David Stacy

Director of Reverse Mortgage Lending

April brings a lot of great things with it, like wonderful weather, April Fools' Day, Tax Day, which I'm sure is everyone's favorite, and one of my favorite events, ***The Masters***, otherwise known as ***The 2024 Masters at Augusta National Golf Club***. If you're an avid golfer and fan like I am, then you're probably familiar with it. If not, it's a fantastic event that starts on Monday, April 8th and goes through Sunday, April 14th. It takes place at the infamous Augusta National Golf Club in Augusta, Georgia, and is probably

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Few Can Afford to "Age-In-Place" (Part I of III)

Over the next few issues we'll look at aging in place; the HECM for purchase for those considering moving; and the cost of long term care.

Eighty percent of older homeowners don't want to move, they want to stay put and "age in place." But the data is in and reveals that increasingly older homeowners are struggling to cover their housing expenses as the cost of everyday goods and services is 20% higher than it was in 2019. Inflation has slowed but the new cost of living is further eroding the ability of older adults to stay put. Most cannot afford to juggle the costs of housing and long-term care. In 2021 an all-time high of nearly 11.2 million older adults were cost-burdened spending more than 30% of their income on housing.

Not many older homeowners can afford the services and care needed to age in place. Research is showing when the cost of care is added to housing costs, only 14% of single people 75 and older can afford a daily visit from a paid caregiver, and just 13% can afford to move to assisted living. The median cost of assisted living is $4,500 a month. People want to live in their home for independence, but they still need resources, assistance, and support to stay at home. The "fit" of the home is also important: Does it have main floor living? Laundry, a bathroom and bedroom on one floor?

A perfect storm may be brewing as the financial stress of healthcare and housing costs converge as the population of older homeowners is growing. The U.S. population aged 65 and older increased by 34% in just the last decade, reaching 58 million in 2022. In the coming decade, the fastest growth will occur among people over 80, according to the Harvard Center.

The burden of housing costs is compounded by the increasing percentage of older adults who still carry a mortgage and monthly payment. Some 42% of homeowners aged 65 plus had a mortgage in 2022, compared with 27% in 1989. With a mortgage, the older homeowner is burdened with debt (and monthly payment) in later life at a time when their income may be constrained.

In conclusion, with increasing living costs and healthcare costs it is important to understand your options that can afford you the ability to access your home equity in a way that doesn't increase monthly obligations and further provides monthly cash flow when needed. A reverse mortgage does just that. It provides liquidity (cash) without an additional monthly payment. Or, it can pay off a current mortgage and free up that monthly expense.

Stay safe everyone, and as always may God bless you all.

— David Stacy

6 Home Equity Loan Rules to Live By and Never Forget!

In recent years, people seem to have forgotten the basics, and because of that they ended up with more debt than they can pay off. So we're here to refresh everybody's memory. Here are 6 home equity rules to live by and never forget:

1) Consider your options
A home equity loan may indeed be the best way for you to borrow, but you need to look at all the alternatives—and determine whether you can really afford it. Refinancing your first mortgage, for example, may make more financial sense.

2) Know the tax rules
One advantage of a home equity loan is that the interest you pay on it is *generally* tax-deductible. But there are exceptions to that rule. Consult a tax adviser to make sure you qualify for the deduction.

3) Long-term debt plus short-term expenses equals disaster
Chances are you'll be paying off that home equity loan for several years, so using it to fund purchases from which you'll only benefit in the short-term—such as a fabulous one-week family vacation—is asking for long-term financial trouble.

4) The flip side of rule #3
Tapping your home's equity for projects that will add to the value of your home or to make investments that will increase in value can be a shrewd financial move. A home equity loan can also be a great tool for consolidating high-interest credit-card debt. Just be sure you've also got a plan to cut back on your spending, so you don't end up with bad debt again.

