Consider buying a new home with a reverse mortgage.

Looking to purchase a new home? Want to be closer to family, friends, or simply find the ideal house for retirement? A reverse mortgage from Finance of America Reverse LLC (FAR) can help make it happen.

When purchasing a home with a reverse mortgage, you can increase your buying power with the funds you need to right-size your home and eliminate monthly mortgage payments.*

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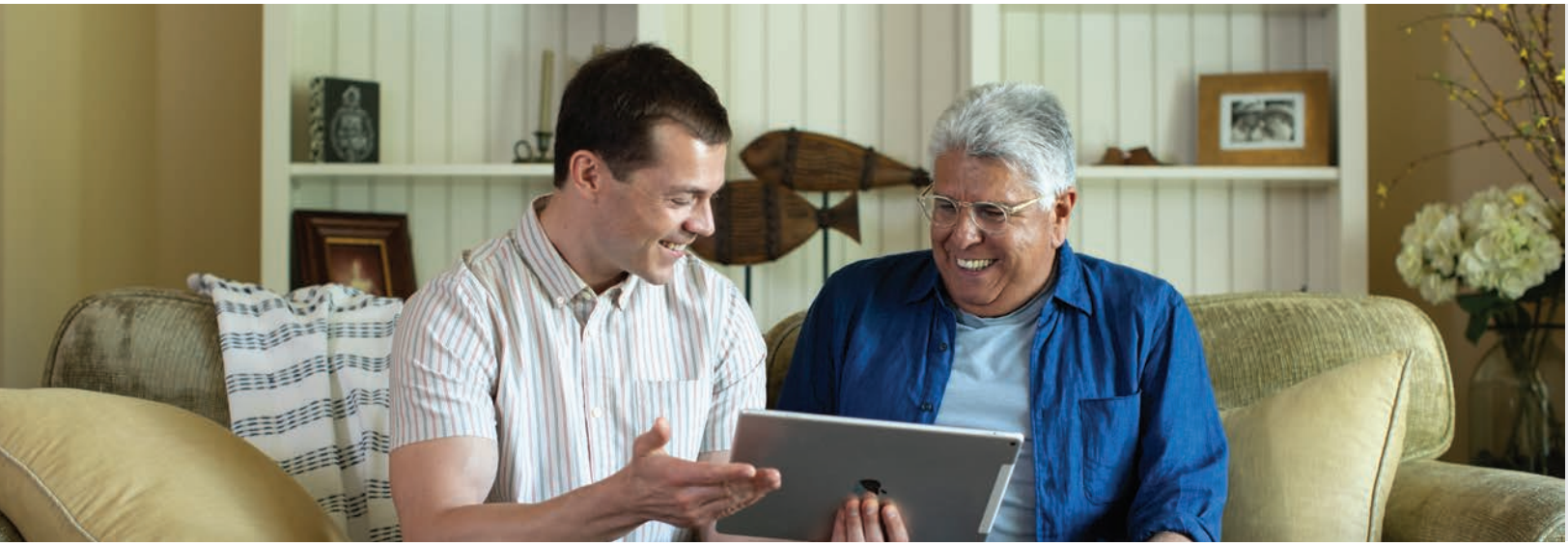

What is a reverse mortgage and how do I use it to purchase a home?

A reverse mortgage is a loan that converts your home equity into cash. The unique benefit of this loan is you don't need to pay it back month after month.

You can use a reverse mortgage to purchase a new primary residence when you find that your existing home no longer fits your needs or you want to move to a more desirable retirement location.

