



# 2017 NRMLA Annual Meeting

NOV. 13 – 15 • SAN FRANCISCO

# The Math Behind the HECM

# Agenda

- Interest Rates
  - Expected Rates and Look Up Floor
  - Note Rates
- Principal Limit Factors
- Payment Plan Math
- Ongoing MIP
- Amortization Schedule
- TALC
- Loan Growth
  - Line of Credit
  - Expected Rate
  - Initial Rate +
  - Yield Curve
- Partial Repayments
- Monthly Statements

# The Numbers

INTEREST RATES, PLFS, MIP, AND PAYMENTS

# Principal Limit Factors

- Principal limit tables determine the % of maximum claim amount borrower(s) will receive.
- The youngest borrower or non-borrowing spouse's age (within 6 months of Closing), and expected interest rate determines what factor will be used.
- HUD changes these factors from time to time; depending on the projected performance of the HECM portfolio.
- Currently there is an Effective Interest Rate Floor of 3.0%. Expected rates of 3.06% (rounded) or less would provide the same principal limit.
- Principal limit factors stop increasing at age 90.

# PLF Table – Sample

► The partial table below shows the factor used to calculate principal limits for expected rates near 4.0% for borrowers between 70-80. Rates are rounded to the nearest 1/8%.

► To see the table click [HERE](#).

Age	Rate	Factor	Rate	Factor	Rate	Factor	Rate	Factor	Rate	Factor
70	4.000	0.522	4.125	0.515	4.250	0.507	4.375	0.500	4.500	0.493
71	4.000	0.522	4.125	0.515	4.250	0.507	4.375	0.500	4.500	0.493
72	4.000	0.524	4.125	0.516	4.250	0.509	4.375	0.502	4.500	0.494
73	4.000	0.532	4.125	0.524	4.250	0.517	4.375	0.510	4.500	0.503
74	4.000	0.539	4.125	0.531	4.250	0.524	4.375	0.517	4.500	0.510
75	4.000	0.547	4.125	0.540	4.250	0.533	4.375	0.526	4.500	0.519
76	4.000	0.553	4.125	0.546	4.250	0.539	4.375	0.532	4.500	0.525
77	4.000	0.562	4.125	0.555	4.250	0.548	4.375	0.541	4.500	0.534
78	4.000	0.571	4.125	0.564	4.250	0.557	4.375	0.550	4.500	0.544
79	4.000	0.576	4.125	0.569	4.250	0.562	4.375	0.555	4.500	0.549
80	4.000	0.585	4.125	0.578	4.250	0.572	4.375	0.565	4.500	0.559

## Illustration

72 year old with a  
\$300,000 max claim

Expected Rate	Principal Limit
4.06%	\$157,200
4.56%	\$148,200

# Interest Rates – Expected Rate

- Based on the 10 year SWAP from the previous week's average as published on the [The Intercontinental Exchange \(ICE\) website](#).
- Add the lender's margin to the current 10 year SWAP to calculate the expected rate.
- Expected rates of 3.06% or less will maximize proceeds.
- Increasing expected rates will decrease principal limit amounts.
- The 10 year SWAP is a likely indicator of what rates MIGHT be in the future.

CATEGORY: ICE SWAP RATE MARKET: ICE BENCHMARK ADMINISTRATION

REPORT DATE: 22-Sep-2017 SERIES / RUN: USD Rates 1100

SUBMIT

ICE Swap Rate Historical Rates

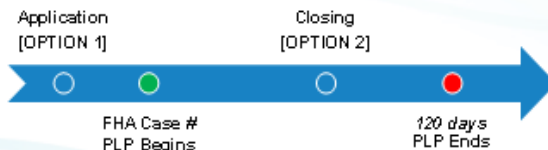
TENOR	USD RATES 1100 22-SEP-2017
5 Years	1.94800
6 Years	2.01200
7 Years	2.07100
8 Years	2.12500
9 Years	2.17400
10 Years	2.21700

Beginning Tuesday, 9/26/17, the Expected Rate would use the average of the rates from 9/18-9/22. Here you see the 10-Year SWAP for Friday 9/22.

# Principal Limit Lock

Most lenders offer a Principal Limit Lock. A PLL allows the borrower to receive the expected rate at application or closing to be used which provides the most money, provided they close within 120 days of FHA Case Number Assignment.

