

HECM

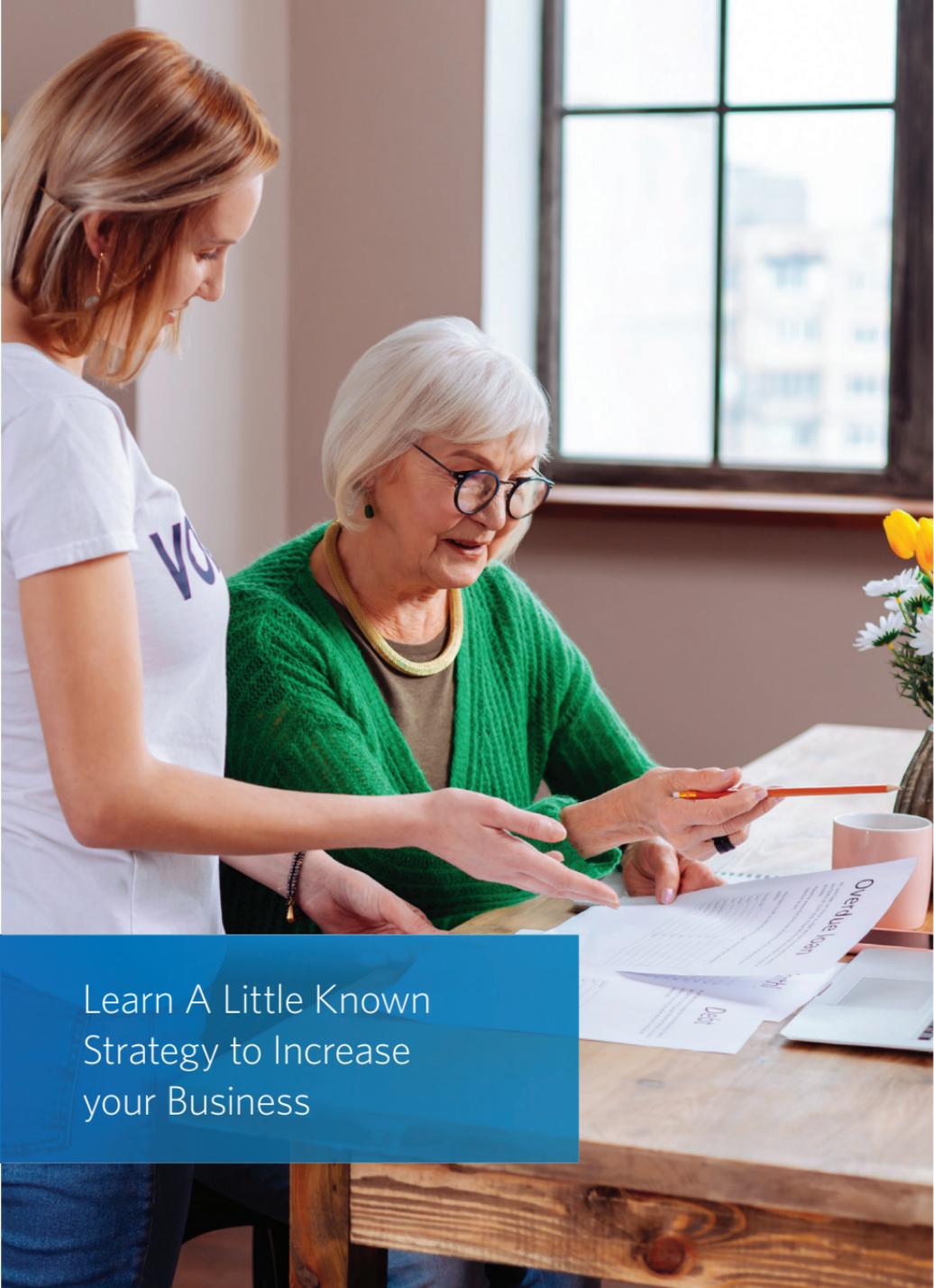
for Purchase Program Real Estate Professional Guide

For Those Who Want to Work with
Boomer Buyers Age 62+



Mutual of Omaha

MORTGAGE



Learn A Little Known
Strategy to Increase
your Business

The Big Question: if you're not working with Boomer Buyers, then what's stopping you?

During a recent conversation with a successful Real Estate broker a disturbing fact was revealed. The broker stated one of the primary reasons they don't do more business with us is because our **Home Equity Conversion Mortgage** (HECM) programs are confusing. The lending industry uses a lot of specialized words, but there really isn't anything mysterious or complicated about what those words mean. Because we use acronyms like HECM and words like positive and negative amortization every day, we assumed everyone understood them.

We made a **Big Mistake!** If Real Estate professionals don't know what the HECM is and how it works, then they aren't likely to recommend the program to their clients. "So what?" you ask. Well, here's what - if your Boomer client's age 62+ could *increase their purchasing power* and *buy a home they really want without depleting their nest egg*, wouldn't that be a win-win for them and you?

If you want to **sell more homes to Boomers** then you owe it to yourself to learn about a powerful financing program that will **open up new sales opportunities**. You're about to discover a little-known strategy that Real Estate professionals have been using since 2009 to sell dream homes to Boomers age 62+.

Introducing the **Home Equity Conversion Mortgage for Purchase Program**, or **H4P Program** for short. With this age-based financing program you can attract Boomer buyers and **sell them a home they really want**.