5) Don't go above 80 percent
It's generally wise to keep your total home loan debt below 80 percent of your home's value. That way, you won't have to pay for private mortgage insurance *(see your lender)*. And, if you have to sell your house unexpectedly, you have a cushion to prevent you from owing more in mortgage debt than a buyer is willing to pay for your house.

6) Have a plan
Before you borrow any money, you should know how you're going to pay it back. But that's especially true when it comes to home equity loans.

So think hard, seek sound advice, and consider your options before you put your house and your credit record on the line.

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From the Inside

"What is bill consolidation?"

Bill consolidation is just another term for debt consolidation. They are the same thing—combining multiple payments into one by paying off existing debt with a new loan. Ideally, that new loan has a low enough interest rate to save you money.

How do I know if I need debt consolidation?
Debt or bill consolidation is best for someone with a manageable amount of debt from multiple creditors. Debt consolidation works best when your debt does not exceed 50 percent of your income and you consistently bring in enough money to cover a regular payment. Individuals with good credit can get lower-interest loans and credit cards, so for them debt consolidation can really mean a significant savings.

How does debt consolidation affect my credit?
As long as you stay on a plan and don't run up new debts, debt or bill consolidation should have a positive effect on your credit score in the long run. You may, however, see a drop in your credit score when you apply for a consolidation loan or close the accounts you pay off with the new loan.

What is the difference between a secured loan and an unsecured loan?
A secured loan has collateral to back it in case of default. For example, a mortgage is a secured loan because if you stop paying the mortgage, your lender can repossess your home and sell it to recoup lost costs. Typically, secured loans have a lower interest rate because they are less risky for lenders. An unsecured loan, like most personal loans, generally means there's no collateral for a lender to take if you don't make your payments, so such loans tend to require higher credit qualifications and/or higher interest rates.

Can I get a debt consolidation loan if I have bad credit?
Yes, you can qualify for a debt consolidation loan with less-than-stellar credit, but it can be difficult. If you qualify, you may have to pay a higher interest rate and may have to put up collateral. This can be chancy, because if you default on the consolidated loan, you risk losing your collateral.

Is it smart to pay debt by taking on more debt?
Taking out a debt consolidation loan can save you money on interest and allows you to become debt-free faster and with less hassle. If you are not committed to paying off your debts and exercising financial responsibility, then taking out more debt is probably not a good choice.

What is the difference between debt settlement and bankruptcy?
Debt settlement involves working with a settlement company to pay off your debts for a lower negotiated sum. Chapter 7 bankruptcy liquidates all of your assets to pay your creditors and clear your debts. Chapter 13 bankruptcy allows you to create a financial plan to address all debts within five years. While debt settlement and bankruptcy both have negative affects on your credit score and financial history, the consequences of bankruptcy can be more severe and longer-lasting.

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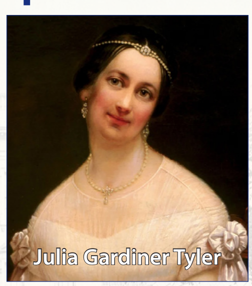
The Greatest Stories Never Told

The pair of First Ladies who picked a presidential theme song

After the sudden death of President Harrison in 1841, John Tyler became the first vice president to take over at the helm. While some thought he should call himself "acting president," Tyler promptly moved into the White House and claimed the title and full powers of the office of president, setting a precedent for later VPs.


Julia Gardiner Tyler

The presidency was no picnic for Tyler. People mocked him as "His Accidency." When he vetoed a bill establishing a national bank, almost everyone in his cabinet resigned, his party rejected him, and the first impeachment resolution against a sitting president was introduced in the House of Representatives.

Tyler's wife died early in his term. Two years later he married a vivacious young woman named Julia Gardiner. After their marriage, they held a series of parties at the White House. The new First Lady, trying to bolster her husband's ego and image, requested that as the president made his entrance at the parties, the Marine Corps Band should strike up a stirring song from a popular stage show of the time. The name of the song: "Hail to the Chief." The song just happened to be a lifelong favorite of the next First Lady, Sarah Polk. Her husband, President James Polk, did not cut a very dashing figure. In fact, he had a way of entering a crowded room almost unnoticed. To help him appear more impressive, Mrs. Polk asked that the song be played *every* time he made an entrance. And thus, a tradition was born. It wasn't until 1954, however, that the Defense Department established the song as an official tribute to the president.

