REVERSE MORTGAGE LOAN

FOR PURCHASE

A guide for home buyers.

What is a reverse mortgage loan?

Home Equity Conversion Mortgages (HECMs), also known as reverse mortgage loans, were created over 25 years ago to help Americans age 62 and older convert a portion of their home equity into tax-free money to improve their lifestyle in whatever way they choose. While loan proceeds are not taxable income, property taxes must be paid. Please consult your tax advisor. HECM Reverse Mortgages are insured by the Federal Housing Administration (FHA) and allow seniors to age in place and achieve retirement security.

How does it work?

A HECM for Purchase loan combines a reverse mortgage with the equity from the sale of your previous home - or from other savings and assets - to buy your next primary home in a single transaction. Regardless of how long you live in the home or what happens to your home's value, you only make one down payment towards the purchase, provided that you pay taxes, insurance and maintain the property.

How much could I qualify for?

The loan amount is based on the age of the youngest borrower, prevailing interest rates, and the value of the home you wish to purchase.

How do I qualify?

Qualifications for a HECM for Purchase reverse mortgage loan are based on these important factors:

Age	Residence	Down Payment
You must be age 62 years old or older (a non-borrowing spouse may be under age 62)	Your new home must be your primary residence (borrowers must occupy property within 60 days of closing)	You must have sufficient down payment to purchase the new home

Reverse mortgage loan for purchase advantages include:

- ✓ No monthly mortgage payments*
- ✓ Increase your purchasing power
- ✓ Contribute toward the financing of the new home purchase
- ✓ Rightsize to a lower-maintenance home
- ✓ Buy a home closer to family and friends
- ✓ Lower your cost of living during retirement

**Failure to pay taxes, insurance, and maintain the property could result in foreclosure.*

EXAMPLE ONE

Sell Your Home

You sell your existing home for $500,000. Pay off $200,000 mortgage = $300,000 cash.

Purchase New Home

You find a NEW home for $350,000.

Use $200,000 as a down payment.

Use $150,000 from a HECM For Purchase to complete new home purchase.

$200,000	DOWN PAYMENT
+$150,000	HECM TO COMPLETE PURCHASE
$350,000	NEW HOME PURCHASE PRICE

Have $100,000 at your disposal and no monthly mortgage payments (provided you pay taxes, insurance, and maintain the property)

EXAMPLE TWO

Sell Your Home

You receive $500,000 from the sale of your existing home.

Purchase New Home

You find a NEW home for $350,000.

Use $200,000 as a down payment.

Use $150,000 from a HECM for Purchase to complete new home purchase.

$200,000	DOWN PAYMENT
+$150,000	HECM TO COMPLETE PURCHASE
+$350,000	NEW HOME PURCHASE PRICE

Have $300,000 at your disposal and no monthly mortgage payments (provided you pay taxes, insurance, and maintain the property)

For illustration purposes only. Closing costs and other settlement costs are additional. The liens on the home need to be paid off when it is sold. Failure to pay taxes, insurance, and maintain the property could result in foreclosure.

EXAMPLE THREE

Savings

<u>You have</u> $200,000 in savings ready to purchase a new home.

Purchase New Home

You find a NEW home for $350,000.

Use $200,000 as a down payment.

Use $150,000 from a HECM for Purchase to complete new home purchase.

$200,000 DOWN PAYMENT

+$150,000 HECM TO COMPLETE PURCHASE

+$350,000 NEW HOME PURCHASE PRICE

Have a <u>new home and no monthly mortgage payments</u> (provided you pay taxes, insurance, and maintain the property)

For illustration purposes only. Closing costs and other settlement costs are additional. The liens on the home need to be paid off when it is sold. Failure to pay taxes, insurance, and maintain the property could result in foreclosure.

HECM product changes

How do they benefit me?

HECM product guidelines were put in place by the United States Department of Housing and Urban Development (HUD) to protect borrowers and further strengthen the HECM reverse mortgage mortgage loan product.

Financial Assessment

HUD now requires a more thorough evaluation of a borrower's ability to meet the obligations of his/her HECM reverse mortgage loan.

Non-borrowing Spouse

New loan amounts are available to borrowers with a non-borrowing spouse under the age of 62. **Rules allow the eligible spouses of borrowers who pass away to stay in the home without foreclosure,** as long as the surviving eligible spouse complies with the loan terms.

More Affordable

Upfront **mortgage insurance premiums (MIPs) have been lowered** by the FHA. As long as you take no more than 60 percent of your proceeds in the first year, you will be charged an upfront MIP of 0.5 percent of the appraised value of the home. If you cross the 60 percent threshold, the upfront MIP will be 2.5 percent

on a $200,000 home, 2.5% is $5,000 vs. $1,000 for 0.5%. Over the life of the loan the borrower will be charged an annual MIP of 1.25% of the outstanding mortgage balance

Call or email today for your particular eligibility estimates!

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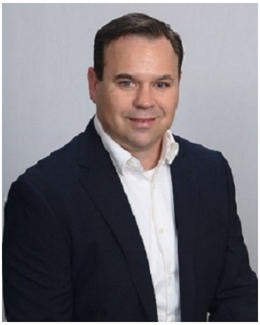

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EQUAL HOUSING LENDER

A reverse mortgage increases the principal mortgage loan amount and decreases home equity (it is a negative amortization loan). Borrowers are responsible for paying property taxes and homeowner's insurance (which may be substantial). We do not establish an escrow account for disbursements of these payments. A set-aside account can be set up to pay taxes and insurance and may be required in some cases. Borrowers must occupy home as their primary residence and pay for ongoing maintenance; otherwise the loan becomes due and payable. The loan also becomes due and payable when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes or insurance payments, or does not otherwise comply with the loan terms. These materials are not from HUD or FHA and were not approved by HUD or a government agency.