



THE REVERSE MORTGAGE
A SMART FINANCIAL DECISION
HECM for PURCHASE
PRESENTED BY:
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A Subsidiary of Hopkins Federal Savings Bank

Presentation for Real Estate Professionals Only





A Smart Financial Decision

HECM for Purchase

- Allows seniors 62 or older to buy a home with HECM loan proceeds
- Benefits senior because transaction only involves one set of closing costs
- Created by the Housing & Economic recovery Act of 2008





A Smart Financial Decision

The Reverse Mortgage
A reverse mortgage allows homeowners aged 62 or older to convert home equity into cash.

Borrower Benefits

- Borrowers purchase home! Retain title*
- Make no monthly mortgage payments (if any previously)*
- All HECM (Home Equity Conversion Mortgage) products are FHA (Federal Housing Administration) insured

*Homeowner continues to live in home, pay insurance and property taxes and keep the home in good repair.



Reverse Home Loans
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Eligibility Requirements

Maximum Claim Amount will be the lesser of:

1. Final appraised value (as determined by UW);
2. Sales Price; or
3. FHA Mortgage limit for one-family residence

HECM for Home Purchase currently not available in all states.




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Eligible Property Types

Must be primary residence

- Single family homes
- 1-4 Unit properties
- Some manufactured homes
- Condominiums and townhouses
- Newly constructed properties must have Certificate of Occupancy (C.O.) (C.O. must be issued prior to up front 1009 application date)

Ineligible Properties

- Cooperative Units
- Manufactured housing built before 1976 or lacking permanent foundation
- Bed & breakfast properties, boarding houses
- Properties in TX and MA



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Investment Requirements

- The difference between principal limit and sales price for the property
- Also includes any HECM loan related fees that are not financed or offset by other allowable funding source
- Borrowers may provide larger investment amount in order to retain portion of HECM proceeds for future draws



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Funding Sources

- Borrower may only use their own money or money obtained from sale of assets
- Withdrawal from borrower's savings or retirement account are acceptable
- **No personal loans, discount points, closing cost assistance, cash withdrawal from credit cards, bridge loans, subordinate liens, seller financing or any other lending commitments**
- Lenders are required to verify source of funds



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What if the home needs repairs?

Required Repairs

- Health, safety or structural integrity issues
- Must be completed prior to closing by seller
- Include in purchase agreement

Buyer CANNOT put any money into repairs before they own the home



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Writing an offer:

- Must state offer contingent on satisfactory inspection conducted by qualified inspector
- Borrower may cancel transaction at any time prior to closing



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Recent Cost-Saving Development For HECM Fixed Rate!

- Zero servicing fees
- Zero Origination fees
- **Potential \$10,000 savings!**

Act now! Reduced down payment/no servicing fee option may not last as it is subject to positive market conditions which can change at any time.





Thank you!

Robert Tollin

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