

U.S. Department of Housing and Urban Development (HUD)
HOME EQUITY CONVERSION MORTGAGE (HECM)
EXHIBIT 1 - FIXED 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:

____/____/____

____/____/____

____/____/____

Payment Plan Option: Single Lump Sum

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)	\$ _____
a. 10% of PL	\$ _____
b. 50% of PL	\$ _____
c. 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]	\$ _____

Borrower's Advance 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. Borrower's Advance [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] \$ _____

Net Principal Limit:

24. Net Principal Limit (Not Available to the Borrower)
[Line 1 – Line 14 – Line 16 – Line 23] \$ _____

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 must be attached to the Loan Agreement.

Line 1. Enter the borrower's current principal limit, calculated in accordance with FHA regulations and requirements.

Line 2. Enter the amount the borrower chooses to receive at closing when mandatory obligations exceed 50% of the principal limit, calculated in accordance with FHA regulations and requirements.

Line 3. Enter the amount of the initial MIP, calculated in accordance with FHA regulations and requirements.

Line 4. Enter the amount of other closing costs financed into the mortgage that are not already listed, including delinquent federal debt.

Line 5. Enter the amount of any existing liens on the property that meet FHA seasoning regulations and requirements that 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.

Line 6. Enter the amount of the contract sales price for purchase transactions.

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.

Line 8. Enter the amount of any HECM funds necessary to pay for property charges to be assessed during the first year of the mortgage when 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 Borrower's Advance.

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.

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 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 Borrower's Advance, the lesser of Line 19 or Line 20.

Line 22. Enter the amount of any initial loan advance made to the borrower at closing.

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

Line 24. Enter the difference of Line 1 minus Line 14 minus Line 16 minus Line 23. This amount is not available to the borrower after closing under any circumstances.