



## HECM FAQ

### Our Top 10 List of the Most Common Questions About HECM Reverse Mortgage Loans

#### 1. What is a HECM? (hek-um)?

A Home Equity Conversion Mortgage is also called a reverse mortgage and it allows borrowers to convert some of their home equity into useable cash.

#### 2. What kind of interest rate can I get?

First Bank provides both fixed and variable rate HECM loans.

#### 3. How can I take the money?

There are many ways to take your money; different plans have different options. You can choose any of these flexible loan disbursement options:

- A lump sum at closing or after
- "Tenure" payments which continue for as long as you live in the home
- "Term" payments for a set period of time
- A line of credit to draw on as needed or any combination of these, plus the ability to change your payment plan as needed.

#### 4. Are there restrictions on what I can use the money for?

You can use your reverse mortgage loan proceeds for anything you choose; supplement monthly living expenses, paying for home repairs or renovations, covering medical costs, or consolidating credit card debt. If you have an existing mortgage loan, we must have enough proceeds from the new HECM mortgage to pay off the existing mortgage.

#### 5. Are there any pre-payment penalties?

NO!

#### 6. How does it get paid back?

Repayment is required when the last surviving borrower no longer resides at the property or taxes and insurance on property are not kept current. The property must also be kept in good repair.

#### 7. Who "owns" my home?

You always continue to own your own home!

#### 8. My credit is not great, can I still qualify?

While there are no credit score requirements, we still need to assess your income and credit for the purposes of qualifying for this loan.

#### 9. Are the proceeds considered income?

Proceeds from a reverse mortgage are not considered income. HECM proceeds do not affect Social Security or Medicare benefits. Consult your tax advisor for more details.

#### 10. Can I buy a home using a HECM?

Yes! A HECM mortgage loan can help you downsize by allowing you to use this product to purchase a new home.

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FirstBank is a Tennessee State chartered Depository Bank regulated by the FDIC. HUD-approved Direct Lender. A Reverse Mortgage is an FHA-insured loan. Homeowners must be 62 years of age or older and live in the home as their primary residence. Homes must meet FHA/HUD minimum property standards. Borrowers must maintain hazard and flood insurance premiums, property taxes, utilities and make any property repairs. Although there are no monthly principal and interest mortgage payments, interest accrues on the portion of the loan amount disbursed. Reverse mortgages can use up all or some of the equity in your home and the amount you owe on a reverse mortgage grows over time. Loan must meet underwriting requirements. Program rates, fees, terms and conditions are not available in all states and subject to change. FirstBank Mortgage is a division of FirstBank. All products and services offered through FirstBank NMLS# 472433. This document is advertising by FirstBank and is not from FHA/HUD. This document is not approved by any government agency.

