

Family Opportunity Mortgages

Baby boomers have reached retirement age. This generation is healthier and more active than their predecessors and many want to age in a home of their own. Many of these potential home buyers have fixed incomes and with soaring home prices, they are unable to qualify for a new home when they are ready to downsize. This is where a Family Opportunity Mortgage can help.

A Family Opportunity Mortgage is backed by Fannie Mae and allows you to purchase a home for your elderly parents if they cannot qualify on their own, at the same favorable down payment and interest rates as a primary residence. This is a significant advantage over loan programs for second home or investment properties.

The terms of the loan program are simple. The borrower needs a 620+ FICO score, steady employment, and enough income to qualify for both their current housing and the new loan. Total debt-to-income ratios cannot exceed 45% and that must include all the new costs. Finally, the parents must demonstrate that they do not have the income to qualify for the loan on their own. It's important to understand that bad credit is not sufficient to use this loan program, it must be a lack of income that disqualifies them. This program can also be used to help an adult child with disabilities.

As more people choose to live independently in retirement, the need for housing will continue. By taking advantage of a Family Opportunity Mortgage, qualified borrowers can purchase a home for their parents at very favorable owner-occupied rates and terms. Make sure to talk to a licensed mortgage lender to learn more.