- **PLP Protects Low Expected Rates**



- **PLP ends 120 days from case # assignment**



# Principal Limit Lock

- ▶ All ARM loans include a feature that allows the borrower to receive the Expected Rate that gives the borrower the most money.
- ▶ Tenure payments can sometimes be slightly higher when PL and Closing Costs are the same. Tenure payments are calculated using the expected rate. Higher expected rates will return a higher monthly payments.
- ▶ Borrower has piece-of-mind that they will receive “at least” the PL that was disclosed at application\*.
- ▶ Compares rate at application and closing.
- ▶ To receive the PLL, the loan must close within 120 days of the case number being assigned.

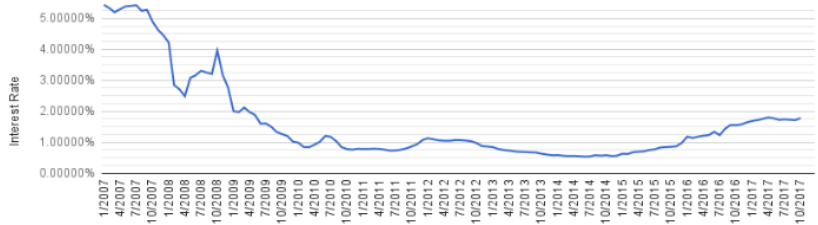
\*Assuming Max Claim has not changed

<i>LIBOR Annual 200</i>	<i>Closing</i>	<i>Application</i>
<b>Age for PL Calc :</b>	72	72
Expected Rate Index :	2.210	2.180
Margin :	2.000	2.000
Initial Rate :	3.775	3.775
Expected Rate :	4.210	4.180
Monthly Servicing Fee :	\$0.00	\$0.00
<b>Upfront MIP % :</b>	2.0	2.0
Ongoing MIP :	0.500	0.500
Interest Rate Cap :	8.775	8.775
Initial LOC Growth :	4.275	4.275
Property Value :	\$300,000.00	\$300,000.00
Max Claim Amount :	\$300,000.00	\$300,000.00
<b>Principal Limit :</b>	<b>\$152,700.00</b>	<b>\$154,800.00</b>

# LIBOR History

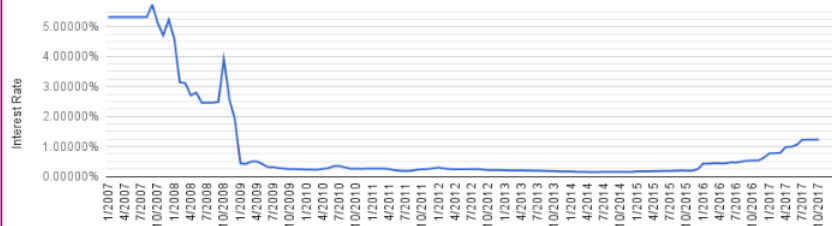
- Prior to 2007, industry used the Constant Maturity Treasury index.
- Industry adopted LIBOR when Mortgagee Letter 2007-13 was published.
- LIBOR used more on in the secondary market

### 1 Year LIBOR



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### 1 Month LIBOR




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# Interest Rates – Initial Rate

- Used to calculate the loan balance.
- The Monthly product is based on the 1-month LIBOR + the applicable margin.
- The Annual product is based on the 1-year LIBOR + the applicable margin
- The rate is published in Monday's Wall Street Journal effective Tuesday through the following Monday. If Monday is not a business day, then the rates are published on Tuesday. Rates are rounded to 3 decimal places
- Monthly adjusts the first day of the second or third month after funding. Yearly adjusts the first day of the second year after funding.
- Becomes the Note Rate.
- All ARM loans have an interest rate cap that is generally 5 or 10% of the Note Rate.

For the week beginning 9/26/17, the Initial Rate for an Annual LIBOR 200 would be 3.775%.

London Interbank Offered Rates				
Monday, September 25, 2017		<a href="#">Find Historical Data</a>    <a href="#">WHAT'S THIS?</a>		
Rates shown are effective 9/22/2017				
Libor Rates (USD)	Latest	Wk ago	52-WEEK	
			High	Low
Libor Overnight	1.17889	1.17889	1.18000	0.41989
Libor 1 Week	1.19444	1.19611	1.20167	0.44788
Libor 1 Month	1.23833	1.23722	1.23889	0.52222
Libor 2 Month	1.27222	1.27278	1.27556	0.64438
Libor 3 Month	1.32944	1.32389	1.32944	0.83769
Libor 6 Month	1.49683	1.47111	1.49683	1.23363
Libor 1 Year	1.77539	1.73206	1.82761	1.55122

# Mandatory Obligations

- ▶ Borrowers are limited to the amount they can access in the first 12 months the loan is outstanding.

