



# Buy your retirement dream home

**without financial nightmares –  
or monthly mortgage payments.**

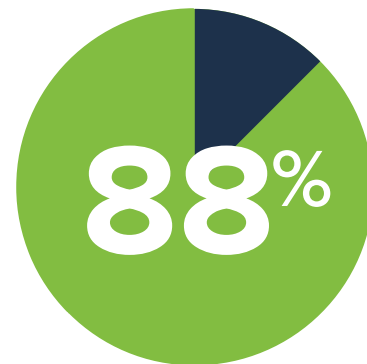
Just keep current with property taxes, insurance,  
and home maintenance.

# Get the financial solution you need to retire in the home you want.

88% of U.S. seniors say it's important to remain in their homes as they age.<sup>1</sup> But what if your current home isn't the one you want – or need – in retirement?

Would you prefer a home with no stairs, better safety features, or fewer bedrooms? One that's closer to family or friends? How about a low-maintenance property, a warmer climate, or a community with more amenities and social opportunities?

Whether you're nearing retirement or already in it, you can buy a home that better fits your needs – without the financial burden of a traditional mortgage or a cash purchase. But how?



**OF U.S. SENIORS SAY  
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## **Home Equity Conversion Mortgage (HECM) for Purchase:** **Right-size your home without downsizing your cash flow.**

You've worked hard to protect and grow your nest egg and maintain your retirement accounts. Maybe you're living on a fixed income. The last thing you need is to drain your savings or add another monthly payment in order to buy a new home. A HECM for Purchase – commonly known as a reverse mortgage – can help.

It's a powerful financial tool designed to help homeowners age in place by accessing their home equity. It lets Americans age 62 and older buy a new home or condo by combining a one-time investment of funds (a down payment) with HECM loan proceeds to complete the purchase.

**Best of all, unlike a traditional mortgage, monthly mortgage payments are optional<sup>2</sup>** – as long as you meet the terms of the loan, the loan doesn't come due until the home is sold or is no longer your primary residence.

# Who can get a HECM for Purchase?

The federally-insured<sup>3</sup> HECM for Purchase program was created in 2009, designed to streamline home-buying transactions for older Americans who want to take advantage of a traditional HECM reverse mortgage.

It combines two transactions—buying a new home and financing part of the purchase with a reverse mortgage—into one. Typically, a down payment of 60% to 65% of the purchase price<sup>4</sup> (depending on your age) is combined with HECM for Purchase funds to complete the transaction.

## What are the program requirements?

- You must be age 62 or older
- The home you're purchasing must be your new primary residence
- Eligible properties include: single-family homes, FHA-approved condominiums or single-unit approvals, townhouses or Planned Unit Developments (PUDs), and manufactured homes meeting HUD guidelines
- Your down payment cannot be borrowed funds—it must come from savings, the sale of your current house, or a gift from a family member
- Loan counseling by an independent, FHA-approved counselor is required to ensure that you fully understand the reverse mortgage process, the program's details, and the individual terms of your loan
- You'll need to prove adequate sources of income to assure the lender that you'll be able to meet your ongoing loan obligations<sup>2</sup>
- Interested Party Contributions are allowed up to 6% of the sales price<sup>5</sup>



## **Not too good to be true – but perhaps too good to pass up.**

Most people simply don't know that you can purchase a new home with a reverse mortgage, so it's natural to be skeptical. That's why it's important to bring your loved ones and trusted financial advisors into the conversation, and learn the truth about this helpful and strategic home financing tool.

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## **The bottom line?**

The HECM for Purchase program was designed to help older Americans buy a more suitable home in retirement, while still conserving cash and assets for future expenses.

# Is a HECM for Purchase right for you?

For many older adults, buying the home they really want or need may seem impractical or out of reach. Fortunately, the HECM for Purchase option was designed with more than one type of consumer in mind. It can help you retire in a home that better suits your changing needs.



## **Give yourself more options and improve your financial flexibility.**

### **Keep more cash for the things you need.**

A HECM for Purchase allows you to buy a new home without making monthly mortgage payments<sup>2</sup> – so you can keep significantly more cash and assets in reserve to help cover retirement expenses and improve your cash flow.

