Enhance Your Financial Security

With a Home Equity Conversion Mortgage

Many homeowners across the nation have chosen a Home Equity Conversion Mortgage (HECM) to help them meet financial and personal goals. A HECM loan can be a smart, secure, financial option for seniors who want to tap into a portion of equity in their home to gain access to tax-free[1] funds.

Funds Available, Distribution Options, Interest Rates and Costs

- Fixed and variable loan rates may be available
- Most closing costs and fees can be financed as part of the loan, resulting in little or no up front fees [2]
- Amount available is based on the age of the youngest borrower, current interest rates, existing mortgage amount, and the lesser of the appraised value of your home, sale price or the maximum lending limit.
- Receive your funds in a lump sum, a regular monthly payment, a credit line, or a combination of these options
- The funds available to you may be restricted for the first 12 months after loan closing, due to HECM requirements. Consult your advisor for detailed program terms.

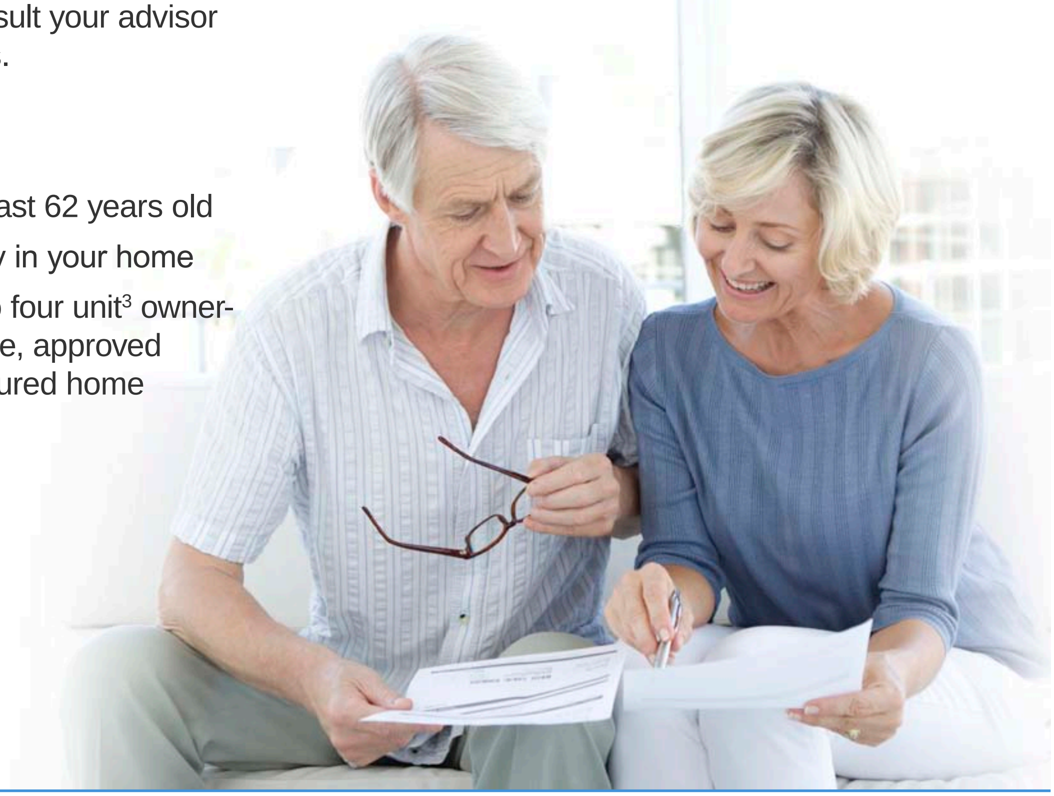
Eligibility

- Homeowner must be at least 62 years old
- Must have sufficient equity in your home
- Single family home, two to four unit[3] owner-occupied home, townhouse, approved condominium or manufactured home

Benefits

- Eliminates existing monthly mortgage payments[4]
- Stay in your home and maintain the title
- Heirs inherit any remaining equity after paying off the HECM loan
- Federal Housing Administration (FHA) insured HECM Loan Program
- Loan proceeds are tax-free

1 Please consult your financial advisor.
2 Except for HUD required counseling.
3 Not applicable to HECM for Purchase.
4 You must still live in the home as your primary residence, continue to pay required property taxes, homeowners insurance, and maintain the home according to Federal Housing Administration requirements.



