

Off the hook retirement.

Home Equity Conversion Mortgage vs. Home Equity Line of Credit.

Plan a more rewarding retirement.

A HECM isn't just an attractive way to leverage your greatest asset—it's a smart and safe retirement strategy too.

You see, a HECM is a reverse mortgage insured by the Federal Housing Administration (FHA). It's a type of home equity loan, but instead of requiring monthly mortgage payments,* the loan balance is repaid when you leave the home. You get to use the money however you want and any unused line of credit grows over time. Best of all, you continue to live in and enjoy your home.

HECM vs. HELOC: decoding the acronyms.

Now that you understand a HECM—Home Equity Conversion Mortgage—let's compare to a HELOC—Home Equity Line of Credit. A HELOC allows you to use the equity in your home to access funds. Yet there are a number of distinct differences between the two.

Why choose a HECM over a HELOC?	HECM	HELOC
You still own your home	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
No monthly payments as long as you meet loan obligations*	<input checked="" type="checkbox"/>	
The line of credit cannot be frozen, reduced or revoked	<input checked="" type="checkbox"/>	
Unused line of credit grows over time	<input checked="" type="checkbox"/>	
The loan does not need to be repaid until the house is sold or is no longer your primary residence	<input checked="" type="checkbox"/>	
No pre-payment penalties or annual fees	<input checked="" type="checkbox"/>	
Is a non-recourse loan	<input checked="" type="checkbox"/>	

*The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the homeowner does not meet these loan obligations, then the loan will need to be repaid. Elective payments are acceptable and will not incur a pre-payment penalty.



With any mortgage there are certain requirements and fees. The same is true with a HECM.

The good news is that most of your upfront costs can actually be rolled into your loan, keeping money in your pocket.

What are the HECM requirements?



You or your spouse must be 62 or older and your home must be your primary residence.



You are responsible for maintaining your home.



You'll need to stay current on your property taxes, homeowners insurance, and other required property charges.

What are the fees associated with a HECM?

- An origination fee
- FHA Mortgage Insurance Premium (MIP)
- Title fee, credit report fee, property appraisal fee, and closing costs
- Reverse mortgage counseling costs

Let's have a conversation about your retirement goals.

Oregon Only:

-When the loan is due and payable, some or all of the equity in the property that is the subject of the reverse mortgage no longer belongs to borrowers, who may need to sell the home or otherwise repay the loan with interest from other proceeds. FAR may charge an origination fee, mortgage insurance premium, closing costs and servicing fees (added to the balance of the loan).

-The balance of the loan grows over time and FAR charges interest on the balance.

-Borrowers are responsible for paying property taxes, homeowner's insurance, maintenance, and related taxes (which may be substantial). We do not establish an escrow account for disbursements of these payments. A set-aside account can be set up to pay taxes and insurance and may be required in some cases. Borrowers must occupy home as their primary residence and pay for ongoing maintenance; otherwise the loan becomes due and payable. The loan also becomes due and payable (and the property may be subject to a tax lien, other encumbrance, or foreclosure) when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes, insurance payments, or maintenance, or does not otherwise comply with the loan terms.

-Interest is not tax-deductible until the loan is partially or fully repaid.

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