<b>% of PL</b>	<b>Max Proceeds in first 12 months</b>
<=50% MO	60% PL
>50%-60%	Up to +10%
>60%	Up to +10%

- ▶ Select an ARM loan to set up payment plans.
- ▶ Traditional single disbursement lump sum fixed rate products are closed-end with no payment plans. Borrower leaves all additional funds permanently unclaimed.

# The Disclosures

AMORTIZATION SCHEDULE, TALC AND TIL

# Amortization Schedule

- Uses expected rate by default; most likely average long-term rate over a period of several years.
- Although projections are shown annually the rate is applied monthly.
- The property value growth rate assumes 4% annual growth.
- Assumptions can be changed, but the final Amortization Schedule will use the expected rate and 4% property appreciation.
- The ongoing MIP rate is 0.5% annualized (set by HUD).

# Amortization Schedule (cont.)

- Projections go to the youngest borrower's 99<sup>th</sup> birthday.
- May show bi-annually depending on the borrower's age.
- Will always show at least 5 years, regardless of age.

Age of Youngest Borrower:	70	Product Selected:	HECM ARM 2.000
Expected Interest Rate:	4.240%	Initial Property Value:	400,000.00
Maximum Claim Amount:	400,000.00	Beginning Mortgage Balance:	198,161.95
Initial Principal Limit:	202,800.00	Expected Appreciation:	4.000%
Net Principal Limit:	4,638.05	Initial Line of Credit (Year 1):	4,638.05
Cash From Borrower:	0.00	Monthly Payment:	0.00
Cash To Borrower:	0.00	Monthly Servicing Fee:	0.00
Lien Payoffs with Reverse Mortgage:	180,000.00	Ongoing Mortgage Insurance (MIP)	0.5%
Financed Closing Costs:	18,161.95	Repair Set Aside:	0.00
Credit Applied:	(0.00)		

NOTE: Actual interest charges and property value projections may vary from amounts shown. Available credit will be less than projected if funds withdrawn from line-of-credit. Actual Life Expectancy Set-Aside payments may increase or decrease from the amounts shown based on changes to the property charge costs. The Actual Life Expectancy Set-Aside Balance may vary depending on the age of the youngest borrower, the interest rate and changes to the property charge costs. The projections are for illustrative purposes only.

In calculating the numbers included in the columns below entitled Interest + MIP, Home Value, Net Home Value and Remaining Equity, the following assumptions were made: interest rate of 4.240%, home appreciation rate of 4.000% and selling costs of 7%.

Amounts are rounded to whole dollars.

Year	Age	Remaining Line of Credit	LESA Payment	Cash Advance	Service Fee	Interest + MIP <sub>1</sub>	LESA Balance	Loan Balance	Home Value	Net Home Value <sub>2</sub>	Remaining Equity <sub>3</sub>
1	71	4,863	0	0	0	9,600	0	207,762	416,000	386,880	179,118
2	72	5,098	0	0	0	10,065	0	217,826	432,640	402,355	184,529
3	73	5,345	0	0	0	10,552	0	228,379	449,946	418,449	190,071
4	74	5,604	0	0	0	11,063	0	239,442	467,943	435,187	195,745
5	75	5,876	0	0	0	11,599	0	251,041	486,661	452,595	201,554
6	76	6,160	0	0	0	12,161	0	263,203	506,128	470,699	207,496
7	77	6,459	0	0	0	12,750	0	275,953	526,373	489,527	213,573
8	78	6,772	0	0	0	13,368	0	289,321	547,428	509,108	219,786
9	79	7,100	0	0	0	14,016	0	303,337	569,325	529,472	226,135
10	80	7,444	0	0	0	14,695	0	318,032	592,098	550,651	232,619
11	81	7,804	0	0	0	15,407	0	333,438	615,782	572,677	239,239
12	82	8,182	0	0	0	16,153	0	349,591	640,413	595,584	245,993
13	83	8,579	0	0	0	16,935	0	366,527	666,029	619,407	252,881
14	84	8,994	0	0	0	17,756	0	384,282	692,671	644,184	259,901
15	85	9,430	0	0	0	18,616	0	402,898	720,377	669,951	267,053
16	86	9,887	0	0	0	19,518	0	422,416	749,192	696,749	274,333
17	87	10,366	0	0	0	20,463	0	442,879	779,160	724,619	281,740
18	88	10,868	0	0	0	21,455	0	464,334	810,327	753,604	289,270
19	89	11,394	0	0	0	22,494	0	486,828	842,740	783,748	296,920
20	90	11,946	0	0	0	23,584	0	510,411	876,449	815,098	304,686

# Calculating Monthly Totals

- This monthly breakdown illustrates how interest is compounded monthly. It corresponds to the Amortization Schedule on the preceding page.

