



Cherry Creek[®]
MORTGAGE

Peer-to-Peer Loan Officer Coaching

Real Files. Real Borrowers.
Real Loan Officers. Real Solutions.





Assessing Your Dance Partner (Borrower)



Uncertain



Self-taught



Hesitant



What is a Reverse Mortgage?

It's a mortgage designed for people in retirement or planning for retirement.



Planning for Retirement means **figuring out a way for your money to live longer than you.**



Financial Planners are now **integrating reverse mortgages into retirement plans.**



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How do you feel about your retirement plan?

> Don't Have a Plan

> Not So Good

> Confident



FACTS TELL STORIES SELL



You remind me of Francisca



Francisca was looking for a cash out refi to consolidate debt and buy new windows

- > Recently widowed
- > 76 years old
- > Inherited an IRS tax lien and credit card judgement
- > Two Pensions and Social Security
- > 10 years left on her mortgage
- > \$6,230 – pre-tax monthly income
- > \$3,014 – Housing Expenses on new Conventional Mortgage (48%)
- > **LO Lisa requests Reverse Comparison**

	CURRENT PROFILE
HOME VALUE	\$900,000
LIENS	\$443,565
EQUITY	\$456,435
MONTHLY PYMT	\$3,442

	CURRENT PROFILE	CONVENTIONAL MORTGAGE
HOME VALUE	\$900,000	\$900,000
LIENS	\$443,565	\$480,000
EQUITY	\$456,435	\$420,000
MONTHLY PYMT	\$3,442	\$2,361

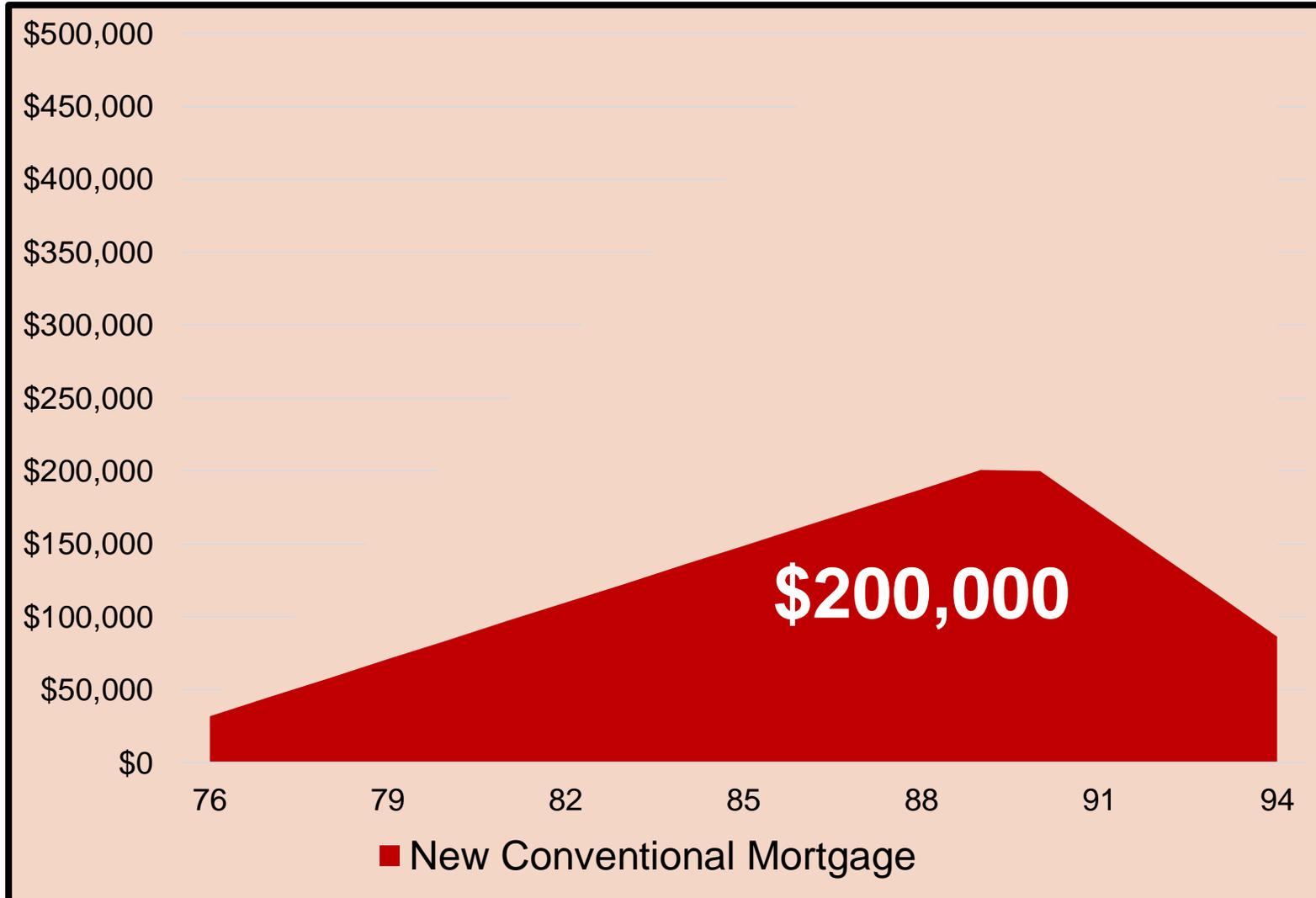
	CURRENT PROFILE	CONVENTIONAL MORTGAGE	REVERSE MORTGAGE
HOME VALUE	\$900,000	\$900,000	\$900,000
LIENS	\$443,565	\$480,000	\$466,200
EQUITY	\$456,435	\$420,000	\$433,800
MONTHLY PYMT	\$3,442	\$2,361	\$0

