



**REVERSE MORTGAGE**  
**EDUCATORS**

*Presents:*

# Hidden Listings in Reverse

---

Learning Objectives

- Review of Reverse Mortgages
- Current Lending Environment
- Using a reverse Mortgage for your business

Ryan Kleis

(888) 242-5959

[www.TheReverseEducators.com](http://www.TheReverseEducators.com)



# Who are the biggest group of homeowners buying and selling homes?

2023 Home Buyers and Sellers Generational Trends Report National Association of REALTORS® Research Group Data

60% of the homes sold from July 2022 to June 2023 were by homeowners 58 year and older.

43% of the homes purchase from July 2021 to June 2022 were by homeowners 58 years and older.

# What do we need to know about Reverse Mortgages?

1. "What's a Reverse Mortgage?" Client want cash flow, not necessarily a reverse mortgage
2. Higher interest rates = lower reverse mortgage loan amounts. Only 35% of inquiries may qualify for a reverse mortgage. What happens to the other 65%?
3. A client needs to buy a home, but they don't qualify for a loan. Reverse Mortgage for Purchase will allow them to buy a home.
4. Homes currently with Reverse Mortgages will need an agent to handle the sale.

# What is a Reverse Mortgage?

- A Reverse Mortgage is much like a traditional loan except it has optional monthly mortgage payments.
- If a client never makes a payment, they can still live in their home for the rest of their life.
- Clients may qualify for the Reverse Mortgage, even if they don't qualify for any other financing.
- Many clients who have no intentions of selling their home may end up needing to sell and re-buy with a Reverse Mortgage for Purchase.
- Refinance clients can receive cash out through lump sums, monthly installments, or a mix of both.



"The more you're thinking of borrowing, the more..."



# Then and Now

Home Equity Conversion Mortgage or HECM  
FHA insured Mortgage

Year:	2021	Year:	2024
Age:	75	Age:	75
Value:	\$950,000	Value:	\$950,000
<b>Loan Amount:</b>	<b>\$559,000</b>	<b>Loan Amount:</b>	<b>\$400,000</b>
Loan Balance:	\$425,000	<b>Loan Balance:</b>	<b>\$425,000</b>
Net:	\$134,000	No loan possible. Loan too small	

# Here's How the Reverse Mortgage for Purchase Works

**Example:** based on a 75 y/o borrower

- You list and sell current home for **\$950,000**.
- Client nets **\$470,000** after mortgage payoff, fees, etc.
- Client buys *downsized* home for **\$600,000**.
- Client uses **\$360,000** of the **\$470,000** for down payment towards *downsized* home.
- We fund a Reverse Mortgage for Purchase for **\$240,000**.
- Client retains **\$110,000** from previous house.
- Best of all, they *have optional monthly mortgage payments* for the rest of their life.
- FICO scores are not considered.
- Limited income OK.

Sold:	<b>\$950,000</b>
Net gain:	<b>\$470,000</b>
New home price:	<b>\$600,000</b>
Down payment:	<b>\$360,000</b>
Reverse Mortgage:	<b>\$240,000</b>
Client retains:	<b>\$110,000</b>

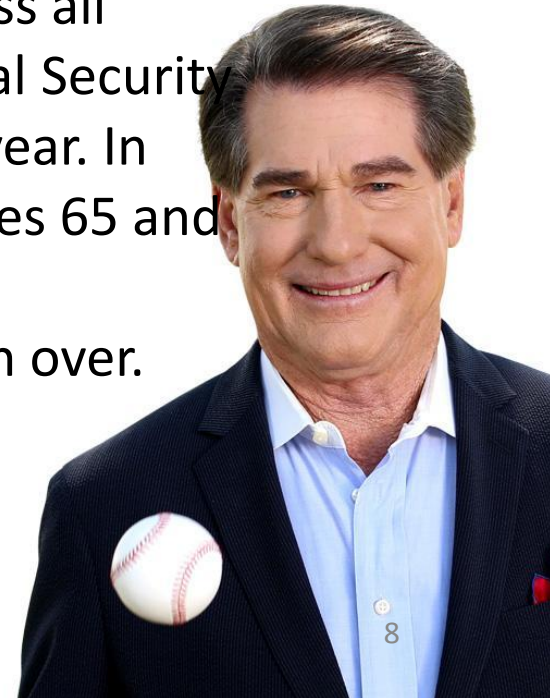


# Before You Write Your Offer...

- Pre-underwriting approval should be obtained
- Life Expectance Set Aside
- The client must undergo Reverse Mortgage counseling before the appraisal can be ordered. This step should be done ASAP. We provide a list of counselors at the initial meeting.
- If you have a transaction, please contact us before writing the offer at (888) 242-5959.

# Market Growth & Key Facts

- 10,000 baby boomers will turn 65 years old everyday until 2030.<sup>1</sup>
- The number of Americans 65 and older will increase from about 57 million in 2021 to about 76 million by 2035.<sup>2</sup>
- According to the Transamerica Center for Retirement Studies, the median total household retirement savings across all workers is approximately \$93,000. The average Social Security benefit is \$1,614 per month for 2022, or \$19,368 a year. In 2020, the average annual spending by Americans ages 65 and older was \$47,579.<sup>3</sup>
- No more defined benefit pensions; 401Ks have taken over.



