



THE REVERSE OPPORTUNITY

David Gold

407-399-6120 | david@reversemh.com

The Money House, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. The company is not affiliated with or acting on behalf of or at the direction of HUD/FHA or any other government agency. This material has not been approved by HUD or FHGA. Refer to TMH's underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 The Money House, Inc. All other trademarks are the property of their respective owners. All rights reserved. Company NMLS #169716.

**Improving Senior's Lives
(and Lifestyles)
Through Increased Cash Flow
Product of Last Resort
Or a
Valuable Piece of Financial Strategy
(Or Both)**

David Gold
407-399-6120 | david@reversemh.com



THE REVERSE OPPORTUNITY

- **12,000+ Americans turning 62**
- **per day Nearly all own homes**
- **\$11 Trillion Dollars in loanable equity**
- **Over 350,000 senior home purchases**
- **each year Less than 3% of eligible seniors have a reverse**



LACK OF
KNOWLEDGE



PRODUCT
EDUCATION



ACCESS TO
A SKILLED
REVERSE PRO

David Gold

407-399-6120 | david@reversemh.com

Thank You

MortgageDepot For The Opportunity



Who is



ReverseMH

ReverseMH is a division
of The Money House, Inc.
NMLS # 169716

- Largest Privately held Mortgage Banker in Puerto Rico. US Presence is ReverseMH
- In operation in excess of 25+ years
- 1 of 9 active Ginnie Mae Issuers of HMBS and the largest Hispanic Reverse Mortgage Lender
- Unique Direct Wholesale Lender that specializes in HECM's and provides English & Spanish documentation
- FREE Proprietary LOS, Competitive Rates, Same Day Closings, Marketing and Educational Materials
- Over 62+ years of Reverse experience and AE with 44 years in the Mortgage Industry and in the Reverse Industry since 2006

Licensed in Az., Ca., Co., DC, Fl., Ga., Il., Md., Or., Tn. And Tx. (Mi., Nv. And Pa. coming soon)

David Gold

407-399-6120 | david@reversemh.com

The Money House, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. The company is not affiliated with or acting on behalf of or at the direction of HUD/FHA or any other government agency. This material has not been approved by HUD or FHGA. Refer to TMH's underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 The Money House, Inc. All other trademarks are the property of their respective owners. All rights reserved. Company NMLS #169716.



REVERSE 101: BORROWERS

Borrower Eligibility

- 62 years of age or older - non borrowing spouse eligibility
- Current Appraised Property Value
- Current Expected interest rate for calculation



ABILITY TO PAY

Available Cash Flow



WILLINGNESS TO PAY

Credit History



NO FICO SCORE*

*A full credit report is also obtained for purposes of determining the existence of past due federal debt or recorded liens of record that may impact the primary lien position of the Lender as well as Borrower credit history. Credit history is reviewed, and Borrowers must keep all required payments for real estate taxes, property insurance(s) and property assessments current in addition to maintaining the property

David Gold

407-399-6120 | david@reversemh.com

What is a Reverse Mortgage (HUD HECM)?

- HECM = Home Equity Conversion Mortgage
 - Insured by HUD
 - HUD Counseling Required
- No Recourse for Borrower and Estate – The Property Stands for the Debt
 - Must be repaid when none of the borrowers occupy as their primary
 - No Required P & I Monthly Payment = Negative Amortization
 - Converts Equity into Cash
 - Fixed Rate HECM is exempt from TRID and QM
- Open-Ended (adjustable) HECM is exempt from TRID, QM and LO Comp
 - Gross Benefit / Principal Limit is based on youngest borrower's Age.
 - Properties must be O/O and meet FHA Guidelines (SFR, 2-4 Units, Townhomes, Condominiums (HUD Approved or SUA), PUD's and MH's)
 - Refinance or Purchase: Same Calculation

HECM Features & Benefit



- SFR, 2-4 unit, Approved/SUA Condo's, Townhomes, PUD's, Manufactured Homes
- Existing and New Construction
- Empty Nester purchase market access
- Downsizing, retirement, relocation market sales opportunities
- Unique Borrower qualifications – No FICO
- Borrower Safeguards - HUD Counseling
- Government Insured – Non Recourse
- Multiple “payment options” with change options

