

# HECM For Purchase Buyer's Guide



## HECM For Purchase: What You Should Know

If you (or your spouse) are at least 62\*, you may be able to take advantage of a Home Equity Conversion Mortgage for Purchase (H4P for short). A HECM is a Reverse Mortgage. The H4P lets you purchase a new home with approximately 50% down, depending on interest rates and age, helping you retain more of your financial nest egg.

To make things even better, with H4P, **you'll never make a mortgage payment as long as you live in the home** and keep your taxes, insurance and HOA dues current.

## H4P Offers Home Buyers Powerful Advantages:

- Greater home purchasing power (see matrix on the back)
- The ability to move into a home (and location) that better fits your needs
- Reduced out-of-pocket expenses by not having a monthly mortgage payment\*\*
- Being able to retain more of your life savings
- You keep the title to your home\*\*\*

## H4P Buyer Requirements

### To be eligible for this exciting program:

- You or your spouse must be at least 62 or older\*
- You must intend to occupy the property as your primary residence (vacation and rental homes are ineligible)
- The money used for the down payment must come from your checking, savings, investments, gifts or an existing home sale (the funds cannot be borrowed)
- You must be able to maintain the home and pay property taxes plus insurance and HOA dues
- Financial Assessment Required

*Other requirements may apply.*

*\* In Texas all borrowers must be 62 or older.*

*\*\* Must maintain property as primary residence and keep property taxes, insurance and HOA due current.*

*\*\*\*Must comply with terms of mortgage.*



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## H4P Down Payment Matrix

The matrix below demonstrates the increased home purchasing power gained by Americans (62-and-older\*) who use H4P. To use the matrix, match your age (on top of the chart) with the desired home purchase price (on the left side). The number where the age and purchase price intersect is the amount of the out-of-pocket payment you will need at closing.

**For example, a 65-year-old who wants to purchase a \$400,000 home must provide an out-of-pocket payment of \$283,935. The remainder of the balance (\$116,065) is funded by a reverse mortgage loan.**

		Age Of Youngest Borrower					
Purchase Price	62	65	70	75	80	85	
\$150,000	\$111,859	\$108,559	\$103,009	\$98,659	\$91,759	\$82,159	
\$200,000	\$148,435	\$144,035	\$136,635	\$130,835	\$121,635	\$108,835	
\$300,000	\$220,583	\$213,983	\$202,883	\$194,183	\$180,383	\$161,183	
\$400,000	\$292,735	\$283,935	\$269,135	\$257,535	\$239,135	\$213,535	
\$500,000	\$363,883	\$352,883	\$334,383	\$319,883	\$296,883	\$264,883	
\$600,000	\$435,035	\$421,835	\$399,635	\$382,235	\$354,635	\$316,235	
\$700,000	\$506,183	\$490,783	\$464,883	\$444,583	\$412,383	\$367,583	
\$800,000	\$577,335	\$559,735	\$530,135	\$506,935	\$470,135	\$418,935	
\$900,000	\$648,483	\$628,683	\$595,383	\$569,283	\$527,883	\$470,283	
\$1,000,000	\$719,635	\$697,635	\$660,635	\$631,635	\$585,635	\$521,635	

**Out Of Pocket Cost**

## Ready To Get Started? ✨

For more information, please contact the loan officer listed on this flyer.

This calculation is based on using HECM Fixed Rate of 6.810% as of January 30, 2023. Recent APRs range from 8.23%-8.98% APR. Loan charges will include origination fees, mortgage insurance premiums, and settlement costs which are to be determined. Most of these fees may be financed into the loan. Interest rates and funds available may change without notice and not be available at time of the loan commitment. Prices subject to change. This information is for illustrative purposes only. Estimated closing cost, include up-front FHA mortgage insurance premium, range from \$3,000 - \$45,750 depending upon the value of the home (included in mortgage). Closing costs vary from state to state and can affect out-of-pocket cost. Please check with your HECM Loan Officer for actual figures. Your loan balance and accrued interest will become due upon a maturity or default event such as no longer living in the home as your principal residence, failing to pay your hazard insurance or property taxes, or failing to maintain your property.

\*In Texas all borrowers must be 62 or older.



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