

HECM for Purchase

HECM For Purchase: What Builders Should Know

If you're a home builder, you may be unaware of an opportunity to dramatically increase your home sales from the vast (and growing) baby boomer housing market.

The Home Equity Conversion Mortgage Program (a HECM is a Reverse Mortgage), lets seniors aged 62 and older* purchase a new home with approximately 50% down, depending on interest rates and age.

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H4P Offers Buyers and Builders Powerful Advantages:

- Buyers have additional home purchasing power. (see matrix on back)
- Buyers are able to choose more upgrades.
- Buyers often have less fear and sensitivity to home prices.
- Seller can pay for the Home Warranty and any closing fees that are customarily paid by a seller on the local market.
- Following a down payment, the buyers won't be required to make mortgage payments as long as they live in the home and keep their taxes, insurance and HOA dues current.

H4P Buyer Requirements

- At least one borrower must be 62-years of age or older*.
- The qualifying home must be the primary residence. Vacation homes or rental properties are not eligible for H4P.
- The money used for the down payment must come from checking, savings, investments, gifts, or an existing house sale (it cannot come from money acquired through debt).
- If there is any unresolved federal lien, it will need to be satisfied in full before applying for H4P.
- There's a three-year waiting period before buyers can apply for H4P if they have had a foreclosure, short sale, or if they executed a Deed In Lieu of Foreclosure.
- Financial Assessment Required

Other requirements may apply.

**In Texas all borrowers must be 62 or older*

H4P Down Payment Matrix

The matrix below demonstrates the increased home purchasing power gained by Americans (62-and-older*) who use H4P. To use the matrix, match your age (on top of the chart) with the desired home purchase price (on the left side). The number where the age and purchase price intersect is the amount of the out-of-pocket payment you will need at closing.

For example, a 65-year-old who wants to purchase a \$400,000 home must provide an out-of-pocket payment of \$208,793. The remainder of the balance (\$191,207) is funded by a reverse mortgage loan.

*In Texas all borrowers must be 62 or older.

PURCHASE PRICE	AGE OF YOUNGEST BORROWER					
	62	65	70	75	80	85
\$150,000	\$83,284	\$80,434	\$75,784	\$72,334	\$66,934	\$59,884
\$200,000	\$110,307	\$106,507	\$100,307	\$95,707	\$88,507	\$79,107
\$300,000	\$163,349	\$157,649	\$148,349	\$141,449	\$130,649	\$116,549
\$400,000	\$216,393	\$208,793	\$196,393	\$187,193	\$172,793	\$153,993
\$500,000	\$268,435	\$258,935	\$243,435	\$231,935	\$213,935	\$190,435
\$600,000	\$320,479	\$309,079	\$290,479	\$276,679	\$255,079	\$226,879
\$700,000	\$372,523	\$359,223	\$337,523	\$321,423	\$296,223	\$263,323
\$800,000	\$424,565	\$409,365	\$384,565	\$366,165	\$337,365	\$299,765
\$970,800	\$513,455	\$495,010	\$464,915	\$442,587	\$407,638	\$362,011
	OUT OF POCKET COST					

This calculation is based on using HECM Fixed Rate of 3.56% as of January 18, 2022. Recent APRs range from 4.417- 5.502 APR. Loan charges will include origination fees, mortgage insurance premiums, and settlement costs which are to be determined. Most of these fees may be financed into the loan. Interest rates and funds available may change without notice and not be available at time of the loan commitment. Prices subject to change. This information is for illustrative purposes only. Estimated closing cost, include up-front FHA mortgage insurance premium, range from \$3000 - \$19,416 depending upon the value of the home (included in mortgage). Closing costs vary from state to state and can affect out-of-pocket cost. Please check with your HECM Loan Officer for actual figures. Your loan balance and accrued interest will become due upon a maturity or default event such as no longer living in the home as your principal residence, failing to pay your hazard insurance or property taxes, or failing to maintain your property.

Ready to get started?

For more information, please contact the loan officer listed on this flyer.

