

SecureEquity® ARM vs. HECM LOC

Although annual increases in HECM Lending Limits are helpful for higher valued homes, it also comes with higher potential amounts of Upfront MIP. In 2025 a borrower might pay up to \$24,195 and that doesn't include ongoing MIP of 0.5% annually; SecureEquitysm has neither!

Let's compare a 74-year-old borrower in California with a \$1,500,000 home. The green highlights show where SecureEquitysm has the advantage.

Less MIP - Since SE is not a government insured loan, there is no MIP, but it's still non-recourse! Ongoing MIP on the HECM means an additional \$3000+ after 10 years, without LOC draws.

Higher Values - Borrowers with homes under \$10,000,000 get to "use" all their property's value instead of just \$1,209,750.

Higher Loan Amounts - The borrower gets almost \$230,000 more in Principal Limit with the SE ARM.

Lower Closing Costs - No upfront MIP saves the borrower over \$24,000 in Closing Costs. Although the Origination fee is higher on SE, this is an ARM and can be reduced by you. From \$30,000 all the way to \$0.

More Proceeds - SE provides more than twice as much as the HECM to fund the LOC with no first-year disbursement limit.

No Disbursement Limits - Borrowers who need more funds in year 1 can almost \$350,000 more with SE.

	SecureEquity ARM	HECM CMT Monthly 5%
Index	1y cmt	1y cmt
Margin/Rate	Margin: 5.749%	Margin: 2.250%
Expected/Initial Rate	9.409%	6.375% / 5.875%
Interest Rate Cap	14.409%	10.875%
MIP Rate	0.000%	0.500%
Monthly Servicing Fee	\$20.00	
Initial LOC Growth Rate	1.500%	6.375%
Estimated Property Value	\$1,500,000.00	\$1,500,000.00
Max Claim Amount	\$1,500,000.00	\$1,209,750.00
Principal Limit	\$730,500.00	\$503,256.00
- Mortgage Insurance	\$0.00	\$24,195.00
- Origination Fee	\$30,000.00	\$6,000.00
- Other Fees	\$2,675.55	\$2,675.55
- Liens Payoff	\$300,000.00	\$300,000.00
Available Funds	\$397,824.45	\$170,385.45
		For 1st Year: \$50,325.60
Available Tenure		\$1,166.92
Disbursement	Cash \$0.00 LOC \$397,824.45	Cash \$0.00 Monthly \$0.00 LOC \$170,385.45 \$50,325.60 for 1st year
Additional Information		
Mandatory Obligations	\$332,675.55	\$332,870.55
Initial Disbursement Limit	\$730,500.00	\$383,196.15
Additional 10% Usage		\$50,325.60
UPB	\$332,675.55	\$332,870.55

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