



Homes & Money

David Acquisti
 President
 M Source Financial Group
 Phone: 248-627-5499
 Fax: 248-627-9536
dmacquisti@msourcefgi.com
www.msourcedfinancialgroup.com

Mortgage News

Reverse Mortgages: Financing the Golden Years

Until recently, seniors 62 years of age and older have not had the best choices when it came to getting cash from their homes. Traditional home loans only offered the option of either selling their house, or borrowing against its equity.



With reverse mortgages coming on the scene, seniors now have some additional cash-flow alternatives. This type of loan allows mature borrowers to convert their home equity into tax-free income without leaving their current home or making mortgage payments - and they do not need an existing income to qualify.

How a Reverse Mortgage Works

Reverse mortgages are probably best understood when compared side-by-side with traditional home mortgages, otherwise known as "forward" mortgages. The following table shows the differences between the two:

FORWARD MORTGAGE	REVERSE MORTGAGE
Uses income to pay debt	Uses home equity to get cash or credit
Monthly mortgage payments	No payments; debt is due when the borrower(s) decease or relocate.
Falling debt, rising equity	Rising debt, falling equity

Both loans incur debt against your home, and both affect equity, but they do so in different ways. Traditional home mortgages require making monthly payments to a lender. With a Reverse Mortgage, payments are made to you.

What a Reverse Mortgage Involves

Here are some important points to know when considering a reverse mortgage:

Eligibility: To qualify for a reverse mortgage, you must be at least 62 years of age. All owners who are on the title deed must meet this age requirement. You must also have paid off all, or most, of your home mortgage. Lastly, the home you reside in must remain your principal place of residence.

Mandatory Counsel: To receive a reverse mortgage, Federal law requires that you first undergo counseling to understand how these mortgages work. This ensures you will make the right decision when it comes to choosing a plan. Also, the counseling service must be provided free of charge.

Table of Contents

- [Mortgage News](#)
- [The Money Pit](#)
- [Creative Cuisine](#)
- [Street Smarts](#)
- [Rates at a Glance](#)
- [Did You Know?](#)
- [Quote of the Day](#)
- [Special Offer](#)
- [Trivia Challenge](#)
- [Book Review](#)

Rates at a Glance

30-Year Fixed	High 5's
15-Year Fixed	Low 5's
7-Year Fixed*	Low 5's
5-Year Fixed*	High 4's
3-Year Fixed*	Mid 4's
T-Bill ARM (index: 3.320)	Low 5's
COFI ARM (index: 2.317)	Low 5's
MTA ARM (index: 2.347)	Mid 4's

The interest rates represented here are at one point.

*Amortized over a 30-Year period. Following its Fixed term, it converts to a 1-Year Treasury Bill Adjustable Rate mortgage for the remaining term of the 30-Year loan.

Did You Know?



Ian Fleming, the creator of the James Bond adventure novels, also wrote "Chitty-Chitty Bang-Bang."

Quote of the Day

"It is not the horse that draws the cart,

Tax-Free Income: A nice feature of reverse mortgages is the money you receive is considered tax-free income. The amount you will get depends on several factors including the plan you select, the type of cash advances you choose, your age, and the value of your home. Typically, the older you are the larger the loan, as you will have more equity in the house.

Cost: The cost of a reverse mortgage varies considerably from one type to the next. However, you can typically use the money you receive to offset the loan fees. The costs will be added to the loan balance and must be repaid with interest once the loan terminates.

Repayment: Reverse mortgages do not require any payment as long as the borrower(s) remain in the home. Should the borrower(s) expire, sell the home, or permanently relocate, then the loan would be due in full, along with interest and additional costs. If two borrowers are on the loan and one expires, the loan would not be due since one of them still occupies the home.

Home Equity Conversion Mortgage - The Federally Insured Loan

The most common type of reverse mortgage is the Home Equity Conversion Mortgage, otherwise known as an HECM or FHA-insured mortgage. This is the only reverse mortgage program federally insured and backed by the U. S. Department of Housing and Urban Development (HUD). This type of reverse is popular for a few reasons:

- **Ability to choose your own interest rate.** You can select one that changes annually, or one that changes every month.
- **You have several payment options.** You may receive monthly loan advances for a fixed term, or for as long as you live in the home. You may also choose to receive a line of credit, or combine monthly loan advances with a line of credit.
- **The loan can be used for any purpose.** With an HECM you don't have to designate the loan to a specific use; you can apply the funds to anything you choose.
- **Protection.** This is one of the most attractive features of an HECM. This plan protects you by guaranteeing continued loan advances even if your lender defaults.

