property must be maintained)
- * Leverage crucial retirement cash liquidity
- * Buy up, get more house than paying cash

*Non-Recourse Loan

- * The HECM is insured through FHA. Proprietary Program also available. *Non-recourse loans*.
- * That means that the homeowner or their heirs will *never* be asked to pay back more than the balance due OR the value of the home. Even if the value has decreased to be smaller than the debt.

*Fast and Easy Down Payment Figure

*Call us for a down payment figure.

*All we need is:

- purchase price
- date of birth or Age - youngest Buyer
- zip code
- type of property (sfr, 2-4, townhouse, or condo)

* Opportunity for your home sales



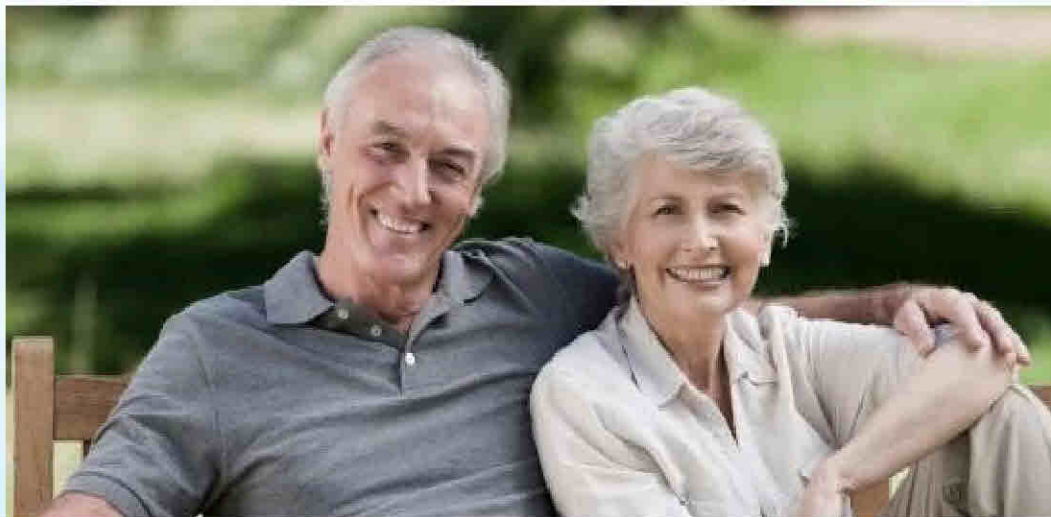
- * 10,000 Baby Boomers turn 62 every day!
- * Access to new markets
- * Seniors want to “age in place” (stay at home)
- * Market is virtually un-tapped
- * Sell a Higher Home Value than the Buyer can Buy “All Cash Only”, with less money

* Properties That Qualify

- * 1-4 family residences, PUDs and Condos (must be approved).
- * Some manufactured,
- * No log, dome, farm, businesses, etc.
- * No second homes or investment properties
- * New construction is eligible EVEN BEFORE the Certificate of Occupancy has been issued
- * Any repairs must be satisfied by the seller prior to closing.
- * Home Inspection is required

*Credit & Income

- * Credit & Income asesement more flexible than with regular mortgage. Pre-Qualify!
- * No short sale, deed in lieu, within the past three years
- * All federal debt must be satisfied
- * Bankruptcy Chp. 7 seasoning is 2 years



*Funds

- * No loan to get our loan; business, bridge, mortgage, retirement account, credit card, etc.
- * Proceeds from the sale of a business, real-estate, etc. are allowed. Paper trail must be documented.
- * All funds must be seasoned for 90 days, large deposits sourced
- * Mattress money, cashiers checks, etc., not allowed.
- * Gifts from related parties acceptable.



*Real Estate Owned

- * Borrowers may keep existing Real Estate (limit 3)
- * All existing real estate housing expenses will be added / buyers income (no credit for rental income)
 - Looking for 620 Credit Score - Equity Elite (exceptions can be made)
- * Borrowers will sign Verification of Occupancy and a Letter of Intent
- * Must occupy the residence within 60 days or default under the terms of the mortgage and foreclosure proceedings can begin

*Some Concessions Allowed

- * FHA_HECM: No sellers concessions.
- * Equity Elite: Some seller concessions (up to 6%)
- * No lender concession
- * No broker or real-estate agent concession
- * No concession from any party in the transaction before, during, or after the loan closing
- * No carry back financing
- * Gifts from relations allowed. - Must be sourced
- * Title charges must be paid by borrower

*Most Common Pitfalls

1. Home Inspection is done late - repairs must be satisfied by seller prior to closing.
2. Funds are not sourced properly with a clean paper trail.
 - 90 days unless from the sale of another property, business, etc.
3. Real estate agents, sellers, and brokers attempt to work in concessions.

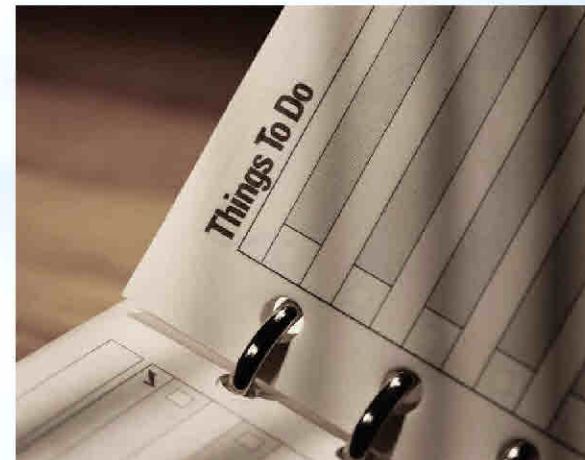
*The Process / Timeline

Check turn times to insure a smooth closing expectation for all parties

Origination Procedure for a Purchase Reverse -

This order is crucial!

1. Purchase Contract, all Riders - For FHA HECM: Be sure to include FHA Rider & Amendatory Clause!
2. Counseling
3. Certificate of Occupancy can be issued before closing (New Construction ONLY)
4. Application / Disclosures
5. FHA Case Assignment (HECM Only)
6. Appraisal Order / Completed
7. Submitted To Underwriting
8. Conditions (if any)
9. Clear to Close
10. Fund





*Thank You

Juan Luis Rodriguez-Kohly

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