The Essential Questions – The Numbers must Work

1. Age of all borrowers
 - a. Date of Birth
 - b. If Borrower only gives you their Age, ask if they are going to have a Birthday in the next 6 months
2. Property Value – *Do Some Research*
3. Mortgage Balance and always ask if there are other liens or outstanding Federal Debt that could cause a CAIVRs issue
4. Property location
 - a. Full Address
 - b. City and County at Minimum
5. What does the Borrower want to accomplish?
 - a. Extinguish Mortgage Debt
 - b. Cash at closing for wants or needs
 - c. Increased cash flow
 - d. Safety net for future wants or needs
 - e. Bucket List items
6. Ask about credit and payment history on existing mortgage – “Prequal” for Financial Assessment
7. Note: HUD allows Verified Funds to be brought to the Closing (with some restrictions)

Mandatory Obligations – Disbursement Rule

If the total Mandatory Obligations (MO) are 50% or less of the Principal Limit (PL), then the Initial Disbursement is limited to 60% of Principal Limit and any remaining funds are available after 1 year from closing (on Adjustable HECM only) and will be in a Credit Line.

If the total Mandatory Obligations exceeds 50% of the Principal Limit, then an additional 10% of the Principal Limit can be disbursed at closing with the remaining funds available after 1 year.

PL =	\$100,000	PL =	\$100,000	PL =	\$100,000
MO =	\$ 45,000	MO =	\$ 70,000	MO =	\$ 55,000
1 st yr. disbursement limited to* =	\$ 60,000	additional 10% =	\$ 10,000	additional 10% =	\$ 10,000
Available after 1 year =	\$ 40,000	Available after 1 year =	\$ 20,000	Available after 1 year =	\$ 35,000

* = Includes MO

This HUD Disbursement Rule is the reason you may need to discuss a Plan “B” with the Borrower

“Deep Dive” Questions:

- ✓ What is/are the borrower’s primary goal(s)?
 - Increased Cash Flow
 - Immediate funds
 - Funds for Future Needs
- ✓ **Permission Questions – makes handling objections easier:**
 - May I have your permission to be direct about your finances?
 - May I have your permission to be direct about your credit?
 - May I have your permission to be direct about your property?
 - May I have your permission to be direct about your age and mortality?

To get to the true answers that will help you customize the Reverse Mortgage to meet the Borrower’s needs and wants, you need to ask questions like:

- What will make your life easier / better?
- Is this for you or other family members?
- What are your “Bucket List” goals
- If the Reverse Mortgage cannot meet all your goals, what are the priorities (Plan B)?

Financial Assessment:

This requires borrower(s) to be subject to a credit and income underwriting decision. **The intent of this guideline is to minimize property tax and insurance defaults and help to ensure the desired loan is a positive benefit for the borrower.**

There are two parts to Financial Assessment:

Look Back or Willingness:

- Credit Scores are not used – FHA Manual Underwrite
- Confirm that the borrower has paid their Property Expenses (Taxes, Insurance Premiums and HOA if applicable) on time for the last 2 years.
- Overall Credit during the last 2 years as well as major items (Collections & Charge-offs) that may be older and still have a balance, so will need LOE and Documentation for any derogatory information in credit report

Look Forward or Capability:

- Debt Ratio's are not used – Residual Income Test Similar to a VA loan
- The Borrower's income is verified and must be sufficient to cover:
 - Property Expenses: Taxes, Insurance(s) and HOA (if applicable)
 - Liabilities
 - Factor for Maintenance and Utilities: .14¢ per square foot
 - Residual Income or RI: (Use VA Chart) based on number of people in household
- Compensating Factors
- Asset Depletion to create additional Monthly Income (number of months based on Life Expectancy)
- If Income is not sufficient to meet RI or if the borrower fails FA, a LESA (Life Expectancy Set Aside) can be created for taxes & insurance which are then excluded from calculation, but borrower must still meet the Residual Income based on liabilities and factor for Maintenance and Utilities.
- The HECM Financial Assessment and Property Charge Guide: <https://www.hud.gov/sites/documents/2013-28HECMATTACHMENT.PDF>

