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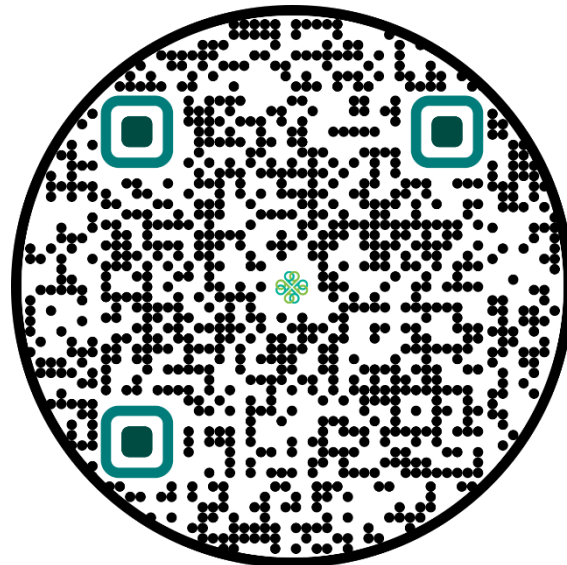
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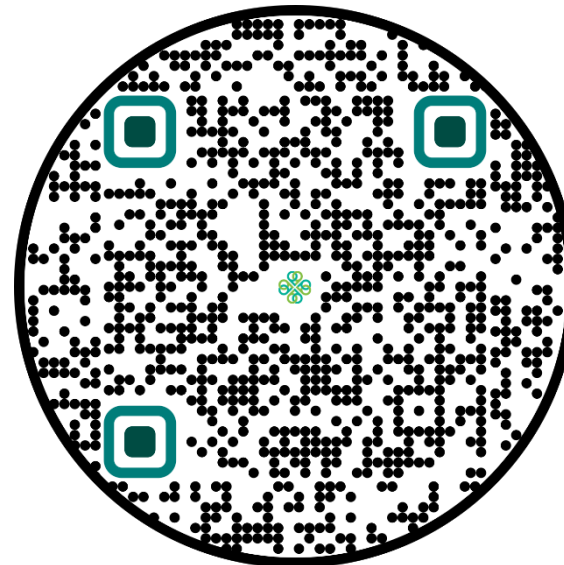


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# How to Present a Reverse Mortgage: The “Kitchen Table” Approach

Plaza’s Loan Origination Partners

January 2025

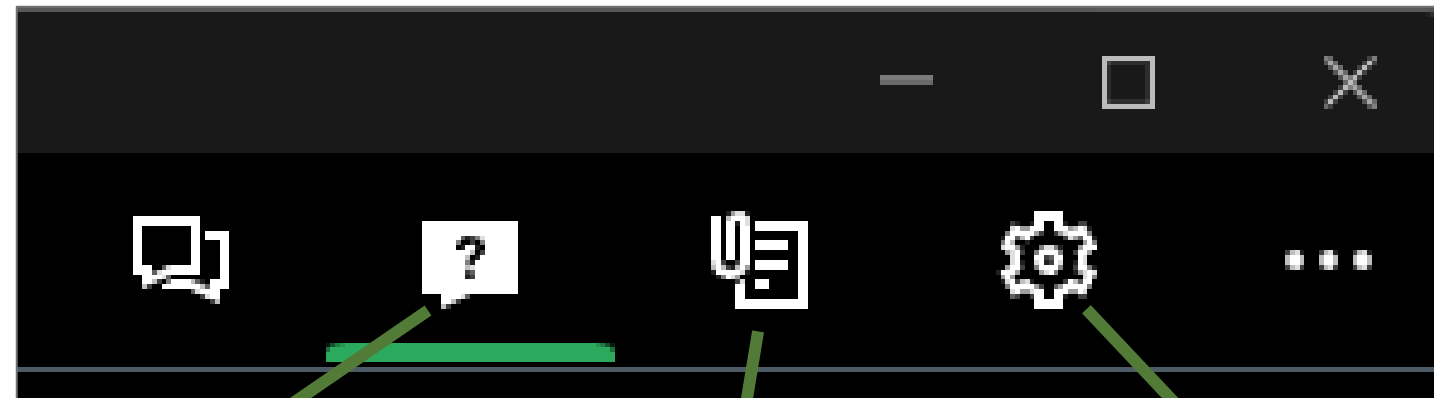
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# Presenter



**Mark Reeve**

VP, Reverse Mortgage Division

Plaza Home Mortgage

# Agenda

A vertical line of five white circles, each with a small diagonal line extending from its top-left, connected by a thin line, serving as a visual index for the agenda items.

