



Looking to Buy a Home for Elderly Parents or an Adult Child With a Disability?

If you have an elderly parent or an adult child with a disability, you may be thinking about purchasing a home for them. By now, you may have already discovered that you could buy it as an investment property, since you don't plan to live there. But that requires a higher credit score and down payment and comes with higher interest rates. Fortunately, Fairway's Conventional mortgage options allow you to buy the home for an elderly parent or an adult child with a disability at owner-occupied rates and guidelines even if you don't plan to live there. This allows you to place your loved ones in a secure home that you own, and at a lower cost.

► **QUALIFICATION GUIDELINES**

- 620+ credit score
- Automated underwriting approval for debt-to-income ratio (DTI)*
- Steady employment
- Enough income to support your current housing costs plus the additional expense of owning another home

This last point is important and worth breaking down a bit. The lender will verify that your income can support not only the new home payment but also your existing obligations. With all expenses, your DTI usually needs to be 45% or less but can be more depending on your automated underwriting response.

► **HOME RECIPIENT MUST HAVE INSUFFICIENT INCOME**

An important qualification is that the aging parent or child with a disability must not be able to afford the home on their own.

The elderly parent or adult child with a disability must:

- Be unable to work
- Have insufficient income to qualify

The future home occupant may work or receive assistance income. That income just can't be enough to qualify. Additionally, bad credit is not one of the reasons that you can buy for the loved one. If they have sufficient income but poor credit, you would have to buy the home as a second home or investment property.

To document your loved one's situation, you will need:

- Proof of relationship. This will need to be provided if there's a question as to whether you're related, such as when you have a different last name.
- Parent's or adult child's proof of income, such as pay stubs from employment or disability/Social Security award letter.
- Letter of explanation stating that your primary residence will be retained and that this purchase is for the benefit of the aging parent or adult child with a disability.

► **ADVANTAGES OF A NEW HOME OVER ASSISTED LIVING OR IN-HOME CARE**

Purchasing a new home may be more cost-effective than a nursing facility. If the loved one needs care, consider buying a home and setting up in-home care. Nursing facilities are quite expensive, and costs are rising. Surprisingly, buying a home might be more affordable than assisted living. And when you buy the home, at least you're getting the benefit of appreciation that comes with a real estate investment.

Contact me to apply today!



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