In 1886, John Philip Sousa, conductor of the Marine Corps Band, wrote a replacement for "Hail to the Chief" at the request of President Chester A. Arthur, who hated the song. Sousa, composer of such famous marches as "Stars and Stripes Forever," came up with a replacement he called "Presidential Polonaise." Alas, it wasn't one of his great efforts, and failed to make any more of a dent than Arthur's brief presidency.

Source: Excerpted from "The Greatest Presidential Stories Never Told" by Rick Beyer

6 Frequently Asked Mortgage-Related Questions!

Thinking about getting a mortgage naturally prompts tons of questions. Don't feel bad if it seems like there is a lot you don't know. Millions of other first-time home buyers have probably asked many of the same questions that are occurring to you right now.

Here are six frequently asked mortgage-related questions, along with their answers:

1. Do I need great credit to get a mortgage?
No, you do not need great credit to get a mortgage, but there are certainly advantages to having a good credit score. Better credit will increase your flexibility as to the type of mortgage you can get, lower the down payment you will need to come up with, and make your mortgage cheaper overall.

You can get an FHA mortgage with a credit score as low as 500, but this will require a down payment of at least 10 percent *(see your lender)*. A credit score of 580 will let you make a down payment of as little as 3.5 percent *(see your lender)*. In either case, though, FHA mortgages require the payment of mortgage insurance premiums both upfront and for at least eleven years *(and for the life of the loan if your down payment is less than 10 percent)*. Also, FHA loans typically will have higher interest rates than conventional mortgages. For a conventional mortgage, you can get a loan with a credit score as low as 620, but only if you put at least 25 percent down, and only for a fixed-rate loan. Higher credit scores will open up the possibilities of lower down payments and getting an adjustable-rate loan, if desired *(see your lender)*.

2. Does my spouse's credit score matter?
It depends on whether you want to count both your incomes when applying for a mortgage. If you do, then you have to apply jointly and that means both credit scores come into play. If your spouse has a bad credit history, then you could apply on your own, but that means *only your income* would count towards qualifying. That could result in qualifying at a lower loan level than you would like.

3. How do I get approved for a mortgage?
Here are the key elements:

Credit history—See the answer to question 1. You don't need *great* credit, but the higher your score, the better your chances of approval and the better the terms of the loan are likely to be.

Income—Lenders will compare your income to the amount of the loan in determining how much you can repay.

Job history—Lenders want to see a steady work history—at least two years at the same employer is ideal, but at the minimum, there should be no lengthy gaps in employment during the last two years.

Current debts—Essentially, a lender will subtract your existing payment obligations from your income in deciding how much of a loan you can afford.

Your lender should walk you through the qualification process even before you have found a house. That way you will have time to identify and address any issues in advance.

4. How long are you pre-approved for?
You can get pre-approved for a mortgage before you are ready to make an offer on a specific house. This essentially involves going through the basic elements of the approval process and getting a commitment from the lender for a specified loan amount and terms.

This pre-approval is good for a limited time—perhaps as long as 90 days, but often only between 45 to 60 days *(see your lender)*. The pre-approval letter should specify the length of the commitment. Also, pre-approval is limited by conditions as well as time, so if there is a change in any of the key conditions under which pre-approval was granted, it may void the pre-approval.

5. What is conditional approval?
This means your loan has been reviewed and is likely to be approved as long as everything is as it appears on the application. However, the lender's underwriter—the person who decides whether or not the application meets the lender's standards—may want additional information or documentation on a specific item or two.

Conditional approval means that the loan will be approved if you can satisfy that need for additional information or documentation.

