

What home builders should know about reverse mortgages



A unique financing tool allowing older homeowners to enjoy the comfort of a new home.



Home builders now have a new way to help nearly 27 million U.S. households (currently eligible for a reverse mortgage)¹ purchase the homes of their dreams during retirement using the Home Equity Conversion Mortgage (HECM) for Purchase.

Whether you're building an age-restricted community or single family homes attractive to older homeowners, reverse mortgages are an important solution for consumers and for your business.

HECM for Purchase Basics

Insured by the Federal Housing Administration (FHA), the HECM for Purchase allows buyers age 62 years and older to purchase a primary residence and take out a reverse mortgage in a single transaction.

The program is an ideal way for retirees to purchase a home and comes with special benefits that set it apart from conventional "forward" financing options.

The most popular feature is that borrowers are not required to make monthly mortgage payments*. This is a huge asset to older homeowners who are living on fixed incomes or simply wish to "right size" their home to better fit their lifestyle.

Borrowers are required to pay for insurance under FHA, but by doing so, they are assured that they and their heirs will never be liable for any deficiency if the property is sold to satisfy the debt.

¹ Source: Reverse Market Insight data as of June 2014.

[More information on reverse »](#)

How the HECM for Purchase helps builders

Rather than having to seek conventional financing in light of today's tight lending environment, borrowers age 62 and older can purchase a new residence while eliminating mortgage payments* through a reverse mortgage.

HECM for Purchase Example

A 70-year-old borrower wants to purchase a single-family home for \$250,000 in Texas. Using the HECM for Purchase, the borrower needs to provide \$136,176 of his or her own funds for the down payment.

The reverse mortgage will then finance the other \$126,750, which includes fees and the proceeds toward the purchase price.

Note Rate: 4.25% fixed (6.876% APR)**

Loan Amount: **\$126,750**

Total Financed Fees: **\$12,926**

Reverse Mortgage proceeds towards purchase price: **\$113,824**

Required Down Payment: **\$136,176**

Eligible property types include single-family house or townhome; FHA (Federal Housing Administration) approved condos; Manufactured home that meets certain requirements.

* The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the homeowner does not meet these loan obligations, then the loan will need to be repaid.

** Illustration is for educational purposes only and assumes a borrower who resides in Texas, with a fixed interest rate of 4.25% (6.876% APR) and includes financed fees consisting of a \$2,000 origination fee and combined MIP & additional fees amounting in approximately 4% of the home value. Rate quote generated 11/03/2017. Rates are rounded down to the nearest \$50 and subject to change.

How builders benefit from the program

By using the HECM for Purchase, seniors and baby boomers have the ability to purchase their dream home for retirement using less money upfront. Instead of paying all cash or taking out a traditional mortgage, buyers can finance part of the purchase price using a reverse mortgage—so there are no monthly mortgage payments.* They can use a portion of those funds and borrow the remainder using the HECM for Purchase. The additional funds can be used to purchase upgrades they might need during retirement, or get the kitchen they've always dreamed of having.



HomeSafe®
Loan amounts up to \$4 Million

Homebuyers 62 or older who want to purchase a property that's valued up to \$4 million can finance a significantly larger portion of the purchase price using this proprietary HomeSafe financing tool. Condos appraised at \$500,000 or more do not require FHA approval.

For any questions or if you have a client scenario you would like to discuss, please contact me today:

Steven J. Sless, NMLS:# 298581
National Reverse Mortgage Director
Main: (410)814-7575
Email: steven.sless@usmortgage.com
Web: www.morewithsless.com

For business and professional use only.
Not for consumer distribution.

This material is not from HUD or FHA and has not been approved by HUD or any government agency.

The HomeSafe® reverse mortgage is a proprietary product of Finance of America Reverse LLC, and is not affiliated with the Home Equity Conversion Mortgage (HECM) program.

HomeSafe® is currently available in AZ, CA, CO, CT, DC, FL, HI, ID, IL, LA, NJ, NV, OR, PA, RI, SC, TX, VA, and WA.

Terms and conditions are subject to agency and investor guidelines in effect at the time of application. Loan programs may change or be eliminated without notice or obligation. Not all borrowers qualify for all programs. All property taxes, homeowners' insurance, applicable maintenance fees and HOA dues are the responsibility of the borrower. Failure to remain current on all property charges can cause the reverse mortgage to go into default and will result in foreclosure. Minimum age of all borrowers at time of closing is 62. Primary residences only. This material is not from HUD or FHA and it was not approved by the department or any government agency. Not all products and options are available in all states. This is not a loan commitment. All loans subject to approval.



US Mortgage Corporation
7120 Minstrel Way, Suite 211
Columbia, MD 21045
Branch NMLS: #1269533

