

Reverse mortgage for home purchase

New business-building opportunity for you

Now you have a new way to help homebuyers age 62 or older purchase their ideal retirement home. Here's what you need to know about this reverse mortgage for purchase product — how it may help you move more inventory — and how it may meet the needs of senior homebuyers.

What is the Home Equity Conversion Mortgage (HECM) for purchase?

- An FHA-insured reverse mortgage
- Enables senior homebuyers, age 62 or older, to purchase a new primary residence and obtain a reverse mortgage in simultaneous transactions with no monthly mortgage payments
- Allows buyers to combine reverse mortgage proceeds with a down payment from their current home sale or other assets, to purchase a new home

What are the opportunities?

- Expand your customer base by telling prospective buyers about this program and its benefits
- May be able to sell more homes with this new financing option
- Real estate agents may benefit from two potential transactions — a home sale and purchase

How can it help senior homebuyers?

- Purchase a new home without taking on a new monthly mortgage payment
- Purchase a primary residence suitable for your current needs
- Purchase a home in a senior housing community
- Move into a new home that's easily accessible with modern amenities
- Downsize to a smaller, easier-to-maintain home
- Relocate closer to friends and family members

Here's an example of how HECM for purchase can work for you:

Step 1 Gloria and Ted Palmer, both 74, want to buy a more accommodating single-story home. They work with real estate agent Jane Mills to sell their current two-story home. In a separate transaction, they look into buying a new single-story home in a housing development being built by Bill Davis.

The Palmers meet with Mills and Davis and look at several homes priced at \$300,000.

Step 2 Mills introduces the Palmers to John Reynolds, a reverse mortgage consultant with Wells Fargo Home Mortgage. Reynolds shows the Palmers how the reverse mortgage for purchase could provide the additional funds they'll need:

Purchase Price	\$300,000
Reverse Mortgage Proceeds	\$177,213
Cash Required To Close	\$122,787

Step 3 The Palmers combine the \$122,787 from the sale of their departure home with the \$177,213 reverse mortgage to purchase a new home for \$300,000 — and have no monthly mortgage payments.

Jane Mills handles two real estate transactions for the Palmers.

Bill Davis sells another home in his housing development.

Frequently asked questions and answers about HECM for purchase

What sources are allowed for the cash required to close?

- The sale of the departure home
- The sale of the homebuyer's other assets
- The homebuyer's savings
- Gift money from parties not involved in the transaction

What sources cannot be used for the cash required to close?

- Seller financing and concessions
- Cash withdrawn from credit cards
- A bridge loan of any kind
- Subordinate financing

What property types are eligible?

- Single family
- HUD-approved condos
- Planned unit developments (PUDs)
- Two- to four-unit properties (one must be owner-occupied)
- Manufactured homes built after June 15, 1976

What requirements must the new home meet?

- Must become the buyer's primary residence
- Must be occupied by the buyer within 60 days from closing date
- Construction must be complete, the property habitable, and a certificate of occupancy or its equivalent issued prior to the loan application

Which home is the reverse mortgage for?

- The reverse mortgage is placed on the new home. If the cash required to close comes from the sale of the departure home, that sale is a transaction separate from the HECM for Purchase transaction.

Make this opportunity yours

Work with Wells Fargo Home Mortgage, the nation's leading retail originator of reverse mortgages. We're here for you, and ready to help you realize the benefits of the new reverse mortgage for purchase program.

Contact us for details today.

Marty Horton

Reverse Mortgage Consultant

Phone: (334) 347-8858

Cell: (334)303-6200

1210 Rucker Blvd

Enterprise, AL 36330

marty.m.horton@wellsfargo.com

www.wfhm.com/marty-horton

1. These are examples of what sources may or may not be used to cover the cash required to close. For detailed information please contact your Reverse Mortgage Consultant. Actual loan amounts available depend on the rates in effect when a loan is closed and the actual origination fee and closing costs charged, the appraised home value and current equity loan limits in your county. This information is for real estate and building professionals only and is not intended for consumer distribution. Information is accurate as of the date of printing and is subject to change without notice.

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