Original Principal Limit \$202,800.00					Assumed Int Rate 4.24%		
FHA MIP \$8,000.00					MIP 0.50%		
Orig Fee \$6,000.00					Prop Value \$400,000.00		
3rd Party Closing Costs \$4,161.95					Apprec Rate 4.00%		
Payoffs \$180,000.00							
Net principal Limit \$4,638.05					* does NOT include selling expenses		
				Remaining	Prop	Remaining	
				Loan Balance	Value	Equity*	
Month	Advances	Interest	MIP	\$198,161.95	\$4,638.05	\$400,000.00	\$201,838.05
1	\$0.00	\$700.17	\$82.57	\$198,944.69	\$4,656.37	\$401,333.33	\$202,388.64
2	\$0.00	\$702.94	\$82.89	\$199,730.52	\$4,674.76	\$402,671.11	\$202,940.59
3	\$0.00	\$705.71	\$83.22	\$200,519.46	\$4,693.23	\$404,013.35	\$203,493.89
4	\$0.00	\$708.50	\$83.55	\$201,311.51	\$4,711.77	\$405,360.06	\$204,048.55
5	\$0.00	\$711.30	\$83.88	\$202,106.69	\$4,730.38	\$406,711.26	\$204,604.57
6	\$0.00	\$714.11	\$84.21	\$202,905.01	\$4,749.06	\$408,066.96	\$205,161.95
7	\$0.00	\$716.93	\$84.54	\$203,706.49	\$4,767.82	\$409,427.19	\$205,720.70
8	\$0.00	\$719.76	\$84.88	\$204,511.13	\$4,786.65	\$410,791.94	\$206,280.82
9	\$0.00	\$722.61	\$85.21	\$205,318.94	\$4,805.56	\$412,161.25	\$206,842.31
10	\$0.00	\$725.46	\$85.55	\$206,129.95	\$4,824.54	\$413,535.12	\$207,405.17
11	\$0.00	\$728.33	\$85.89	\$206,944.17	\$4,843.60	\$414,913.57	\$207,969.40
12	\$0.00	\$731.20	\$86.23	\$207,761.60	\$4,862.73	\$416,296.62	\$208,535.02
<b>Annual total</b>		<b>\$8,587</b>	<b>\$1,013</b>			<b>Interest + MIP</b>	<b>\$9,600.00</b>



# Total Annual Loan Cost (TALC)

- The TALC provides an estimate of the loan's cost using a given set of conditions.

## Loan Terms

Age of Youngest Borrower:	70
Appraised Property Value:	\$400,000.00
Applied Home Value:	\$400,000.00

Interest Rate:	3.782%
Monthly Advance:	\$0.00
Initial Draw:	\$0.00
Life of Loan Line of Credit:	\$4,657.55
Length of Term:	TENURE
Product Selected:	Line Of Credit

Repayment limits: Net proceeds estimated at 93% of projected home sale.

## Initial Loan Charges:

Closing Costs:	\$0.00
Initial Mortgage Insurance Premium:	\$8,000.00
Liens and Disbursements:	\$180,000.00
Credit Applied:	\$0.00

## Monthly Loan Charges

Monthly Servicing Fee:	\$0.00
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## Other Charges

Mortgage Insurance:	0.5% annually
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- Disclosure periods vary on the youngest borrower's age.

APPRECIATION RATE	Total Annual Loan Cost Rate			
	Disclosure Period (Years)			
	2-Year Loan Term	8-Year Loan Term	15-Year Loan Term	21-Year Loan Term
0%	9.436%	5.612%	4.869%	3.454%
4%	9.436%	5.612%	5.029%	4.840%
8%	9.436%	5.612%	5.029%	4.840%

- Disclosure periods are 2 years,  $\frac{1}{2}$  life expectancy, life expectancy and 1.4 times life expectancy.
- The annual cost is affected by the appreciation rate and the length of time the loan is outstanding.
- Calculated using a non-recourse formula assuming the property might be sold at 93% of the projected property value.

