



FAMILY FIRST FUNDING LLC



**HOW HECM FOR PURCHASE CAN HELP YOU SELL
MORE HOMES**



Overview

- HECM for Purchase market
- The growing importance of this home financing option
- Major advantages for you and your shoppers
- The basics
- Eligibility requirements
- Determining the required down payment
- Questions?



There's Great Opportunity in the 62+ Market

Are you prepared?

Today,
1/4
of all home buyers
are age 60 and
above³

By 2030,
20%
of the U.S.
population
will be 65 or
older²

There's over
\$6 trillion in
home equity held by
homeowners age 62+¹

Every day,
10,000+
Baby Boomers
turn 65²

¹National Reverse Mortgage Lenders Association (NRMLA) / RiskSpan Reverse Mortgage Market Index (RMMI), June 22, 2017

²Pew Research Center, Baby Boomers Retire, December 29, 2010

³National Association of Realtors, Profile of Home Buyer and Sellers 2016



HECM for Purchase Market

- Jan 1, 2011 – December 31, 2030
- Every day during this timeframe, 10,000 Baby Boomers will reach age 65. ¹
- By 2030, 18% of the nation's population will be age 65+¹
- New homes forecast for 55-74 year old buyers
 - 2016: 230,000 units
 - 2020: 248,000 units
 - 2025 to 2030: 252,000 units annually
 - That's more than a decade (2016-2030) in which about 20% of all new homes will be built for or bought by people 55 and older²

¹ Pew Research Center, Baby Boomers Retire, December 29, 2010

² 50+ Housing Market and Economic Forecast by National Association of Home Builders 2014

HECM for Purchase

- An FHA-insured* mortgage option for home buyers age 62 and older
- Requires down payment typically between 45% to 62% of the purchase price depending on buyer age.** The rest of the funds for purchase come from the HECM loan.
- Property must be primary residence and meet FHA property guidelines*
- As with any mortgage, the borrower owns the home, with their name on the title, and they must meet their loan obligations, keeping current with property taxes, insurance, maintenance, and any homeowners association fees.

***This material has not been reviewed, approved or issued by HUD, FHA or any government agency. The company is not affiliated with or acting on behalf of or at the direction of HUD/FHA or any other government agency.**

****This down payment range assumes closing costs will be financed into the loan. The information being displayed is for illustrative purposes only. Actual cash required may vary and is based on age of youngest borrower, interest rate, home value, and other factors. Please contact us for details about credit costs and terms.**



Who Can Benefit from This Product?

- People age 62 or older who wish to right-size, move closer to family, move to a lower-maintenance community, or to finally buy their dream home
- Those age 62 or older who may not have, or choose not to deplete, available funds to pay all cash or finance a home using a traditional mortgage



Major Advantages for You and Your Shoppers

- **More shoppers can become buyers**
 - This product is getting potential customers to make the purchasing decision because of their liquidity position with the HECM for Purchase program.
- **Buyers can get additional spending power**
 - HECM for Purchase buyers are more likely to have increased purchasing power for the upgrades and features they need or desire -- making it easier to buy the home they really want.
- **Buyers can purchase the home they desire – and conserve cash**
 - Because the monthly principal and interest payments are optional, HECM buyers who choose this home financing solution retain more funds for retirement and cash flow. (Note: As with any mortgage, the borrower must meet their loan obligations, keeping current with property taxes, insurance, maintenance and any homeowners association fees.)



3 Ways to Purchase a Home

	1 ALL CASH	2 TRADITIONAL MORTGAGE	3 HECM FOR PURCHASE
Why?	<ul style="list-style-type: none">• Buyer owns the home free and clear	<ul style="list-style-type: none">• Option to make a minimum down payment and limit upfront investment• Builds equity as they pay down the loan	<ul style="list-style-type: none">• Flexible repayment feature: Monthly principal and interest payments are optional.*• Gives buyer the ability to buy the home they really want• Allows buyer to keep more assets to use as they wish
Why Not?	<ul style="list-style-type: none">• Ties up a large portion of their money	<ul style="list-style-type: none">• Monthly mortgage payments diminish their cash flow	<ul style="list-style-type: none">• The buyer's equity in the home decreases if principal and interest payments are deferred, as the loan balance increases over time due to interest.• Requires a larger down payment than the traditional mortgage option

*As with any mortgage, the borrower must meet their loan obligations, keeping current with property taxes, insurance, maintenance and any homeowners association fees.

Eligibility Requirements

- Buyer must be at least 62 years of age
- Home must be their primary residence
- Buyer must meet HUD's credit and income guidelines: Must be able to keep current with paying property taxes, homeowners insurance, HOA fees (if applicable), and maintenance
- Buyer must typically have approximately 45% to 62%* down payment from a HUD-allowable source. (More on this in a minute.)

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Property Eligibility

- Single-family homes
- FHA-approved condominiums*
- Townhouses or Planned Unit Developments (PUDs)
- Two- to four-unit family home – must be owner-occupied
- Manufactured homes meeting HUD guidelines*
- The home they are buying must be their primary residence

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Determining the Required Down Payment

- The amount of available loan proceeds is calculated by using the age of the youngest borrower (or non-borrowing spouse meeting certain conditions), the lesser of the home's sales price or appraised value, and the current interest rate
- The difference between the available loan proceeds and the cost of the house plus purchase costs equals the required down payment
- Depending on the borrowers' ages, the required investment typically ranges from approximately 45% — 62%* of the home sales price. (The older they are, the more HECM proceeds they can receive.)

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Allowable Sources for Cash Required

- The down payment, or “required investment,” must come from an allowable source such as:
 - Proceeds from the sale of their current home
 - Money saved for at least 90 days from their checking, savings, CDs, investment accounts, retirement accounts, etc.
 - Gifts from a family member are acceptable
- Note:
 - Down payment cannot come from another loan
 - No seller concessions



Example of Down Payment Requirements

Purchase Price	Age of Youngest Borrower					
	62	65	70	75	80	85
\$200,000	\$120,628.00	\$116,168.00	\$109,568.00	\$104,368.00	\$96,568.00	\$86,168.00
\$250,000	\$149,229.00	\$144,329.00	\$136,079.00	\$129,579.00	\$119,829.00	\$106,829.00
\$300,000	\$178,488.00	\$172,488.00	\$162,588.00	\$154,788.00	\$143,088.00	\$127,488.00
\$350,000	\$207,647.00	\$200,647.00	\$189,097.00	\$179,997.00	\$166,347.00	\$148,147.00
\$400,000	\$236,808.00	\$228,808.00	\$215,608.00	\$205,208.00	\$189,608.00	\$168,808.00
\$450,000	\$245,700.00	\$256,469.00	\$241,619.00	\$229,919.00	\$212,369.00	\$188,969.00
\$500,000	\$294,128.00	\$284,128.00	\$267,628.00	\$254,628.00	\$235,128.00	\$209,128.00
\$600,000	\$351,448.00	\$339,448.00	\$319,648.00	\$304,048.00	\$280,648.00	\$249,448.00

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Questions?

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