

U.S. Department of Housing and Urban Development (HUD)

HOME EQUITY CONVERSION MORTGAGE (HECM)

EXHIBIT 1 - ADJUSTABLE RATE MORTGAGE PAYMENT PLAN¹

Date Payment Plan Commences: _____

FHA Case No.: _____

Name of Lender: _____

Name of Borrower(s) and Eligible Non-Borrowing Spouse, if applicable:

Birthdate:

____/____/____

____/____/____

____/____/____

Indicate the Payment Plan Option:

First 12-Month Disbursement Period Expiration Date:

Expected Average Mortgage Interest Rate:

_____ %

Was the Expected Average Mortgage Interest Rate locked?

Yes No

Date used to select the Index for establishing the Expected Average Mortgage Interest Rate and calculating the Principal Limit:

Initial Mortgage Interest (Note) Rate:

Mortgagee's Margin:

Real estate taxes and insurance premiums to be paid?

Check One:

Required Fully-Funded LESA

Required Partially-Funded LESA

Voluntary Fully-Funded LESA

Borrower Responsible 24 CFR § 206.205(e)

Borrower Elects Mortgagee Pay Option 24 CFR § 206.205(d)

¹ Published 10/31/2023. Effective for case numbers assigned on or after 04/29/2024.

Calculation of Disbursements

| | |
|-------------------------------|----------|
| 1. Principal Limit (PL) | \$ _____ |
| 1a. 10% of PL | \$ _____ |
| 1b. 50% of PL | \$ _____ |
| 1c. 60% of PL | \$ _____ |
| 2. Additional 10% of PL Usage | \$ _____ |

Mandatory Obligations and Set-Asides:

| | |
|---|------------|
| 3. Initial Mortgage Insurance Premium (MIP) | \$ _____ |
| 4. Other Closing Costs | \$ _____ |
| 5. Discharge of Liens | \$ _____ |
| 6. Contract Sales Price | \$ _____ |
| 7. Repair Set-Aside | \$ _____ |
| 8. 1 st Yr. Property Charge Set-Aside Disbursements | \$ _____ |
| 9. 1 st Yr. Life Expectancy Set-Aside (LESA) Disbursements | \$ _____ |
| 10. Mandatory Obligations (Add Line 3 through Line 9) | \$ _____ |
| 11. Cash from Borrower | (\$ _____) |
| 12. Cash from Lender/Interested Party Contribution | (\$ _____) |
| 13. Mandatory Obligations Financed by HECM [Line 10 – Line 11 – Line 12] | \$ _____ |
| 14. Servicing Fee Set-Aside (SFSA) | \$ _____ |
| 15. LESA Amount | \$ _____ |
| 16. Net LESA Amount After 1 st Yr. [Line 15 – Line 9] | \$ _____ |

Initial Disbursement Limit Determination:

| | |
|---|----------|
| 17. 60% of PL | \$ _____ |
| 18. Mandatory Obligations plus 10% of PL | \$ _____ |
| 19. Enter the Greater of Line 17 or Line 18 | \$ _____ |
| 20. Enter the amount of Line 1 – Line 14 – Line 16 | \$ _____ |
| 21. Initial Disbursement Limit [Lesser of Line 19 or Line 20] (This amount may not exceed Line 1.) | \$ _____ |

First Year Funds:

22. Initial Loan Advance to Borrower \$ _____
23. Total Deductions [Line 2 + Line 13 + Line 22] \$ _____
24. Net Initial Disbursement Limit [Line 21 – Line 23] \$ _____
(This amount may not produce a negative amount.)

Net Principal Limit:

25. Net Principal Limit [Line 1 – Line 14 – Line 16 – Line 23] \$ _____

Designation of Funds:

26. Amount available for Line of Credit \$ _____
27. Outstanding Balance \$ _____
28. Amount available for Monthly Payments \$ _____

Scheduled Payments (select either Term or Tenure, if applicable):

29. ___ Term (Remaining) ___ Yrs. ___ Mos.
30. ___ Tenure
31. Monthly Payment \$ _____
32. Monthly Withholding (Tax & Insurance) \$ _____
33. Net Monthly Payment [Line 31 – Line 32] \$ _____

I/We, the undersigned, certify under penalty of perjury that the information provided above is true, correct, and accurate.

Name of Lender's Representative: _____

Title of Lender's Representative: _____

Signature of the Lender's Representative: _____ Date: _____

By signing below, the Borrower(s) agree(s) that this document accurately describes the principal features of the current payment plan chosen by the Borrower(s).

Borrower Signature: _____ Date: _____

Borrower Signature: _____ Date: _____

WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §§ 3729, 3802)

Instructions for Completing the Borrower's Payment Plan

This form is to be completed at loan closing (closing) and whenever the borrower chooses a different payment plan option or has the payment plan re-calculated. This form, when completed at closing, must be attached to the Loan Agreement.

Line 1. Enter the borrower's current principal limit, calculated in accordance with FHA regulations and requirements, regardless of whether the form is completed at closing or after closing. Lines 1a through 1c are applicable when the form is completed at closing.

Line 2. Enter the amount the borrower chooses to receive during the First 12-Month Disbursement Period when mandatory obligations exceed 50% of the principal limit, calculated in accordance with FHA regulations and requirements. This line is not applicable after the First 12-Month Disbursement Period ends and "N/A" may be entered.

Line 3. Enter the amount of the initial MIP, calculated in accordance with FHA regulations and requirements, only when this form is completed at closing.

Line 4. Enter the amount of other closing costs financed into the mortgage that are not already listed, including delinquent federal debt. After closing, "N/A" may be entered as this line is not applicable after closing.