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217 Eisenhower Blvd
Johnstown, PA 15905
877-545-0775

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Stretching Retirement Savings

Using a Reverse Mortgage Loan

The Situation

Perry and Stephen Zimmerman thought they had saved enough for retirement but now at age 67, they are not so sure. They worry every time they look at their retirement account statement. They have been withdrawing about $1,500 per month ($18,000 per year) since they retired two years ago and have $350,000 left in their account. If they continue withdrawing at their current rate, they may be at risk of running out of money in their late-80's.

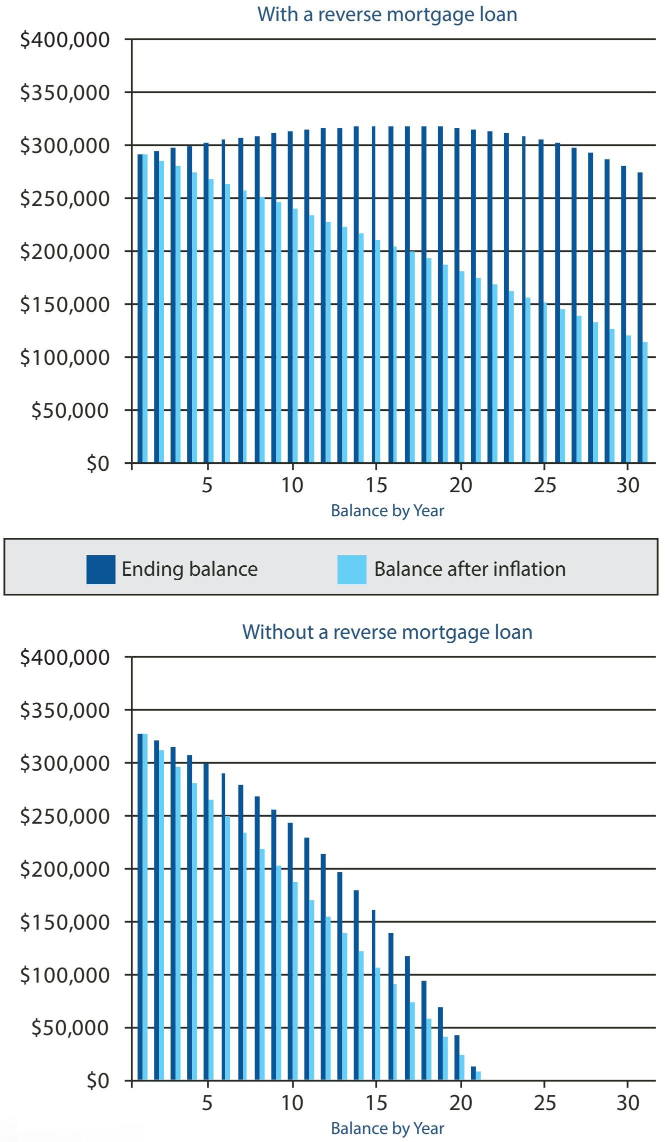
The Solution

A reverse mortgage loan can provide the Zimmermans with an additional source of tax-free funds so that they don't have to withdraw as much from their retirement account.[1]

By using a reverse mortgage line of credit loan with a monthly draw to supplement 45% of their income needs ($8,100 per year), their current retirement account can last over 30 years compared to only 20 years without a reverse mortgage loan.

Example of Savings Spend Down Scenarios[2, 3, 4]

With and Without a Reverse Mortgage Loan



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1 Consult appropriate government agencies for any effect on taxes or government benefits.

2 This example is calculated using Retirement Shortfall Calculator from Bankrate.com. (http://www.bankrate.com/calculators/retirement/calculate-retirement-income-money.aspx)

3 Savings Spend Down Scenario Assumptions

- Beginning savings balance of $350,000
- Monthly contributions of $0
- Zero years before retirement
- 30 years in retirement
- Initial annual withdrawal of $18,000
- Initial annual withdrawal of $8,100 with reverse mortgage loan
- 7% Rate of return before retirement, calc. default setting
- 4% Rate of return during retirement, calc. default setting
- Federal tax rate of 10%, current federal tax rate for couple with annual income of $18,000 or less
- State tax rate of 6%, calc. default setting
- Adjusted for 3% annual inflation rate

4 **Reverse Mortgage Loan Calculation Assumptions**
Source: reversecalculator.libertyhomeequity.com

Example for a LIBOR HECM Line of Credit

Current Home Value	$500,000
Available Principal Limit	$278,000
Mandatory Obligations	$11,443
Total Net Settlement Costs	$11,443
Less Current Mortgage	$0.00
Other Mandatory Obligations	$0.00
Available Loan Proceeds	$266,557
Available Line of Credit During First 12 Month Disbursement Period	$155,357
Available Line of Credit After Initial 12 Month Disbursement Period	$111,200

This example is based on the youngest borrower, who is 67 years old, a variable rate HECM loan with an initial interest rate of 2.406% (which consists of a Libor index rate of 0.156% and a margin of 2.250%). It is based on an appraised value of $500,000, origination charges of $6,000, a mortgage insurance premium of $2,500, other settlement costs of $2,943; amortized over 204 months, with total finance charges of $19,123.96 and an annual percentage rate of 14.41%. Interest rates may vary. The stated rate may change or not be available at the time of loan commitment or lock-in.