### **Supersize your purchasing power.**

By combining your down payment with reverse mortgage loan proceeds, you can more comfortably afford a home with more amenities or a more desirable location.

### **Get the home you want without settling for less.**

Buying a new home for retirement doesn't have to mean downsizing your goals. A HECM for Purchase can help you right-size to a home that fits your current and future plans – whether that's being closer to family, clearing out the clutter, or getting a home with upgraded features.



# Compare your home-buying options.

All Cash	Traditional Mortgage	HECM for Purchase
<ul style="list-style-type: none"><li>You own the home free and clear</li></ul>	<ul style="list-style-type: none"><li>Option to make a minimum down payment and limit upfront investment</li><li>Builds equity as you pay down the loan</li></ul>	<ul style="list-style-type: none"><li>Monthly mortgage payments optional<sup>2</sup></li><li>Boosts buying power, helps you get the home you really want</li><li>Lets you keep more assets, and can increase cash flow</li></ul>

## Traditional Mortgage

A 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 may add an unwelcome financial burden.

## HECM for Purchase

With reverse mortgage financing, monthly principal and interest payments are optional.<sup>2</sup> Interest accrues on the loan balance, so it increases over time if you choose not to make monthly principal and interest payments. With a reverse mortgage for purchase, you build less equity—but unlike a traditional mortgage, you and your heirs are never at risk of owing more than the home is worth at the time of sale. Best of all, the flexible repayment feature gives you greater financial control.

# The HECM for Purchase Program offers you flexible financial solutions.



## **Case 1: Meet Cynthia, age 71.**

Due to a recent illness, she now needs to use a wheelchair, making her current two-story house unsuitable. She'd like to purchase a new ranch-style home, but with her limited savings and long-term healthcare needs, she can't afford a monthly mortgage payment.

**Her solution:** With a HECM for Purchase, Cynthia can buy a more practical house while only using a portion of the cash she received from the sale of her former home. This lets her add more funds to her savings and be better prepared for future healthcare costs.





## Case 2: Meet Carole and David, both age 64.

Since their kids left home, the couple has considered moving out of their large, four-bedroom house to a smaller home in a planned community. But they don't want the burden of a monthly mortgage payment, or to pay all cash up front.

**Their solution:** Use just a portion of the cash from the sale of their former house, which sold for \$625,000, and use the proceeds from a HECM for Purchase to buy their new \$450,000 home. This allows them to preserve more than \$350,000 for savings and investments, eliminate monthly mortgage payments,<sup>2</sup> and still have the ability to get the home they really want.

	All Cash	Traditional Mortgage <sup>6</sup>	HECM for Purchase <sup>7</sup>
<b>Down Payment</b>	\$450,000	\$135,000 (30% down)	\$308,410
<b>Fixed Interest Rate</b>	N/A	6.7% (30 yr.)	6.81%
<b>Monthly Payment (P&amp;I)</b>	N/A	\$2,033	Not required <sup>2</sup>
<b>Monthly HOA Fees</b>	\$300	\$300	\$300
<b>Monthly Taxes and Insurance</b>	\$650	\$650	\$650
<b>Total Monthly Payments</b>	\$950	\$2,983	\$950



# Take the Next Steps Toward Your Dream Home

## 1 Education

Your loan officer has all the information you'll need to help you decide if a HECM for Purchase is right for you. They can meet with you to go over all the details and answer all your questions.

## 2 Pre-Approval

- You'll meet with an independent, 3rd-party reverse mortgage counselor approved by the U.S. Department of Housing and Urban Development (HUD), to make sure you understand all aspects of the loan.
- If you decide to move forward, you'll complete and submit your application, which includes some personal information. A financial assessment will be conducted to make sure you'll be able to afford to continue paying property taxes, insurance, and home maintenance. Your loan officer will guide you through this process and let you know what documents you'll need.



### **3** Processing

- The home you want to purchase will be appraised by an independent appraiser to determine its value.
- The appraisal and loan package will be sent to an underwriter for review and approval. The underwriter will make sure all the information in the package is correct and complies with all laws and regulations.

