



CONSUMER FACT SHEET for HECM Saver

Beginning October 4, 2010, homeowners seeking to obtain a FHA Home Equity Conversion Mortgage (HECM) will have the option of reducing their closing costs by selecting HECM Saver as their initial mortgage insurance premium. The HECM Saver differs from the traditional HECM Standard Program in that eligible borrowers 62 and older will be charged significantly lower upfront fees. However, the lower upfront fees do result in less money being made available to the borrower than is available under HECM Standard.

There are no additional eligibility requirements for HECM Saver; homeowners just need to meet existing HECM program requirements. HECM Saver is available for all HECM transaction types and payment plans. Additional information about HECM Saver can be obtained from a HUD-approved HECM Counselor or FHA-approved lender.

What is the amount of the initial mortgage insurance premium for HECM Saver?

- The amount of the initial mortgage insurance premium is 0.01% of the maximum claim amount (lesser of sales price, appraised value, or FHA mortgage limit of \$625,500).

What are the advantages of HECM Saver?

- The upfront fees of obtaining the loan are significantly reduced.

What are the disadvantages of HECM Saver?

- The amount of money available to the borrower is lower.

Can I receive a refund if I refinance from an existing FHA-insured loan (forward or reverse) into a new HECM?

- No. FHA does not refund the initial mortgage insurance premium for any type of refinance transaction. Homeowners may receive a credit for the amount of initial mortgage insurance premium previously paid on an active FHA-insured HECM loan to reduce the amount due on the new refinance loan.

How much will I receive?

- The amount that may be received will vary by individual loan. Contact a HUD-approved HECM counselor or FHA-approved lender to discuss your particular financial circumstances and the amount that may be available.

What is the alternative to selecting HECM Saver?

- Homeowners may select HECM Standard. Homeowners selecting HECM Standard will be required to pay a higher initial mortgage insurance premium (2% of the FHA maximum claim amount) which will increase the amount of money needed to close the HECM transaction. However, the homeowner may borrow a larger amount.

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