As More Than 10,000 Americans Reach Retirement Age Each Day, Reverse Mortgage Purchase Financing Comes of Age

Reverse mortgage purchase loans help qualified buyers 62+ preserve retirement assets while purchasing their next home.

Mortgage letters

ORANGE COUNTY, CA, UNITED STATES, July 23, 2026 /EINPresswire.com/ -- America is experiencing one of the largest demographic shifts in its history. More than 10,000 Americans reach retirement age each day, creating new conversations about retirement income, housing, financial security and long-term planning.

As this generation enters retirement, mortgage and real estate professionals say one financing option is finally receiving the attention it deserves: using a reverse mortgage to purchase a home.

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>
> *Dan Dobbs, Real Estate Broker & Weekly Columnist*

While many consumers mistakenly believe reverse mortgages are available only to homeowners wishing to refinance an existing property, both the Federal Housing Administration's Home Equity Conversion Mortgage (HECM) for Purchase program and several proprietary reverse mortgage programs allow qualified older homebuyers to purchase a new primary residence using reverse mortgage financing.

Like a traditional mortgage, buyers negotiate a purchase contract, open escrow, obtain an appraisal, qualify for financing, make a down payment and pay customary closing costs. The principal difference is that reverse mortgages generally do not require monthly principal-and-interest mortgage payments while the borrower occupies the home as a principal residence and continues to satisfy the loan obligations, including payment of property taxes, homeowners insurance and maintaining the property. Borrowers remain free to make voluntary principal or interest payments at any time without prepayment penalties.

Money House

"This is a loan program that's coming of age—literally and figuratively," said [Paul E. Scheper](), CRMP, CSA, SRES, President of [Loangevity Mortgage](). "As America ages, more retirees are looking beyond traditional mortgage financing and discovering that [reverse mortgage purchase loans]() can become an important part of a comprehensive retirement strategy rather than simply a way to borrow against a home."

According to Scheper, one of the biggest misconceptions surrounding reverse mortgages is that purchasing a home works differently than obtaining a conventional mortgage.

"Most people are surprised to learn that purchasing a home with a reverse mortgage feels remarkably similar to obtaining a traditional purchase loan," Scheper explained. "The buyer still selects a home, signs a purchase agreement, opens escrow, obtains an appraisal, makes a down payment and pays closing costs. Realtors, escrow officers, title companies and lenders all follow a familiar purchase process. The primary distinction is that required monthly mortgage payments are deferred, giving many retirees greater monthly cash-flow flexibility while still allowing voluntary payments whenever they choose."

Closing Costs Are Largely the Same

Most closing costs associated with a reverse mortgage purchase mirror those found in a traditional mortgage transaction, including:

- Escrow fees
- Title insurance
- Appraisal fees
- Recording fees
- Credit reports
- Settlement charges
- Other customary third-party closing costs

The primary difference with an FHA-insured HECM loan is the Upfront Mortgage Insurance Premium (MIP), generally equal to 2% of the Maximum Claim Amount, which is based on the home's value up to the applicable FHA lending limit.

Rather than viewing MIP simply as another closing cost, Scheper believes consumers should understand the protections it provides.

"I often tell clients that MIP stands for Mortgage Insurance Protection because that's exactly what it delivers," Scheper said. "It isn't simply another fee. It's an investment in protection—for the homeowner today and for their heirs tomorrow."

What Does FHA Mortgage Insurance Provide?

Among its benefits, the FHA Mortgage Insurance Premium helps provide:

- The backing of the Federal Housing Administration.
- Protection that allows qualified borrowers to continue receiving loan advances if their lender ever leaves the program.
- The security of FHA's federally insured reverse mortgage program.
- Non-recourse protection, meaning that when the loan becomes due, neither the borrower nor the heirs generally owe more than the home's value, provided the loan obligations have been met.
- The confidence that allows lenders to extend financing under standardized FHA guidelines.

By comparison, proprietary reverse mortgage programs generally do not charge the FHA Mortgage Insurance Premium, although eligibility requirements, loan features and consumer protections vary among lenders and products.

A Retirement Planning Tool, Not Simply a Mortgage

Financial professionals increasingly recognize that housing wealth often represents one of a retiree's largest assets. As retirement planning evolves, more advisors are evaluating home equity alongside investment portfolios, Social Security, pensions and other income sources when helping clients develop long-term retirement strategies.

Instead of paying cash for a replacement home, some retirees choose to make the required down payment while preserving a larger portion of their retirement investments.

That strategy may help:

Preserve investment assets that remain available for long-term growth.
Increase diversification by balancing home equity with investment holdings.
Improve liquidity by avoiding the need to commit all available cash to the purchase.
Reduce monthly cash-flow obligations by eliminating mandatory mortgage payments while continuing to satisfy the loan obligations.

"Most retirees spend decades building home equity but rarely think of it as part of their retirement strategy," Scheper said. "Once people understand how reverse mortgage purchase financing works, many begin looking at housing in an entirely different way."

Helping Seniors Purchase Their Next Home

Real estate professionals say reverse mortgage purchase financing has become an increasingly valuable option for buyers who are downsizing, relocating, moving closer to family or seeking a home that better fits their retirement lifestyle.

"I've had the privilege of referring several of my senior clients to purchase homes using reverse mortgage financing. Many wanted to preserve more of their retirement investments instead of using all of the proceeds from the sale of their previous home," said Dan Dobbs, a real estate broker and weekly real estate columnist since 2002. "The reverse mortgage allowed them to purchase the home they wanted while maintaining greater financial flexibility and keeping more of their investment portfolio intact."

A Program Whose Time Has Arrived

With America's retirement population continuing to grow, housing professionals believe reverse mortgage purchase financing is positioned to become a more widely recognized planning tool.

"America's retirement landscape is changing," Scheper concluded. "The conversation is no longer just about where retirees want to live. It's also about how they want their assets to work for them. A reverse mortgage shouldn't be viewed simply as a loan—for many retirees, it's a financial planning tool. When used appropriately, it can help integrate housing wealth into an overall retirement strategy, preserve investment assets, improve diversification and provide greater financial flexibility throughout retirement. That's why I believe this program is finally coming of age—both literally and figuratively."

About Paul E. Scheper

Paul E. Scheper, CRMP, CSA, SRES, is President of Loangevity Mortgage and a Southern California reverse mortgage specialist. He helps homeowners age 62 and older understand retirement financing strategies using both federally insured Home Equity Conversion Mortgages (HECMs) and proprietary jumbo reverse mortgage programs. His educational approach focuses on helping seniors, their families and their trusted advisors make informed decisions about housing wealth and retirement planning.

Holly Hackett
Loangevity Mortgage
+1 800-662-6784
email us here
Visit us on social media:
LinkedIn
Instagram
Facebook
YouTube
X