	CURRENT PROFILE	CONVENTIONAL MORTGAGE	REVERSE MORTGAGE
HOME VALUE	\$900,000	\$900,000	\$900,000
LIENS	\$443,565	\$480,000	\$466,200
EQUITY	\$456,435	\$420,000	\$433,800
MONTHLY PYMT	\$3,442	\$2,361	\$0

FEES & POINTS	\$17,411	\$22,419
CASH @ CLOSING	\$18,860	\$216

INTEREST RATE	4.25% FIXED	4.28% ARM
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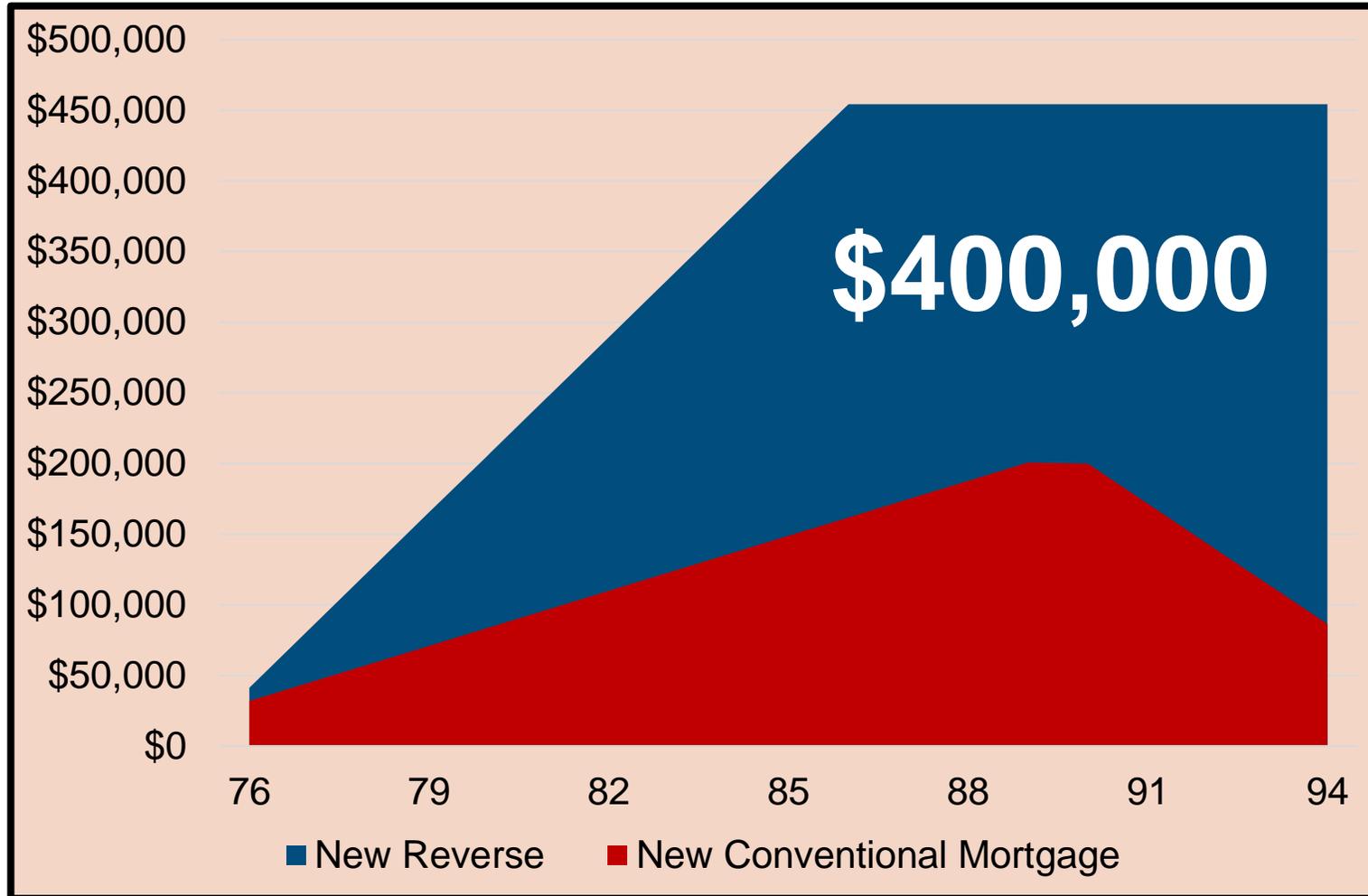
Conventional Mortgage Cash Flow Benefit