6. How much of a down payment do I need?
You may be able to get a mortgage with as little as 3 percent down *(see your lender)*. However, if you can afford a bigger down payment, there are good reasons for putting more money down. First of all, putting more money into a down payment means borrowing less money, which will result in you paying less interest over the life of the loan.

Also, mortgages with a high loan-to-value ratio are likely to have to pay mortgage insurance premiums, and may not qualify for the lowest interest rates *(see your lender)*. So, putting more money down up front should save you in the long run.

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"Real diamonds! They must be worth their weight in gold!"
— Sugar Kane Kowalczyk
(Played by Marilyn Monroe, from "Some Like It Hot")

AFI's Top 25 Movies of All Time

*At #22, **Some Like It Hot** is a 1959 American crime-comedy directed, produced, and co-written by Billy Wilder. It stars Marilyn Monroe, Tony Curtis, and Jack Lemmon, with George Raft, Pat O'Brien, and Joe E. Brown in supporting roles. The screenplay by Wilder and I. A. L. Diamond is based on a screenplay from the 1935 French film "Fanfare of Love." The film is about two musicians who disguise themselves by dressing as women to escape from mafia gangsters whom they witnessed committing a crime.*

*The studio hired female impersonator Barbette to coach Lemmon and Curtis on gender illusion for the film. Monroe worked for 10 percent of the gross in excess of $4 million, Curtis for 5 percent of the gross over $2 million, and Wilder for 17.5 percent of the first million after break-even and 20 percent thereafter. The film was produced without approval from the Motion Picture Production Code (Hays Code) because it features LGBT-related themes, including cross-dressing. The Code had been in decline since the early 1950s, due to greater social tolerance for taboo topics in film but was enforced until the mid-1960s. The overwhelming success of **Some Like It Hot** is considered one of the reasons behind the eventual retirement of the Hays Code.*

*The film opened to critical and commercial success and is considered to be one of the greatest films of all time. By 1962, it had grossed $14 million in the U.S. The film received six Oscar nominations, including for Best Actor, Best Director and Best Adapted Screenplay, winning for Best Costume Design. In 1989, the Library of Congress selected it as one of the first 25 films for preservation in the United States National Film Registry for being "culturally, historically, or aesthetically significant." **Some Like It Hot** was voted the best comedy film of all time in a poll of 253 film critics from 52 countries conducted by the BBC in 2017.*

The American Film Institute (AFI) is an American nonprofit film organization that educates filmmakers and honors the heritage of the motion picture arts in the United States.

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EQUAL HOUSING LENDER

(Continued from page 1)

the best week of the year for us golf nuts.

This event is often described as Disneyland for Adults. When you enter the gates, it's absolutely beautiful. It's built on an old nursery with lots of elevation changes throughout the property. The attention to detail is above and beyond any event like it. Tickets to attend ***The Masters*** are extremely difficult to obtain. In fact, they're every bit as difficult to get as Taylor Swift concert tickets, maybe even tougher.

Since I'm in Texas that week, and don't have tickets to either ***The Masters*** or Taylor Swift, I'll be enjoying it on television. You can catch it on both CBS and ESPN this year. So if you've got a glass of iced tea or lemonade, some pimento cheese sandwiches and moon pies, it's just like being there — well almost. If someone called me and said, "David, I've got an extra ticket to ***The Masters***. You wanna go?" I'd be on a plane, because that's how much I love ***The Masters***. And Georgia is beautiful this time of year.

Clearly, I'm a big fan. And they take great care in providing a beautiful experience. It's quite impressive the way they manicure the landscape and keep the grounds so pristine. The moisture-regulated soil is an impressive touch and a tradition unlike any other in the golfing world. If you ever get the chance, you should take it. Maybe next year, unless you've got a ticket. If so, call me!

Otherwise, if you or anyone you care about is looking for insights on reverse mortgages and how they can really benefit you and your bottom line, call me for that too. I'm always here to help.

— David

David Stacy

"Mortgages for every stage of your life."

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