

What's Hiding In Your Home Loan? Five Factors Every Homeowner Should Know to Maximize Mortgage Management

A study recently released by Countrywide Home Loans revealed that many homeowners may not be fully capitalizing on the powerful fiscal opportunities within their homes. Ninety percent of survey homeowner respondents admitted that their home is one of their most important assets, yet nearly half indicated they would never consider leveraging their mortgage and available equity as a financial management tool.

These findings suggest that Americans may be neglecting to recognize their home as an asset that can—and should—be managed like other investments in their portfolios. Survey results also underscore the widespread misperceptions that exist about mortgages, including how they work, their flexibility, and their place in an individual's overall financial package.

When it comes to stocks, for example, it's considered obvious for Americans to keep an eye on and take action on their investments to maximize growth potential, but the same doesn't seem to hold true for their homes. Instead, many homeowners simply stick with their original mortgage, even if it may not make the most sense to do so.

To empower homeowners with strategies that can help them maximize and effectively manage their mortgages, Countrywide Home Loans imparts a few options worth checking out:

- **Cash In on Cash-Out—For Upgrades and More.**

Increased home values over time may mean that many people's home equity has grown significantly. So, the time may be right for them to consider refinancing and pulling money out of their home equity in a lump sum to fund repairs, renovations or other expenditures. After all, any upgrades made may add to their home's value in the long run. A cash-out refinance could be a smart solution that may make the most of their investment by generating a source of funds needed to meet personal and financial goals.

- **Unlock the HELOC Opportunity—Spending and Saving.**

Used to fund everything from major home improvements and vacations to college tuition and debt consolidation, home equity lines of credit (HELOCs) have proven to be a smart choice for many homeowners because, unlike regular credit cards, the interest paid on these credit lines is often tax deductible (a tax advisor can provide details.) Plus, since the interest rates on HELOCs are generally lower than on credit card or installment loans, the monthly payments are also lower.

A HELOC also can provide a safety net in the event of emergencies or unforeseen expenses because borrowers can tap the unused line of credit, which typically does not require a payment until it is accessed. And, interest-only payments usually are allowed on amounts drawn for at least the first five years and often for the first 10 years. (HELOCs are typically 25-year loans and their rates vary according to the prime rate.) Some HELOC products also have a “no-cost” feature that waives the initial appraisal and application fees.

- **Consider Your Best Interest—Changing and Deferred.**

If a homeowner currently has an adjustable rate mortgage (ARM), they should be sure to monitor their monthly statement, understand how the loan’s interest rate is changing, and pay attention to deferred interest on option ARM products. When these rise outside of homeowners’ comfort zones, it may be a wise move to refinance with a different loan that has a lower rate, a fixed payment, a different loan term, or other features that make the most sense in their current financial situation. Making a move to refinance when the time is right could save money in the long run or in the short term, depending on their needs.

- **Help Yourself to Seconds—Vacation Homes and Investment Properties.**

In recent years, many homeowners are using the equity from their first home to springboard into a second home or other investment property. This can be an excellent way to maximize their current investment to build assets and bolster their financial portfolio.

- **Move Ahead with Reverse Mortgages—Payments and Peace of Mind.**

For homeowners who are at least 62 years old, a reverse mortgage can be a great and simple way to access available equity in a home and obtain a source of funds for everything from daily expenses and medical bills to maintaining a leisurely retirement lifestyle. There are generally no restrictions on how borrowers can use the loan proceeds, which usually can be obtained in a lump sum, monthly, through a line of credit, or other payment structures.

A reverse mortgage enables seniors to remain in their homes for the remainder of their lives if they wish. And, funds received from a reverse mortgage are generally categorized as loan advances and not taxable income (borrowers should consult their tax advisors for details). Reverse mortgages also are usually “non-recourse,” which means that the borrower, their heirs, or their estate will not owe more than the appraised market value of the home at the time of maturity of the loan, even if the loan balance is higher.

Borrowers should obtain as much information as possible before obtaining a reverse mortgage and consult with their family, a financial or tax advisor, and other resources to fully explore all of their options so they can make an informed decision that's right for them.

For more information about these and other smart mortgage management tips, homeowners should call 800-570-9888.

***About Countrywide Home Loans, Inc.**

Countrywide Home Loans, Inc., a member of the Countrywide® family - America's #1 home loan lender – (as ranked for 2005 by Inside Mortgage Finance, Jan. 27, 2006, Copyright 2006), originates, purchases, securitizes, sells and services home loans and is the primary subsidiary of Countrywide Financial Corporation (NYSE: CFC). Countrywide Financial Corporation, through its subsidiaries, provides mortgage banking and diversified financial services in domestic and international markets. Founded in 1969 and a member of the S&P 500 and Fortune 500, Countrywide Financial Corporation is headquartered in Calabasas, California and its family of companies has a workforce of more than 55,000 in over 900 offices across the country.

About Harris Interactive

Harris Interactive is the 12th largest and fastest-growing market research firm in the world. The company provides research-driven insights and strategic advice to help its clients make more confident decisions which lead to measurable and enduring improvements in performance. Harris Interactive is widely known for The Harris Poll, one of the longest running, independent opinion polls and for pioneering online market research methods. The company has built what could conceivably be the world's largest panel of survey respondents, the Harris Poll Online. Harris Interactive serves clients worldwide through its United States, Europe and Asia offices, its wholly-owned subsidiary Novatris in France and through a global network of independent market research firms. The service bureau, HISB, provides its market research industry clients with mixed-mode data collection, panel development services as well as syndicated and tracking research consultation. More information about Harris Interactive may be obtained at <http://www.harrisinteractive.com>.

Survey Methodology

This survey was conducted online by Harris Interactive on behalf of Countrywide Home Loans among 2,357 adults (aged 18 years and older) within the United States between October 10 and 12, 2006, among whom 1,560 were homeowners. Figures for region, age within gender, education, household income and race/ethnicity were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online. With a pure probability sample of 2,357 one could say with a ninety-five percent probability that the overall results have a sampling error of +/- 3 percentage points. Sampling error for subsamples is higher and varies. However that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.