Home Buying In Reverse

Discover the HECM for Purchase Loan

If you are 62 years or older, the Home Equity Conversion Mortgage (HECM) for Purchase loan may help you buy your next home without required monthly mortgage payments.[1]

The HECM for Purchase product is a Federal Housing Administration (FHA) insured home loan that allows seniors to use the equity from the sale of a previous residence to buy their next primary home in one transaction. Regardless of how long you live in the home or what happens to your home's value, you only make one, initial investment (down payment) towards the purchase.

Why Consider the Loan?

No matter what your needs may be, a HECM for Purchase Loan may help you:

- Eliminate monthly mortgage payments[1]
- Increase your purchasing power
- Pay less upfront investment
- Rightsize to a smaller, lower maintenance home
- Buy a home closer to family or friends
- Lower your cost of living during retirement
- Enjoy carefree living in a senior housing community

Safeguards for Borrowers

- Mortgage Insurance Premium (MIP) ensures the amount owed on the loan can never be more than the value of the home at time of sale
- Independent HUD counseling is required prior to loan application
- Lender may only look to the value of the home for repayment; no other assets may be attached if the loan balance grows beyond the mortgaged home value (non-recourse loan)

Eligibility

- Youngest titleholder must be 62 years or older
- Purchased home must be a primary residence occupied within 60 days of loan closing
- Property must be a single family home, 2-4 unit dwelling, or a FHA approved condo
- The difference between the purchase price of the new home and the HECM loan proceeds must be paid in cash from qualifying sources such as the sale of prior residence, home buyer's other assets or savings
- Borrower must complete a HUD approved counseling session
- Must meet financial eligibility criteria as established by HUD

Determining Your Proceeds

The amount of money you may receive from a HECM for Purchase loan depends on the age of the youngest titleholder, current interest rates and the lesser of the appraised value, the purchase price or the FHA lending limit.

The funds available to you may be restricted for the first 12 months after loan closing, due to HECM requirements. You may need to set aside additional funds from loan proceeds to pay for taxes and insurance.

1 The borrower will be responsible for paying property charges including homeowners insurance, taxes, and maintenance of home for the term of the loan.