# TALC (cont.)

Only when the loan balance surpasses the value, is the rate affected. Because of the loan's non-recourse provision, the borrower has received the full benefit of the loan, but is only responsible to pay back the value of the property.

Property Value \$ 400,000.00		Beginning Loan Balance \$198,142		
Loan Balance	Year	Estimated Property Value		
		0%	4%	8%
\$ 217,741.00	2	\$ 400,000.00	\$ 432,640.00	\$ 466,560.00
\$ 318,000.00	9	\$ 400,000.00	\$ 569,324.72	\$ 779,601.85
\$ 442,836.00	17	\$ 400,000.00	\$ 779,160.20	\$ 1,480,007.22
\$ 616,677.00	24	\$ 400,000.00	\$ 1,025,321.67	\$ 2,536,472.29
Appreciation Rate	Disclosure Period (Years)			
	2	9	17	24
0%	Balance	Balance	Property Value	Property Value
4%	Balance	Balance	Balance	Balance
8%	Balance	Balance	Balance	Balance

This illustration shows whether the loan balance or the property value must be paid back. When the loan balance must be paid back, the cost is not effected by property appreciation. The cost will decrease when the loan balance becomes greater than the property's value.

# The Projections

LESA, LOC GROWTH, LOAN GROWTH,  
PREPAYMENTS

# LESA – Example

Refer to HUD's FA Guide sections 5.3 and 5.6 pages 76-77

Fully Funded LESA		Partially Funded LESA	
Expected Interest Rate	4.50%	Expected Interest Rate	4.50%
Ongoing MIP	0.50%	Ongoing MIP	0.50%
Expected Rate + MIP	5.00%	Expected Rate + MIP	5.00%
Rate+MIP/12	0.4167%	Rate+MIP/12	0.4167%
Youngest Borrower Life Expectancy (Column 3 on TALC)	12	Youngest Borrower Life Expectancy (Column 3 on TALC)	12
Life Expectancy in months	144	Life Expectancy in months	144
<b>Annual Property Charges (property taxes, HOI, Flood)</b>	<b>\$4,000.00</b>	<b>MRIS (monthly shortfall)</b>	<b>\$100.00</b>
Allowance for property charge increases	1.2	Allowance for property charge increases	1.2
Annual Property Charges	\$4,800.00	Shortfall including allowance for Property Charge increases	\$120.00
Monthly Property Charges	\$400.00	Annual Shortfall	\$1,440.00
<b>LESA</b>	<b>\$43,428.57</b>	<b>LESA</b>	<b>\$13,028.57</b>

# LESA vs. No LESA

- ▶ LESA calculation allows for a lifetime of tax and insurance increases by multiplying the current amount by 20% and calculates growth just like a LOC.
- ▶ The two scenarios below illustrate a borrower whose taxes and HOI are \$4,000 annually. The LESA amount is calculated to be \$40,305.
  - ▶ Fully Funded LESA (Blue)- Taxes and insurances are scheduled to last until year 13, even allowing for annual increases.
  - ▶ Savings Account (green) - Pays T&I directly; funds last less than 10 years.

LIBOR Annual ARM 4.5% Expected Rate - T & I  
Paid by Lender from Fully Funded LESA

Year	LESA Payments	LESA Balance	SCENARIO Youngest Borrower: 76 Life Expectancy: 144 months (12 years) Expected Interest Rate: 4.5% Ongoing MIP: 0.5%
	Beginning Balance	\$40,305.55	
1	\$4,000.00	\$38,350.99	
2	\$4,066.67	\$36,229.49	
3	\$4,134.44	\$33,931.39	
4	\$4,203.35	\$31,446.52	
5	\$4,273.41	\$28,764.17	
6	\$4,344.63	\$25,873.06	
7	\$4,417.04	\$22,761.33	
8	\$4,490.66	\$19,416.47	
9	\$4,565.50	\$15,825.33	
10	\$4,641.60	\$11,974.05	
11	\$4,718.96	\$7,848.05	
12	\$4,797.60	\$3,431.97	
13	\$4,877.56	-\$1,290.33	