1. Pew Research Center, 2. U.S. Census Bureau, Population Division, Annuity.org 3.

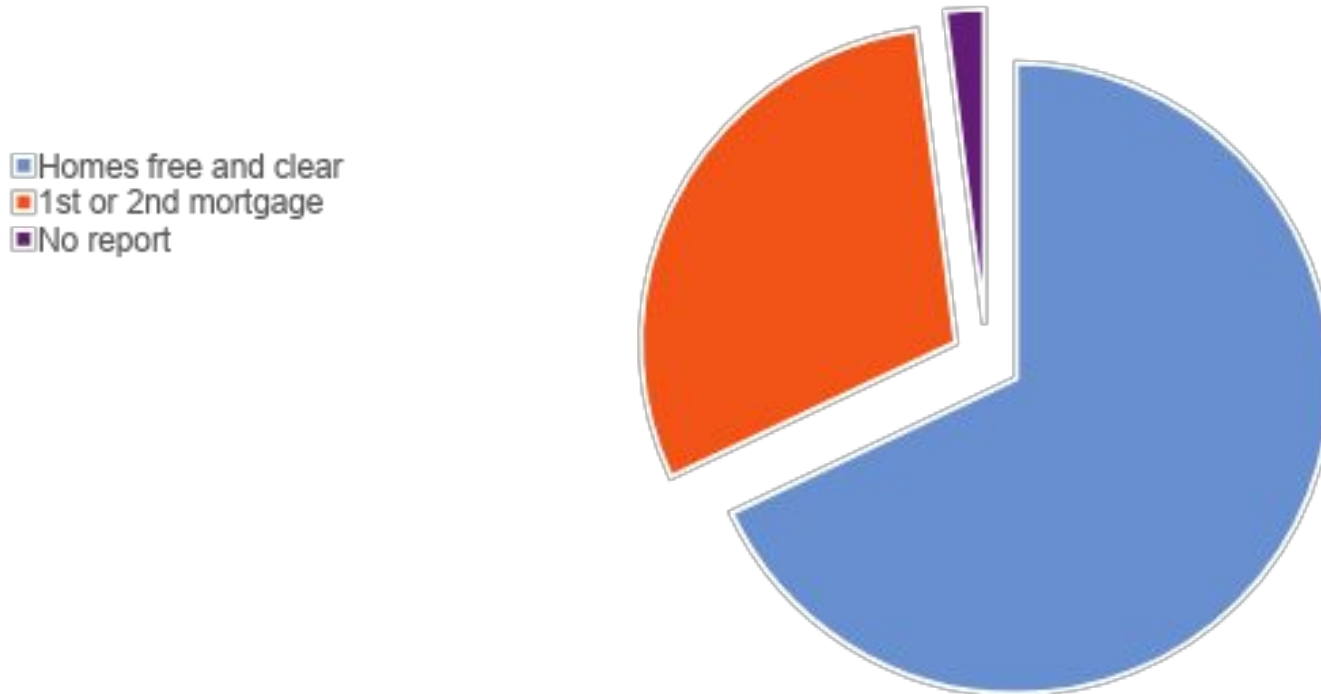
Insured Retirement Institute, Fidelity, Vanguard, ssa.gov

Copyright © 2024 Reverse Mortgage Educators, Inc. For financial professionals only. Not intended for borrowers. All Rights Reserved.

Reproduction prohibited. All figures estimated and subject to change.



# House Rich/Cash Poor



Of the 63.2 million homes<sup>1</sup> owned by persons aged 65+, 41% or 25.9 million homes are owned free & clear.<sup>2</sup> This is over 12 trillion in equity, owned by older homeowners<sup>3</sup>.

Source: 1. 2020 U.S. Census Bureau 2. Forbes 3. BlackKnight May 2021 Study

# What happens in the future?

## Positive Equity:

### Example:

Home Value: \$950,000

Current Balance: \$600,000

### Your Heir's Options:

1. *Pay off the balance of \$600,000 to keep the home with another loan, cash, or a combination of the 2.*
2. *Sell the home, and your heir(s) pocket(s) \$350,000 in equity.*

## Negative Equity:

### (HECM) Example:

Home Value: \$700,000

Current Balance: \$750,000

### Your Heir's Options:

1. *Pay off the balance at 95% of fair-market value (\$665,000).*
2. *Do nothing, and let the bank mitigate their losses. Because this is a non-recourse loan, your assets and your heirs are protected.*
3. *Short sale listing.*

# Reverse Mortgage FAQ

- **The government/bank owns my home.**  
Like a traditional mortgage, you pledge your home as collateral while remaining the sole owner of the property.
- **I or my heir(s) will lose any future appreciation of the home.**  
Any future equity in the home will be retained by you or your heirs.
- **My heirs can't inherit my home after I pass away.**  
After you pass away, the heirs can simply pay off what was owed on the Reverse Mortgage and keep the house and the equity.
- **If my house ends up underwater, I can no longer live in my home.**  
You can still live in your home, even if the balance is greater than the home's value.

