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| **Reverse Mortgage for Home Purchase****A Guide for Real Estate Professionals** **By Choice Lending Senior Solutions** |

At Choice Lending Senior Solutions (CLSS) we're looking to partner with you in educating and helping mutual clients to purchase their retirement home. We have seen how knowledgeable real estate professionals have increased their market share and sales by simply identifying this buyer, you will find yourself with more listings and sales for years to come.

*Why is this market important?*

Approximately 57% of Baby Boomers, adults ages 49 to 67, say they plan to move out of their current homes during their retirement years, according to a recent survey from Better Homes and Gardens Real Estate.

With approximately 77 million Boomers in the U.S., it's quite significant for our industry to see that this population has so much positive anticipation for the home in which they will be retiring - and for the majority; their aspirations involve making a move.

Whether it's to upsize, downsize, relocate to a different city or state, a reverse mortgage to purchase is a viable option for the mainstream retiree who needs to conserve cash for their retirement needs.

*Breaking Down the Reverse for Home Purchase Program:*

Simply put, you bring in a substantial down payment based on your age (Approx. 45-50%) and make $0 Mortgage Payments FOR LIFE. In a way you're essentially purchasing your home for the down payment. Take a second and think about the possibilities here.

You can buy a new home, have no monthly mortgage payment... without paying 100% cash up-front and conserve your liquid assets.

*How You Will Generate More Sales:*

As a Real Estate Professional who is familiar with this program, you can identify clients who are both looking to list their current home and purchase a new home that better suit their needs. This opens up both sales and listing opportunities for you simply by being aware of the program.  The loan currently requires minimal income & credit, and it can be closed quickly and easily when done by a company who knows the product.  You have this opportunity to actually help clients who may not otherwise be able to buy the home they really want or need, with the excellent chance that you will be able to handle both the listing and the purchase. Now that's a win-win for everyone.

There are potentially 77 Million opportunities. Here are a couple examples of how a Reverse for Purchase can change lives:

*Success Stories from RMLO’s:*

**1. Elianna (relocation case)**

“Last month I had the pleasure of making Eliana's retirement destination come true. She lived in a modest home and had contacted me several times on a possible reverse mortgage to help her supplement her income. After a couple conversations I realized it wasn't the reverse mortgage terms that had her "on the fence" but rather her desire to move.

She got to tell me about how she grew up in CA and loved PCH coast, but just couldn't afford to buy there. I immediately saw the need for the "Reverse Mortgage Purchase". Elianna closed on a condo in Laguna Niguel requiring no mortgage payments!

This sale would never have happened without the use of a Reverse for Purchase! The loan fit her needs perfectly.”

**2. Myra & Billy (downsizing case)**

“Myra and Billy lived in a two story townhome. Billy had suffered back injuries and could no longer manage the stairs so they decided that they needed to downsize and purchase a single-story home. They sold their home and were preparing to purchase a new home.

Myra and Billy were concerned because they had already sold her existing home Not only did the loan close quickly and smoothly for Myra and Billy, but they were in their new home, on time, they only had to use a portion of the funds from the sale or their previous home and they did it all without a monthly mortgage payment. Myra was so happy, she volunteered to tell her story to anyone who wanted to know how well this could turn out and in fact, was interviewed by Kiplinger for their national news article on retirement and purchase reverse mortgages. We can all use such happy customers who want to share with others their great success with a program that does so much for them.”

Common FAQ's 

**Q: What is the down payment required?**

Answer... Down payments are calculated using the HUD HECM calculator. Down payments will range on average from 53% (62 year old) to as low as 40% (90 year old). All Reverse can run a quick calculation for any prospective borrower in just a few minutes.

**Q: What are acceptable sources for the down payment?**

Answer... Funds for down payment must be satisfactorily sourced/seasoned according to HUD guidelines. 90 days seasoning is required for funds unless they have been satisfactorily sourced. Funds can come from the sale of a currently owned residence or any other traditional form of liquid asset such as checking/savings, 401K (liquidations not loans), etc. Gift funds are also permitted, but they must meet FHA guidelines for gift funds. Any transaction where a buyer intends to utilize gift funds for the entire down payment would need compensating factors for loan approval. If you have any specific questions about a particular clients’ source of funds please do not hesitate to contact Choice Lending Senior Solutions.

**Q: What Property types are eligible?**

Answer... SFR/PUD, Condo (must be on FHA approved list), 2-4 units (buyer must occupy at least 1 unit). New Construction properties are also eligible, but the Certificate of Occupancy (or local equivalent) must be issued prior to the application process being started.

**Q: What are the credit or income qualifications?**

Answer... There are minimal credit requirements and very little credit guidelines. Any BK must be dismissed/discharged prior to application & any prior short sale, foreclosure or deed in lieu (conventional loans only) must be 3 years from finalization date. Any prior federal loan delinquency (FHA foreclosure, defaulted student loan, etc.) would make a borrower ineligible. Income is only required to be verified at this time when a borrower is retaining property that they already own. If a buyer is selling their current residence prior to close on the new property then income verification will not be required. Buyers are limited to owning 2 properties on this product (subject & 1 other).

**Q: What happens to the home after death?**

Answer... When the last surviving applicant passes away, the loan will have reached a maturity event and it will be due. Whoever is set to inherit the property will do so. They will get in contact with the servicing company of the Reverse Mortgage to notify them that the borrower has passed away and inform them of their intentions. They will be given ample time to make the necessary arrangements. If the balance on the loan exceeds the current market value of the property at that time, the estate is not responsible to pay for the difference as Reverse Mortgages are Non-Recourse loans.

**Q: What are the homeowner's responsibilities?**

Answer... Once a buyer closes on a new home with a Reverse Mortgage, they must move into the property within 60 days. The property is to be their primary residence. The buyer(s) are responsible to pay the homeowners insurance & property taxes (if HOA, then also HOA dues). The buyer(s) are also responsible for maintaining the condition of the property.

**Q: What can seller pay for or credit to buyer(s)?**

Answer... Nothing. No seller or 3rd party concessions of any kind are permitted on this product. Buyers must pay for all their own costs. Sellers are only permitted to pay for items that are their expense in a transaction. Sellers are also not permitted to include any personal property in the contract either.

*Let’s Work Together!*

Give your Choice Lending Loan Officer a call today…