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David Stacy

Director of Reverse Mortgage Lending



June is here, the weather is beautiful as it normally is, and we're gearing up for a great summer. The first day of summer is June 20th, so we're only a few weeks away. June also gives us **Father's Day**, which is Sunday June 16th. I have two sons, one of which is a father. My wife has a daughter with three children, so as far as the Stacy family and it's extensions are concerned, we're all celebrating fathers this month. However you celebrate the fathers in your life, be sure to show them they're appreciated

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Using a Reverse Mortgage to Purchase a Home (Part II of III)

Did you know that in 2022, both younger and older Baby Boomers made up the largest generation of American homebuyers? 39% of total homes purchased in 2022!

With over 12,000 Americans turning 65 every day in 2024, this burgeoning market will undoubtedly continue to bring more buyers and sellers to the table over the next decade. However, these potential clients will also face challenges — namely market volatility, unpredictable interest rates, and limited purchasing power due to increasing debt.

That's where the reverse mortgage, or **HECM for Purchase**, comes into play; a funding option specifically designed for older Americans. With this option, older homebuyers can increase their purchasing power with fewer financial worries and limitations as they move through retirement. Yet staggeringly few individuals are aware of the program's existence.

What is reverse purchase financing?

Established in 2009 by the Department of Housing and Urban Development (HUD), the H4P loan program allows those aged 62 and older to purchase a new home by combining a down payment, such as profits from the sale of their current home, with a reverse mortgage to complete the purchase. They own the home, they have a small mortgage, but with one big difference: reverse mortgages don't require a monthly payment. The payment is \$0.

The down payment required on the loan is higher than with a traditional mortgage, and is currently around 60% to 65%. Recent changes to the program allow seller concessions (i.e. sellers/builders can now pay part of the closing costs). This is a huge change for the program as seller concessions have not been allowed previously.



Why should homebuyers consider a purchase reverse mortgage?

When people start shopping for a new home later in life, most have desires. One item on almost everyone's list: No monthly payments — no one wants a payment.

But what happens when paying cash doesn't get you into the home you had hoped for?

Well, some settle for less and others bite their lip and accept the mortgage and payments that accompany them.

Three reasons you should consider the introduction of a reverse mortgage for purchase:

- **Increased Inventory** — If you are only looking for a home valued up to \$400,000; how many more properties are there if you increase the range to \$600,000? Using a reverse mortgage will alleviate the payment required on the increased amount.
- **Live the dream, don't settle for less** — Live in the home/neighborhood you want to live in, and don't settle for less. Use a reverse mortgage for the price difference; no monthly payments are required.
- **Asset Liquidity** — Instead of using all of your assets to purchase a home, keep 30-35% of your cash liquid as an investment for retirement; who doesn't want to have more savings for retirement?

In summary, the reverse mortgage purchase program was designed to help older Americans buy a more suitable home in retirement, while still conserving cash and assets for future expenses.

Stay safe everyone, and may God bless you all.

— David Stacy

4 Tips for Improving Your Overall Credit Score!

If you're in the market for a new home, it's important to know your credit score. A good credit score can lead to a better interest rate on your mortgage, while a lower score might present some extra challenges. Are you feeling the need to improve your score? Here are a few things you can do *before* you start house-hunting.

1) Check your credit. Start by requesting your credit reports from the three credit reporting agencies: **Equifax**—www.equifax.com—1-888-378-4329. **Experian**—www.experian.com—1-888-EXPERIAN (397-3742). **TransUnion**—www.transunion.com—1-800-916-8800. You're allowed one free copy every year. Requesting one report from each agency every four months can show you how your credit changes over the year.

If you're short on time, request all three at once.

2) Dispute any errors. Next, look for errors, signs of fraud, or outdated information. Are the accounts familiar? Are all balances accurate? Is a closed account listed as open? If you spot an error, you'll need to submit your dispute in writing to both the reporting agency and the company that provided the information.

