Billcutter Inc.
8577 Haven Avenue, Suite 101
Rancho Cucamonga, CA 91730

NMLS #: 1825243
CA: DFPI Financing Law License. License # 60DBO-172214.
CA: Licensed by the California Department of Real Estate. License # 02081333.

For a complete list of states we are licenced in visit: https://www.nmlsconsumeraccess.org/

Enhance Your Financial Security

With a Home Equity Conversion Mortgage

Enhance Your Financial Security

With a Home Equity Conversion Mortgage

Call for Additional Information

909-635-4840

Notes

Planning for the Future:

Mark is 62 and planning to retire within the next year. His home is paid off, he has some investments that are doing well, and he believes he has enough saved for retirement. However, he would like to feel even more financially secure before he decides to leave his career. So, he adds a reverse mortgage line of credit to his retirement plan. Mark withdraws some of his proceeds to live off while he delays taking social security. This strategic move will give him access to larger monthly payments when he finally does begin to withdraw from social security. He keeps the remaining reverse mortgage proceeds in the line of credit. The money is there for him if he needs it for any unexpected cost, and while it remains unused, it continues to grow in value.

For more information, contact:

Lori Diaz

President, NMLS # 245502

Direct: 909-635-4840

Email: ldiaz@billcutter.com

Unlock Your Home's Equity

We understand that you want to transition easily into the retirement lifestyle of your choice. We are here to help you access a portion of your home's equity and make the most of your retirement years.

Explore Your Options

Whether you are planning on retiring soon or have already started retirement, take a moment to think about how you envision your retirement lifestyle. Even if you have planned, saved and invested carefully, you may have fewer funds than you had expected to meet your goals. Now is the time to consider all of your financial options and make the right decisions for your future.

Option	Pros	Cons
1. Delay retirement or return to work	You continue earning income to pay for your financial obligations.	You may be unable or unwilling to continue working because of poor health or other reasons.
2. Sell your house and downsize	You eliminate or reduce your current mortgage payment and maintenance.	You may want to stay in your current home. You may still have a mortgage. Closing costs add to your financial burden.
3. Obtain a home equity loan or refinance your existing mortgage	You remain in your home. You may be able to lower your monthly mortgage payments and even pay off other debts.	You must still pay your monthly mortgage, plus closing costs for the equity loan.
4. Decrease expenses and modify your lifestyle	You eliminate unnecessary expenses and reduce your monthly cash outflow.	It may be difficult to cut back if you are already living frugally, or you may not want to sacrifice some comforts.
5. Obtain a Home Equity Conversion Mortgage (HECM)	You remain in your home. You eliminate your monthly mortgage payment and may have additional funds for expenses or financial goals.[1]	The loan balance grows over time and the value of your estate may decrease over time. Closing costs add to your financial burden.

1 Your current mortgage(s) and any other existing liens against the property must be paid off at or before closing. You must live in the home as your primary residence, continue to pay required property taxes, homeowners insurance, and maintain the home according to FHA requirements. Failure to meet these requirements can trigger a loan default that may result in foreclosure.

A HECM Loan Defined

A Home Equity Conversion Mortgage (HECM), commonly known as a reverse mortgage, is a Federal Housing Administration (FHA) insured loan[1] which enables you to access a portion of your home's equity without having to make monthly mortgage payments.[2] If you are 62 years of age or older and have sufficient home equity, you may be able to get the cash you need to:

- Pay off your existing mortgage[2]
- Continue to live in your home and maintain the title[2]
- Pay off medical bills, vehicle loans or other debts
- Improve your monthly cash flow
- Fund necessary home repairs or renovations
- Build a "safety net" for unplanned expenses

A Few of the Loan Benefits

- Eliminates your existing monthly mortgage payments[2]
- You can stay in your home and maintain the title[2]
- Loan proceeds are not taxed as income or otherwise and can be used any way you choose[3]
- Heirs inherit any remaining equity after paying off the HECM loan
- The HECM loan is FHA insured[1]

1 As required by the Federal Housing Administration (FHA), you will be charged an up-front mortgage insurance premium (MIP) at closing and, over the life of the loan, you will be charged an annual MIP based on the loan balance.

