

## HECM for Purchase (H4P)

The H4P presents an exceptional opportunity to upscale your home using the equity from your previous residence, or downscale and access your home equity while preserving your savings. As we go along in life, we have opportunities to find our “dream home”, move closer to family, join a great community, or buy a home that has the necessary upgrades to help us “age-in-place”. The H4P allows senior homebuyers the same benefits and obligations of the traditional HECM with the added option to purchase a new home.

The H4P permits buyers to combine a down payment (usually from the proceeds of the sale of their last home) with HECM proceeds to purchase a new primary residence and not make a loan payment as long as they live in the home. H4P can increase your purchasing power and make it easier to afford the home you want.

*Example: If you own a home free and clear in Chicago worth \$300,000, you can sell this home and buy your dream home in Long Island closer to the kids for \$600,000 and supplement the purchase price with a H4P of \$300,000. You must continue to pay property taxes, insurance and other property charges but will never have to make a mortgage payment. The most important feature of this type of loan is that there is no personal financial liability for the buyer(s), their heirs, or their estate for any loan balance that exceeds the value of the home when it is being sold to repay the loan.*

## H4P Down Payment Requirements

Certain restrictions apply to the initial required investment and down payments are generally funds you have had for at least 90 days or proceeds from the sale of an asset. The most common sources of the down payment money are proceeds from the sale of a current home or money the buyer has in a checking, savings, CD, retirement or investment account. The down payment percentage will depend on the age of the youngest borrower and the FHA qualifying interest rates.

## Comparing Your Options for Purchasing a Home

	Benefits	Drawbacks
<b>All Cash</b>	<ul style="list-style-type: none"> <li>Own your home outright with no debt</li> </ul>	<ul style="list-style-type: none"> <li>Money is tied up in home</li> </ul>
<b>Traditional Forward Mortgage</b>	<ul style="list-style-type: none"> <li>Minimum down payment</li> <li>Build equity as loan pays down</li> </ul>	<ul style="list-style-type: none"> <li>Monthly payment obligation reduces cash flow</li> <li>Requires monthly sustainable income of 3x monthly housing payment and property charges (on average)</li> <li>Credit score minimums required</li> </ul>
<b>HECM for Purchase (H4P)</b>	<ul style="list-style-type: none"> <li>Option to make no monthly repayments for life of loan with no impact on credit rating</li> <li>Increases monthly cash flow</li> <li>No minimum credit score or employment requirements</li> <li>Smaller income qualification than traditional mortgage</li> </ul>	<ul style="list-style-type: none"> <li>Significant down payment requirement</li> <li>Higher FHA Upfront Mortgage Insurance</li> </ul>

## CONTACT ME

If you would like to discuss the HECM product and how it could help you, please call or email me, or visit [www.jmcapitalreverse.com](http://www.jmcapitalreverse.com) for more information.

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Registered New York Broker – All mortgage loans arranged with third party providers

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