

The HECM for Purchase Guide Every Realtor Should Have

How to help your 55+ clients buy a better home — with no monthly mortgage payment.

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Why this matters to your business

A HousingWire Research survey found that **37% of real estate professionals have more than half their clients in the 55+ age range** — yet only 14% regularly discuss reverse mortgage financing with senior buyers. That gap is an opportunity.

The HECM for Purchase (H4P) program allows homeowners aged 62+ to buy a new primary residence using a reverse mortgage — with **no required monthly mortgage payment**. Most Realtors have never presented this option. Most senior buyers have never heard of it.

WHAT THE RESEARCH SHOWS

22%

of RE professionals never discuss reverse mortgages with senior buyers

84%

said H4P knowledge would help grow their business

63%

had clients who couldn't qualify for traditional financing but could do H4P

How HECM for Purchase Works

Your buyer makes a one-time down payment — typically 40–65% of the purchase price — and the HECM covers the rest. The buyer owns the home. No monthly mortgage payment for as long as they live there as their primary residence.

1

Client sells current home

They use part of the sale proceeds as the down payment. The rest stays in their pocket.

2

HECM covers the balance

The reverse mortgage pays the seller directly for the remaining purchase price.

3

They own the home — no payment

Title is in their name. They live payment-free. Property taxes, insurance, and HOA remain their responsibility.

REAL-WORLD EXAMPLE

Meet Sarah — age 70, downsizing to be closer to her grandchildren

	Detail	Amount
Current home sale (net)	Paid-off home, after closing costs	\$1,000,000
Target purchase price	Condo, closer to family	\$700,000
Required down payment	At 6.25% expected rate, age 70	\$443,627
HECM covers	No monthly payment on this portion	\$256,373
Proceeds Sarah keeps	\$1M sale minus \$443,627 down payment	\$556,373
Monthly mortgage payment	For life of occupancy*	\$0

*Property taxes, homeowner's insurance, and HOA fees remain the borrower's responsibility.

Sarah moved closer to her children and grandchildren, kept **\$556,373 from her home sale**, and has **no mortgage payment** for the rest of her life. If she'd paid cash, she'd have spent \$700,000 of her proceeds and kept nothing.

Common Myths — Busted

x Myth: The bank owns the home.

✓ Fact: Title is in the borrower's name from day one. The lender holds a lien — just like any mortgage.

x Myth: H4P is only for people who can't afford a home.

✓ Fact: Many buyers use it strategically to preserve liquidity — keeping hundreds of thousands invested rather than tied up in a home.

x Myth: Heirs can't keep the home.

✓ Fact: Heirs can repay the loan (or 95% of appraised value) and keep the home, or sell and keep remaining equity. Non-recourse — no one owes more than the home is worth.

x Myth: It's too complicated to present.

✓ Fact: You just need to know when to refer. If your buyer is 62+ and has equity to work with — that's the call.

Who Qualifies?

BORROWER REQUIREMENTS	PROPERTY REQUIREMENTS
<ul style="list-style-type: none"> • Age 62 or older (youngest borrower) • Primary residence only • Must complete HUD counseling • No income or credit minimum* • Must maintain taxes, insurance & HOA 	<ul style="list-style-type: none"> • Single-family homes • FHA-approved condominiums • Townhomes • 2–4 unit properties (owner-occupied) • Must meet FHA property standards

*Residual income and financial assessment still required per FHA guidelines.

Your Role Is Simple

You don't need to explain how the HECM works. You just need to know when to refer:

- Your buyer is 62+ and has equity from a current home
- They want to downsize, relocate, or move closer to family
- They're hesitant about depleting savings for a cash purchase
- They don't qualify for a traditional mortgage due to income requirements
- They want to preserve liquidity in retirement

Ready to learn more?

Schedule a free 20-minute H4P briefing. Renee will walk you through a real scenario for your market and show you exactly how to present this to your senior clients.

calendly.com/reneekonstantine/equity-hour

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Scenario figures are estimates based on 2026 HUD PLF tables.