2 Your current mortgage, if any, must be paid off using the proceeds from your HECM loan. 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 FHA requirements. Failure to meet these requirements can trigger a loan default that may result in foreclosure.

3 Generally, money received is not considered income and should be tax free, though you must continue to pay required property taxes. Consult your financial advisor and appropriate government agencies for any effect on taxes or government benefits.

Does the HECM loan affect my eligibility for Social Security or Medicare benefits?

A HECM loan usually does not affect eligibility for entitlement programs, such as Medicare or Social Security benefits. Some needs based government benefits, such as Medicaid and Supplemental Security Income (SSI), may be affected by a HECM loan. You should consult a qualified professional to determine if there would be any impact to your government benefits.

What is the main difference between a HECM and a HELOC loan?

With a traditional mortgage loan or Home Equity Line of Credit (HELOC), you have to make monthly loan payments. However, with a HECM loan, you do not need to make monthly mortgage payments.[1]

When will I be required to repay my HECM loan?

The HECM loan will come due when the home is no longer your primary residence. Below are additional examples of situations which would trigger HECM repayment:

- You sell your house or transfer the title to another person
- If you do not occupy your home for a period of more than twelve consecutive months because of physical or mental illness
- You do not maintain the home according to FHA requirements
- You do not pay required property taxes and/or homeowners insurance

1 You must 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. Failure to meet these requirements can trigger a loan default that may result in foreclosure.

Frequently Asked Questons (contnued)

Do I have to make monthly mortgage payments?

No. Unlike a traditional home mortgage loan or equity loan, you do not make monthly mortgage payments, and any existing mortgage will be paid off using the loan proceeds.[1]

What are the options for receiving my proceeds?
You can receive your money in a lump sum[2], a monthly payment, a line of credit or a combination of the monthly payment and credit line options

Do I have to pay income taxes on the proceeds?

No. HECM loan proceeds are not taxed as income or otherwise (though you must continue to pay required property taxes). However, it is recommended that you consult your financial advisor and appropriate government agencies for any effect on taxes or government benefits.

Is the use of my loan proceeds restricted?

No. The net cash proceeds from the HECM loan can be used for any reason. Many borrowers use it to supplement their retirement income, pay off other debt(s), pay for medical expenses or remodel their home.

How much do I have to pay out of pocket?
This will vary based on your specific circumstances. The counseling fee and appraisal fee are typically paid out-of-pocket after the service is completed. Other closing costs can be financed into the HECM loan.

1 Your current mortgage(s) and any other existing liens against the property must be paid off at or before closing. You must live in the home as your primary residence, continue to pay required property taxes, homeowners insurance, and maintain the home according to FHA requirements. Failure to meet these requirements can trigger a loan default that may result in foreclosure.
2 Lump sum disbursement is only available on a fixed-rate loan.

Eligibility

To be eligible for a HECM loan, some key requirements are:

