

Home Equity Conversion Mortgage for Purchase

- **Advantages** to you:
 - Many borrowers use the sale of their current home to upgrade into a nicer home without having to qualify for a mortgage or make monthly payments; just pay property taxes and insurance!
 - Preserves your cash assets (as opposed to buying the home outright)
 - There is no risk of having to leave the home or leaving debt to your heirs
 - Easier to qualify for than a traditional Mortgage
 - Live in the home as long as you want & **never make another mortgage payment!**
 - There are no prepayment penalties so you could sell the home at any time or pay toward the balance to preserve equity if you wish
- **Allowable Funds** you can bring to closing include:
 - Existing assets or profits from sale of current property
 - Checking, Savings, Cash on Hand, CD, IRA, 401K, or other retirement funds
 - Gift funds are only allowed from relative, fiancé, or common law partner
 - *All funds must be seasoned for 90 days, and all large deposits must be sourced
- No second liens are allowed
- There are no seller or lender paid fees allowed (take into consideration when negotiating!)
- Property must meet FHA Guidelines (Condominiums must be FHA Approved)
- The home must be occupied as primary residence within 60 days of sale
 - On new construction homes a certificate of occupancy is required before application
- The counseling certificate must be specific to the property that is being purchased
 - Many counselors will allow you to add the address to the certificate at a later date if you wish to schedule counseling now!
- The first step after counseling is to negotiate the terms of the sale and provide a certified copy of the **Sales Contract** for the initial application that must include all of the following:
 - We recommend a good through date of 45 days (to give extra time for processing)
 - FHA certification or amendatory clause
 - An Escape Clause
 - Home inspection contingency and Mortgage contingency
 - Seller agreement to make repairs (must be made by seller if required by Inspector)
 - Sales contingency on current home (if applicable)
- In addition to the Sales Contract we will also need the following to process the loan:
 - Front and back copy of canceled check for the Earnest Money
 - Three month's statements to document the down-payment / funds to close
 - Contact information for the Title Company agreed upon by you and the seller
 - Contact information for the Homeowner's Insurance Agent of your choice

I will be more than happy to work with you, your realtor, and the seller's agent in facilitating the purchase of your home. If you have any questions please do not hesitate to contact me!



These materials are not from HUD or FHA and were not approved by HUD or any government agency.