Introduction to Reverse Mortgages

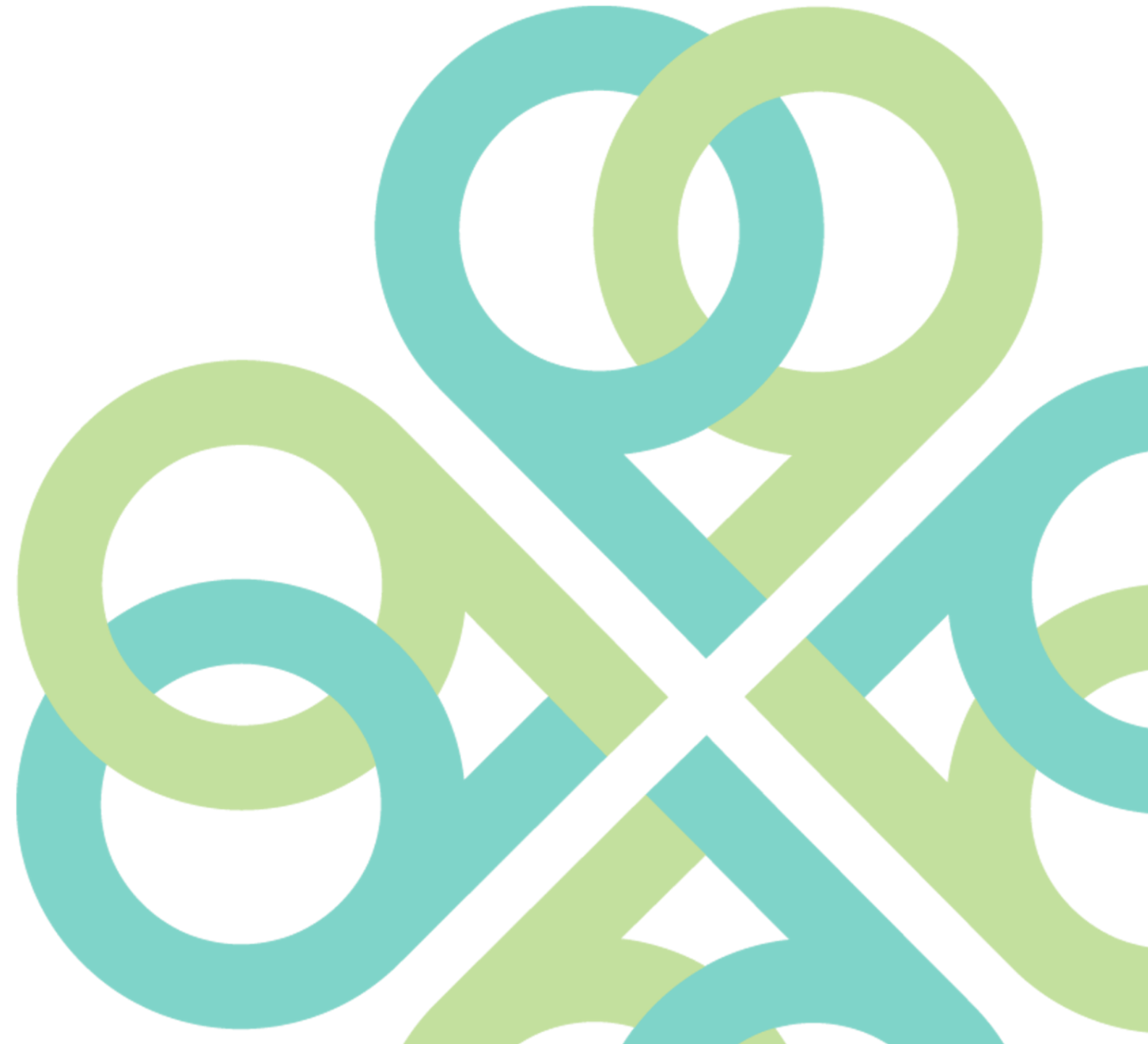
Conversations with the Borrower at Initial Contact

Program Benefits and Protections

Conversations with the Borrower and their Family

Working with Plaza's Reverse Division

# Introduction to Reverse Mortgages





# What is a Reverse Mortgage?



A HECM (Home Equity Conversion Mortgage) is a special type of mortgage that enables **homeowners aged 62 or older to tap into the equity in their home.**



