How the Home Equity Conversion Mortgage (HECM) Can Help You Buy a Home

HOW DOES THE HECM FOR PURCHASE WORK?

The FHA-insured HECM for Purchase program helps eligible homeowners buy a home that meets their needs without having to take on new monthly mortgage payments. Instead, the homeowner is responsible for paying property taxes, homeowner's insurance, other fees (such as HOA dues), and maintaining the home in good condition.

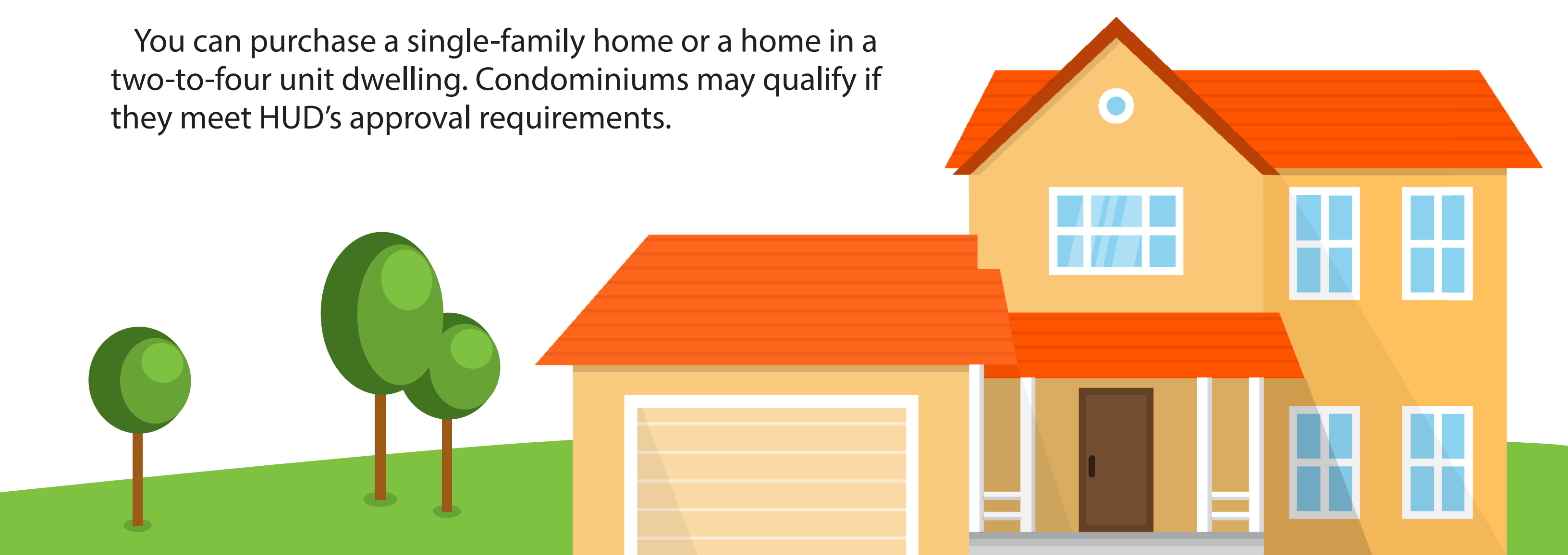
The HECM for Purchase combines two transactions into a single transaction. Rather than obtaining a traditional mortgage to buy a home and seeking a reverse mortgage later, the HECM for Purchase allows the homeowner to finance the home with the reverse mortgage. This can result in a cost savings for homeowners in closing costs.

The homeowner provides equity in the new home with a substantial down payment from the sale of the current home or from other cash assets. The equity the homeowner brings to the table and the value of the new home are two of the factors that affect the HECM loan amount.

The HECM loan becomes due and payable when the last remaining borrower on the loan has not lived in the home for more than 12 months; if the homeowner isn't current on property taxes, homeowner's insurance or other loan terms; or if the house is sold.

WHAT ARE THE ELIGIBLE PROPERTY TYPES?

You can purchase a single-family home or a home in a two-to-four unit dwelling. Condominiums may qualify if they meet HUD's approval requirements.



WHAT ARE THE BORROWER'S OBLIGATIONS?

You must be able to pay property taxes, homeowner's insurance, any other related fees, such as HOA, and maintain the home in good condition. You must begin occupying the home within 60 days after closing. In addition, you must occupy the home as your principal residence for more than six months of the year.

WHEN DOES THE HECM LOAN BECOME DUE?

- Several factors can trigger a "maturity event" that would cause the HECM loan to become due and payable:
    - When the last remaining borrower on the loan or the non-borrowing spouse dies or leaves the home for more than 12 consecutive months.
    - When the home is sold.
    - When the borrower doesn't meet the obligations to pay property taxes, homeowner's insurance or HOA fees (if applicable), or fails to maintain the home or meet other conditions of the loan terms.

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