Line 5. Enter the amount of any existing liens on the property that meet FHA seasoning regulations and requirements and will be paid-in-full at closing from HECM funds. For HECM-to-HECM refinance transactions, include existing HECM debt. Do not include liens against the property that will be subordinated. After closing, "N/A" may be entered as this line is not applicable after closing.

Line 6. Enter the amount of the contract sales price for purchase transactions. After closing, "N/A" may be entered as this line is not applicable after closing.

Line 7. Enter the amount of HECM funds necessary to pay for required repairs completed after closing. The amount can be found on the Repair Rider - Exhibit 3 of the Loan Agreement when this form is completed at closing. After closing, enter the amount of any remaining funds for required repairs that have not yet been completed.

Line 8. Enter the amount of HECM funds necessary to pay for property charges to be assessed during the first year of the mortgage when the borrower elects to have the lender pay such charges (see 24 CFR § 206.205(d)) and cannot be collected after the mortgage has closed.

Line 9. Enter the amount of HECM funds, calculated in accordance with FHA regulations and requirements, to be disbursed during the first year of the mortgage from the LESA for the payment of real estate taxes and/or hazard and flood insurance premiums.

Line 10. Enter the sum of adding Lines 3 through Line 9.

Line 11. Enter the amount of personal funds the borrower will bring to settlement to offset the closing costs and/or the amount needed to satisfy liens against the property. An amount must be

entered when mandatory obligations exceed the principal limit or when the borrower voluntarily elects to pay a portion of their closing costs from personal funds.

Line 12. Enter the amount the lender will pay at loan closing towards the borrower's closing costs, including lender credits from premium pricing and Interested Party Contributions for purchase transactions.

Line 13. Enter the difference of Line 10 minus Line 11, and minus Line 12. This amount may not exceed the principal limit or Initial Disbursement Limit.

Line 14. Enter the amount of the Servicing Fee Set-Aside, calculated in accordance with FHA regulations and requirements. "N/A" may be entered when the servicing fee is included in the borrower's Note Rate. After closing, enter the amount of any funds remaining for monthly servicing charges.

Line 15. Enter the full amount of the LESA, calculated in accordance with FHA regulations and requirements.

Line 16. Enter the difference of Line 15 minus Line 9. This is the amount of funds that will remain in the LESA, upon the expiration of the First 12-Month Disbursement Period, for the payment of real estate taxes and/or hazard and flood insurance premiums.

Line 17. Enter the amount from Line 1c.

Line 18. Enter the sum of adding Line 10 and Line 1a.

Line 19. Enter the greater amount of Line 17 or Line 18.

Line 20. Enter the difference of Line 1 minus Line 14, and minus Line 16.

Line 21. Enter the Initial Disbursement Limit, which is the lesser of Line 19 or Line 20, only when this form is completed at closing. This amount may not exceed the principal limit in Line 1.

Line 22. Enter the amount of the initial loan advance made to the borrower at closing. When this form is completed after closing, enter the amount of any unscheduled payments as a result of the payment plan change.

Line 23. Enter the sum of adding Line 2, Line 13, and Line 22.

Line 24. Enter the borrower's net Initial Disbursement Limit available through any combination of line of credit payment or monthly payments during the remainder of the First 12-Month Disbursement Period, which is the difference of Line 21 minus Line 23. After the First 12-Month Disbursement Period, "N/A" may be entered on this line.

Line 25. Enter the borrower's estimated net principal limit available through any combination of line of credit payment or monthly payments upon the expiration of the First 12-Month Disbursement Period, which is the difference of Line 1 minus Line 14 minus Line 16 minus Line

23. This amount does not include any increase to the principal limit during the First 12-Month Disbursement Period.

Line 26. Enter the amount designated by the borrower to be available as a line of credit. During the First 12-Month Disbursement Period, this amount may not exceed Line 24 less any amount designated for either term or tenure payments. After the First 12-Month Disbursement Period, this amount may not exceed Line 25 less any amount designated for either term or tenure payments.

Line 27. Enter the current outstanding balance on the mortgage if the form is completed after closing. The outstanding balance is the amount of any payments made to or on behalf of the borrower including loan advances, payments from a line of credit or monthly payments, plus any interest and fees that have accrued since those payments were made. At closing, "N/A" may be entered as this line is not applicable until after closing.

Line 28. Enter the amount of funds available for monthly payments to the borrower. If this form is completed at closing and during the First 12-Month Disbursement Period, enter the sum of Line 24 minus Line 26. After the First 12-Month Disbursement Period, enter the sum of Line 25 minus Line 26.

Line 29. If the borrower wishes to receive monthly payments for a specified term, enter the term chosen by the borrower. If the form is completed after closing, and the borrower is not changing the term previously chosen, enter the remaining time left in the term.

Line 30. If the borrower wishes to receive monthly payments for the rest of their life, in accordance with FHA regulations and requirements, indicate selection of the tenure option.

Line 31. Enter the amount of the monthly payment calculated in accordance with FHA regulations and requirements.

Line 32. Enter the monthly amount necessary to cover one-twelfth (1/12) of the borrower's annual property charges. This amount is deducted from the borrower's monthly payment but is not added to the outstanding balance until the charges are actually paid. This line is not applicable for loans with a LESA or for loans in which the borrower has responsibility for paying property charges.

Line 33. Enter the amount of the monthly payment that the borrower will receive, which is the difference of Line 31 minus Line 32.

If the lender and the borrower have established a graduated payment schedule from the funds available in the borrower's line of credit, attach the schedule to this form.