

Relocating, downsizing, or rightsizing?

Now you can buy a home with no monthly mortgage payments.



Too good to be true? Or an opportunity too good to pass up?

Are you a homeowner age 62 or older? If you'd like a home that's closer to your family; one that's more physically accessible; or one that's rightsized for your needs now or in the future, a Home Equity Conversion Mortgage (HECM)—also known as a reverse mortgage—may be a great solution.

Unlike a traditional (forward) mortgage—where the borrower receives money and is obligated to start repaying the loan right away—money you receive through a HECM allows you to purchase a new home **without having to make monthly mortgage payments***. The loan is due only after the final borrower no longer lives in the home.

Here's an example: Rich, 71 years old, wants to downsize and eliminate his monthly mortgage payments. The purchase price of his next home is \$350,000. Using the proceeds from the sale of his current home, Rich can provide a cash down payment of approximately \$181,500 and use a HECM loan to cover the remaining cost of approximately \$168,500. Through a reverse mortgage, Rich can purchase the new home **and** improve his monthly cash flow by **eliminating monthly mortgage payments**. He might even decide that he could afford some upgrades to make his next home his dream home.

No monthly mortgage payments isn't the only advantage:

- Compared to paying cash, a HECM allows you to keep more of your savings
- The funds you receive from a HECM are not taxable income
- You own your home, with full title and control of the property
- It may be easier to qualify for than for a traditional mortgage
- No repayment is required until the last borrower no longer lives in the home



*You pay property taxes, insurance, utilities, and home maintenance costs.

How does a HECM for Purchase work?

If you qualify, you can buy a home by taking out a HECM reverse mortgage on the property:

- Using funds from the sale of your current home or cash you have on hand, you can make a down payment of about 29% to 63% of the purchase price (assuming that closing costs are financed), depending on your age.
- The balance of the purchase is covered by your HECM proceeds—any remaining funds can be used as you wish.
- There's only one closing—the home purchase and HECM reverse mortgage are done at once.
- You make no monthly mortgage payments on the new home.
- You—not the bank—own the home and can continue to live in it, as long as you continue to pay property taxes, insurance, utilities, and home maintenance costs.
- The loan is repaid, including principal plus accrued fees and interest, when the last surviving homeowner no longer lives in the home.

How is a HECM for Purchase different than a traditional mortgage?

Designed for you. Only homeowners age 62 and older can get a HECM for Purchase.

Flexible payment options. A traditional mortgage requires monthly payments. With a HECM loan, you can pay as much or as little as you like each month—or make no monthly mortgage payments at all.

Keep more cash every month. A HECM requires a down payment of about 29% to 63% of the purchase price, depending on your age. A traditional mortgage typically requires a smaller down payment, but doesn't have a no-monthly mortgage payment option.

Protection. HECM loans are FHA insured and have a non-recourse feature—meaning you can never owe more than the home is worth. Traditional mortgages do not have this protection.

Questions?

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Buy more home
Keep more savings
Eliminate monthly
mortgage payments



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