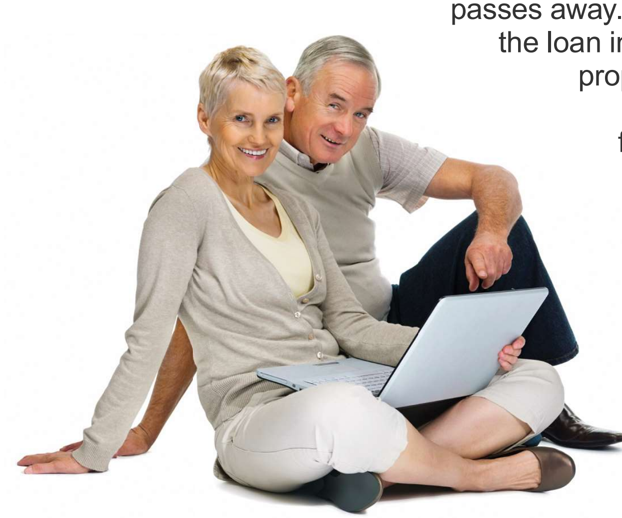
- The youngest borrower must be at least 62 years of age
- You must live in your home as your primary residence and have sufficient equity
- You cannot be delinquent on any federal debt
- Property must be a single family residence, an owner occupied 2-4 unit home, a condominium approved by the Department of Housing and Urban Development (HUD), or a manufactured home that meets FHA guidelines
- Must meet financial assessment requirements as established by HUD

Obligations

Once you obtain your HECM loan, you must continue to meet the following conditions to maintain your loan in good standing.

- Maintain your home according to FHA requirements
- Continue to pay property taxes and homeowners insurance
- Continue to own and live in your home as your primary residence

The loan becomes due and payable if you fail to meet any of the above obligations or the last borrower or non-borrowing spouse passes away. The heirs must repay the loan in order to inherit the property. Failure to repay the loan may result in foreclosure.



Types of Loans

There are two types of Home Equity Conversion Mortgage (HECM) loans. It is important to select the one that best meets your needs.

HECM Loan

The HECM is available as either an adjustable- or fixed-rate loan. With the adjustable rate, the rate is adjusted monthly or annually, while the fixed-rate HECM maintains the same interest rate over the life of the loan.

HECM for Purchase Loan

The 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 with one initial investment (down payment).[1]

1 You must live in the home as your primary residence, continue to pay required property taxes, homeowners insurance, and maintain the home according to FHA requirements. Failure to meet these requirements can trigger a loan default that may result in foreclosure.

Frequently Asked Questions

Do I still own my home?

Yes. You will retain the title and ownership during the life of the HECM loan, and you can sell your home at any time (at which time the loan becomes due and payable). The loan will not become due as long as you continue to meet loan obligations such as living in the home as your primary residence, maintaining the home according to the FHA requirements, and paying property taxes and homeowners insurance. Failure to meet these requirements can trigger a loan default that may result in foreclosure.

Does my home need to be clear of any existing mortgages?

No. You do not need to own your home free and clear. However, any existing mortgages or liens against the property must be paid at or before closing. This is most often done with the HECM loan proceeds.[1]

Do I have to repay the loan?

Yes, Eventually. However, repayment is not due during the life of the loan provided you meet the loan obligations such as living in the home as your primary residence, maintaining the home according to FHA requirements, and continuing to pay required property taxes and insurance. Repayment is limited to the lesser of the value of your home or the loan balance.

1 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 FHA requirements. Failure to meet these requirements can trigger a loan default that may result in foreclosure.

Safeguards

A HECM loan has built in safeguards that protect you and the home.

Federal Housing Administration (FHA) Insured[1]

HECM loans are FHA insured.[1] You are always protected against lender insolvency and will continue to have access to your available equity.[2]

Mandatory Mortgage Insurance

One of the requirements for FHA insurance, is that the borrower is charged an up-front mortgage insurance premium (MIP) fee at closing and, over the life of the loan, is charged an annual MIP fee on the loan balance.[1] This insurance protects the borrower and their heirs in the event the loan balance is higher than the home's value when the loan becomes due and payable.

Independent Counseling

Independent counselors which are approved by HUD provide you with objective information, and help you understand the process.

Capped Interest Rates

If your loan has an adjustable interest rate, there is a limit on how much the interest rates can change each time it adjusts, as well as over the life of the loan.

No Prepayment Penalty

The HECM loan can be repaid at any time in part or in full, without penalty.

