



## Senior on Fixed Income Saddled With Traditional Equity Line Gets Relief from Rising Interest Rates

by Marty Appel

*June has a dream* – to move to Oregon, and spend her remaining years in the lush greenery of the Pacific Northwest while enjoying a much lower cost of living. She also wants to be close to her daughter who recently moved there. In preparation for the move, June had her Fremont home on the market for sale, planning to use the proceeds to fund her relocation.

June put her house on the market two years ago, but with the slowing housing market, her home did not sell. In the meantime, she needed money to supplement a very limited fixed income. Recognizing that she could leverage some of the equity in her home, June secured an equity line to make some cash available for monthly expenses as well as make repairs on the home.

As interest rates began to rise, June had a new problem. The monthly mortgage payment for her equity line began to climb, forcing her to use the equity line to pay the mortgage payment, money that she had originally borrowed to pay other bills and monthly expenses. Suddenly the loan she secured to be a relief became a burden.

June and her daughter had heard about reverse mortgages and wanted to know more. They found Bay Area Reverse Mortgage on the National Reverse Mortgage Lenders Association (<http://www.nrmla.org>) website.

Through a consultation with the loan specialists at Bay Area Reverse, June discovered that her \$650,000 Fremont home qualified her for a special type of reverse mortgage, called a Jumbo Loan, that would enable her to get enough money to pay off her mortgage, pay some bills and have a little left for an emergency.

A Jumbo loan is a type of reverse mortgage specifically for higher value homes (usually over \$600,000) that enables the homeowner to draw more equity out of their home over the traditional FHA reverse mortgage. The loan costs are also lower, providing more money in the pocket of the senior.

With the Jumbo loan, June was able to pay off her traditional equity line, pay off a few other bills and still have money available for an emergency. Now she can breathe easier, knowing that she is secure for the immediate future, while still working toward her Oregon dream.

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## New Reverse Mortgage Products Available

Three major lenders that underwrite reverse mortgages recently announced new Reverse Mortgage products that will offer more options to seniors needing to draw additional money from federally insured Home Equity Conversion Mortgage (HECM) loans as well as “Jumbo” Loans for higher value homes.

Features of the new products released by direct lenders Financial Freedom®, Seattle Mortgage®, and Countrywide®, include lower interest rates, lower costs over the life of the loan as well as products that allow seniors with higher value homes to draw more equity from their home.

If you or a client are interested in learning more about the new reverse mortgage products, contact one of our loan officers today .

## Why Choose Bay Area Reverse Mortgage?

Unlike direct lenders that can only offer seniors their own company’s products, Bay Area Reverse Mortgage has access to the products of a variety of reverse mortgage lenders. Our access to a wider variety of products enables us to offer our customers the best solution for their financial needs, without restriction to just one lender.

## **New Fixed Rate Reverse Mortgage Product Now Available**

***We are pleased to announce that Bay Area Reverse Mortgage is one of the first in the Northern California area to offer the first ever fixed rate Home Equity Conversion Mortgage (HECM).***

Existing government guaranteed FHA/HECMs have an adjustable rate feature that changes monthly or annually based on the one year treasury rate. These adjustable rate HECMs have a lifetime cap of 10% above the start rate for the loan.

Fixed rate HECMs generally follow the 30 year fixed rate for conventional mortgages. They allow seniors to lock in a low guaranteed rate, which can mean a lower cost for the loan and therefore more equity retained in the senior's home.

If you would like more information on this product, or if you are an existing reverse mortgage customer who would like to refinance to a fixed rate HECM call a loan specialist today.

**★ ATTENTION PROFESSIONALS WITH SENIOR CLIENTS ★  
Upcoming Workshops on New Reverse Mortgage Products  
Thursday, May 3, 2007 ★ Holiday Inn ★ Concord, CA  
Tuesday, May 8, 2007 ★ Waterfront Plaza Hotel ★ Oakland, CA  
Call (510) 463-0143 or write to [mappel@bayarearm.com](mailto:mappel@bayarearm.com) to RSVP**

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