

# Reverse Mortgage For Home Purchase

## Retire In A Home That's Right For You



**N**ow, if you're a homebuyer age 62 or older, there's a new program that can help you purchase your ideal retirement home. The following information will help you understand the benefits and details of the reverse mortgage for purchase program.

### What Is The Home Equity Conversion Mortgage (HECM) For Purchase?

- An FHA-insured reverse mortgage
- Enables senior homebuyers, age 62 or older, to purchase a new primary residence and obtain a reverse mortgage in simultaneous transactions with no monthly mortgage payments
- Allows buyers to combine reverse mortgage proceeds with a down payment from their current home sale or other assets, to purchase a new home

### How Can This Program Help You?

- Purchase a new home without taking on a new monthly mortgage payment
- Purchase a primary residence suitable for your current needs
- Purchase a home in a senior housing community
- Move into a new home that's easily accessible with modern amenities
- Downsize to a smaller, easier-to-maintain home
- Relocate closer to friends and family members

Here's an example of how HECM for Purchase can work for you.

#### STEP 1

- Gloria and Ted Palmer, both 74, want to buy a more accommodating single-story home. They work with real estate agent Jane Mills to sell their current two-story home. In a separate transaction, they look into buying a new single-story home in a housing development being built by Bill Davis.
- The Palmers meet with Mills and Davis and look at several homes priced at \$300,000.

#### STEP 2

- Mills introduces the Palmers to John Reynolds, a reverse mortgage consultant with Wells Fargo Home Mortgage. Reynolds shows the Palmers how the reverse mortgage for purchase could provide the additional funds they'll need:

<b>Purchase Price</b>	<b>\$300,000</b>
<b>Reverse Mortgage</b>	
<b>Proceeds</b>	<b>- \$198,080</b>
<b>Cash Required To Close</b>	<b>\$101,920</b>

#### STEP 3

- The Palmers combine the \$101,920 from the sale of their departure home with the \$198,080 reverse mortgage to purchase a new home for \$300,000 — and have no monthly mortgage payments!





## Frequently Asked Questions And Answers About HECM For Purchase

### What sources are allowed for the cash required to close?<sup>1</sup>

- The sale of the departure home
- The sale of the homebuyer's other assets
- The homebuyer's savings

### What sources cannot be used for the cash required to close?<sup>1</sup>

- Seller financing and concessions
- Cash withdrawn from credit cards
- A bridge loan of any kind
- Subordinate financing
- Gift money

### What property types are eligible?

- Single family
- HUD-approved condos
- Planned unit developments (PUDs)
- Two- to four-unit properties (one must be owner-occupied)
- Manufactured homes built after June 15, 1976

### What requirements must the new home meet?

- Must become the buyer's primary residence
- Must be occupied by the buyer within 60 days from closing date
- Construction must be complete, the property habitable, and a certificate of occupancy or its equivalent issued prior to the loan application

### Which home is the reverse mortgage for?

- The reverse mortgage is placed on the new home. If the cash required to close comes from the sale of the departure home, that sale is a transaction separate from the HECM for Purchase transaction.

### Make This Opportunity Yours

Work with Wells Fargo Home Mortgage, the nation's leading retail originator of reverse mortgages. We're here for you, and ready to help you realize the benefits of the new reverse mortgage for purchase program.

**Contact us for details today.**

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1. These are examples of what sources may or may not be used to cover the cash required to close. For detailed information please contact your Reverse Mortgage Consultant. Actual loan amounts available depend on the rates in effect when a loan is closed and the actual origination fee and closing costs charged the appraised home value and current equity loan limits in your county. Borrower must be 62 years of age or older. Consult a tax advisor. Reverse mortgage borrowers are required to obtain an eligibility certificate by receiving counseling sessions with a HUD-approved agency. Family members are also strongly encouraged to participate in these informative sessions. Call for more detailed program information. Loan proceeds are not considered income and will not affect Social Security or Medicare benefits. Monthly reverse mortgage advances may affect borrower eligibility for other programs. Consult either a local program office or an attorney to determine how, or if, monthly reverse mortgage payments might affect a specific situation. Information is accurate as of the date of printing and is subject to change without notice. Wells Fargo Home Mortgage is a division of Wells Fargo Bank, N.A. © 2009 Wells Fargo Bank, N.A. All rights reserved.