The preceding example and any calculations therein are hypothetical and are for illustrative purposes only. We do not guarantee applicability or accuracy in regard to a client's individual situation or circumstance. Information contained within this strategy is not intended to replace qualified, professional investment and/or tax advice. Reverse mortgage loans may not be appropriate for certain individuals and some restrictions may prevent a homeowner from obtaining a reverse mortgage loan. All reverse mortgage borrowers are required by the federal government to meet with HUD-approved counselors to determine loan suitability. Failure to pay property taxes, hazard insurance, or maintain the residential property can result in a loan default requiring immediate repayment of the loan balance or foreclosure. Interest, mortgage insurance and other fees will accrue annually until the loan balance is repaid in full.

Deferring Social Security

With a Reverse Mortgage Loan

The Borrower Situation

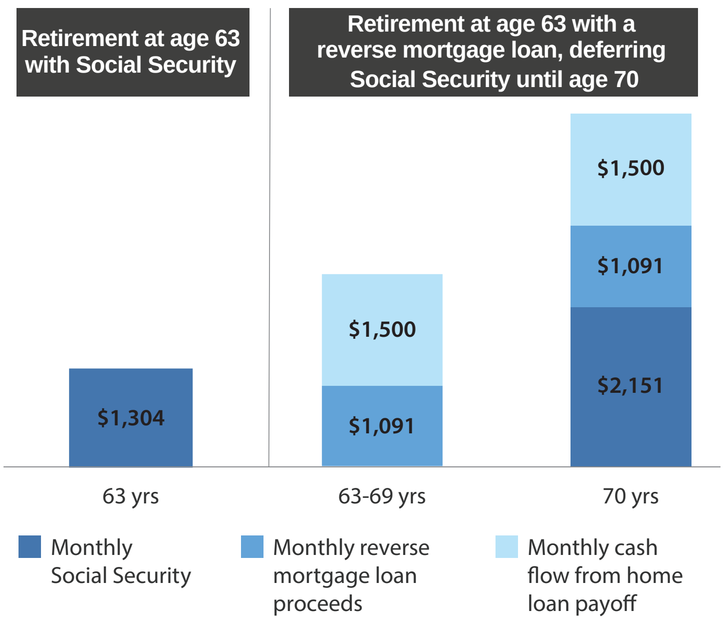
Susan Parker earned $60,000 per year as a systems project manager until she lost her job nine months ago. At 63, she was having a difficult time finding another job and was considering retiring early.

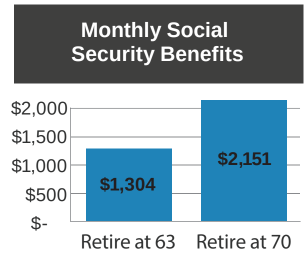
She knew that this would mean lower lifetime Social Security benefits than if she deferred until age 70, but what else could she do? She had exhausted her unemployment benefits and was drawing down on her savings to pay for her mortgage and other living expenses.

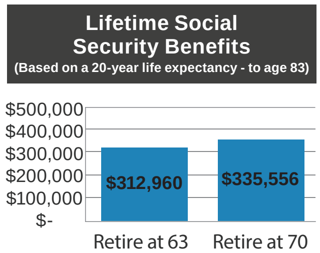
The Solution

A reverse mortgage loan helped Susan pay off her existing home mortgage and improved her monthly cash flow by $1,500. She also elected to receive her remaining reverse mortgage loan proceeds in equal monthly payments of $1,091 for as long as she lives in the home. She was in excellent health and expected to live well into her early 80s. With these additional sources of funds, Susan could defer drawing her Social Security benefits until age 70, resulting in increased monthly benefits of $847 or $22,596 over her lifetime.

Sources of Retirement Funding[1, 2]







Deferring Social Security from age 63 to 70 resulted in increased Social Security benefits of $847 per month or $22,596 total lifetime (to age 83)

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1 This example was developed using Bankrate.com Social Security Benefits Calculator to calculate estimated monthly Social Security benefits.

