

HECM LESA vs. SecureEquity® LESA

On a HECM, a LESA stands for *Life Expectancy Set Aside* and on SecureEquity loans it stands for *Lender Established Set Aside*, that's not the only difference between the two.

	HECM Life Expectancy Set Aside (LESA)	SEQ Lender Established Set Aside (LESA)
Partially or Fully Funded	Fully Funded and Partially Funded <i>Note: Partially Funded is only available on ARMs that are 75% of a fully funded or less with no credit issues exist.</i>	- SecureEquity® ARM, Fixed, Fixed Plus - Full Funded only
Voluntary Set Aside	Yes – Fully Funded only	Yes – Fully Funded only
When Required	- Fully Funded: Borrower(s) who do not meet satisfactory credit guidelines without acceptable Extenuating Circumstances - Partially Funded: Cash Flow doesn't meet guidelines but otherwise meets satisfactory credit guidelines	- Borrower(s) who do not meet satisfactory credit guidelines without acceptable Extenuating Circumstances. - Borrower(s) with mid-FICO score of less than 600. - If Residual Income doesn't meet satisfactory credit guidelines
Product Availability	All (HECM Fixed - Fully Funded only)	SEQ LESA product must be selected
What fees are included	All taxes and insurance	
What fees are NOT included	- Homeowner Association dues, - Ground Rents, - Condominium and PUD fees, - Any other special assessments levied by municipalities and state law that are not included in property taxes.	
Allowance for T&I life of loan increases	20%	
Life expectancy used for Calculation	Youngest borrower (NBS not included)	
Set Aside Growth Rate	Note Rate + .5% (all products)	No growth
Can be terminated and/or recalculated	No	
Can funds run out?	Yes	
What happens if funds run out?	Borrower notified by Servicer set aside balance is insufficient to pay next tax or insurance bill.	
Who pays T&I	- Fully Funded paid directly to municipality or insurance company. - Partially Funded paid semi-annually directly to the borrower	Paid directly to municipality or insurance company.
Funded by the borrower	Borrower may pay down mandatory obligations before Closing	Borrower may pay down mandatory obligations before Closing or bring verified funds to Closing.
HOI	If policy renews within 60 days of closing, the premium for the renewal policy(ies) must be paid prior to or at closing.	