3) Stop credit activity. Until you apply for a mortgage, it may be a good idea to cease most credit-related activity. That means you'll want to skip any large purchases, avoid applying for any new accounts, and try not to

switch jobs or make any other major life changes.

4) Pay down balances. One of the most important factors in determining your credit score is the amount you owe compared to the amount of credit you have. Ideally, you don't want to use more than 30 percent of your available credit. If you can, work to pay down balances if you're using more than this.

That means you'll want to skip any large purchases, avoid applying for any new accounts, and try not to switch jobs or make any other major life changes.

Good credit can take time to build, but regularly reviewing your information and working to rectify past errors will put you in the best possible position when it comes to getting an optimal interest rate on your mortgage.

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From the Inside

"What factors affect my credit score?"

There are five major factors that affect your credit score. Let's briefly take a look at each of them.

1) Payment History

This one is relatively simple. If you make your credit card and loan payments *on time*, this tends to help your credit score. If you have late payments, your credit score will be lower.

of on-time payments, it may not affect your score *as much* as it would for someone who is consistently late. On the other hand, it may take longer for someone who is typically late to build up their score with on-time payments.

Late payments, collections and charge-offs are also lumped into this category.

Payment history accounts for 35% of the credit scoring formula.

2) Credit Utilization

History and trends matter. A late payment will always lower your score, but if you have a history

Representing 30% of the formula, your credit utilization refers to how much credit you're using

compared to your monthly limits. For example, if you have a credit card balance of \$250 and your credit limit is \$1,000, you're utilizing 25% of your available credit.

Regardless of whether you pay off your full monthly balance every month, you shouldn't utilize more than 30% of your credit in any given month. Doing so can lower your score.

3) Length of Credit History

The credit bureaus also consider the length of your credit history, which makes up 15% of your total score. This is measured from the time you open up a credit card or close on a car loan or mortgage.

The idea here is that the longer you have your accounts open, the more you can prove or demonstrate that you've been responsible with credit. You don't have to have four credit cards, plus a car loan and a student loan in order to get a mortgage, but a long history of *sound financial responsibility* can only help.

4) Credit Inquiries

Credit inquiries make up 10% of your score. If you're applying for a mortgage, it's not a good idea to apply for three new credit cards and a car loan at the same time. This is because credit companies want to know that you're not overextending yourself with credit. For this reason, each hard inquiry made at the time of application may temporarily knock down your score a little bit.

5) Credit Mix

Your mix of credit accounts for the final 10% of the credit score formula. For creditors, this is all about knowing that you can handle various different types of credit, including both revolving accounts like credit cards and installment loans like a mortgage, student, or personal loans.

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The Greatest Stories Never Told

Telegraph Hill: Presidential politics and the birth of the electronic media

On May 24, 1844, Samuel Morse sent the first official message over a telegraph line that he had constructed between Washington, D.C. and Baltimore. The message he sent — "What Hath God Wrought?" — is enshrined in history. But at the time it attracted little public notice. Even some of the congressmen who had appropriated money for the venture couldn't see that the thing had much value.

Morse found a way to make the world pay attention to his invention just three days later, when the Democrats opened their political convention in Baltimore. For ballot after ballot, the convention remained deadlocked between presidential candidates Martin Van Buren and Lewis Cass. Morse had his assistant telegraph frequent reports back to Washington. The age of instant news updates was born.

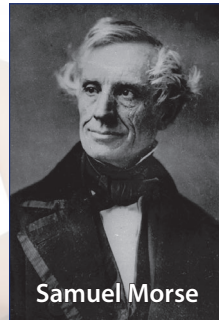
This was something never before seen. Washington, a city consumed by politics, was transfixed. Crowds began to gather around Morse's telegraph office on Capitol Hill to hear the latest bulletin. According to a Washington newspaper, the *National Intelligencer*, the reports were received "as the responses of the ancient Oracle may be supposed to have been."

