REVERSE FOR PURCHASE

Every day, more than 10,000 people in the U.S. turn 65. And 40% of them plan to move before they turn 70.

How do you plan to capture this market?

If your client is 62 years or older, the HECM for Purchase Loan can help them buy their next home with only a down payment and no monthly mortgage payments.* The Home Equity Conversion Mortgage (HECM) for Purchase is a safe and regulated FHA-insured home loan. It allows seniors to downsize, upsize or just move closer to family – without the credit and income requirements of a conventional loan or paying all cash for the home.

A down payment from the proceeds of their home sale is all they need to not have a mortgage payment for as long as they keep the loan and live in the home.* Regardless of how long they live in the home or what happens to the home's value, they only need to pay property taxes, homeowner's insurance, and normal home maintenance. We can even set up an escrow account to pay taxes and insurance for them.

Eligibility Requirements

- Youngest titleholder must be 62 years or older.
- New home must be primary residence and occupied within 60 days of closing.
- Property must be a single-family home, 2-4 unit owner-occupied dwelling, FHA-approved condo, or manufactured home.
- Borrower must complete third-party HUD-approved counseling session.
- And meet the minimal financial eligibility criteria as established by HUD.

Why a HECM for Purchase?

- Increase purchasing power
- Very easy to qualify
- Preserve cash and investments
- Eliminate monthly mortgage payments*
- Buy a home closer to family or friends
- Right-size to a smaller/lower-maintenance home
- Lower cost of living during retirement
- Be able to "age in place"

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Safeguards for Borrowers

Forget everything you know about the reverse mortgages of the past. In 2013 HUD implemented strict guidelines and protections for seniors.

- HUD fee restrictions limit the amount a lender may charge.
- The borrower retains ownership and title to the home.
- The lender cannot force a sale even if the loan balance is ever greater than the home's value.
- The home is the only collateral. HECM loans are non-recourse loans, so no other assets are at risk if the loan balance grows beyond the home value.

How Does A HECM For Purchase Work?

Don is 68 years old and wants to downsize and move closer to family. The value of his current home is $300,000. The purchase price of his next home is also $300,000. However, he wants to keep some of his sale proceeds and doesn't want a mortgage payment. No problem.

Don can use a HECM for Purchase Loan of $162,600** and a cash investment/down payment of $146,273 to purchase his next home. He keeps $137,400 in his pocket, and doesn't make a single mortgage payment for as long as he keeps the loan and lives in his new home!*

Home Purchase Price	$300,000
Available Loan Amount (principle limit)	- $162,600
Available Loan Proceeds	$137,400
Total Estimated Settlement Costs (including FHA mortgage insurance)	+ $8,873
Down Payment Required to Close	$146,273
Monthly Mortgage Payment	$0

Determining the Down Payment

The exact amount of the loan and required down payment are different for every client and based upon age, home price and FHA lending limits. That's why it is important for your clients to talk with us early in the process. We will help answer questions, explain the process and calculate the required down payment for their exact scenario.

*You must still live in the home as your primary residence, continue to pay required property taxes, homeowners insurance, and maintain the home according to FHA requirements. Failure to meet these requirements can trigger a loan default that may result in foreclosure. **Disclosure Information Referencing the Example Above 2 This example is based on the youngest borrower, who is 68 years old, a variable rate HECM for Purchase loan with an initial interest rate of 4.032% (which consists of a Libor index rate of 1.782% and a margin of 2.250%). It is based on a purchase price of $300,000, origination charges of $5,000, a mortgage insurance premium of $6,000, other settlement costs of $2,688; amortized over 193 months, with total finance charges of $153,269.75 and an annual percentage rate of 4.53%. Interest rates may vary and the stated rate may change or not be available at the time of loan commitment.

It's safe. It's easy. And it could be the perfect solution. Call one of our Reverse Mortgage Experts to learn more.

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