

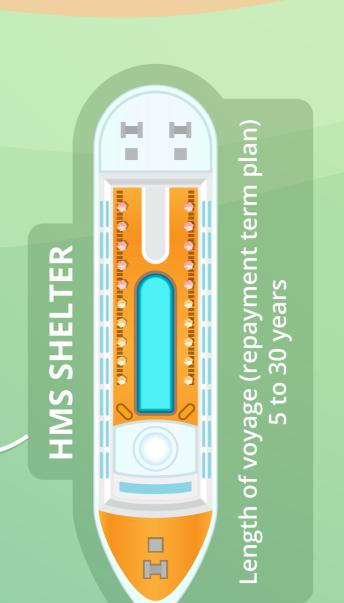
WHICH LOAN IS RIGHT FOR YOURS?

Life isn't always smooth sailing, but homeowners with equity could access cash or a line of credit to combat stormy seas. Wondering which type of loan is right for you? Take a look at the following excursions to find out. All aboard!



## **DOCK 1: REQUIREMENTS**

 No age requirement Must have at least 20% equity in the home



### **DOCK 2: REQUIREMENTS**

Must be aged 62+ Must own the home outright or have significant equity in home

#### **OBLIGATIONS OCTOPUS**

- The home must be a primary residence.
- Homeowners must continue paying taxes, insurance, HOA fees and for ongoing home
- maintenance. As part of the application process, homeowners must participate in a consumer information counseling session provided by a **HUD-approved HECM** counselor, ensuring non-biased HECM information.



## **HOW YOU RECEIVE FUNDS**



Withdraw funds on as-needed basis, up to a predetermined spending limit within a predetermined draw period.



as lump-sum

payment.

Receive funds as monthly payments, ongoing monthly

checks, a lump-sum payment,

line of credit or a combination.





Make monthly payments for a fixed term, divided into a draw period and a repayment period. Interest rates are typically adjustable, rather than fixed. Pay interest only on the amount you draw (rather than the total equity available).



payments for a fixed term with a fixed interest rate.

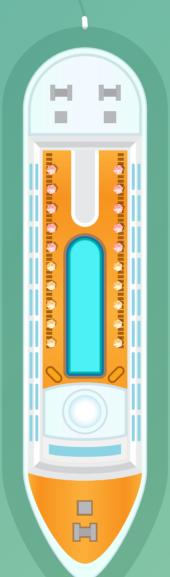


Repayment not required as long as obligations are met and the homeowner lives in the home. Optional payments can be made at any time to preserve home equity and increase the line of credit available.



## **CAPTAIN'S**

**ANNOUNCEMENT:** The interest rate may change if the rate index changes, but with this type of loan, interest rates are often lower than unsecured options (hello, credit cards!).



## **DETAIL DOLPHIN**

The loan becomes due if:

- The home is no longer a primary
- residence of at least one borrower. • The borrower fails to pay required property taxes, homeowners' insurance, or applicable HOA dues.
- home according to FHA requirements. The loan is typically repaid through

• The borrower fails to maintain the

proceeds from the sale of the house and could be paid off using other assets at any time.

# **TAX MATTERS**



Interest may be tax deductible if borrowers use the funds to buy, build or improve the home that acts as collateral for the loan. Please consult a tax advisor for information specific to your taxes.



# **DETAIL DOLPHIN**

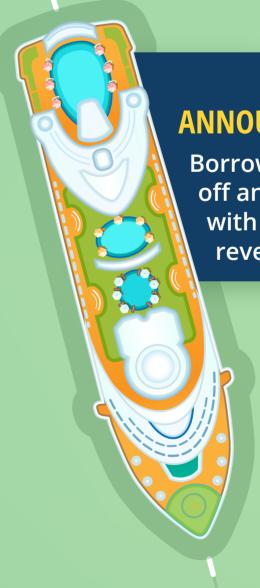
You may be required to maintain a certain percentage of equity in your home or the loan may be closed.



Interest may be tax deductible if borrowers use the funds to buy, build or improve the home that acts as collateral for the loan. Please consult a tax advisor for information specific to your taxes.



Loan proceeds are generally not taxable. Interest may be tax deductible when the interest is paid if borrowers use the funds to buy, build or improve the home that acts as collateral for the loan. Please consult a tax advisor for information specific to your taxes.



#### **CAPTAIN'S ANNOUNCEMENT:** Borrowers can pay

off any existing mortgage with proceeds from the reverse mortgage loan.

FINAL DESTINATION

## **HOME EQUITY** LINE OF CREDIT (HELOC)\* **ISLAND**

#### **Potential passengers:** Folks that need to finance a large

- purchase and take advantage of **HELOC** rates
- Folks that want flexibility in their borrowing, for expenses over an
- uncertain period of time Folks remodeling their homes Folks that want to free up funds
  - \*Open Mortgage does not currently offer HELOC loans.

to pay for a child's college education.

## **HOME EQUITY LOAN ISLAND**

**Potential passengers:** 

 Folks that need to borrow an exact amount Folks remodeling their homes

# **HOME EQUITY CONVERSION MORTGAGE**

## **ISLAND Potential passengers:**

- Seniors/retirees aged 62+
- Seniors remodeling or repairing their homes Seniors that need a new home to downsize or fit retirement needs
- Seniors that need to fund medical expenses Seniors that just want a rainy day fund for unexpected expenses





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