

# FHA REVERSE



Home renovation loan program provided through FHA.

Financing	Purchase or Refinance
Term	
Type	Fixed(closed end) or Arm(open End -10% cap)
<b>PROGRAM BENEFITS</b>	
Age of Borrower	Must be 62 years old to close the loan Loan application can be taken 90 days before 62 years of age. Can quit claim non borrower spouse off the loan.
Non Recourse feature	**Borrower can never own more than the home is worth at the time it is sold. if the market value is lower than amount owed – FHA will pay the difference
Primary residence	Must be primary address of 181 days of the year Borrower still retains ownership of the home
Proceeds from loan	All liens must be paid off. Home does not need to be paid off at time of loan. Any monies on top of that can be used for borrowers discretion.
Property Condition	FHA Standards - Sound Safe & Secure
Fees	Max Origination fee is 2% up to 1% thereafter up to \$6000, Minimum fee is \$2500
Mortgage Insurance Premium	2% for standard programs .01% for the new saver Programs 1.25% annual premium
Prepayment Penalty	No Prepayment Penalty if payoff or sale
Social Security	Social Security & Medicare are generally not affected by HECM proceeds
Payments	Money is paid to borrower vs borrower paying money
Loan is Due	Upon borrower no longer living in home payment of property taxes
Loan Amount	Principle limit factors - Dependent on Age of youngest borrower, Value of home and current interest rates
Appraised value	
Rates	
Payouts	Fixed Rate loan - Lump Sum only ARM Loan- Lump sum, Tenure(lifetime), Term, line of credit or any combination
LIBOR	Arm loan is based on LIBOR London Inter Bank Offered Rate.
Expected Rate	Future rate that determines the loan balance
Counseling	All Borrowers must attend a counseling session via phone or in person with an FHA approved counselor prior to processing of the loan – must get counseling certificate – only good for 180 days from date of application. Certificate needs to be signed & dated. Lender

		may not steer a borrower to a particular counseling agency. use a HUD list <a href="http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?weblistaction=summary">http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?weblistaction=summary</a>
		Non borrower
Top 10 Myths	1	if homeowners take out a reverse Mortgage the lender will own the home - False
	2	There restrictions on the use of funds – False
	3	The home has to be paid off – False
	4	Only low income seniors get reverse mortgages - False
	5	There is a time limit on the loan - False
	6	Mortgage Lenders pressure seniors ot buy other products - False
	7	There are no objective advisors available to senior trying to decide if a reverse mortgage suits their needs - False
	8	The borrowers children will be responsible for the repayment of the loan - False
	9	Reverse mortgage lenders take advantage of seniors – False a highly regulated mortgage
	10	Homeowners cannot always qualify for a reverse mortgage because of limited income or poor credit - False
Reverse for Purchase		90 day flipping rule in place for this product
		90-180 days require additional documentation
		Must have a COO issued prior to loan application
		Original copy of real estate contract
		Credit report is pulled for non borrowing spouse -looking for liens and judgements on non borrower spouse
		IF they own a current home and are keeping it – need letter of explanation and must qualify for both homes – PITI & Bills plus new taxes and insurance
		Get a home inspect disclosure is required
		Asset verification – sourced
		Seller information is required
		Any fees on GFE - pest inspection, home inspection etc
		Gift funds are allowed
		Repairs not allowed
		No seller concessions allowed
		No 3 day right of recision
		No closings on Tuesdays