Sell or Stay?

The main reason people choose a reverse mortgage is to gain financial independence and maintain an adequate standard of living without leaving their current home. The best way to decide if a reverse mortgage is for you is to compare it to the other option of selling your house. To do this, ask yourself these three questions:

1. How much cash can I get by selling my home?
2. How much will it cost to buy or rent a new place?
3. Is it worth my moving now, or do I prefer doing something else with the money?

The idea of staying put while collecting monthly advances can be very attractive if you've put down permanent roots. Add to this not having to pay the debt until a future time, and a reverse mortgage can be an ideal option for your golden years.

If you have questions regarding reverse mortgages, give us a call at 248-627-5499. We are here to help you choose the best home financing plan for the most important

but the oats."



-Russian proverb

Special Offer



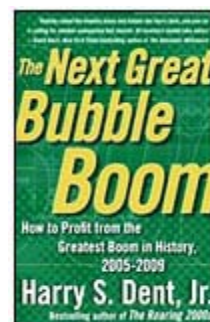
Trivia Challenge

"Who was the first person to go over Niagara Falls in a barrel?"

The first person to call in with the correct answer wins dinner and movie tickets for two! Trivia Challenge Answer line: **877-755-0200**

Book Review

The Next Great Bubble Boom
by Harry S. Dent Jr.



Author and financial forecasting guru, Harry Dent, offers shocking economic predictions and a comprehensive financial forecast in this exciting must-read that will certainly

years of your life!



If you know anyone who is looking to buy, sell or refinance a home, please forward their name and telephone number to us. We will happily provide the same high level of service that we have provided to you. The greatest

compliment you could possibly give us is the referral of your friends and family.

benefit the growing baby-boomer generation. You can find this great book on Amazon.com. Enjoy!

Thank You!

As always, we wish to thank our clients who have been kind enough to refer business to us.

We appreciate the opportunity to provide excellent service to your family, friends, and co-workers.

The Money Pit



Creative Cuisine

Cajun Shrimp Creole!

Ingredients:

- 1/2 cup onion, chopped
- 1/2 to 1 tsp. chili powder
- 1/2 cup celery, chopped
- 1 tblsp. Worcestershire sauce
- 1 clove garlic, minced
- Dash of Tabasco
- 3 tblsp. vegetable oil
- 2 tsp. cornstarch
- 1 (1 lb.) can tomatoes
- 4 tsp. cold water
- 1 (8 oz.) can tomato sauce
- 2 lbs. raw shrimp
- 1 1/2 tsp. salt
- 1/2 cup green pepper, chopped
- 1 tsp. sugar
- 1/2 cup fresh parsley, chopped

Directions:

Cook onion, celery, and garlic in hot oil until tender, but not brown. Add tomatoes, tomato sauce, and seasonings. Simmer, uncovered, for 45 minutes.

Mix cornstarch and water; stir into sauce. Cook and stir until mixture thickens. Add shrimp, green pepper and parsley. Simmer for 5 minutes or until shrimp are just done. Pour over cooked rice. Serves 5.

Street Smarts

Do's and Don'ts of Email Etiquette



Have you ever sent an email and typed it in all CAPITAL LETTERS? Have you ever received an email only to find your address publicly displayed along with 50 others?

You're not alone. Most web users are unaware of the rules of electronic communication. Also known as "web etiquette", these standard guidelines are there to protect privacy and prevent misunderstandings in the world of the written word.

For example, many people don't realize the importance privacy plays in an email. Not only is displaying recipient addresses poor web-manners, it can also expose them to a host of problems, such as viruses and unwanted spam.

Although some people may not care to play by the email rules, others are simply not familiar with standard email practice. If that's you, here are a couple of things to remember:

- Instead of placing your recipient addresses inside the CC (Carbon Copy) box (which most people do) post them in the **BCC (Blind Carbon Copy)** box. Then put your own address in the TO box and send it off. That way, the only address displayed is yours; recipient addresses will be hidden from all others receiving the email.
- Don't type anything in all capital letters unless absolutely necessary. People who get emails typed in all caps will feel like they are being yelled at. Remember, the body language element is left out of emails so people can often misunderstand what you are trying to say.

Remember your web manners - and pass them along!