naf Reverse

FOR BUYERS 62 AND OLDER

Buy your next home with no required monthly mortgage payment

A HECM for Purchase lets a buyer 62 or older make a large down payment and cover the rest of the price with a reverse mortgage. Property taxes, homeowners insurance, HOA dues and upkeep still apply. Not paying them can cause the loan to come due and lead to foreclosure. The loan balance grows over time.



Who it can help

- Downsizing to a single-story home, or one that's easier to keep up
- Moving closer to children, grandchildren, doctors or other support
- Using money from the sale of a current home, without taking on a new monthly mortgage payment
- Living on a fixed income, like Social Security or a pension, and wanting to buy without adding a monthly mortgage payment

How it works

- The buyer brings a large down payment from savings or the sale of their old home. The amount depends on the youngest buyer's age, the price and interest rates
- Independent HUD-approved counseling is required before applying, and California adds a 7-day wait before a final application or any fees
- Income and credit are reviewed (HUD's financial assessment), and some buyers need part of the loan set aside for taxes and insurance
- The buyer, and any eligible non-borrowing spouse, must move in within 60 days of closing
- The home must be the buyer's main home, and the loan comes due when the last borrower sells, moves out for good, passes away or doesn't keep up the taxes, insurance and upkeep

Worth knowing: A HECM for Purchase isn't right for every buyer. There are upfront costs, including FHA mortgage insurance, and the balance grows as interest and mortgage insurance are added. A HECM is non-recourse: neither the borrower nor the heirs ever owe more than the home is worth. If the home is worth less than the balance, the servicer sets the minimum sale price in writing, and heirs who want to keep it should get the exact payoff from the servicer in writing. Ask for every cost in writing.



REVERSE MORTGAGE LOAN OFFICER

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FOR HOMEOWNERS 62 AND OLDER (55 AND OLDER FOR SOME LOANS)

Still paying a mortgage? A HECM can pay it off



A HECM (the FHA-insured reverse mortgage) can pay off the mortgage you have now, if the new loan is large enough, and then there's no required monthly mortgage payment. Property taxes, homeowners insurance, HOA dues and upkeep still apply. Not paying them can cause the loan to come due and lead to foreclosure. The loan balance grows over time.

Who it can help

- Stopping a monthly mortgage payment that's stretching a fixed income, like Social Security or a pension
- Staying in the home you know, as long as you live there and meet the loan terms
- Having property taxes and insurance paid from a fully funded set-aside, when the lender requires one or you choose one; each payment is added to your loan balance, as long as the set-aside lasts
- Keeping a line of credit for the unexpected, on an adjustable-rate HECM, if money is left after the payoff

How it works

- At closing, the HECM pays off your mortgage and other required costs first. It only works if the new loan is large enough to pay off what you owe, plus any set-aside and the closing costs. The amount depends on the youngest borrower's age, the home's value and interest rates
- Independent HUD-approved counseling is required before applying, and California adds a 7-day wait before a final application or any fees
- Income and credit are reviewed (HUD's financial assessment), and some homeowners need part of the loan set aside for taxes and insurance
- The home must be your main home, and the loan comes due when the last borrower sells, moves out for good, passes away or doesn't keep up the taxes, insurance and upkeep

Age 55 to 61? In California, some private (proprietary) reverse mortgages start at 55: HomeSafe can pay off the mortgage you have now, if the new loan is large enough, and HomeSafe Second keeps your first mortgage in place. Neither requires a monthly payment on the new loan, but taxes, insurance, HOA dues and upkeep still apply, and with HomeSafe Second you keep paying your first mortgage. They aren't FHA-insured and set their own rules, so ask for every term and cost in writing.

Worth knowing: Refinancing into a HECM isn't right for everyone. There are upfront costs, including FHA mortgage insurance, and the balance grows, so there's less equity for you or your heirs. A set-aside lowers the amount you can borrow. If the numbers don't work, Tom will tell you plainly. A HECM is non-recourse: neither the borrower nor the heirs ever owe more than the home is worth. Ask for every cost in writing.



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