

# Is a HECM for Purchase Right for You?

## *5 Questions to Ask*

A HECM for Purchase lets you buy a new home using a reverse mortgage. You can move to your dream home and never have another monthly mortgage payment. But it's not right for everyone. Here are five important questions to help you decide if it fits your needs.

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### **1. Am I Ready to Move to a New Home?**

A HECM for Purchase helps you buy a home that better fits your current lifestyle. Many buyers use it to move closer to family, downsize to a more manageable property, or relocate to a better climate.

**Consider this:** If you want to move but worry about taking on a new mortgage payment in retirement, this could be your solution.

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### **2. Do I or Will I Have Enough for a Down Payment?**

You'll need to make a down payment (typically 50%-65% of the purchase price, depending on your age. Borrowers in their 60s will need to put down more than borrowers in their 80s or 90s. Most HECM for Purchase buyers use the proceeds from selling their current home to cover this down payment.

**Consider This:** Calculate the current amount of equity you have in your home (its value minus any mortgage loan balance). Divide that amount by

.50 (for 50%) or .65 (for 65%) to get a rough estimate of the new home price range you might be able to afford.

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### **3. Can I Afford Property Taxes, Insurance, and Home Maintenance?**

Even without monthly mortgage payments, you must still pay property taxes, homeowners insurance, homeowner association dues (if applicable) and the costs associated with keeping the home in livable condition (maintained). Falling behind on these obligations could result in the loan becoming due and payable.

**Consider This:** Do I have enough regular income (e.g. social security) or savings to cover these ongoing expenses in my new home?

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### **4. What Features Do I Want in My Next Home?**

A HECM for Purchase gives you the freedom to choose a home that works for your life right now and down the road. Consider your current and future health needs. Many seniors look for:

- Single-story living or accessibility features
- A location near family or medical services
- A smaller, easier-to-maintain property
- A community with amenities you'll enjoy

**Consider This:** This is your chance to find a home that fits your current and future needs, not the needs you had 20 years ago.

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## 5. Am I Working with Professionals Who Understand HECM for Purchase?

Many real estate professionals aren't familiar with this option. You want to work with a team that includes:

- A REALTOR who understand HECM for Purchase transactions
- A lender who specializes in reverse mortgages and is approved by HUD
- A HUD-approved housing counselor for the required 60- to 90-minute counseling session.

**Consider This:** Work with a real estate professional who understand the HECM for Purchase and can connect you with experienced and HUD-approved lenders and counselors.

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### Next Steps

If this sounds like it could work for you, speak with your REALTOR to get the ball rolling. Then, meet with a HUD-approved HECM lender and complete the federally-required counseling with a HUD-approved housing counselor before getting a reverse mortgage.

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### Why Consider a HECM for Purchase?

- Buy your next home without any more monthly mortgage payments
  - Use your home sale proceeds for the down payment
  - Keep more savings for retirement expenses
  - Move to the home you want now, not later
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*This handout is for educational purposes only and does not constitute financial or legal advice. Consult with qualified professionals before making any financial decisions.*

**This handout has been provided to you by a Real Estate Professional  
ready to help you with your HECM for Purchase move.**