The convention went through more than a hundred ballots, with crowds on the Capitol lawn hanging on every vote. Finally the Democrats settled on a surprise candidate, James K. Polk. Whatever people felt about the nomination, the *Intelligencer* reported, "there was but one sentiment concerning the telegraph itself, which was that of mingled delight and wonder."

Morse's telegraph was suddenly a big hit. And we've been addicted to instant news ever since.

When Morse sent his now-famous first message between Washington and Baltimore, one of those present was Dolley Madison. Morse invited her to send the second message, and she gave him one for her second cousin in Baltimore: "Message from Mrs. Madison. She sends her love to Mrs. Wethered." So the former First Lady also got to be the first American to send a *personal* message by telegraph.

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



Samuel Morse

6 Ways to Tackle Credit Card Debt This Summer!

If you are one of the millions who carry credit card debt from month to month, then 2024 needs to be the year you kick the debt for good. Even though it might seem like an insurmountable task, it can be done. All it takes is a solid plan and some hard work.

To help you get started on the right path, here are six tips to help you eliminate your credit card debt and keep it away for good.

1) Consolidate Your Debt to a Single Card

According to *Gallup*, the average American has 2.6 credit cards. While this might not seem like a lot, it includes the 26% of all Americans who don't carry any credit cards at all. If you are carrying debt on one card, the chances are high that you have debt on others as well. If so, one of the first things you can do is consolidate.

Consolidating your credit card debt can be done a few different ways, but the best option may be to use a balance transfer card. These credit cards are specifically meant to help reduce the interest you're paying each month and pay off your debt. By moving your credit card balances to one card, it will allow you to pay one monthly payment instead of several.

Balance transfer cards are pretty simple. Most will offer an introductory 0% APR period up to 21 months long. This will allow you to focus on paying down your balance without accruing additional interest. Just make sure you have a plan in place because once the introductory period is over, you will once again be subject to finance charges.

2) Pay Off the Card with the Highest APR

If you don't feel comfortable taking on a new credit card, that is completely acceptable. Another

strategy that people find useful is focusing on the credit card with the *highest* APR first. This is commonly referred to as the Debt Avalanche method.

Getting started is easy. List out all of your credit cards on a sheet of paper, starting with the card with the highest APR moving down to the lowest. Each month, pay the amount you have budgeted toward the card with the highest APR. Once the first card is paid off, move to the next card on the list. The Debt Avalanche method is the best way to minimize the amount you're paying each month in interest.

3) Pay Off the Card with the Lowest Balance

Another popular method is the Debt Snowball method. Instead of focusing on the credit card with the highest APR, you're going to focus on the lowest balance first. List all your cards starting with the *lowest* balance and work your way to the card with the highest balance. The objective here is to pay off credit card debt while crediting yourself with small victories each time a card is paid down.

Many people find this tactic to be very helpful because it provides *motivation* to keep going. However, keep in mind that you will probably end up paying *more in interest* than you would with the Debt Avalanche method.

4) Understand How You Got to This Point

Paying off your credit card debt is only half the process. You also need to make sure you don't find yourself back in the same position in the future. Before you can start making a change, you need to understand what habits and behaviors led you to

this point. Credit cards can be a valuable financial tool, but they need to be used the right way.

5) Start Purchasing Only What You Can Afford

Most people find themselves with credit card debt because they didn't stop to think about what they were purchasing. Instead, ask yourself if this purchase is something you can truly afford. If you needed to pay off the charge immediately, would



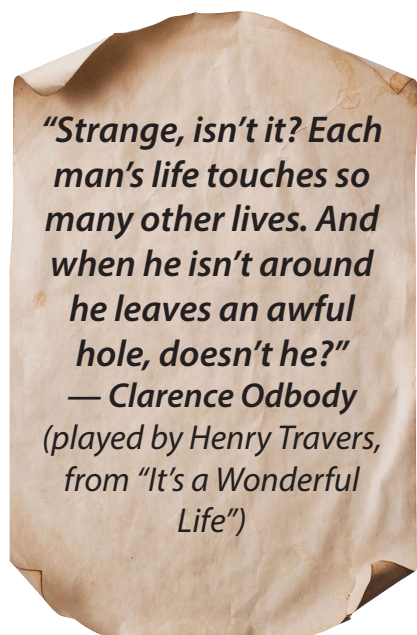
you have the money in your bank account to do so? If not, then it might be a good time to rethink the purchase or use cash.