Eligible Non-Borrowing Spouse Protection

Upon passing of the last remaining borrower, an eligible non-borrowing spouse may be able to have the repayment of the reverse mortgage deferred if certain requirements are met.[3]

1 As required by the Federal Housing Administration (FHA), you will be charged an up-front mortgage insurance premium (MIP) at closing and, over the life of the loan, you will be charged an annual MIP based on the loan balance.
2 Access to available equity after closing only applies to adjustable rate HECMs loans.
3 A spouse must meet the following requirements to be considered eligible: 1) Be the spouse of the reverse mortgage borrower at the time of loan closing and remain the spouse of the borrower for the duration of the borrower's lifetime. 2) Be properly disclosed to the lender at origination and specifically named as a Non-Borrowing Spouse in the loan documents. 3) Occupy, and continue to occupy, the property securing the reverse mortgage as the principal residence.

Determining Your Proceeds

The amount of funds available, also known as the Principal Limit, from a HECM loan is determined by:

- Age of the youngest borrower or eligible non-borrowing spouse[1]
- The lesser of the appraised value of your home, sale price or the FHA national lending limit
- Current interest rates
- Balance of your existing mortgage (if applicable) and all mandatory obligations[2]

The funds available to you may be restricted for the first 12 months after loan closing, due to HECM requirements. You may need to set aside additional funds from the loan proceeds to pay for taxes and insurance. Consult a reverse mortgage advisor for further details.

1 A spouse must meet the following requirements to be considered eligible: 1) Be the spouse of the reverse mortgage borrower at the time of loan closing and remain the spouse of the borrower for the duration of the borrower's lifetime. 2) Be properly disclosed to the lender at origination and specifically named as a Non-Borrowing Spouse in the loan documents. 3) Occupy, and continue to occupy, the property securing the reverse mortgage as the principal residence.
2 Mandatory obligations are those fees and charges, as defined by HUD, incurred with the origination of the HECM loan that are paid atclosing or during the first 12-month disbursement period. This includes but is not limited to: the loan origination fee; counseling fee;up-front MIP; third-party closing costs; customary fees and charges for warranties, inspections, surveys, engineer certifications; repair set-asides; set-aside for property taxes and insurance; and delinquent federal debt.

Disbursement Options

With a fixed-rate HECM loan, you can receive the cash in a lump sum. With an adjustable-rate HECM loan, you can select:

Tenure

Equal monthly payments.

Term

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

Line of Credit

Draw at any time and in any amount of your choosing until the line of credit is exhausted.

Modified Tenure

Combination of line of credit plus scheduled monthly payments.

Modified Term

Combination of line of credit plus monthly payments for a fixed period of months selected by the borrower.

The amount that can be disbursed at closing (fixed- and adjustablerate) and during the first 12 months (adjustable-rate only) is limited to the greater of 60% of the principal limit amount or the sum of mandatory obligations plus 10% of the principal limit. Consult a reverse mortgage advisor for further details.

Our 5-Step Loan Process

We provide an easy 5-Step Process to obtain a HECM loan.

1. Meet with an advisor by phone or in person to discuss your financial needs and goals.
2. Decide if a HECM loan is right for you. If so, complete the application with the help of an advisor.
3. Speak with an Independent, third-party, HUD-approved counselor.
4. We will obtain a property appraisal to determine the value of your home. This is a key factor in determining how much money you may qualify for as a loan.
5. We will process your paperwork and determine your eligibility. Once all loan conditions are met, you will sign the final paperwork to close your loan. You can receive your loan proceeds any way you choose – a lump sum,[1] monthly payment, a line of credit, or any combination of these options. In addition, any outstanding liens on your property will need to be satisfied at this time.

[1] Only available on a fixed-rate loan

Once your loan funds and all existing mortgages and fees are paid, you may choose how you want to spend the remaining loan proceeds. This could include anything from paying off debt(s), funding medical expenses, stretching your retirement savings, remodeling your home or building a “safety net”; spend it however you like.