Unlike when you purchase a new home with a traditional mortgage, purchasing a home with a reverse mortgage does not require monthly mortgage payments.*

Here's how the reverse for purchase works:

- Choose a home that is the right size for your retirement lifestyle
- Put a portion of the new home's sale price toward the reverse mortgage loan—the reverse mortgage will finance the remaining balance, and if you are selling your previous home, you may even have cash left over
- Live in your new home without the burden of a monthly mortgage payment*
- Continue to maintain the home and pay typical homeowner fees, taxes, and insurance
- The loan does not have to be repaid until the last borrower leaves the home*

Two reverse mortgage options: HECM vs. HomeSafe®

FAR offers two reverse mortgage options when purchasing a home: standard Home Equity Conversion Mortgage (HECM); and our proprietary HomeSafe reverse mortgage. While each allows you to buy a home that fits your current needs, the **HECM has a cap of $726,525** while **HomeSafe provides much higher loan amounts up to $4 million**.

*The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the homeowner does not meet these loan obligations, then the loan will need to be repaid.

Let's compare real life examples:

HomeSafe®

- You are 73 and have decided the home where you raised your kids, currently valued at $1,200,000, no longer meets your needs in retirement
- Your kids have moved to another state, and you'd like to buy the "right-sized" home and live closer to them
- However, you want to increase your liquidity without having a mortgage payment, or having to tap into your retirement assets

The HomeSafe Solution:

You decide to sell your home, which gives you net proceeds of $1,116,000. You find a new home near your children for around $950,000.

You use $541,609 from the proceeds of your old home and finance the remaining $426,550 with a HomeSafe reverse mortgage.

This increases your liquidity up to $574,391, and you have no mortgage payments.

Illustration is for educational purposes only and assumes a borrower who resides in CA, with a fixed interest rate of 6.99 (7.24% APR) and financed fees of approximately 2% of the home value. Rate quote generated 03/03/2019.

Purchasing a home with a HECM:

- You and your spouse are 65 and want to upsize to a nicer home near the beach
- Your current home is worth $250,000 and is paid off. You sell your house and have $235,000 in proceeds leftover

The HECM Solution:

Using the proceeds from your house, you decide to purchase a new residence for $400,000.

You take out a reverse mortgage on the remaining balance, meaning you only have to put down $228,600 out of your $235,000 net proceeds.

Now you are able to purchase a more expensive beach house and still have $6,400 left over.

This example assumes a loan with a principal limit of $169,000 and a variable-rate initial APR of 4.309%, changing yearly with a maximum APR of 9.309%. Loan origination fee of $2,500, and remaining loan fees of approximately $18,915. Figures are rounded to the nearest hundred. Terms may vary and conditions apply.

Do you qualify to purchase a home with a reverse mortgage?

- Must be 60 or older*
- New property must meet outlined requirements; it must be a single-family residence, 2-4 unit property, townhome, or condo
- New home must be your primary residence
- Maintain new property and keep up-to-date on property taxes, insurance, and any HOA fees

*For certain HomeSafe® products only, excluding Texas and Utah where the minimm age is 62. HECM minimum age is 62 in all states.

Let's have a conversation about your retirement goals.

As the top-rated lender on Consumer Affairs, FAR is a retirement solutions company dedicated to helping you get to work on your retirement!

EQUAL HOUSING OPPORTUNITY

Contact a FAR representative today to learn how the HomeSafe® solution can help you get to work on retirement.

1-855-456-9230 | Contact@fareverse.com
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·When the loan is due and payable, some or all of the equity in the property that is the subject of the reverse mortgage no longer belongs to borrowers, who may need to sell the home or otherwise repay the loan with interest from other proceeds. FAR may charge an origination fee, mortgage insurance premium, closing costs and servicing fees (added to the balance of the loan).
·The balance of the loan grows over time and FAR charges interest on the balance.
·Borrowers are responsible for paying property taxes, homeowner's insurance, maintenance, and related taxes (which may be substantial). We do not establish an escrow account for disbursements of these payments.
A set-aside account can be set up to pay taxes and insurance and may be required in some cases. Borrowers must occupy home as their primary residence and pay for ongoing maintenance; otherwise the loan becomes due and payable. The loan also becomes due and payable (and the property may be subject to a tax lien, other encumbrance, or foreclosure) when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes, insurance payments, or maintenance, or does not otherwise comply with the loan terms.
·Interest is not tax-deductible until the loan is partially or fully repaid.

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