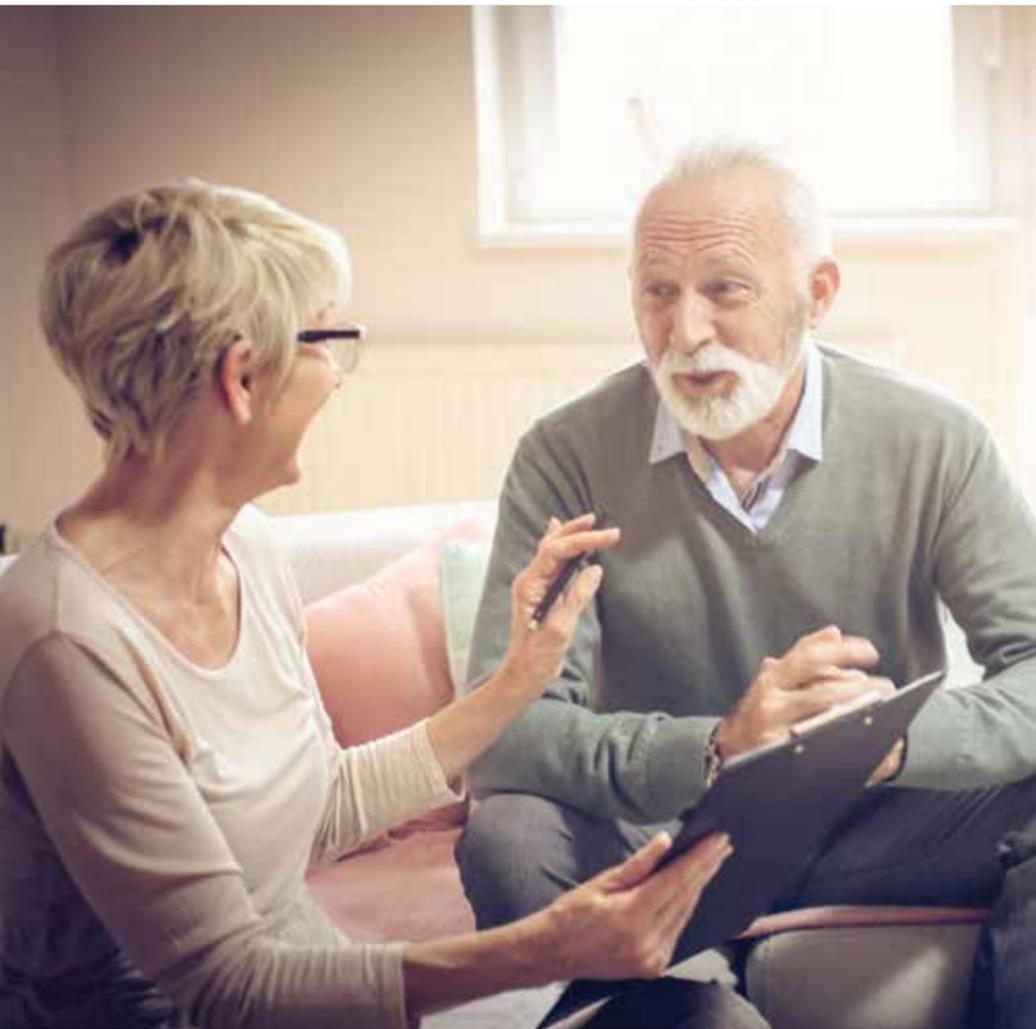


Reverse Mortgage Loan for Purchase

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 and homeowner's insurance 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 initial down payment towards the purchase, provided that you pay property taxes, homeowner's insurance, and maintain the property.

How much could I qualify for?

The loan amount is based on the age of the youngest borrower or eligible non-borrowing spouse, 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 include these important factors:

Age:

You must be age 62 or older (a non-borrowing spouse may be under age 62)

Residence:

Your new home must be your primary residence (borrowers must occupy property within 60 days of closing)

Down Payment:

You must have sufficient down payment to purchase the new home

The borrower(s) must also meet the financial requirements of the HECM program

Advantages of a reverse mortgage loan for purchase 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

**Provided that the borrower pays property taxes, homeowner's insurance, and maintains the property.*

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.



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

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 property taxes, homeowner's insurance, and maintain the property)

on the home need to be paid off when it is sold. Failure to pay taxes, insurance, and

Savings

You have \$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.



Have a new home and no monthly mortgage payments
(provided you pay property taxes, homeowner's 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 loan product.

Below are highlights of recent updates:

- ✓ **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:** 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 Over Time:** Upfront mortgage insurance premiums (MIPs) have been standardized by the FHA to bolster the reverse mortgage loan product. Effective October 2, 2017, borrowers will be charged an upfront MIP of two percent of the appraised value of the home. Annual MIPs have also been reduced - borrowers will now be charged an annual MIP of 0.5% of the outstanding mortgage balance – reduced from 1.25%.
(On a \$200,000 balance, 1.25% is \$2,500 vs \$1,000 for 0.5%.)

Reverse mortgage professionals are available
to answer all of your questions.

Call today for more information.

Steven J. Sless

Expect More With Sless™



Steven J. Sless, NMLS: # 298581

Reverse Mortgage Division Manager

Main: (410)814-7575

Cell: (443)220-3298

www.morewithsless.com

This ad is not from HUD or FHA and was not approved by HUD or any government agency. Consumers remain responsible for property taxes, homeowner's insurance, and home maintenance. The loan is subject to foreclosure for failure to pay taxes and insurance to maintain the property and insurance and to comply with the terms of the loan. PRMI NMLS 3094. PRMI is an Equal Housing Lender. Some products and services may not be available in all states. Credit and collateral are subject to approval. Terms and conditions apply. Programs, rates, terms, and conditions are subject to change and are subject to borrower(s) qualification. This is not a commitment to lend. Licensed by the Department of Business Oversight under the California Residential Mortgage Lending Act 4130403. Licensed by the Delaware State Bank Commissioner to engage in business in Delaware 5644 expires on 12/31/2019. DC-Department of Insurance, Securities and Banking Department MLB3094. Florida Office of Financial Regulation MLD646. Georgia Residential Mortgage Licensee. Georgia Department of Banking and Finance 6521. MLO 49963. IN-Department of Financial Institutions Consumer Credit Division, First Lien License 11069 Secretary of State Securities Commission Second Lien License 103936. Maryland Department of Labor, Licensing and Regulation Commissioner of Financial Regulation #5511. New Jersey Department of Banking and Insurance. Pennsylvania Department of Banking 23206. VA-Bureau of Financial Institutions: MC-2248 Broker MC-2248 NMLS # 3094 (<http://nmlsconsumeraccess.org>). WA-Department of Financial Institutions CL-3094. A reverse mortgage increases the principal mortgage loan amount and decreases home equity (it is a negative amortization loan).

When the loan is due and payable, some or all of the equity in the property no longer belongs to borrowers, who may need to sell the home or otherwise repay the loan with interest from other proceeds. The lender charges an origination fee, mortgage insurance premium, closing costs and servicing fees (added to the balance of the loan). The balance of the loan grows over time and the lender charges interest on the balance. Interest is not tax-deductible until the loan is partially or fully repaid. Borrowers are responsible for paying property taxes, homeowner's insurance, maintenance, and related taxes (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 (and the property may be subject to a tax lien, other encumbrance, or foreclosure) when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes, insurance payments, or maintenance, or does not otherwise comply with the loan terms. V2017.08.23_OR