*Disclaimer: The estimates shown are based on the Expected Rate effective of 4.5% for a 76 year old borrower with a 12 year life expectancy. The beginning LESA balance is based on a first year LESA payout of \$4,000 and a remaining balance of \$36,305. The annual LESA payments assume a tax and insurance increase of 20% over the youngest borrower's life expectancy. The information being displayed is for illustrative purposes only. Actual numbers may vary based on interest rates, age and other factors. After LESA funds are exhausted, payment of taxes and insurance will be the responsibility of the borrower. Interest rates and funds available may change daily without notice. Please contact Reverse Mortgage Funding LLC (RMF) for details about credit costs and*

LIBOR ARM Annual 4.5% Expected Rate -  
Borrower Paying T & I from Savings

Year	T & I Payments	Savings Account Balance
	Beginning Balance	\$40,305.55
1	\$4,000.00	\$36,345.54
2	\$4,066.67	\$32,314.90
3	\$4,134.44	\$28,212.44
4	\$4,203.35	\$24,036.96
5	\$4,273.41	\$19,787.25
6	\$4,344.63	\$15,462.05
7	\$4,417.04	\$11,060.11
8	\$4,490.66	\$6,580.14
9	\$4,565.50	\$2,020.84
10	\$4,641.60	-\$2,619.12

**SCENARIO**  
Youngest Borrower: 76  
Life Expectancy: 144 months (12 years)  
Calculated Interest Rate: 0.10%  
Ongoing MIP: N/A  
\* Avg. current savings rate as published on bankrate.com

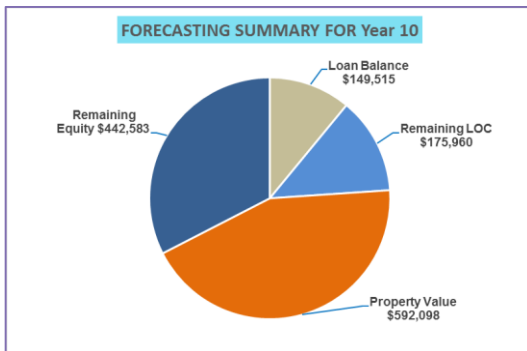
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# Line of Credit Growth

- Growth is determined by the Note Rate on the last day of the previous month + 0.5% / 12.
- LOC growth allows borrowers to take advantage of the anticipated property value growth.
- The growth of the line is similar to a increase on a credit card. It is not interest.
- The growth rate will change in tandem with the Note Rate.

LOC Growth Calculation		
		Monthly Growth
Note Rate on 3/31	4.211%	0.351%
+ Growth Rate	0.5%	0.04%
LOC Balance on 3/31		\$75,000
Estimated Annual Growth Rate	4.711%	0.39%
<b>Monthly LOC Growth for April</b>		<b>\$292.50</b>

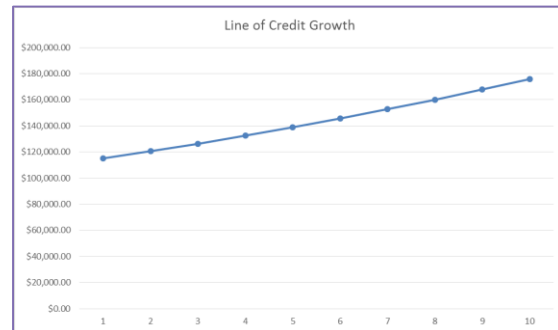
# Loan Growth – Expected Rate



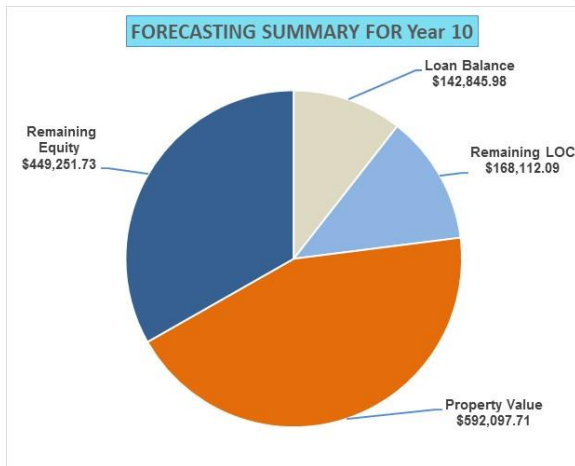
- Loan balance grows to \$149,515 in year 10.
- The LOC available: \$175,960
- Remaining equity: \$442,583

