



LOANWELL AMERICA



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Reverse Mortgages for Purchase

An Opportunity for Realtors to Help Buyers & Improve Sales!

Q&A ON USING FHA INSURED HOME EQUITY CONVERSION MORTGAGES FOR PURCHASE

What is a reverse mortgage?

- A special type of loan that enables individuals aged 62 and over to convert some of their home's equity into tax-free cash.
- Unlike traditional equity loans, no repayment is required until the home is no longer the principal residence. Client must keep taxes & homeowner insurance current while maintaining property.

What properties are eligible for purchase?

- Single family homes, condos, 2-4 unit properties
- New construction with CO issued
- Must be buyer's principal residence
- Must occupy property within 60 days.

When is a reverse mortgage appropriate?

- Downsizing, relocating, buying dream home
- Unable to qualify for "forward" loan
- Need more accessible home

What are advantages of HECM for purchase?

- Seniors can preserve cash for other uses
- Seniors cannot be forced out of home
- Senior buyers easier to qualify
- No monthly mortgage payments

Where does the money for purchase come from?

- Funds buyer brings to settlement
- Funds from FHA-Insured reverse mortgage

What are allowable source of funds?

- Recent or pending home sale
- Savings/Checking/CDs
- Retirement account withdrawal
- Gifts (credit cards not allowed)
- Seller contributions not allowed
- Bridge loans, subordinate financing, personal loans not allowed

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How much comes from the reverse mortgage?

- Based on buyers' age (older is better!)
- Current interest rates
- Lower of sales price/appraised value/FHA lending limit
- Lending limit currently at \$625,500

I know terms & rates can change, but give me an example . . .

- Mrs. Jones, age 75, wants to Downsize
- She sells her home for \$250,000
- Repays a lien of \$100,000
- Has \$150,000 left over
- She can purchase a New Home for \$200,000
- Put \$70,000 Down on New Home
- Finance Balance with a Reverse Mortgage
- Have NO monthly payments
- Put \$80,000 in Savings Account

What are the costs?

- Appraisal & origination fees
- HUD Counseling fee
- Mortgage Insurance (FHA loans only)
- Title search & other normal closing costs

How does George Cooper help the agent and the client?

- Meets with client (and family if needed) to explain the reverse mortgage
- Performs calculations to develop the purchase scenario that meets client goals
- Prepares and explains the application
- Assists agent with any HECM purchase issues
- Coordinates with loan processor, title company, client and agent for smooth closing



Call today for a free consultation!

George Cooper

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