



Flexibility & Peace of Mind

Retirement should be a worry-free time of life. Unfortunately many older homeowners worry about having enough money to maintain their standard of living throughout their retirement years.

Enter the Home Equity Conversion Mortgage

The Home Equity Conversion Mortgage (HECM) was created in 1989 to assist older homeowners in maintaining their quality of life and remain in their home during retirement. It is a unique loan in that no monthly mortgage payments are required yet it converts a portion of the home's value into tax-free cash or a line of credit.

Ace in the Hole: The HECM Line of Credit

One of the most overlooked yet beneficial features of the HECM is the line of credit. Unlike traditional home equity lines of credit which can be closed or reduced, this special credit line is secured and cannot be reduced if home values decrease or interest rates increase. Even better the unused portion of the credit line increases each month you don't use it!* The line of credit grows each month based on the current month's interest rate and ongoing insurance charge.

Many homeowners, like yourself, have setup the line of credit for use by the surviving spouse to offset loss of income and much more.

Benefits of the HECM Line of Credit

Credit Line Secured: The available funds in the line of credit are not negatively affected by housing price fluctuations or rising interest rates.

No Use, No Charge: You are only charged interest and insurance on the funds you use in your HECM loan. Any unused portion of your credit line does not incur these costs.

Strategic Withdrawals: Some notable financial planners have outlined strategies where retirees may choose to use part of their line of credit rather than take income from investment accounts whose value may be declining in a given year.

There When You Need It: The HECM line of credit is available when you need it. You simply request the funds as needed.

*HECM loans with a monthly servicing fee may subtract the fee from the line of credit growth each month.

*Loan advances from a HECM are traditionally not considered taxable. Please seek the advice of a qualified tax professional.

*Your line of credit will be adjusted to a smaller available amount in the first 12 months from closing to comply with HUD's first year distribution limits. After this period the credit line will increase to its full available value.



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