

## CALCULATING THE MINIMUM DOWN PAYMENT

Because the funds available from a Reverse Mortgage are dependent on a number of factors, there is no single “rule of thumb” to determine the minimum down payment amount. Your Genworth Reverse Mortgage Advisor uses a computer program to determine how much is available based on:

- The age of the youngest borrower on the title
- Current interest rates
- The lesser of the home’s appraised value, purchase price, or FHA-imposed national lending limit
- Loan fees

The older the borrower, the less will be required for the down payment. In the interest rate environment the past few years, a 65 year old borrower would typically need a down payment of roughly 35%-40% of the purchase price of the home. This would be the only payment the buyer would ever make towards the purchase – regardless of how long they end up living in the house or what happens to home values.

## ADDITIONAL OPTIONS

Your Genworth Reverse Mortgage Advisor can discuss with you additional details about your home purchase options, such as:

- Process for purchasing a newly constructed home
- Applying a larger down payment to use as financial planning tool
- Steps for holding title in a trust
- Including closing costs in the Reverse Mortgage

## CALL NOW FOR MORE INFORMATION

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## PURCHASE A HOME WITH A REVERSE MORTGAGE

AN INTRODUCTION FOR HOME BUYERS

Genworth Financial Home Equity Access, Inc.

## BUY A HOME WITH A REVERSE MORTGAGE?

Reverse Mortgages have always been a great way to turn the equity in your home into tax free cash – without having to make monthly payments. Recent changes by Congress to the FHA-insured Reverse Mortgage program now allow seniors to buy a home with a Reverse Mortgage – with no credit score requirement or income verification! \*

Although this sounds too good to be true, Americans 62+ can now use the equity from the sale of their previous home, or other cash or savings, to move into a different home – just with a single down payment. You will never have to make another mortgage payment, as long as you remain in the home and pay your property taxes and insurance. Imagine the financial independence you can achieve by eliminating your mortgage payment once and for all. Best of all, if the untapped equity in your home increases over time, you or your heirs still “own” that equity – not the bank.



\* some exceptions may apply

## BENEFITS OF REVERSE MORTGAGES

- Eliminates Mortgage Payments
- No Credit Score Requirement or Income Verification \*
- You keep the title
- Remaining equity goes to you or heirs, not the bank
- No pre-payment penalty
- FHA-insured
- Loan is non-recourse

### An Example

A married couple wants to purchase a home valued at \$300,000. The youngest spouse is 67 years old. The current interest rate is 5%.

Purchase price of home	\$300,000
Available Loan proceeds after loan and closing fees (calculation based on age of youngest borrower, interest rates, and home value)	\$184,000
Minimum Down Payment required	\$116,000
Monthly Mortgage Payment	\$0

## THE REVERSE MORTGAGE HOME PURCHASE PROCESS

Purchasing a home with a Reverse Mortgage is very similar to purchasing a home with a conventional mortgage, with two minor exceptions. Rather than determining a down payment based solely on the purchase price, the minimum down payment will be based on a factor of your age, interest rates, and the lesser of the home's appraised value, purchase price, or FHA-imposed national lending limit. Once an offer is accepted, your

Genworth Reverse Mortgage Advisor will work with the seller or seller's agent to open escrow with a title or escrow agency familiar with Reverse Mortgages. In some instances, a conventional title company will be able to conduct Reverse Mortgage transactions – your Genworth Reverse Mortgage Advisor will be able to determine which title companies can do this for you. Reverse Mortgage appraisals, inspections, contingencies, documents, and closings are virtually the same as those with a conventional mortgage. Because of the HUD-required independent borrower counseling, some Reverse Mortgage escrow periods may be slightly longer than that of a conventional mortgage –although this isn't always the case.

## ELIGIBILITY REQUIREMENTS

The basic eligibility requirements to purchase a home with a reverse mortgage are:

- All titleholders must be aged 62 or over
- The purchased home must be your principal residence
- The purchased home must meet HUD's minimum property standards and be either a single-family residence, a residence in a 1- to 4-unit dwelling, certain condominiums, or an eligible manufactured home.
- The down payment must be from qualifying sources
- You must complete a HUD-approved counseling session