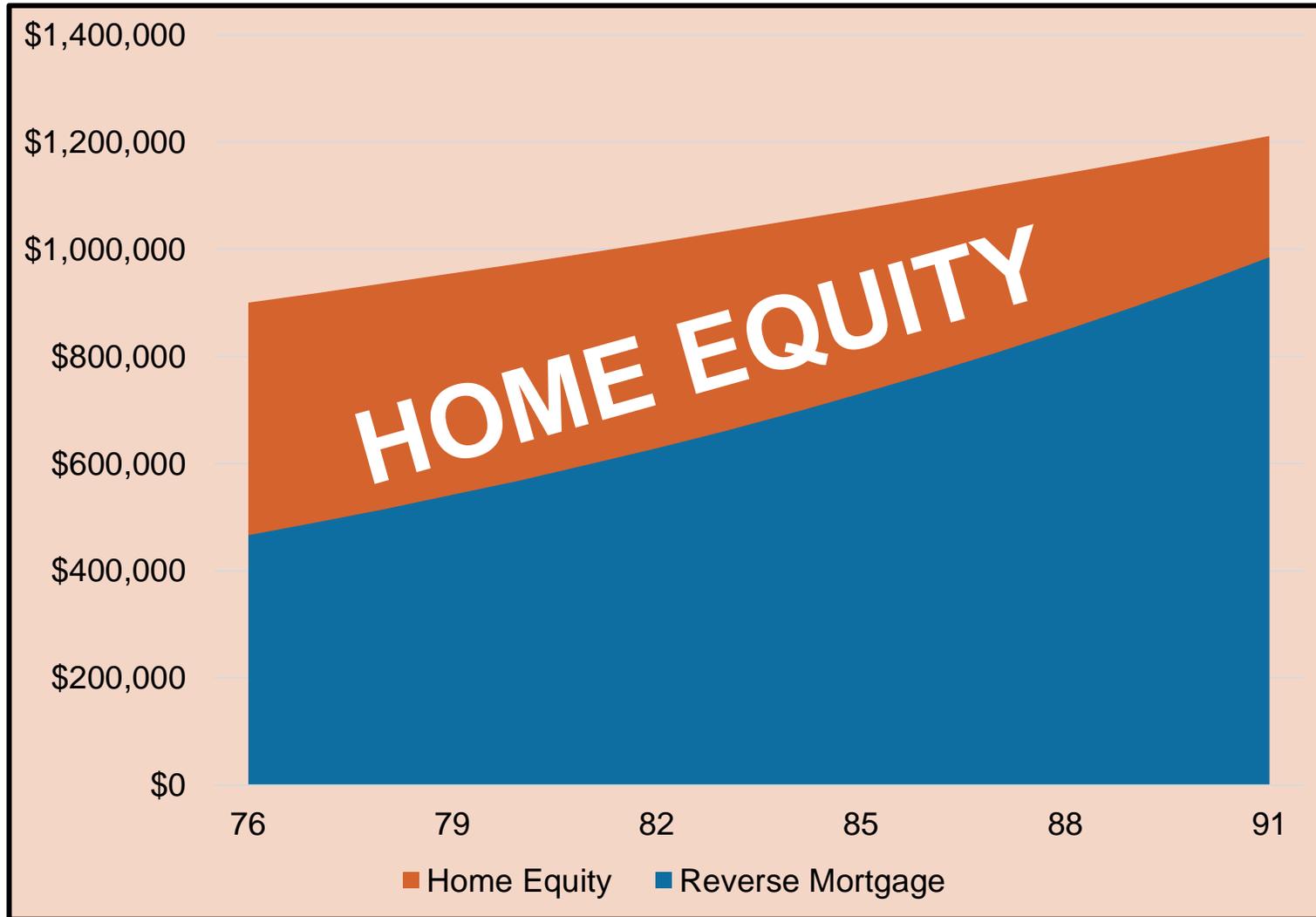
Francisca's current mortgage will be paid in full at age 90.