## Scenario/Assumptions

- 70 year old borrower
- Annual LIBOR 200
- \$400,000 Max Claim
- \$93,162 Loan Balance
- \$28,518 LOC first year, \$81,120 after
- No LOC withdrawals
- 4% property appreciation
- Expected rate – 4.24%



# Loan Growth – Initial Rate

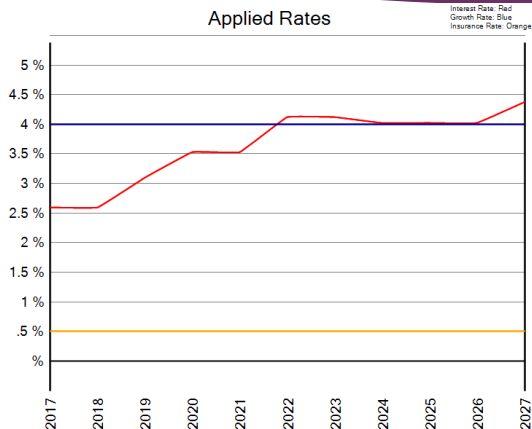


## Scenario/Assumptions

- 70 year old borrower
  - Annual LIBOR 200
  - \$400,000 Max Claim
  - \$93,162 Loan Balance
  - \$28,518 LOC first year, \$81,120 after
  - No LOC withdrawals
  - 4% property appreciation
  - Initial Rate – 3.782%
- Using the Initial (Note rate), the loan balance grows to \$142,846 in year 10.
  - The LOC available increases to \$168,112.
  - Remaining equity is still \$449,251



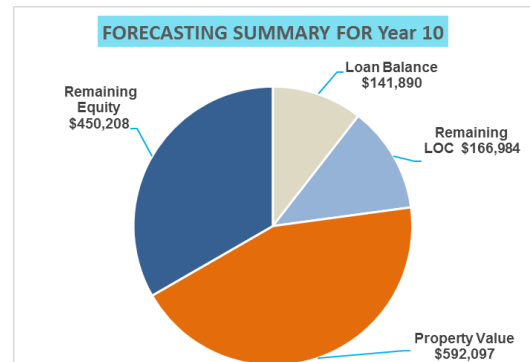
# Loan Growth – Yield Curve



## Scenario/Assumptions

- 70 year old borrower
- Annual LIBOR 200
- \$400,000 Max Claim
- \$93,162 Loan Balance
- \$28,518 LOC first year, \$81,120 after
- No LOC withdrawals
- 4% property appreciation
- Yield Curve

- Using the yield curve, the loan balance grows to \$141,890 in year 10.
- The LOC available is \$166,984.
- Remaining equity is \$450,208.



# Loan Growth - Summary

	<b>Expected Rate</b>	<b>Initial Rate</b>	<b>Yield Curve</b>
Loan Balance	\$149,514	\$142,846	\$141,890
Available LOC	\$175,960	\$168,112	166,984
Remaining Equity	\$442,582	\$449,251	\$450,208

# Partial Repayments

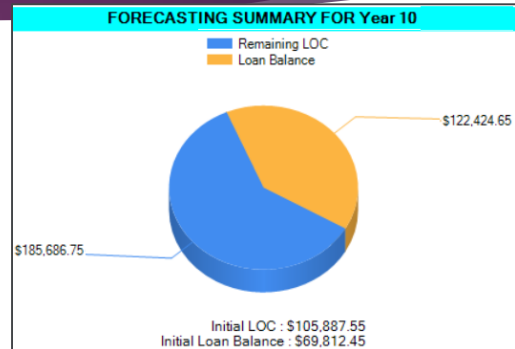
- ▶ When a repayment is made on a closed-end product, funds cannot be re-drawn.
- ▶ Partial repayments on ARM loans, however, go directly to reducing the loan balance and increasing their LOC.
- ▶ Although, the borrower sees a direct increase in their LOC and decrease in their loan balance, behind the scenes the payment is applied to the loan balance in a specific way:
  - ▶ Accrued MIP
  - ▶ Accrued monthly service fees (if app.)
  - ▶ Accrued interest
  - ▶ Principal
- ▶ When a partial repayment is made that is large enough to reduce accrued interest borrowers will receive a 1098 interest statement according to IRS regulation.

