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Real, Clear Reverse

HECM for Purchase REALTOR Checklist

Eligibility Requirements

- Age 62 or older for at least one borrower
- Sufficient equity/down payment (usually 50% - 60% of purchase price)
- Property must be primary residence
- U.S. citizen or permanent resident status
- Completion of HUD-approved counseling
- Capability to pay property taxes, insurance, and HOA dues
- Single-family home, FHA-approved condo, townhouse, or 1-4 unit owner-occupied multi-unit

Disqualifications

- Delinquent federal debts (tax liens, student loans, government loans)
- Insufficient funds for down payment or closing costs not covered by loan
- Intent to use property as second home, non-owner-occupied rental property, vacation home, or other non-primary residence
- Ineligible properties: co-ops, unapproved condos (concerns with financials, contracts, or structure), homes under construction, multi-units of 5 or more

Required Documentation

- Proof of age (ID, birth certificate)
- Proof of equity (deed, mortgage statement)
- Recent property tax and insurance payment proof
- Certification of HUD-approved counseling completion

Home Condition & Inspection

- Property meets FHA standards for safety and structure
- Licensed home inspection recommended before purchase
- Any required repairs to be completed by seller prior to closing
- No rent-back options allowed in purchase offer contract

Closing & Post-Purchase

- Confirm intent and documentation of primary residency
- Explain non-recourse nature: borrower and heirs won't owe more than home value at repayment
- Remind of ongoing borrower obligations (property taxes, homeowners insurance, homeowner association dues if applicable, property upkeep)

Common Senior Client Scenarios

1. Downsizing to accessible home: Sell larger home, buy smaller accessible home
2. Relocating near family: Use equity to move closer with financial stability
3. Upgrading for retirement: Buy higher-value home with aging-in-place features
4. Eliminating yardwork: Move into 55+ community that does all yardwork for seniors