REVERSE MORTGAGE GUIDE

Reverse Mortgage for Purchase Guide

How homebuyers 62 and older can use a HECM for Purchase to buy their next home with no monthly mortgage payment, how much cash they bring, how proprietary purchase options differ, and how to plan the timing.

Reviewed November 18, 2026 against the sources listed at the end of this guide.

Who might consider a reverse mortgage for purchase

A HECM for Purchase lets buyers 62 and older buy a new principal residence by combining a one-time cash payment with a reverse mortgage, in a single transaction. There is no required monthly mortgage payment afterward. It may fit if you:

- Want to downsize, move closer to family or buy a single-level home
- Have equity in your current home or savings, but don’t want a monthly mortgage payment
- Would rather keep more of your cash than pay all-cash for the new home
- Plan to live in the new home as your principal residence

You still pay property taxes, homeowners insurance and any HOA dues, and you maintain the home.

How it works

Think of the purchase in two parts:

1. **The HECM** provides part of the price. The amount depends on the age of the youngest borrower or eligible non-borrowing spouse, current interest rates and the home’s value up to HUD’s 2026 limit of $1,249,125.
2. **Your cash** covers the rest of the price and closing costs. HUD calls this your monetary investment. It usually comes from the sale of your current home, savings or other assets you own, and the rules limit where it can come from.

You close once, at the same time as the purchase, rather than buying with cash and then taking out a reverse mortgage later.

Hypothetical example. Frank and Lorraine, both 70, sell their Arcadia home for $1,300,000. They want to buy a $900,000 single-story home in Claremont. Suppose the HECM for Purchase would provide $450,000 (the real amount depends on their ages, rates and HUD's factors) and closing costs, including mortgage insurance, total $35,000.

	Amount
Purchase price	$900,000
Plus closing costs	$35,000
Less HECM for Purchase	– $450,000
Cash they bring to closing	**$485,000**

They keep about $815,000 from their sale (before their own selling costs) and have no monthly mortgage payment. Paying all-cash would have left them about $365,000. Their loan balance grows over time as interest and mortgage insurance are added. All figures are illustrations only.

Federal HECM rules that apply

- **Age and occupancy:** 62 or older, buying a home you will occupy as your principal residence
- **Counseling:** required from a HUD-approved counselor. In California, a lender can't accept a final and complete application or charge any fees until seven days after your counseling session.
- **Financial assessment:** the lender confirms you can keep paying taxes, insurance and HOA dues
- **Costs:** 2% upfront mortgage insurance (on the value up to the HUD limit), 0.5% a year, an origination fee capped by HUD at $6,000, and normal purchase closing costs
- **Seller help:** HUD's Mortgagee Letter 2024-06 allows certain contributions from the seller or other interested parties toward costs, within HUD's limits
- **Property:** the home must meet FHA property standards; condos must meet FHA requirements

Proprietary purchase options

Some private lenders offer reverse mortgages for higher-priced homes, outside the HECM program. **Don't assume a lender's proprietary refinance product can be used for a purchase.** Many proprietary programs are written for homeowners refinancing a home they already own.

As of the review date, one lender's official materials confirm a purchase option:

- **Mutual of Omaha Mortgage's SecureEquity** product matrix lists both refinance and purchase as eligible loan purposes, for primary residences only, with a minimum age of 55 in California (higher in some states), a maximum principal limit of $4 million and required counseling. It isn't FHA-insured.

We did not find official materials confirming purchase use for other proprietary programs we reviewed, so they are not described here. Named products are examples, not a statement that a product is available to you or that we have a relationship with the lender. Terms change often; we confirm them before you decide.

Planning the timing

A reverse mortgage purchase has more moving parts than a typical purchase.

- **Sell first or buy first?** Most buyers need the proceeds from their current home for the cash portion. Selling first is simplest. If you need to buy first, we can discuss bridge options.
- **Complete counseling early.** You can complete counseling before you find a home, so it doesn't delay your escrow.
- **Choose an agent who knows the process.** Your offer should explain the financing so the seller isn't surprised.
- **Allow time for the appraisal and FHA property review.** Repairs may be needed before closing.
- **Plan to move in promptly.** The home must become your principal residence within the time HUD requires.

What to gather

- [ ] Photo ID and Social Security number for each borrower and your spouse
- [ ] HECM counseling certificate
- [ ] Listing agreement or closing statement from the sale of your current home
- [ ] Statements for the accounts that will supply your cash portion
- [ ] Income documents: Social Security, pension, retirement distributions or other income
- [ ] Trust documents, if you will take title in a trust

Questions to ask

- About how much will the HECM provide at my age, and how much cash will I need?
- What can the seller pay, and what must come from me?
- Should I sell my current home first, and what if the timing doesn't line up?
- Would a proprietary purchase option give me more, and at what cost?
- What happens to my spouse and heirs?

Counseling. HUD requires counseling for a HECM. In California, a lender can't accept a final and complete application or charge any fees until seven days after your counseling session. You can talk with us before then. HUD's housing counselor line is (800) 569-4287.

Your next step

Tell us what you are trying to do and we will tell you, plainly, which options fit and what to gather. There is no cost to talk it through.

Start a free loan evaluation: journeymac.com/evaluation

Call: (626) 716-0585 **Email:** info@journeymac.com

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This guide is general education, not a loan offer, a rate quote or legal, tax or financial advice. Program rules change and lenders add their own requirements; confirm details for your situation before you act. Examples marked “hypothetical” are illustrations only.

Sources

Reviewed November 18, 2026. Program rules change; check the current version of each source.

1. California Civil Code § 1923.2 (reverse mortgage counseling and seven-day waiting period)
   law.justia.com/codes/california/code-civ/division-3/part-4/title-4/chapter-8/section-1923-2
2. HUD: How the HECM program works
   hud.gov/program_offices/housing/sfh/hecm/hecmabou
3. HUD: Single family lender resources (2026 HECM maximum claim amount, Mortgagee Letter 2025-22)
   hud.gov/hud-partners/single-family-lender
4. HUD: Mortgagee Letter 2024-06 (HECM for Purchase interested-party contributions)
   hud.gov/sites/dfiles/OCHCO/documents/2024-06hsgml.pdf
5. 24 CFR Part 206, Subpart B, including § 206.44 (monetary investment for HECM for Purchase)
   www.law.cornell.edu/cfr/text/24/part-206/subpart-B
6. CFPB: What is a reverse mortgage?
   www.consumerfinance.gov/ask-cfpb/what-is-a-reverse-mortgage-loan-en-242/
7. Mutual of Omaha Mortgage: SecureEquity product matrix, TPO version 47 (dated 8/11/26)
   mutualreverse.com/wp-content/uploads/2025/04/SecureEquity-Matrix-TPO-v47.pdf