### **4** Closing

After your loan application is approved, you'll sign your closing documents with a title officer or attorney (depending on your state's requirements).

### **5** Arrival

Receive the keys to your new home – and to enjoy greater financial flexibility in retirement.

# Mythbusters:

## Five Facts About Reverse Mortgages

**MYTH #1: “The bank will own my home.”**

**FACT: You continue to own your home with your name on the title.**

This is one of the most common misconceptions—but a HECM for Purchase is just like any traditional mortgage or home equity loan in this case. You just need to keep current with property taxes, insurance, and home maintenance.

**MYTH #2: “Reverse mortgages take advantage of retirees.”**

**FACT: Reverse mortgages were specifically designed to help retirees.**

Traditional sources of retirement income (Social Security, pensions, savings and investments) are no longer enough for many seniors to avoid outliving their assets. Accessing home equity can help increase cash flow and financial flexibility, and provide a greater sense of security.

Plus, today’s reverse mortgage industry is highly regulated: lenders must follow strict state and federal guidelines and regulations that help protect borrowers. Members of the National Reverse Mortgage Lenders Association (NRMLA) pledge to uphold the highest ethical standards.

**MYTH#3: “I’ll be forced out of my home.”**

**FACT: Reverse mortgages help seniors stay in their homes.**

The HECM program was created to allow seniors to live in their homes long into their retirement years. Because the homeowner typically receives payments from a reverse mortgage – instead of making payments to a lender – the homeowner cannot be evicted or foreclosed upon for non-payment, as long as they meet their responsibilities to maintain the home in good condition, keep property insurance current, and pay property taxes.

#### **MYTH #4: “I won’t be able to leave my home to my heirs.”**

**FACT: Your heirs can still inherit your home.**

Your heirs inherit the house, just as they would with any other mortgage. When the loan comes due, they decide what to do to repay the loan balance. They can:

- Arrange their own financing, pay off the loan, and keep the house for themselves
- Sell the house, pay off the balance, and keep any extra funds
- Or they can do nothing with the house and deed it to the lender

#### **MYTH#5: A reverse mortgage is a loan of last resort.**

**FACT: It’s a useful financial tool, as part of a total retirement funding strategy.**

A reverse mortgage is designed specifically for older homeowners and buyers to give them more financial flexibility. In the past, many reverse mortgage borrowers were “house rich and cash poor” – and indeed, it can be helpful in that situation.

But today’s advanced reverse mortgage products offer more options, and respected academic researchers have developed effective strategies for using them as part of a complete retirement plan. You can use the proceeds as you wish – buy a home, pay bills, offset healthcare costs, create a “safety net” for unexpected costs, and much more.

# NOTES





To learn more about buying a house with reverse mortgage proceeds, contact me today:

**Scott Stockdale**

**Reverse Mortgage Broker**

**NMLS# 234356**

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**Call: 949.759.7000**

**Email: [www.800HECM.com](http://www.800HECM.com)**

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1. Robinson-Lane S, Singer D, Kirch M, Solway E, Smith E, Kullgren J, Malani P. Older Adults' Preparedness to Age in Place. University of Michigan National Poll on Healthy Aging. April 2022.
2. Keeping current with property taxes, insurance, and maintenance is required.
3. 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.
4. 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 your lender for details about credit costs and terms.
5. Interested Party Contributions are not allowed from Mortgagees and Third-Party Originators.
6. For illustrative purposes only. Estimates shown are based on a Colorado property and a 30-Year Fixed-Rate mortgage with 0 Points at a 4.5% fixed rate (4.5% APR). Rates from Bankrate.com as of 12/3/2019.
7. The example shown is for illustrative purposes only. The estimates shown are based on a Colorado property and the HECM Fixed-Rate product as of November 2019. Assumptions include a purchase price of \$450,000 and a 64-year-old borrower. The interest rate is 4.43% (5.98% annual percentage rate). In this example, closing costs include an origination fee of \$2,900, third-party closing costs of \$14,695 depending on purchase price or appraised value, and an up-front FHA Mortgage Insurance Premium of 2% depending on purchase price or appraised value. Interest rates and funds available may change daily without notice.

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