If Francisca lives past 92, a new conventional mortgage would have cumulative negative cash flow benefits.

Cumulative Cash Flow Comparison



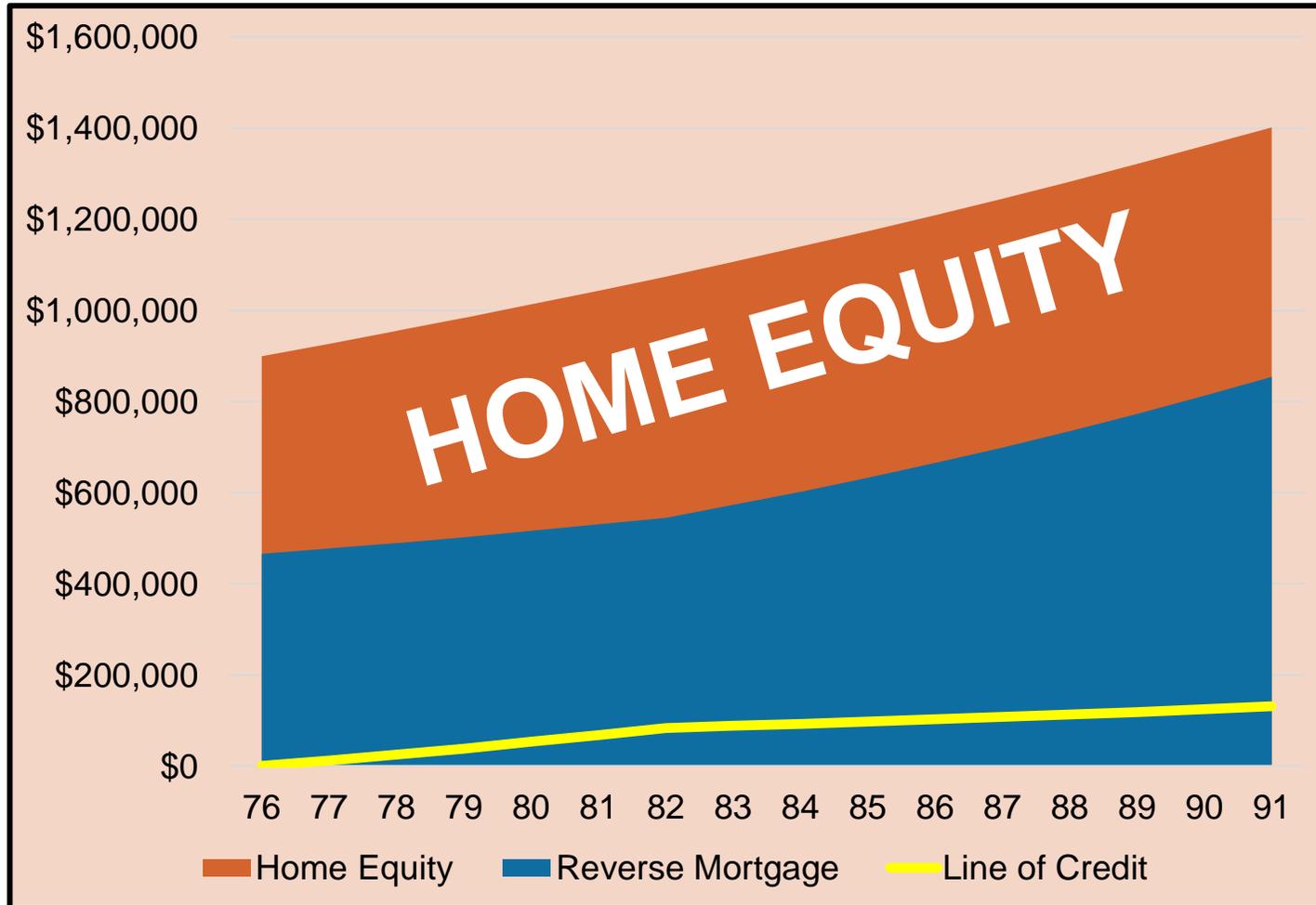
Future Equity Estimates with Reverse Mortgage