2 Big Reasons You Should Learn About the H4P Program

1. Increase Your Business.

With the HECM for Purchase program you can increase your business, assist seniors by offering them more home buying solutions, and distance yourself from your competitors. Most Real Estate Professionals are unaware of the HECM for Purchase program and are missing an opportunity to provide seniors with a powerful home purchase option. Offering the HECM for Purchase option to your senior clients allows them to leverage their purchasing power and potentially acquire the dream home that previously seemed out of reach.

2. Create Consistent Lead Flow.

Boomers make up the fastest growing demographic in the U.S., and according to a 2010 U.S. Census Bureau population survey, the number of Americans age 55+ is 76.7 million. 52 million of these Boomers surveyed are not living in a home that meets their lifestyle plan. The two reasons



are: *"I don't have enough cash to afford a new home"*, and *"I can't qualify for a traditional mortgage."* These aging Boomers are looking for a professional like you to help them upsize, downsize or rightsize. The marketplace is huge, and **the demand for creative purchase solutions is growing** as these aging Boomers navigate the real risk of outliving their money during their retirement years.

How The H4P Program Works: 3 Purchase Options

- Downsize:** purchase a smaller home with low maintenance
- Upsize:** purchase a more expensive home with more options
- Right Size:** purchase a home at the same price point but with different amenities like single story, low maintenance, lifestyle community.

Example:

Tom and Sarah want to sell their home and purchase a new home. They are both 70 years of age.

| | |
|-----------------------------------|------------------|
| Sell existing home for: | \$400,000 |
| Pay off existing mortgage: | -\$50,000 |
| Cash left over after sale: | \$350,000 |

Now they can purchase a new home using the H4P Program

| | Downsize | Upsize |
|---------------------------------------|------------------|-----------------|
| Cost of new home: | \$350,000 | \$600,000 |
| HECM Loan Amount:* | \$179,010 | \$312,510 |
| One-time down payment amount: | \$170,990 | \$287,490 |
| Cash left over after purchase: | \$179,010 | \$62,510 |

Tom and Sarah now live in a new home with No Mortgage Payments and they have a significant amount of cash left over for future needs.

*Youngest borrower age 70. Calculation based on an Annual 2.00% Libor ARM program with an initial interest rate of 3.956%. Maximum APR (Annual Percentage Rate) 8.956% as of 10/17/19. Loan becomes due and payable upon a maturity event such as no longer maintaining the home as your primary residence or failure to remain current on property taxes, homeowners insurance, or condo fees.

Let's do the math...

Tom and Sarah use the \$350,000 net proceeds from the sale of their existing home to purchase a \$600,000 dream home. They significantly increased their purchasing power and you increased your business by offering an alternative to paying cash or traditional financing!

H4P Program Down Payment Matrix

Purchase Power Leverage

Using the Matrix below, simply match an age with a purchase price to see what the one-time down payment would be.

| | Age of youngest borrower ▶▶▶▶▶ | | | | | |
|----------------|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| PURCHASE PRICE | 62 | 65 | 70 | 75 | 80 | 85 |
| \$150,000 | \$85,399 | \$81,440 | \$76,790 | \$73,340 | \$67,940 | \$60,890 |
| \$200,000 | \$111,090 | \$107,290 | \$101,090 | \$96,490 | \$89,290 | \$79,890 |
| \$250,000 | \$136,890 | \$132,140 | \$124,390 | \$118,640 | \$109,640 | \$97,890 |
| \$300,000 | \$162,690 | \$156,990 | \$147,690 | \$140,790 | \$129,990 | \$115,890 |
| \$350,000 | \$188,490 | \$181,840 | \$170,990 | \$162,940 | \$150,340 | \$133,890 |
| \$400,000 | \$214,290 | \$206,690 | \$194,290 | \$185,090 | \$170,690 | \$151,890 |
| \$450,000 | \$240,090 | \$231,540 | \$217,590 | \$207,240 | \$191,040 | \$169,890 |
| \$500,000 | \$265,890 | \$256,390 | \$240,890 | \$229,390 | \$211,390 | \$187,890 |
| \$600,000 | \$317,490 | \$306,090 | \$287,490 | \$273,690 | \$252,090 | \$223,890 |

DOWN PAYMENT ▶▶▶▶▶

Calculation based on an Annual 2.00% Libor ARM program with an initial interest rate of 3.956%. Maximum APR (Annual Percentage Rate) 8.956% as of 10/17/19. Estimated fees, including up-front FHA mortgage insurance premium range from \$11,000 to \$21,000 depending on the value of the home (included in mortgage). Closing costs vary from state to state and can affect down payment. Please check with your HECM Loan Officer for actual figures. Fixed rate options also available. Synergy One Lending, Inc. d/b/a Mutual of Omaha Mortgage. NMLS ID 1025894. These materials are not from, or approved by, HUD, FHA or any Government Agency. Subject to credit approval. www.nmlsconsumeraccess.org



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Charges such as an origination fee, mortgage insurance premiums, closing costs and/or servicing fees may be assessed and will be added to the loan balance. As long as you comply with the terms of the loan, you retain title until you sell or transfer the property, and, therefore, you are responsible for paying property taxes, insurance and maintenance. Failing to pay these amounts may cause the loan to become immediately due and/or subject the property to a tax lien, other encumbrance or foreclosure. The loan balance grows over time, and interest is added to that balance. Interest on a reverse mortgage is not deductible from your income tax until you repay all or part of the interest on the loan. Although the loan is non-recourse, at the maturity of the loan, the lender will have a claim against your property and you or your heirs may need to sell the property in order to repay the loan, or use other assets to repay the loan in order to retain the property.

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