What is a Home Equity Conversion Mortgage known as a HECM when used for Long Term Planning?

An option specifically for homeowners who are age 62 and older with home equity that may help you reframe and strengthen your overall long term financial planning. It can be used to meet your planned, future and/or unexpected financial needs by becoming a supplement to your social security, retirement and any other monthly benefits. It also can delay, minimize or eliminate early accessing of your savings, investments and other assets that are part of your retirement savings funds.

Unlike a traditional mortgage or typical bank home equity loan, when using a HECM, there are no monthly payments throughout the life of the loan, which can help boost your cash flow. Any interest and fees applicable to equity funds used are added to the equity loan balance so that the loan balance increases over time. However, the available unused equity funds grow monthly throughout the time you live in your home.

At your option, at any time and without a penalty, the borrowed loan equity funds plus interest and fees can be repaid. Whatever is repaid in added to the existing unused equity funds, all of which grow throughout the time you live in your home.

You continue to own your home as long as you live in it. The accrued loan balance becomes due if you pass away; sell your house; no longer live there as your primary residence; or fail to meet your responsibilities to maintain the property, purchase home owners insurance, and pay your property taxes. Whereas it was an advanced loan from the equity in your home, the good news is that it does not have to be repaid until being deducted from the selling price of your home at the time your home is sold.

What type of home qualifies? Single-family homes, town homes and FHA-approved condos. The home must be your primary residence.

What is a HECM based on? It is based on the age of the youngest borrower (62-100) and the value of your home. We take 43 to 75% of the appraised value of your home and subtract any loan closing costs, FHA insurance and existing mortgages (if any) to determine your available HECM loan proceeds. This calculation is determined by the Department of Housing and Urban Development (HUD).**

Example (with an existing mortgage)

(**Based on 50% of Your Home's Appraised Value)

Appraised Value of Your Home	$400,000
50% of Appraised Value (varies)	$200,000
Available HECM Loan Proceeds	$200,000**
Paying Off Existing Mortgage(s)	($75,000)
HECM Loan Closing Costs (varies)	($10,000)
FHA Insurance (2% of Appraisal)	($8,000)
Your Cash Proceeds Remaining Available for your Financial Planning	**$107,000**

Example (without an existing mortgage)

(**Based on 50% of Your Home's Appraised Value)

Appraised Value of Your Home	$400,000
50% of Appraised Value (varies)	$200,000
Available HECM Loan Proceeds	$200,000**
HECM Loan Closing Costs (varies)	($10,000)
FHA Insurance (2% of Appraisal)	($8,000)
Your Cash Proceeds Remaining Available for your Financial Planning	**$182,000**

Note: All existing mortgage balances (if any) are paid first from the Available HECM Loan, freeing up that cash to meet other needs and dreams.

YOU ARE LIVING LONGER AND NEED TO PLAN FOR YOUR FINANCIAL NEEDS AS YOU CONTINUE TO TRANSITION INTO YOUR RETIREMENT YEARS

To Improve Your Quality of Life
- Vacations
- Remodeling Your Home for Better Access Safety and/or Home Upgrades
- Elective Medical and Dental Procedures

To Pay Off
- Home Mortgage
- Auto Loans
- Credit Card Debt
- Family Student Loans

To Meet Your Unanticipated Expenses
- Auto Repairs or New Vehicle Purchase
- Heating/Air Conditioner or Replacement
- Major Home Repairs (roof, major plumbing, foundation)
- Wind, Hurricane and Flood Damage Deductibles or Not Covered by Insurance
- Increased Living Expenses
- Emergencies
- Income Taxes

To Help Pay
- Health Insurance
- Life Insurance
- Medical expenses not covered by Medicare or Insurance
- Long Term Care

To Help Pay for Normally Re-Occurring Larger Home Expenses
- Real Estate Taxes
- Home Owners Insurance
- Flood insurance
- HOA Dues

To Meet Your Life-Changing Needs
- Sudden Major Medical Expenses
- Assisted Living/Nursing Home Expenses
- Final Expenses/Planning

For Other Items As You Wish
- To Financially Assist Family Members
- To Help With or Gift College Tuition and College Expenses
- To Give Worthy Donations and Contributions

*Borrower is responsible for property taxes, home owners insurance and property maintenance in order for the loan to remain in good standing. A HECM is a home-secured loan that must be repaid upon default or a maturity event such as when the home is sold, all home owners have passed away or the last surviving borrower no longer lives there as their primary residence.