# Flexible Payments

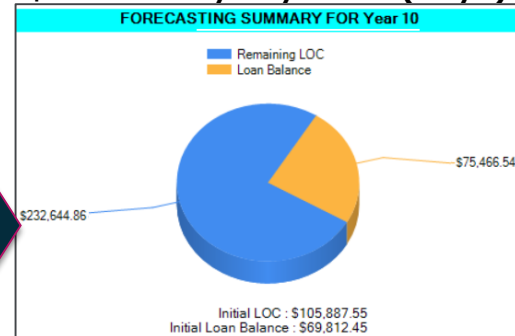
- ▶ You know that no monthly payments are required on HECMs, some think that is too good to be true. The fact is, while no payments are made, prepayments can be made at anytime, in any amount, and will increase the borrower's LOC (ARM loans only) dollar for dollar.
- ▶ Remember, interest and ongoing MIP is charged on the outstanding loan balance, so since partial prepays lower the loan balance, less interest and ongoing MIP is charged too.

Subtracting \$36,000 in total payment, still gives the borrower an additional \$10,958 in LOC.

## No Monthly Payments



## \$300 Monthly Payments (10 yr.)



# Monthly Statement

- Current Net Principal Limit – Needed for Streamline calculation
- Available Line of Credit
- Repair Set Aside
- Interest Rate Information
- Detailed Transaction Information

REVERSE MORTGAGE FUNDINGS  
P.O. Box 40724  
Lansing, MI 48205-0724

## Monthly Reverse Mortgage Statement

P.O. Box 40724  
Lansing, MI 48205-0724  
Customer Service: (866) 654-0020  
Toll Free Fax: (866) 616-2180

Date Printed: May 05 2014

Account Number: XXXXXXXXXX

Loan Type: HECM  
Current Payment Plan: Line of Credit  
Current Loan Status: Active

### THIS IS NOT A BILL

Statement Period: April 01 2014 to April 30 2014

Principal Limit Information		Line-Of-Credit Information	
Original Principal Limit	\$346,627.00	Original Line-Of-Credit Reserve	\$136,610.89
+ Growth of Principal Limit	\$306.98	+ Growth of Line-Of-Credit	\$0.00
- Service Fee Set Aside	\$0.00	- Current Line-Of-Credit Loan Balance	\$0.00
- Current Total Loan Balance	\$208,217.18	- Repair Set Aside	\$0.00
+ Deposit Set Aside	\$0.00	- 1st Year Property Charges Set Aside	\$0.00
- Tax & Insurance Set Aside	\$0.00	<b>Current Available Line-Of-Credit</b>	<b>\$136,610.89</b>
- 1st Year Property Charges Set Aside	\$0.00	<b>1st Year Line of Credit Available</b>	<b>\$0.00</b>
<b>Current Net Principal Limit</b>	<b>\$138,610.89</b>		
<b>1st Year Funds Available</b>	<b>\$0.00</b>		

### Interest Rate Information

#### Interest Rate April 2014

as published on 02/24/2014

	MIP Rates	Index	Margin	Loan Interest Rates
Apr. Daily Periodic Rate	0.0342%			0.06864%
Apr. Monthly Periodic Rate	0.10417%			0.25237%
Apr. Annual Periodic Rate	1.25000%	0.15300%	3.00000%	3.15300%

### Interest Rate Change Notice

On June 01 2014, the interest rate on your adjustable rate reverse mortgage will remain the same at 3.15300%.

Your May 01 2014 interest rate was based on an index value of 0.15300%. To determine your new interest rate going into effect on June 01 2014, we have indexed the current index value of 0.15300% as of April 30 2014, we made available by the Wall Street Journal, to the agreed upon margin of 3.00000% for a total new interest rate of 3.15300%. This new rate has not been rounded to the nearest 1/8th percent. The initial interest rate on your mortgage was 3.15300%, which may not be increased beyond 18.15300% during the life of the mortgage.

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### Detailed Transaction Information

Date	Description	Amount
	Previous Total Loan Balance	\$207,918.20
04/30/2014	Monthly Interest	\$215.53
04/30/2014	Monthly Mortgage Insurance Premium	\$85.45
	Current Total Loan Balance	\$208,217.18

# Review

- Interest Rates
  - Expected Rates and Look Up Floor
  - Note Rates
- Principal Limit Factors
- Payment Plan Math
- Ongoing MIP
- Amortization Schedule
- TALC
- Loan Growth
  - Line of Credit
  - Expected Rate
  - Initial Rate +
  - Yield Curve
- Partial Repayments
- Monthly Statements