# Reverse Mortgage – Borrower Obligations

A Reverse Mortgage borrower must...

- Occupy the home as their primary residence. If the last remaining borrower\* must leave the home for more than 12 months, the Reverse Mortgage must be paid off. If one of the borrowers can re-establish residency within 12 months, the clock restarts.
- Pay their property taxes, homeowner's insurance, and homeowner's association dues, if applicable.
- Maintain the home to minimum FHA standards.

# How much can your client receive?

## Reverse Mortgage for Purchase Calculator App

To download our app, search "[Rev4Pur](#)" in your app store

- Input the buyer's age(s) & purchase price / value, and PRESTO! The down payment and **FHA Reverse Mortgage loan amount** appears.
- **For FHA reverse, married couples** MUST have at least one spouse 62+ (but loan amount is based on youngest spouse)
- **For FHA reverse, ALL unmarried clients** need to be at least 62+ (loan amount is still based on youngest borrower)
- **For FHA reverse, \$1,149,825** is the max value / purchase price at which the loan amount will be based on. Any value higher than that would not be given a higher loan amount.
- Values higher than \$1,300,000 might use **non-FHA reverse mortgages** to get larger loan amounts. **Non-FHA reverse mortgages** will also allow ages of all borrowers to start at 55 years old.



# Calculate a Client's Downpayment ON THE SPOT!

Search "Rev4pur" in the App Store/Google Play



# This is who we've seen selling their homes

- Heirs of homes with reverse mortgages that need to sell
- Older homeowners moving to be closer to family
- Older homeowners having a hard time with bills after retirement
- Older homeowners getting ready to retire/downsize
- Older homeowners who could not qualify for a reverse mortgage refinance

**Interested in experimenting? Try using**



TitlePro247™

# Complimentary marketing resources available

**OPTIONAL PAYMENT MORTGAGE**

By Ryan Kiles - There is a loan... to start a home... when or if they... ally statement... instead, the inter... the future when... ven if you decide... the property and... and control their... You may qualify

**In this issue:**  
Use a monthly OPTIONAL PAYMENT LOAN  
What is PROP 19?

**The INFORMED HOMEOWNER**

**BEWARE OF CASH BUYERS**

**24/7 FREE PRE-RECORDED LINE (888) 887-2036**

**OPTIONAL PAYMENT MORTGAGE**

By Ryan Kiles - There is a loan... to start a home... when or if they... ally statement... instead, the inter... the future when... ven if you decide... the property and... and control their... You may qualify

**In this issue:**  
Use a monthly OPTIONAL PAYMENT LOAN  
Best home for EMPTY NESTERS?

**The INFORMED HOMEOWNER**

**HERO LOANS - ARE THEY REALLY HEROES?**

**24/7 FREE PRE-RECORDED LINE (888) 887-2036**

**OPTIONAL PAYMENT MORTGAGE**

By Ryan Kiles - There is a loan... to start a home... when or if they... ally statement... instead, the inter... the future when... ven if you decide... the property and... and control their... You may qualify

**In this issue:**  
Use a monthly OPTIONAL PAYMENT LOAN  
Concerned about CAPITAL GAINS?

**The INFORMED HOMEOWNER**

**IS NOW THE BEST TIME TO SELL?**

**24/7 FREE PRE-RECORDED LINE (888) 887-2036**

Find your Subject Property

Property Address  All

Welcome to TitlePro247™, your complete source for direct marketing lists, property reports and valuations.

**TITLEPRO247 TUTORIAL**  
...CURATE A SMALL, SPECIFIC LIST OF PROSPECTS  
right in your area

Downloadable flyers, newsletter, video tutorials, and MORE!

Need a newsletter sent out ASAP? Try GoCourtem.

# In-depth learning in our course refresher

- How the Reverse Mortgage and Reverse Mortgage for Purchase works
- Examples on how the Reverse Mortgage for Purchase works
- Why you will get more listings
- What happens in the future with a Reverse Mortgage?
- Reverse Mortgage misconceptions + obligations
- Calculating a client's down payment + before you write your offer.





# Team up with knowledgeable partners



Let's work together to serve your older clients' Reverse Mortgage needs.

**Ryan Kleis**

(888) 242-5959

(714) 609-0196

[Ryan@ReverseMortgageEducators.com](mailto:Ryan@ReverseMortgageEducators.com)

[www.TheReverseEducators.com](http://www.TheReverseEducators.com)

*This information is for Real estate professionals, financial planners, insurance agents, CPAs and attorneys only and is not intended for distribution to consumers or other third parties. Copyright © 2024 Reverse Mortgage Educators, Inc. For financial professionals only. Not intended for borrowers. All Rights Reserved. Reproduction prohibited. All figures estimated and subject to change.*

