

Senior Freedom Inc.

Conference Call 9/2/2014 10 am

Call in number 716-274-3400 Code 122150

- 1) New statistics concerning seniors financial situation
 - a) 60% - have less than \$25,000 saved
 - b) 36% have less than \$1,000 saved
 - c) Have an average of \$125,000 in home equity
 - d) Owe an average of \$136,000 on mortgage

- 2) Selling the HECM as an equity loan you can pay back
 - a) Much easier to qualify--no credit & income qualifications, yet
 - b) Almost none of the risk that an equity loan presents
 - c) Can pay it off faster

Example - \$100K loan

Equity loan you typically have a 2 point overlay

- This means even with great credit, you will have about a 6.5% loan
- 30--year loan
- \$195K in interest, \$100K in principal, so \$295K you will pay back
- $\$295K/360 \text{ months} = \819.44 monthly payments

HECM

- Monthly interest & MIP = \$358.33
- If pay \$819.44 = Principal balance will be reduced by \$461.11
- Your interest & MIP due each month will be reduced monthly since your balance will be reduced, it is not based on your initial loan balance
- Obviously, on a 30-year loan, you pay very little off of the principal balance for the first ten year
- It takes about 23 years to pay off half of your principal on a 30-year loan
- In ten years, you will pay down your equity loan approximately from \$100K to \$85K
- Your HECM balance after ten years would only be about \$20K

- 3) Notify processing of applications on any property that is NOT SFR-detached

Condos and Townhomes are not identified on the 1009. 1 to 4 unit properties are identified by the number of units, but often when asking for title to be ordered, a copy of the signed loan application is not yet uploaded. The type of property is needed to order title and subsequently order an FHA case number.