10 QUESTIONS TO ASK AN HEI PROVIDER BEFORE YOU SIGN

A Home Equity Investment (HEI) provides cash today in exchange for a contractually defined payout tied to your home. Get every answer in writing.

1. If you give me $50,000 today, how much could I owe in 5, 10, and 15 years?
Ask for exact dollar examples, including fees and assumptions.

2. What happens if my home appreciates 50%?
Is your share based on total future home value, appreciation, or an adjusted formula?

3. What happens if my home loses value?
Does your payout fall? Is there a minimum repayment or floor?

4. Is there a maximum payout cap?
What is the absolute maximum, and what determines it?

5. What happens at contract expiration if I cannot pay?
Could I be required to sell, refinance, or face enforcement of a lien?

6. Can I buy you out early?
Ask about minimum holding periods, fees, and early buyout valuation.

7. Can I refinance my mortgage without your permission?
Will the provider subordinate its lien, and under what conditions?

8. Who determines the property value at settlement?
Can I dispute the appraisal? Are discounts or adjustments applied?

9. What are all the fees?
Request origination, appraisal, title, servicing, and settlement charges.

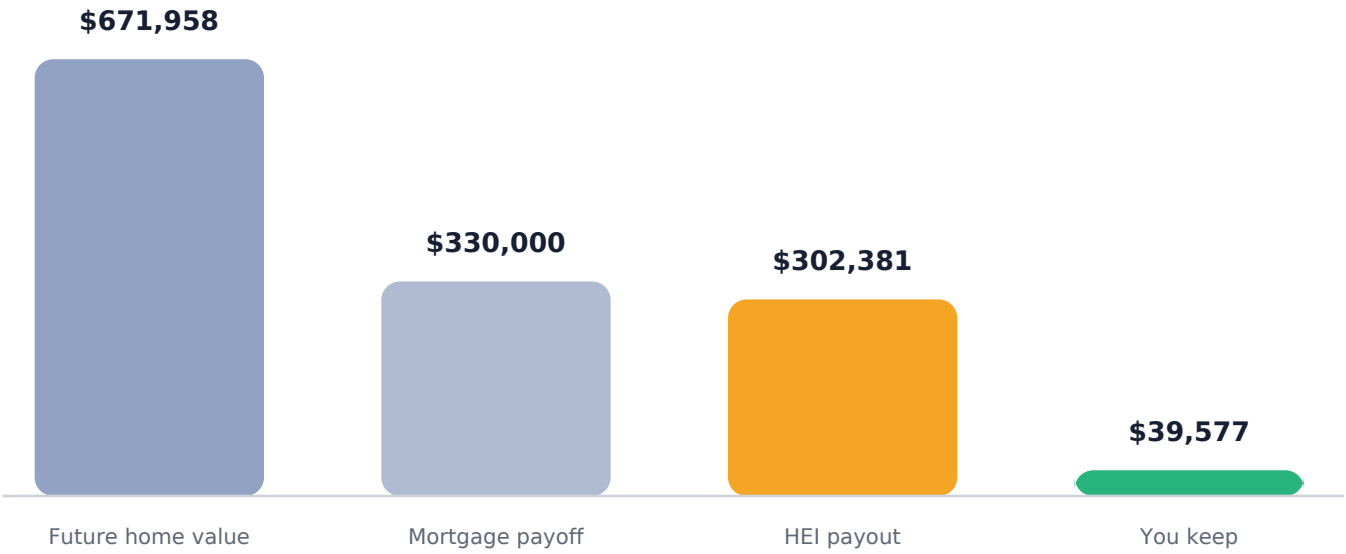
10. What if I die, divorce, rent the property, or transfer title?
Which events require approval or trigger settlement?

THE QUESTION I WOULD INSIST ON

Show me a settlement waterfall if my home appreciates 0%, 3%, and 6% annually over 10 years. Include the cash received upfront, fees, mortgage payoff, HEI settlement, selling costs, and what I keep.

EXAMPLE SETTLEMENT WATERFALL

At exit, proceeds go first toward the mortgage, then the HEI settlement, and the remainder to the homeowner. This example excludes selling costs.



Future home value	$671,958
Less: mortgage payoff	($330,000)
Less: HEI payout	($302,381)
Homeowner keeps (before selling costs)	**$39,577**

What this means: After the mortgage payoff, $341,958 remains. The HEI payout takes approximately 88.4% of that amount, leaving $39,577 (11.6%) before selling costs.

Important: This example does not establish whether the HEI is fair or expensive. The upfront cash received, settlement formula, term, fees, and valuation method are essential to assess the deal.

Before signing: Have an independent real estate attorney review the contract, lien provisions, and repayment triggers. Educational information only; not legal or financial advice.