6) Don't Miss Any Payments

Missing a credit card payment can be harmful in a couple of different ways. For example, it can cause your credit score to take a big hit. Payment history makes up roughly 35% of a person's FICO score. Missing a payment can also start you down a path you don't want to head. Now, instead of having just one payment due, you would need to make two payments plus a late fee.

As you start making your way through this summer, reducing credit card debt should be a priority. But don't stop once you pay off the last credit card bill. You need to understand why you were in that position to start with and what you need to do moving forward. *Good luck!*

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"Strange, isn't it? Each man's life touches so many other lives. And when he isn't around he leaves an awful hole, doesn't he?"
— Clarence Odbody
(played by Henry Travers, from "It's a Wonderful Life")

AFI's Top 25 Movies of All Time

At #20, *It's a Wonderful Life* is a 1946 American Christmas supernatural drama produced and directed by Frank Capra. It is based on the short story and booklet "The Greatest Gift," self-published by Philip Van Doren Stern in 1943, which itself is loosely based on the 1843 Charles Dickens novella, "A Christmas Carol." The film stars James Stewart as George Bailey, a man who has given up his personal dreams in order to help others in his community and whose thoughts of suicide on Christmas Eve bring about the intervention of his guardian angel, Clarence Odbody (played by Henry Travers). Clarence shows George all the lives he has touched and what the world would be like if he did not exist. The film also stars Donna Reed, Lionel Barrymore, and Thomas Mitchell.

Theatrically, the film's box office break-even point was \$6.3 million, about twice the production cost, a figure it did not come even close to achieving on its initial release. Because of the film's disappointing ticket sales, the legendary Capra was seen by some studios as having lost his ability to produce popular, financially successful films. Although *It's a Wonderful Life* initially received mostly mixed reviews and was unsuccessful at the box office, it eventually, over time, became an American Christmas classic after its copyright lapsed in 1974 and it fell into the public domain, which allowed it to be broadcast on television without licensing or royalty fees.

Today, *It's a Wonderful Life* is considered to be one of the greatest films of all time and among the best Christmas films as well. It was nominated for five Oscars, including for Best Picture. Capra later revealed that it was his favorite among all the films he directed and that he screened it for his family every Christmas season. It was one of James Stewart's favorite films too. In 1990, *It's a Wonderful Life* was designated as "culturally, historically or aesthetically significant" and added to the National Film Registry of the Library of Congress.

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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and make the day special. Having just celebrated Mother’s Day last month, it begs the question: Without fathers and mothers, it’s tough to imagine how we’d be here at all, right?

I love this time of year, especially the beach. For a while, I had an old 2005 Chrysler convertible. It wasn’t fancy; it wasn’t expensive; but it fulfilled it’s obligation for the convertible top being down pretty much all the time. In fact, I didn’t put it up at all, which was perfect because it was a simple but effective Beach Convertible. It’s fun cruising around the beach with the top down. Renee by my side in the passenger’s seat enjoying the sights and the incredible weather. Well, that old Chrysler finally had to be put out to pasture, as the engine blew and it just didn’t seem as though it would be worth fixing. Renee wants one of those convertible Volkswagen Beetles. They might be fun, probably get great mileage, and seemingly run forever, so we’re keeping our eye open for one of those.

One way or the other, it’s time to get another beach cruiser because there’s nothing more fun than taking a

spin along the coast and enjoying this beautiful weather.

However you’re enjoying the upcoming summer, be sure to count those blessings. It’s easy to see the glass as half empty when it’s clearly half full.

Have a great summer and I look forward to hearing from you, especially if you have a line on a Volkswagen Beetle Convertible!

Until next time...

— David

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