

Frequently asked Questions & Answers about HECM for purchase

- I. What sources are allowed for the cash required to close?
 - a. The sale of the departure home
 - b. The sale of the borrower's other assets
 - c. The borrower's personal savings
 - d. Gift money from parties not involved in the transaction

- II. What sources cannot be used for the cash required to close?
 - a. Seller financing and concessions
 - b. Funds withdrawn from credit cards
 - c. A bridge loan of any kind
 - d. Subordinate financing

- III. What property types are eligible?
 - a. Single family & HUD-approved condos
 - b. Planned unit developments (PUDs)
 - c. Two to four unit properties (one unit to be occupied by the borrower)
 - d. Manufactured homes built after June 15, 1976

- IV. What requirements must the new home meet?
 - a. Must become the borrower's primary residence
 - b. Must be occupied by the borrower within 60 days from closing date
 - c. Construction must be complete, the property habitable, and a certificate of occupancy or its equivalent issued prior to the loan application

- V. Which home is the reverse mortgage loan for?
 - a. The reverse mortgage loan 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.

- VI. What are the borrower's responsibilities?
 - a. Responsibilities include, but are not limited to:
 1. One of the borrowers continuing to live in the home
 2. Keeping current on tax and insurance payments on the property
 3. Maintaining the property according to FHA standards
 4. Attend a HUD approved counseling session



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