

A Real-Life Success Story of a "Reverse Mortgage" for Purchase

Many retirees dream of moving closer to family or finding a home that better fits their lifestyle. For those living on Social Security and a pension, qualifying for a traditional home loan can feel nearly impossible — even with excellent credit and a large down payment.

I recently spoke with **Jaxzann Riggs**, owner of **The Mortgage Network**. She recounted a story about a couple she recently helped. Let's call them "Jack and Diane."

Jack and Diane were living in Pueblo and wanted to move closer to their children in Denver. They had lived in their home for 20 years and had built substantial equity in the home. Ex-

cited about the prospect of starting a new chapter closer to their loved ones, and after putting their Pueblo property on the market, they set out to find their next home. They scoured listings, attended open houses, and eventually came upon the perfect home.

Despite having excellent credit scores and being able to make a substantial down payment on the new property, their bank declined their loan application. The percentage of monthly income that they would be spending for the principal, interest, tax, and insurance (PITI) payment on the new loan pushed their "debt to income" ratio too high to qualify for a traditional

conventional mortgage. FNMA and FHLMC require that borrowers spend not more than 45% of their gross monthly income on housing and all other consumer liabilities paid each month.

A "forward mortgage" is the industry term for a traditional home loan. For retirees without a paycheck, qualifying can be challenging. Even if they have significant assets, lenders may not count them fully unless they are converted to monthly income under certain formulas.

While their application for a traditional mortgage was declined, Jack and Diane were quickly approved for a "Reverse for Purchase" mortgage, which allowed them to purchase their new Denver home.

Reverse for Purchase, also called a HECM (Home Equity Conversion Mortgage) for Purchase, doesn't require monthly principal and interest payments. Instead, the loan is repaid when the borrower sells the home, moves out permanently or passes away. As a result, the qualifying process is less about income and more about ensuring that the borrower has sufficient equity and resources to cover property expenses like taxes, insurance, and HOA dues if applicable.

If, at the time of their death, there is equity remaining in Jack and Diane's home, the heirs sell the home and retain the profits. If the loan payoff is greater than the value of the home, the heirs simply transfer the title to the home to the Fed-

eral Housing Administration (FHA). That's because a reverse mortgage is a "non-recourse" loan, meaning that heirs have no liability for any deficiencies on the loan.

To summarize, here are the benefits of a Reverse Mortgage for Purchase:

Easier Qualification — Income and employment requirements are significantly more flexible than with forward mortgages.

No Monthly Mortgage Payments — Borrowers are not required to make monthly principal and interest payments, preserving cash flow while reducing financial stress.

Make the Most of Your Home Equity — Many retirees have much of their wealth tied up in their home's equity. A reverse mortgage allows them to convert that equity into a more suitable home without draining other retirement assets.

If you are interested in or have questions about refinancing into a reverse mortgage or utilizing a reverse mortgage for purchase to eliminate monthly mortgage payments, call Jaxzann, a Certified Reverse Mortgage Specialist. Her phone number is 303-990-2992.

REAL ESTATE TODAY



By JIM SMITH
Realtor®

Coming Soon: Golden Bungalow on Big Lot



\$525,000

This 2-bedroom "old Golden" home at **16405 Mt. Vernon Road** is in what online maps label as "West Pleasantview," a quiet unincorporated Jefferson County neighborhood undergoing major transformation. Adjoining the City of Golden, homes are being snapped up and often rehabbed into million-dollar homes or their large lots subdivided. You can get in on that trend with this 1962 bungalow on a large lot across from an entrance to the 20-acre Westblade Park. That's not to say this home is not perfect as is for any buyer, given the condition of the home and its oversized 2-car detached garage. This home is on the corner of Quaker Street and Mt. Vernon Road, and that garage, not visible in this picture, is accessed from Quaker Street. Watch the narrated video tour at www.GRElistings.com, then come to our open house on **next Sunday, Aug. 24th, 11 a.m. to 1 p.m.**

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Price Reduced on Westminster Ranch Home



\$385,000

Welcome to this charming ranch-style home at **7185 Vrain Street** in Westminster. It has a light and bright interior with gleaming hardwood floors and a kitchen with lots of character. This home has a newly painted exterior, updated bathroom, and a newer water heater. The home has additional blown-in insulation, making it warmer in the winter and cooler in the summer, and lower utility bills year-round. Outside, the fenced backyard has two sheds and a raised garden bed, ideal for entertaining, gardening or relaxing under a large apple tree. The front and back yards have a sprinkler system and garden drip lines. Enjoy peaceful walks along Dry Creek Trail, proximity to restaurants and shopping, and easy access via Hwy 36 to both Denver and Boulder. Take a narrated video tour at www.GRElistings.com, then call listing agent **Kathy Jonke** at 303-990-7428 to arrange a private showing.

Jim Smith, Broker

CENTURY 21 Golden Real Estate

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