

## Downsizing for Dollars with a HECM Loan

### Step One: Sell existing home:

Sale Price	1,200,000	
Pay off existing mortgage	510,000	(eliminate monthly mortgage payments)
Sale and Transfer Fees	75,000	
Capital gains	estimated 165,000	(check with your tax advisor)
<b>Net Cash left over from sale</b>	<b>\$450,000</b>	

### Step Two: Purchase a new home and increase investable assets:

Cost of new home	765,000	
HECM proceeds	410,000	+/- depending on age and interest rate at time of application
Buyer pays	355,000	from cash on hand (out of \$450,000 net cash at closing of Step 1: Sale of former home)

### Cash left over after purchase to save or invest \$95,000!

NO MONTHLY MORTGAGE PAYMENT / Never pay rent ever / Revolving Line of Credit (ARM) or Fixed-rate / Credit-line increases monthly even if home value decline s/ Open-ended term

No Prepayment Penalty / Proceeds are Non-taxable / Federally-guaranteed to be there when you need it most / non-cancellable / non-reducible / non-freezable / non-recourse

Home remains in buyers name and can be sold or refinanced at anytime with no prepayment penalty. Loan is due when last remaining borrower permanently vacates the home.

### This Buyer has completely changed their financial position by:

1. Eliminating a monthly mortgage payment for life
2. Putting \$95,000 to work Creating More Income for retirement
3. Increasing Cash-flow during Retirement

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