**3% Annual Property
Appreciation**

**Assumed ARM Rate: 4.5%
+ MIP: 0.5%**

Future Equity Estimates with Reverse Mortgage



3% Annual Property Appreciation

**Assumed ARM Rate: 4.5%
+ MIP: 0.5%**

Voluntary Monthly Payment

\$1,000

Number of Years

6



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OUR NEXT DANCE PARTNER





Jennifer



WHAT CAN YOU DO FOR ME THAT IS BETTER THAN WHAT I HAVE SEEN SO FAR?



Maybe you've done your research, are ready to go, and you want the best deal possible



Or nobody has actually listened to you and given you the info you really need



Or you're tired of being pushed into a one-size fits all approach and you can't understand why it's so hard to get your scenario modeled

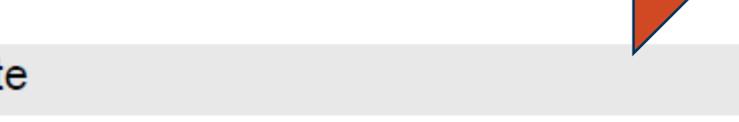
What best describes what you need from me?

> Best Deal - Low Fees

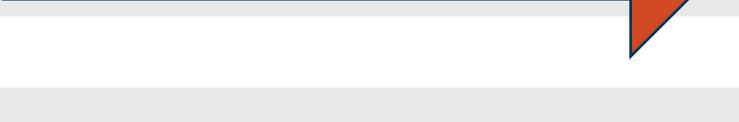
> Info I Really Need

> Tax Bracket Management

Yr	Age	Annual Totals					End of Year Projections			
		SVC Fee	Cash Payment	MIP	Rate	Interest	Loan Balance	Line Of Credit	Property Value	Equity
1	69	\$0	\$0	\$626	4.160%	\$5,208	\$128,370	\$170,827	\$582,400	\$453,905
2	70	\$0					\$134,481	\$178,960	\$605,696	\$471,090
3	71	\$0	\$0	\$687	4.160%	\$5,715	\$140,884	\$187,480	\$629,924	\$488,915
4	72	\$0	\$0	\$720	4.160%	\$5,988	\$147,591	\$196,406	\$655,121	\$507,405
5	73	\$0	\$0	\$754	4.160%	\$6,273	\$154,617	\$205,756	\$681,326	\$526,583
6	74	\$0	\$0	\$790	4.160%	\$6,571	\$161,978	\$215,552	\$708,579	\$546,475
7	75	\$0	\$0	\$827	4.160%	\$6,884	\$169,600	\$225,814	\$736,922	\$567,107
8	76	\$0	\$0	\$865	4.160%	\$7,204	\$177,499	\$236,565	\$766,399	\$588,505
9	77	\$0	\$0	\$908	4.160%	\$7,555	\$186,232	\$247,827	\$797,055	\$610,698
10	78	\$0	\$0	\$951	4.160%	\$7,915	\$195,098	\$259,626	\$828,937	\$633,714
11	79	\$0	\$0	\$997	4.160%	\$8,292	\$204,386	\$271,986	\$862,094	\$657,583
12	80	\$0	\$0	\$1,044	4.160%	\$8,686	\$214,117	\$284,935	\$896,578	\$682,336
13	81	\$0	\$0	\$1,094	4.160%	\$9,100	\$224,111	\$298,533	\$931,578	\$708,006
14	82	\$0	\$0	\$1,146	4.160%	\$9,533	\$234,344	\$312,599	\$967,178	\$734,624
15	83	\$0	\$0	\$1,200	4.160%	\$9,987	\$246,177	\$327,599	\$1,008,521	\$762,226

