

Prepayments on a SecureEquitysm ARM

SecureEquitysm ARMs must close with an initial loan balance of at least 25% of the Principal Limit (PL). Borrowers may make partial prepayments in any amount, at any time; however, the first 25% of prepayments is not eligible to be re-drawn.

Why Make Partial Prepayments

Just because the entire amount of prepayments can't be drawn later, doesn't mean there is no advantage to making partial prepayments.

- Keeping a lower loan balance, which also means accumulating less interest.
- After the initial 25% of prepayments, funds can be redrawn for 10 years.

Note: Full prepayments will close the borrower's loan.

Mrs. Crawley wants to conserve as much equity in her home as possible and since she is still working, she will be making prepayments from time to time.

Initial Principal Limit: \$500,000 UPB: \$300,000 Beginning LOC: \$200,000 25% of PL: \$125,000	Partial Prepay	Amount	Can Prepayment be redrawn
	1	\$60,000	No
	2	\$65,000	No
	3	\$40,000	Yes

Mrs. Crawley has full access to her \$200,000 LOC from loan funding and when her partial prepays add up to \$125,000, additional prepays will be available in her LOC and will grow along with any LOC funds at 1.5% annually for 7 years from loan closing and she will be able to draw for 10 years.

Mr. Stevens inherited some money and wants to make a partial prepayment on his loan. He wants to understand how much of the payment he could take out later if he needs it?

Initial Principal Limit: \$300,000 UPB: \$150,000 Beginning LOC: \$150,000 25% of PL: \$75,000	Partial Prepay Amount	Amount that CANNOT be redrawn	Amount that CAN be redrawn
	\$100,000	\$75,000	\$25,000

\$25,000 of Mr. Steven's partial prepayment will be available in his growing LOC. If he makes partial prepayments later those funds could also be redrawn for 10 years from loan closing.*

**The Line of Credit on EE loans grow at 1.5% annually for 7 years and can be redrawn for 10 years*

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