Relocating, downsizing, or rightsizing?

Now you can buy a home with no monthly mortgage payments.

Too good to be true? Or an opportunity too good to pass up?

Are you a homeowner age 62 or older? If you'd like a home that's closer to your family; one that's more physically accessible; or one that's rightsized for your needs now or in the future, a Home Equity Conversion Mortgage (HECM)—also known as a reverse mortgage—may be a great solution.

Unlike a traditional (forward) mortgage—where the borrower receives money and is obligated to start repaying the loan right away—money you receive through a HECM allows you to purchase a new home **without having to make monthly mortgage payments**.* The loan is due only after the final borrower no longer lives in the home.

Here's an example: Rich, 71 years old, wants to downsize and eliminate his monthly mortgage payments. The purchase price of his next home is $350,000. Using the proceeds from the sale of his current home, Rich can provide a cash down payment of approximately $181,500 and use a HECM loan to cover the remaining cost of approximately $168,500. Through a reverse mortgage, Rich can purchase the new home **and** improve his monthly cash flow by **eliminating monthly mortgage payments**. He might even decide that he could afford some upgrades to make his next home his dream home.

*You pay property taxes, insurance, utilities, and home maintenance costs.

No monthly mortgage payments isn't the only advantage:

- Compared to paying cash, a HECM allows you to keep more of your savings
- The funds you receive from a HECM are not taxable income
- You own your home, with full title and control of the property
- It may be easier to qualify for than for a traditional mortgage
- No repayment is required until the last borrower no longer lives in the home

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How does a HECM for Purchase work?

If you qualify, you can buy a home by taking out a HECM reverse mortgage on the property:

- Using funds from the sale of your current home or cash you have on hand, you can make a down payment of about 29% to 63% of the purchase price (assuming that closing costs are financed), depending on your age.
- The balance of the purchase is covered by your HECM proceeds—any remaining funds can be used as you wish.
- There's only one closing—the home purchase and HECM reverse mortgage are done at once.
- You make no monthly mortgage payments on the new home.
- You—not the bank—own the home and can continue to live in it, as long as you continue to pay property taxes, insurance, utilities, and home maintenance costs.
- The loan is repaid, including principal plus accrued fees and interest, when the last surviving homeowner no longer lives in the home.

Buy more home

Keep more savings

Eliminate monthly mortgage payments

How is a HECM for Purchase different than a traditional mortgage?

Designed for you. Only homeowners age 62 and older can get a HECM for Purchase.

Flexible payment options. A traditional mortgage requires monthly payments. With a HECM loan, you can pay as much or as little as you like each month—or make no monthly mortgage payments at all.

Keep more cash every month. A HECM requires a down payment of about 29% to 63% of the purchase price, depending on your age. A traditional mortgage typically requires a smaller down payment, but doesn't have a no-monthly mortgage payment option.

Protection. HECM loans are FHA insured and have a non-recourse feature—meaning you can never owe more than the home is worth. Traditional mortgages do not have this protection.

Questions? We're here to help.
Call Longbridge Financial at (855) 523-4326.

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