Margin		2.250%
Initial Interest Rate		4.020%
Expected Interest Rate		4.160%
Annual Mortgage Insurance Rate		0.50%
Cap on Interest Rate		9.020%
Initial Line of Credit Growth		4.520%

Calculation

Home Value		\$560,000.00
Maximum Claim Amount		\$560,000.00
Principal Limit		\$285,600.00
- Initial Mortgage Insurance		\$11,200.00
- Origination Fee		\$3,000.00
- Other Costs		\$3,335.95
+ Credits		\$0.00
Remaining Principal Limit		\$268,064.05
- Liens and Mortgages		\$70,000.00



STOP SELLING **START LISTENING**



Jennifer

> My current mortgage payments are \$714/month and I have 10 years left on the mortgage.

> The reverse mortgage fees are about \$17,000

> The reverse mortgage will improve my cash flow by \$714/month for 10 years.

> If you had the chance to invest \$17,000 and receive \$714/month for 10 years, would you do it?

$$\text{\$714} * 12 * 10 = \text{\$85,680}$$

16.5% compounded monthly



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LAST DANCE OF THE EVENING

Hesitant





Julie

> Therapist

> 78 Years old

> \$1,250,000 home

> \$318,000 mortgage

> 17 Years left

> COVID – can she provide therapy over zoom?



The reverse mortgage numbers look good, and your financial planner is in favor.



It would give you the flexibility you desire to manage any revenue reduction due to COVID.



I sense your hesitance to move forward.

What is it that concerns you?

“

I don't think I want
a reverse mortgage.
They're for poor people.
I'm not poor.

“

If I really need one
in the future,
I'll let you know.



FEEL FELT FOUND



I understand how you **feel** about reverse mortgages. They might help other people in certain situations, but not YOU and not NOW.

Many of my clients have **felt** the same way.

After learning that financial professionals are writing books and research papers about reverse mortgages, many advisors have **found** that reverse mortgages can have a profound positive impact.



The cost of waiting...
Third party validation...

What If Worksheet ?

Return ↑

Calc Method: ▾

View: ▾ [Go](#)

Select Scenario(s) [Go](#)

▾ ▾ ▾ ▾

Goals	Base Case - No HECM		Wait 10 yrs		Act Now	
	Average Return	Bad Timing	Average Return	Bad Timing	Average Return	Bad Timing
Need	100%	100%	100%	100%	100%	100%
10 Living Expense						
Want	93%	73%	100%	86%	100%	100%
7 Provide Care						
6 Car / Truck						
5 Travel						
Safety Margin (Value at End of Plan)						
Current Dollars	\$165	\$276	\$18,392	\$53	\$233,447	\$175,377
Future Dollars	\$256	\$428	\$28,534	\$83	\$362,184	\$272,091

Monte Carlo Results

■ Your Confidence Zone
75% - 90% [Edit](#)

Likelihood of Funding All Goals

Scenario	Probability of Success	Confidence Zone Status	Total Spending
Base Case - No HECM	40%	Below Confidence Zone	\$1,351,000
Wait 10 yrs	71%	Below Confidence Zone	\$1,351,000
Act Now	99%	Above Confidence Zone	\$1,351,000

Each scenario includes an "Explore" button.



Q&A



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