

Loan # _____

Borrower: _____

HECM PURCHASE CHECKLIST

1. **Sales contract:** Must be completely executed. We must have certified copy or original. Contract must contain the Real Estate Certification and the Amendatory Clause. Contract must not contain any seller contributions or seller financing, including personal property. If contract is expired, request an extension.
2. **Earnest Money:** All earnest money must be verified. Copy of canceled check is required for all earnest money.
3. **Source of funds:** The source of all funds to close must be verified, including earnest money if the amount exceeds 2% of the sales price. Two months most recent bank statements or VOD. Large deposits must be explained. Gifts are allowed- see guidelines.
4. **LDP and EPLS:** Need for all real estate agents and sellers listed on the contract in addition to borrowers.
5. **Inspections:** If the contract contains inspections (termite, home inspection, etc.) Underwriter should obtain a copy of the inspection for review.
6. **Home inspection disclosure:** File must contain disclosure – For Your Protection: Get a home inspection.
7. **Primary Residence:** Need to know what the borrower is doing with the current residence. If selling, need executed copy of HUD-1 and copy of proceeds check. If house is not being sold, then borrower must income qualify for the current mortgage, taxes and insurance and for the taxes and insurance on the new property. Request proof of income and amount of mortgage, taxes and insurance on current residence.
8. **FHA connection:** Loan should be entered as HECM purchase.
9. **Closing conditions:** Borrower must sign the 60 day occupancy statement. Title must provide copy of executed warranty deed transferring property to our borrower. Title must verify receipt of funds to close. If back to back closing, title to provide copy of HUD-1 from sale of home and copy of proceeds check. Title must provide clear title; all seller liens must be paid off or removed.

HECM for purchase notes:

- We cannot do HECM for purchase in Massachusetts or Texas.
- There is no right of recession.
- No subordinations allowed.
- Borrowers cannot borrow against another home to obtain this loan.
- Counseling Certificate should reflect borrower's current address or the property address if the sales contract has already been executed at the time of counseling.
- All repairs must be completed by the seller prior to closing. No escrows allowed.
- Seasoning: Purchase contract cannot be executed within 90 days of the seller purchasing the property. If seller purchased the property within the past 180 days, additional conditions apply – see guidelines.
- House must be 100% complete and C.O. issued prior to the initial application, case number and appraisal.

FHA DISCLOSURES

AMENDATORY CLAUSE / REAL ESTATE CERTIFICATION

Buyer(s) _____ Date of Agreement: _____
 Seller(s) _____ File No.: _____
 Property Address: _____

FHA AMENDATORY CLAUSE

It is expressly agreed that notwithstanding any other provisions of this contract, the purchaser shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the purchaser has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Department of Veterans Affairs, or a Direct Endorsement lender setting forth the appraised value of the property of not less than \$ _____. The purchaser shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value nor the condition of the property. The purchaser should satisfy himself/herself that the price and condition of the property are acceptable.

Borrower	_____	Date	_____
Borrower	_____	Date	_____
Seller	_____	Date	_____
Seller	_____	Date	_____

Note: The dollar amount to be inserted in the amendatory clause is the sales price as stated in the contract. If the borrower and seller agree to adjust the sales price in response to an appraised value that is less than the sales price, a new amendatory clause is not required. However, the loan application package must include the original sales contract with the same price as shown on the amendatory clause, along with the revised or amended sales contract.

REAL ESTATE CERTIFICATION

We, the borrower, seller, and the selling real estate agent or broker involved in the sales transaction certify by our signatures below that the terms and conditions of the sales contract are true to the best of our knowledge and belief, and that any other agreement entered into by any of these parties in connection with this real estate transaction is part of, or attached to, the sales agreement.

Borrower	_____	Date	_____
Borrower	_____	Date	_____
Seller	_____	Date	_____
Seller	_____	Date	_____
Listing Agent (as applicable)	_____	Date	_____
Selling Agent (as applicable)	_____	Date	_____

WARNING: Our signatures above indicate that we fully understand that it is a Federal Crime punishable by fine, imprisonment or both to knowingly make any false statements concerning any of the above facts as applicable under the provision of Title 18, United States Code, Section 1012 and 1014.