Fixed Rate

- Lump Sum Disbursement Only
 - Interest Rate Never Changes
 - Interest Rate can't be Forward Locked and Gross Benefit is not Protected
-
- Minimum Disbursement Required
 - Current Rates: 7.41% - 7.68% Borrower Paid & 7.56% - 7.81% Lender Paid*
 - Compensation can be Lender Paid or Borrower Paid
 - Less than 5% of all HECM's Nationwide are Fixed Rate

* = as of 10/24/2023

- Open-Ended or Adjustable Rate
- Margins of 1.625% to 2.75% plus 10-Year CMT for factor that determines Gross Benefit aka Principal Limit
- Accrual Interest Rate is 1-Year CMT plus margin
 - Adjusts monthly
 - Lifetime Cap of 5% or 10%
- Can be Customized to Meet Borrower's Needs with several Disbursement Plans after paying Closing Costs and Lien Payoff:
 - Initial Draw with Remainder in Credit Line
 - Tenure or Life of Loan Payment
 - Term Payment
 - Combine Initial Draw with a payment plan
 - Combine Initial Draw with a payment plan and funds in Credit Line
- Credit Line is available for as long as a borrower occupies the property
- Principal Limit is protected as long as loan closes within 120 days of case number and Borrower will get best factor between application date and closing date including dates in-between

TPO Compensation

- ✓ Adjustable-Rate Reverse Mortgages are Open Ended and are exempt from the LO Comp Rule, TRID and QM
- ✓ Fixed Rate is exempt from QM and TRID but LO Comp Rule applies so the originator can only earn Lender Paid (YSP) or Borrower Paid
- ✓ Both Origination Fee and Premium can be earned on Same loan (Open-Ended or Adjustable only) and credits can be given unless it is a HECM for Purchase
- ✓ HUD Maximum Origination Fee – Based on Maximum Claim Amount
 - 2% of 1st \$200,000 and 1% of portion over \$200,000
 - Minimum is \$2,500
 - Maximum is \$6,000

Premium is based on amount disbursed at closing – **UPB (Unpaid Principal Balance)** and is Determined by Margin Used and **PLU (Principal Limit Utilization)**

<u>Reverse Mortgage (69-year-old borrower (*))</u>			
Market Value:	\$450,000	Mortgage Loan Amount:	\$171,450 (Principal Limit aka Gross Benefit)
Origination Fee:	\$6,000	Lender Paid Comp (YSP):	(**) 2.03% = \$3,480 or (***) 2.75% = \$2,828
Total Possible Revenue:	\$8,828 to \$9,480 (YSP + Origination Fee)		

(*) = The borrower’s age will determine how much funds they can get

(**) = Based on 100% Disbursement (\$171,450)

(***) = Based on 60% Disbursement (\$102,870)

Lender Paid Comp (YSP) used above is based on 9/26/2023 Pricing using a 2.00% margin on the Monthly Adjustable CMT with a 5% Lifetime Cap – if a Higher Margin is used, the YSP will increase but the Principal Limit will decrease.

Additional YSP Compensation Examples:

<u>Margin</u>	<u>Principal Limit</u>	<u>YSP @ 100%</u>	<u>60% of PL</u>	<u>YSP @ 60%</u>
1.75%	\$176,400	.680%	\$105,840	1.000%
2.250%	\$166,500	3.310%	\$ 99,900	4.570%
2.500%	\$162,000	4.600%	\$ 97,200	6.150%
2.750%	\$157,500	5.470%	\$ 94,500	6.750%

The Money House, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. The company is not affiliated with or acting on behalf of or at the direction of HUD/FHA or any other government agency. This material has not been approved by HUD or FHGA. Refer to TMH’s underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 The Money House, Inc. All other trademarks are the property of their respective owners. All rights reserved. Company NMLS #169716.

