Purchasing a Home with a HECM for Purchase Loan[1]

Bob and Mary, both 78 years old, want to buy a lower maintenance home. They work with a real estate agent to sell their current residence and look for a new home that fits their needs.

The real estate agent introduces Bob and Mary to a Reverse Mortgage Advisor. The advisor shows the buyers how the HECM for Purchase loan could provide the funds they need for their new home.

Bob and Mary can use proceeds from a HECM for Purchase loan of $130,612 and they can use a cash investment of $169,388 to purchase a new $300,000 home with no monthly mortgage payments.[2]

Home Purchase Price	$ 300,000
Available Loan Amount (Principal Limit)	$ 144,300
Total Settlement Costs	$ (13,688)
Available Loan Proceeds	$ 130,612
Cash Required To Close	$ 169,388
Monthly Mortgage Payment[2]	$ 0

Since the initial disbursement at closing is greater than 60% of the principal limit the mortgage insurance premium is based on a rate of 2.50%, which is a percentage of the lesser of the appraisal value, the purchase price or the maximum lending limit.

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This material is not provided by, nor was it approved by the Department of Housing & Urban Development (HUD) or by the Federal Housing Administration (FHA).

[1] 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.

[2] The borrower's current mortgage, if any, must be paid off using the proceeds from your HECM loan. The borrower must still live in the home as their 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.

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Sell More Homes In Reverse

Discover the HECM for Purchase Loan

Discover the HECM for Purchase Loan

If you are looking for new ways to help your senior clients transition to a home that fits their changing lifestyle, the Home Equity Conversion Mortgage (HECM) for Purchase loan may be an option to consider.

The HECM for Purchase product is a Federal Housing Administration (FHA) insured home loan that allows seniors to use the equity from the sale of a previous residence to buy their next primary home in one transaction. Regardless of how long they live in the home or what happens to their home's value, they only make one, initial investment (down payment) towards the purchase.

Benefits for Real Estate Professionals

A HECM for Purchase loan may help you:

- Sell more homes to the growing senior segment
- Make home buying more affordable
- Convert seniors from renters to home buyers
- Improve your marketing reach

An Easy Process

Getting involved is easy and may take no additional time or resources from you.
We provide real estate professionals with:

- Turn-key client marketing materials and a dedicated 800 number
- Convenient processing and paperwork support
- Personal loan advisor for you and your clients

Purchasing Power Without Monthly Mortgage Payments

With $169,388 investment, a 68 year old can afford...

Purchased in Cash

or

Purchased With a HECM for Purchase Loan[1]

Why Consider a HECM for Purchase

A HECM for Purchase loan can help increase purchasing power and flexibility when buying a primary residence. It can help homeowners 62 years or older purchase their next home:

- Without monthly mortgage payments[2]
- With a lower cash investment than a cash purchase

Many home buyers use the HECM for Purchase loan to:

- Rightsize to a smaller, lower maintenance home
- Buy a home closer to family or friends
- Lower their cost of living during retirement
- Enjoy carefree living in a senior housing community

About Us

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Eligibility Requirements

To be eligible for the HECM for Purchase loan:

- Youngest titleholder must be 62 years or older
- Purchased home must be a primary residence occupied within 60 days of closing
- Property must be a single family residence, 2-4 unit owner occupied home, townhome or a FHA approved condominium or manufactured home
- The difference between the purchase price of the new home and the HECM loan proceeds must be paid in cash from qualifying sources such as the sale of prior residence, homebuyer's other assets or savings
- Borrower must complete a HUD approved counseling session
- Must meet financial eligibility criteria as established by HUD