The Home Equity Conversion Mortgage for Purchase, commonly known as a Reverse Mortgage, is a Federal Housing Administration (FHA)-insured loan specifically designed to help you buy the home that you want and need at this point in your life–with fewer financial worries and limitations.

HECM FOR PURCHASE AT A GLANCE

WHAT
- An FHA-insured mortgage loan
- A way to help you buy the home you want

WHO
- Homebuyers age 62 and older

WHY
- Eliminates monthly mortgage payments. (For the loan to remain in good standing, borrower must continue to keep current with property-related taxes, insurance and upkeep.)
- Can increase your cash flow
- A way to help you buy the home you want

To learn more, please contact me today:

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Home Equity Conversion Mortgage (HECM for Purchase)

The financing you need **for the home you want**

What is HECM for Purchase?

A financing option specifically for homebuyers who are age 62 and older that may help you get the funds you need to buy the home you want.

It enables you to purchase a home by combining a one-time investment of funds with loan proceeds from a HECM to complete the transaction. The home you are purchasing secures the loan.

Unlike a traditional mortgage, there are no monthly mortgage payments, which can help boost your cash flow. You own the home as long as you live in it. The loan becomes due if you pass away; sell the home; no longer live there as your primary residence; or fail to meet your responsibilities to maintain the property, purchase homeowners insurance, and pay property taxes.

What kind of home can you buy? Single-family homes, townhomes and FHA-approved condominiums are eligible under the HECM for Purchase program. The home must be your primary residence.

How does it work?

The HECM for Purchase program requires an up-front investment (down payment) from the buyer of about 45% to 55% of the purchase price. The down payment must come from assets you already own–such as money from the sale of a current home or investment or funds you have in a checking, savings, CD, or retirement account–not another loan.

The minimum required investment is based on the age of the youngest borrower. To calculate a buyer's minimum required investment, we take the value of the home being purchased (the sales price or appraised value, whichever is less); add any loan or home purchase closing costs; and then subtract the available HECM loan proceeds. It generally works out to about 45% to 55% of the sale price. This calculation is determined by the Department of Housing and Urban Development (HUD).

How is it different?

Traditional Mortgage: Limits the amount you have to invest up front, and lets you build equity over the life of the loan. However, the monthly principal and interest payments reduce your cash flow, and could be an unwelcome financial burden.

HECM for Purchase: Requires no principipal and interest payments throughout the life of the loan.* Interest and fees are added to the balance so that it increases over time, rather than decreasing. As with any home-secured loan, you remain responsible for property taxes, insurance and home maintenance.

COMPARING THREE WAYS TO PURCHASE A HOME

	1 ALL CASH	2 TRADITIONAL MORTGAGE	3 HECM FOR PURCHASE
WHY?	• You own the home free and clear	• Option to make a minimum down payment and limit upfront investment • Builds equity as you pay down the loan	• No monthly payments of principal and interest* • Gives you the flexibility to get the home you really want • Allows you to keep more assets to use as you wish
WHY NOT?	• Ties up a large portion of your money	• Monthly mortgage payments diminish your cash flow	• Your equity in the home decreases as the loan balance increases over time due to interest • When the loan comes due, you or your heirs must pay off the loan to keep the home

**Borrower is responsible for property taxes, homeowners insurance and property maintenance in order for the loan to remain in good standing. A HECM is a home-secured loan that must be repaid upon default or a maturity event, such as when the home is sold, all homeowners have passed away, or the last surviving borrower no longer lives there as their primary residence.*