# Senior Freedom Inc.

## Conference Call Jan. 20, 2015 at 10am

**Call in number 716-274-3400 Code 122150**

1. In a remote or telephone application the right questions are very important
    a. Asking the right questions about residency requirements saves problems later
        a.i. Make sure they actually live in their home
        a.ii. According to Urban, HUD says they must live there "Majority of the time"
        a.iii. 183 days per year according to Urban
    b. Residency is easy to assert if the following are all present
        b.i. All mail goes to the home or to a P.O. Box if they have one in same town
        b.ii. House is fully furnished and looks lived in (appraiser takes detailed pics)
        b.iii. Property has a homestead exemption
        b.iv. Make sure no one else lives there, unless an immediate relative
    c. If they spend some time elsewhere, such as at a vacation home
        c.i. Should not volunteer any information to the appraiser about residency
    d. Use the application checklist attached if you don't view the home in person!!!
        d.i. Questions about condition and things in need of repair are important
        d.ii. Application checklist is required on any loan not taken face-to-face

2. Still waiting on Mortgage Call report information forms!!!
    a. If you don't have one to submit, send an email saying so
    b. The form is required for any Apps taken, loans canceled, or loans closed
        b.i. Any of the above the happened between 10/1/2014 to 12/31/2014

3. How to proceed when the client says, "No, I am not interested."
    a. Ask the client what was his/her inspiration to inquire about a HECM
        a.i. This is your leverage. Make sure you bring the discussion back to this point. Try to find out how important this issue is to the client.
    b. If the client says he/she is not going to get enough money back:
        b.i. Ask the client what he/she was expecting to receive.
        b.ii. Ask why does this not seem like enough money.
        b.iii. Explain how much they will be able to keep each month by not having a mortgage to pay.
            I. Use large numbers, for instance, if the client pays $800 monthly in P&I, tell them that he/she will have almost $10,000 more each year in disposable income. Then explain that over the next ten years, that is about $100,000 they will put in their own savings rather than send to the mortgage company.
            II. Then ask them if there is anything they might want to do with an additional $100,000 over the next ten years.

b.iv. The client might not feel it is enough money since they feel they are selling the home, or that they think this is like an equity loan in which you can receive 80%, so make sure to ask questions that will pinpoint exactly why the client does not feel they are receiving enough money, then proceed to explain why his/her thinking is incorrect.

b.v. If the client still feels he/she is not getting enough money back, ask the client what other plans he/she has to receive more money.

I. If the client is considering an equity loan, emphasize that the client will simply end up paying back the loan with the money received.

II. For example, if the client says I can get $100,000 from an equity loan, tell the client that the monthly mortgage payment would be roughly $800, meaning he/she will pay $10,000 yearly. If he/she lives ten years, he/she will pay the entire $100,000 back, and only a small fraction of that will go toward reducing the principle. At this point, they are at a net zero in profitability from the equity loan. Even if the client only received, say $65,000 from a HECM, since there are no payments to make, he/she is still $65,000 in the positive. This means, after 3.5 years, the client will have paid back $35K out of the $100,000 equity loan, so after 3.5 years, the HECM is a better deal. If the client lives more than ten years, the equity loan is a negative net sum business deal, whereas the reverse mortgage was a positive all along. (If the client wants to sell the home, then the HECM'' pay back aspect will have an impact on the client, but if the client stays in the home until passing away, that will not impact the client's liquid cash flow situation).