Longbridge
Financial, LLC
The power of home.™

Want to cash in on your home equity?

Before you get a HELOC, consider the advantages of a HECM.

A Home Equity Line of Credit (HELOC) is the first—and sometimes only—option for accessing home equity people think of. But if you're a homeowner aged 62 or older, there's another way to tap into your equity that offers attractive advantages and flexible features.

In fact, a Home Equity Conversion Mortgage (HECM), commonly known as a reverse mortgage, was **specifically designed** to help seniors improve their cash flow and live more comfortably. Here are some of the advantages of a HECM versus a HELOC:

Monthly mortgage payments? Optional.

Unlike a HELOC, if you keep current with property taxes, homeowners insurance, and maintenance, you don't have to make monthly mortgage payments on a HECM.

No freezing of funds allowed.

A HELOC can be reduced or frozen at any time. With a HECM, the lender can't reduce or freeze the amount of money available to you.

Get your cash, your way.

A HELOC only offers a line of credit. With a HECM, you can choose to take the proceeds as a lump sum, a line of credit as monthly disbursements, or in any combination of these options.[1]

A line of credit that grows.[2]

If you choose the line of credit option, the amount available to you grows over time. A HELOC does not.

The answers you need.

Third-party reverse mortgage counseling is required by HUD to help ensure that you understand your options and responsibilities, and all of your questions are answered. It's a safeguard built into the program that a HELOC doesn't provide.

Protection for you and your heirs.

A HECM is a "non-recourse" loan. That means you or your heirs can never owe the lender more than the home is worth at the time of its sale. A HELOC doesn't provide this protection.

Qualifying factors for a HECM include being a homeowner aged 62 or older, using the home as your primary residence, and being able to keep current with taxes, insurance, and maintenance. Qualifying for a HELOC is primarily based on credit score and income—not ideal for retirees on a fixed income.

AT A GLANCE: facts you need to know.

FEATURE	HECM	HELOC
Allows access to home equity cash?	Yes	Yes
Allows you to retain title and home ownership?	Yes[3]	Yes
Requires monthly mortgage payments?	No[3]	Yes
Can be reduced or frozen by the lender?	No	Yes
Line of credit grows?	Yes[2]	No
Provides independent, HUD-approved counseling?	Yes	No
Insured by the Federal Housing Administration?	Yes	No
Annual fee may be required to keep the loan open?	No	Yes
Fee charged for early repayment?	No	Yes[4]

HECM: a smart financial strategy, now and in the future.

Even if you don't need money now, some financial experts advise that putting a HECM line of credit in place, to draw from as needs arise, may give you a better chance of weathering financial storms and unexpected expenses down the road.[5]

With a HECM there's no hard deadline for repayment. As long as you meet the loan terms,[3] it only comes due when a maturity event occurs—such as when the last borrower permanently leaves the home. HELOC loans typically come due after 10 years; but often, making minimum payments doesn't pay off the loan. In that case, borrowers can be hit with a "balloon payment" requiring them to come up with a large lump sum to cover the remaining debt—a daunting financial prospect for many seniors.

Plus, you can increase your cash flow. With a HECM, proceeds are first used to pay off any existing mortgage balance, and you get the rest. Since no monthly payments are required on the HECM,[3] that's a significant amount of cash you could save and redirect for other needs.

Longbridge can help you unlock the Power of Home™ with a HECM loan:

Call: 855.523.4326

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1. Borrowers who elect a fixed rate loan will receive a single disbursement lump sum payment. Other payment options are available only for adjustable-rate mortgages.
2. If part of your loan is held in a line of credit upon which you may draw, then the unused portion of the line of credit will grow in size each month. The growth rate is equal to the sum of the interest rate plus the annual mortgage insurance premium rate being charged on your loan.
3. You must meet your loan obligations by keeping current with property taxes, homeowners insurance, and home maintenance.
4. Typically when the lender does not charge closing costs to open the HELOC.
5. Pfau, Wade D. 2016. "Incorporating Home Equity into a Retirement Income Strategy." Journal of Financial Planning 29 (4): 41–49.