Basic Steps:

1. Market for and Find Client - **Watch for Marketing Webinars soon**
2. Gather info (ASK QUESTIONS) and run Numbers in LOS to make sure a Reverse Mortgage works
3. Create Pre-Counseling Package with initial quote (Money House LOS – REX - produces this package in both English and Spanish) – **Watch for REX webinars soon.**
4. Client arranges for and gets HUD Required Counseling and receives Counseling Certificate once completed.
5. Create Application/Disclosure Package and have it completed and executed (can be wet-signed or e-signed)
6. Gather required items from the borrower listed on Next Page (see Submission Sheet)
7. If you are processing, request FHA Case Number utilizing MH's Case Request Form
8. Submit the processed Reverse Mortgage including the executed application/disclosure package, Borrower items listed on Submission Sheet, Appraisal and Title Commitment (or pre-processed if MH is to process. If MH is to process, use required cover letter, and MH processor will order Appraisal and Title from companies of your choosing and handle all processing tasks other than items needed from the borrower)
9. Once loan is conditionally approved, gather, and submit conditions until loan is CTC (work with MH operations and me if you have questions regarding the conditions)
10. The MH Closer will work with the title agent and will lock the YSP to be paid on the loan on the day the closing documents are drawn
11. Loan is Closed and funds
12. Ask for referrals from your satisfied Client

What needs to be included in Submission:

- Cover Letter: we really do Read them and want you to include one in every submission!
- Submission Sheet (indicate who is processing)
- FHA Case Number Request
- Executed and Dated Counseling Certificate (Must be “wet-Signed”)
- Fully signed Application Package (Can be e-signed)
- Identification:
 - Driver’s License or Government Issued ID (DOB)
 - Social Security Card (or other Government issued item with full Social Security Number)
- Income Documents (standard FHA documentation – see last page of Submission Sheet for guidance)
 - Award Letters and a bank statement showing receipt for Social Security, Pensions, etc...
 - W-2 and paystubs (if they are employed)
 - Tax Returns (if they are self-employed, have rental or other income)
 - Leases for any rental properties
 - 60 days of statements for any assets that can be used for income via Asset Dissipation and/or are needed to close
- Title Commitment (or contact info for preferred Closing Agent if Money House is processing)
- Appraisal ordered after Case Number is issued through one of our approved AMC’s (or AMC preference if Money House is processing)
- Standard Refinance Items
 - Deed
 - Insurance
 - Survey (if exists)
 - Existing Owner’s Title Policy
 - Most recent Mortgage Statement(s)
- Purchase Contract if a Purchase (No one can contribute to Buyer’s Closing Costs)
- Proof that Taxes, Insurance and HOA (if applicable) have been paid on time for last 2 years
- Tri-Merge Credit Report and LOE’s for credit issues, recent inquires and AKA/FKA for Names and any conflicting addresses

Other items may be required in certain circumstances such as if borrower has POA, is in a Guardianship, if the loan is a HECM-to-HECM refinance, if there is a Non-Borrowing Spouse, if there is a Gift or if the property is a Condo, 2 -4 unit or a Manufactured Home

Marketing (watch for upcoming Marketing Webinars):

- Stick with what you know and what **WORKS FOR YOU** and Commit to a pre-determined time Period
- No Need to Create a New Marketing Plan – Adapt your current marketing style by doing some Research
- Roughly 10,000 people turn 62 each day – About 625 during this webinar - Where can you find them?
- Ask yourself; What do Seniors (create a “Focus” Group):
 - Read
 - Watch
 - Do – where do they go?
- Print:
 - Must be easy to read – senior’s “eyes”
 - If hard copy, paper quality – avoid “shiny” paper
 - Customize leave-behinds – Make it better than what you think your competition will do
- Networking – add professionals who work with seniors such as R. E. Agents specializing in Senior Housing
- Internet – Yes, Seniors are on Facebook
 - Adult Children are online
 - Google Search Words, Targeted marketing on Facebook, Hashtags
- Website
 - Easy to navigate – Keep Frustration to a Minimum
 - Any photos should be of Seniors
- Database – Do not worry about age of prospect – If you are not keeping in contact, someone else is

David Gold

407-399-6120 | david@reversemh.com