2 Source: reversecalculator.libertyhomeequity.com

Example for a LIBOR Reverse Mortgage - Modified Tenure

Current Home Value	$500,000
Available Principal Limit	$265,000
Mandatory Obligations:	$61,443
Total Net Settlement Costs	$11,443
Less Current Mortgage	$50,000
Other Mandatory Obligations	$0.00
Available Loan Proceeds	$203,557
Monthly Payments for the Life of the Loan	$1,091
Available Line of Credit During First 12 Month Disbursement Period	$11,471.24

This example is based on the youngest borrower, who is 63 years old, a variable rate reverse mortgage loan with an initial interest rate of 2.406% (which consists of a LIBOR index rate of 0.156% and a margin of 2.250%). It is based on an appraised value of $500,000, origination charges of $6,000, a mortgage insurance premium of $2,500, other settlement costs of $2,943, a mortgage payoff of $50,000; amortized over 240 months, with total finance charges of $461,571.61 and an annual percentage rate of 12.12%. Interest rates may vary. The stated rate may change or not be available at the time of loan commitment or lock-in.

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HECM Facts for Elder Law Attorneys

#1: Home Equity Conversion Mortgage (HECM), commonly known as a reverse mortgage, is a Federal Housing Administration (FHA) insured loan which enables homeowners aged 62 or older to access a portion of their home's equity to obtain tax-free[1] funds without having to make monthly mortgage payments.[2] The client must live in a single family, two to four unit owner-occupied home, townhouse, approved condominium or manufactured home. Your client continues to live in the home and maintains the title. Heirs inherit any remaning equity after paying off the HECM loan.

#2: HECMs are nonrecourse loans. FHA insured protection means that your client (or his or her estate) will never owe more than the HECM loan balance or the value of the property, whichever is less, provided the home is sold.

#3: There are two types of HECM loans available to clients.

HECM Loan is available as either an adjustable- or fixed-rate loan. With the adjustable rate, the rate is adjusted monthly based on the LIBOR (London Inter Bank Offered Rate). The fixed-rate HECM maintains the same interest rate over the life of the loan.

HECM for Purchase can help homeowners buy their next home without having to make monthly mortgage payments. This loan enables homeowners to use the equity from the sale of a previous residence to buy their next primary home in one transaction. Regardless of how long your client lives in the home or what happens to the home's value, your client only makes one, initial investment (down payment) towards the purchase.

#4: HECM loans offer several disbursement options for clients to access their home equity: With a fixed-rate HECM loan your client can receive the cash in a lump sum. With an adjustable-rate HECM loan your client can select one of the options below or a combination:

Tenure: Equal monthly payments as long as at least one borrower continues to occupy the property as a principal residence.

Term: Equal monthly payments for a fixed period of months selected by the borrower.

Line of Credit: Unscheduled payments or installments, at any time and in an amount of your choosing until the line of credit is exhausted.

Lump Sum: A single payment. The funds available to the borrower may be restricted for the first 12 months after loan closing, due to HECM requirements.

Borrowers may access a minimum of 60 percent of the principal limit amount for the first 12 months after loan closing. Borrowers may be eligible to access an additional 10 percent, subject to additional HECM requirements, of the principal limit amount for the first 12 months after loan closing. The principal limit is the amount of funds available to the borrower through a HECM loan.

#5: Generally, HECM loans are compatible with life estates and certain types of revocable trusts. Frequent uses of HECM loan proceeds include paying for in-home care, paying for home accessibility modifications, safety upgrades and general home repairs, extinguishing traditional mortgage debt, inter vivos charitable giving and supplementing other traditional sources of retirement income.

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HECM loans may not be appropriate for certain individuals and some restrictions may prevent a homeowner from obtaining a HECM loan. All HECM loan borrowers are required by the federal government to meet with HUD-approved counselors to determine loan suitability. Failure to pay property taxes, hazard insurance, or maintain the residential property can result in a loan default requiring immediate repayment of the loan balance or foreclosure. Interest, mortgage insurance and other fees will accrue annually until the loan balance is repaid in full.

HECM Facts for Financial Advisors

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#2: HECM's are nonrecourse loans. FHA insured protection means your client (or his or her estate) will never owe more than the HECM loan balance or the value of the property, whichever is less, provided the home is sold to repay the loan; and no assets other than the home must be used to repay the debt.

#3: There are two types of HECM loans available to clients.

> **HECM Loan** is available as either an adjustable- or fixed-rate loan. With the adjustable rate, the rate is adjusted monthly based on the LIBOR (London Inter Bank Offered Rate). The fixed-rate HECM maintains the same interest rate over the life of the loan.
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