Many Qualified Homebuyers, 62 Years and Older, are Discovering

HOME EQUITY CONVERSION MORTGAGES

What is a Home Equity Conversion Mortgage?

Home Equity Conversion Mortgages were created specifically for senior homeowners, 62 years and older, who want to convert part of their home's equity into loan proceeds without ongoing mortgage payments.

HECM 4 Purchase Mortgage Highlights

- Preserve liquidity by investing available funds wisely
  - Based on age, invest half(3) the purchase price in cash.
  - Obtain a HECM 4 Purchase loan for the balance.
  - Save remaining cash that would have otherwise gone to principal for smarter age appropriate allocation of cash.
- Utilize as hedge against future housing market uncertainty.
- Monthly principal and interest mortgage payments not required, but any principal payments made can be available as growing line of credit… And growth in borrowing capacity is market mortgage rate of interest accruing on the outstanding loan balance
- Utilized to leverage available cash to purchase nicer home in more desirable locations such as closer to family, golf courses and others.

A Home Equity Conversion Mortgage (HECM) can be used for virtually anything, but they are very popular for purchasing your next home!

- Age in place
- Retain liquidity reserves
- Relocate closer to family or retirement
- Improve monthly cashflow with no monthly payment
- Create a non-cancellable line of credit (1)
- Retain ownership for heirs

Home Equity Conversion Mortgages are **non-recourse**(1) loans, meaning the lender can never hold you or your heirs personally liable for the loan. And, when you no longer live in the home as your primary residence, the mortgage simply needs to be paid off, just like any loan.

What else? HECMs are **non-callable(1)**, therefore, unlike a Home Equity Line of Credit, once the loan is in place it cannot be called by the lender as long as it is your primary residence, you pay your property charges, maintain your home and follow the terms of your loan agreement.

Best of all? The undrawn balance on your line of credit grows every year at the same rate of interest accruing on your outstanding line balance**(2)!** So, if you make payments on your HECM, that amount not only reduces your loan balance and interest accruing, but provides additional funds to your line dollar for dollar.

Non-recourse, non-callable, permanent* line of credit whose undrawn balance is guaranteed to grow every year at the then current mortgage rate… in some circumstances even to in excess of the value of your home.

*As long as you live in your home as your primary residence, maintain the home and keep current taxes, insurance and other property costs and do not violate loan terms significantly similar to forward FHA mortgages. Counseling by independent third party, FHA approved counselor is required to ensure consumer's knowledge of program costs and other possible options. This material is not from HUD or FHA, nor was it approved by HUD or FHA.

(1) HUD 24 CFR Sec 206.27(b) (8)-(9) and (c)(1)-(2). **(2)** HUD 24 CFR Sec 206.25(g). **(3)** The older the youngest borrower, the more funds are available to be borrowed on your home.

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