

# HECM for Purchase

## Buy a Home Without Monthly Mortgage Payments

For seniors 62 years or older, the Home Equity Conversion Mortgage for Purchase Loan can help you buy your next home without monthly mortgage payments.<sup>1</sup> The HECM for Purchase allows seniors to use the equity from the sale of a previous residence to buy their next primary home. It is a Federal Housing Administration (FHA) insured non-recourse loan that ensures the amount owed on the loan can never be more than the value of the home at time of sale. No matter what happens to your home's value, you only make one initial down payment at the time of purchase.

Customer benefits include:

- Eliminates monthly mortgage payments<sup>1</sup>
- Increases your monthly cash flow
- Helps create a retirement safety net

### Reasons to Consider

Most home buyers use the HECM for Purchase Loan to down-size to a smaller, lower maintenance home that lowers their cost of living during retirement.

Since monthly mortgage payments are not required, a HECM for Purchase Loan may help preserve your hard-earned savings and improve cash flow. You will continue to own and maintain the title of your home for as long as the property remains your primary residence and you continue to meet the obligations of the loan.<sup>1</sup>

### Eligibility

- Youngest owner must be 62 years or older
- The home must be your primary residence and occupied within 60 days of closing
- Property must be a single family home or an FHA approved condo
- The down payment must be paid in cash from qualifying sources such as the sale of a prior residence or home buyer's other assets or savings
- Borrower must complete a HUD approved counseling session
- Must pass a financial assessment established by HUD

## Protections for the Borrower

- A HECM for Purchase is a non-recourse loan that protects you from ever having to pay more than the value of the home at any point in time.
- Independent HUD counseling is required prior to loan application
- Lender may only look to the value of the home for repayment; no other assets may be attached.

## Approximate Down Payments Using a HECM for Purchase

The amount of money required for a down payment of a HECM for Purchase Loan depends on the age of the youngest buyer, current interest rates and the lesser of the appraised value, the purchase price or the FHA lending limit.

Purchase Price	Age 62	Age 65	Age 70	Age 75	Age 80
\$250,000	\$132,000	\$127,000	\$119,000	\$109,000	\$88,000
\$300,000	\$156,000	\$152,000	\$141,000	\$130,000	\$105,000
\$350,000	\$181,000	\$176,000	\$164,000	\$151,000	\$121,000
\$400,000	\$207,000	\$199,000	\$186,000	\$171,000	\$137,000
\$450,000	\$232,000	\$223,000	\$209,000	\$192,000	\$153,000
\$500,000	\$257,000	\$247,000	\$230,000	\$212,000	\$170,000
\$550,000	\$282,000	\$271,000	\$254,000	\$233,000	\$186,000
\$600,000	\$307,000	\$296,000	\$276,000	\$253,000	\$202,000
\$625,500	\$320,000	\$308,000	\$288,000	\$264,000	\$211,000

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The borrower will be responsible for paying property charges including property tax, homeowners insurance and HOA fees of the home for the life of the loan.

Failure to meet these requirements can trigger a loan default that results in foreclosure.