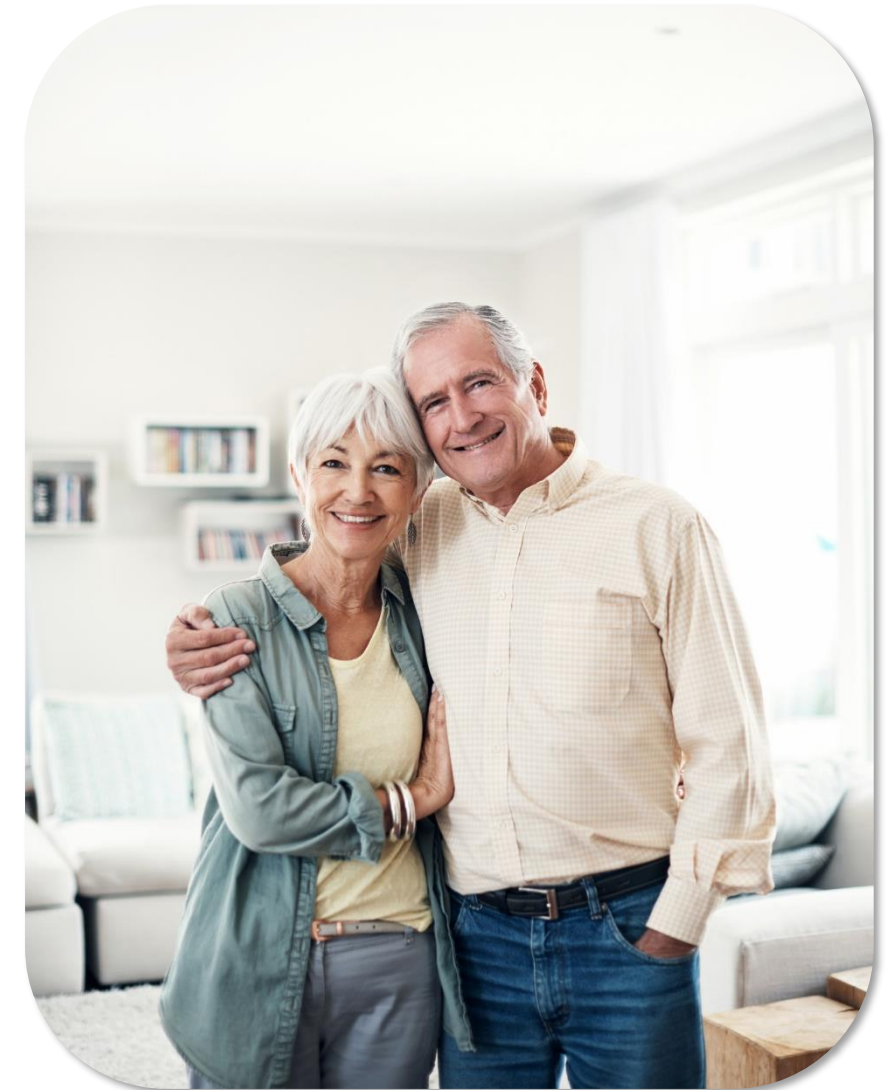
Unlike traditional home loans, no repayment of the HECM loan is required until the borrower no longer occupies the home as their principal residence.



At that time, the lender will declare the mortgage due and payable.



What is borrowed plus interest is due to the lender, any remaining equity remains with the estate.





# Definition Explained



- Minimum age is 62, age of the youngest borrower is always used.
- No monthly mortgage payment - #1 reason borrowers get a reverse mortgage.
- Loan Maturity
  - No longer occupy the residence - (death, move out)
  - Failure to maintain property Taxes / Hazard Insurance
  - Failure to Reside in Subject for 12 months
  - Convey Title to someone else
  - General maintenance on the Property
  - Sells the home



# Loan Maturity



What are the Family's Options at Loan Maturity?

1. Sell the Home – Satisfy the Reverse Mortgage – Retain remaining Equity
2. Estate can buy back the home at 95% of the home value at loan maturity
  - Great Option if the home is “upside down”
3. Deed In Lieu – Servicer takes responsibility
  - Great Option if the Family has no interest in the property “upside down”

Non-Recourse Loan! Borrower / Estate will never owe more than the value of the home.



# Guidelines that Protect the Borrower



## **Non-Borrowing Spouse (NBS) (ML 2015-02)**

If the borrower is married, both individuals must be accounted for in the underwriting decision of a Reverse Mortgage. If the borrower's spouse was not of qualifying age when the reverse mortgage was taken out, this guideline prevents the mortgage from being called "due" in the event of the borrower's death. NBS and Non-Borrowing Occupant can remain on Title!



## **Income and Credit Underwriting (SEL 2015-10)**

This guideline requires the 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.



## **Limitations on Cash Out in the First Year (ML 2014-12)**

Regardless of how much the borrower is eligible to borrow, the amount of loan proceeds they can access during the first 12 months after closing is limited to 60 percent of the loan amount. For example, if they are eligible for a \$100,000 reverse mortgage, they may only access \$60,000.



## **Principal Limit and Floor Rates (ML 2017-12)**

This Mortgagee Letter increased the upfront Mortgage Insurance Premium (MIP) for many, lowered the annual MIP for all, as well as reduced the amount borrowers will be able to receive under the program. This change was to help ensure long term sustainability of funds available through FHA programs into the future.



# Working with Seniors



- Do you like seniors?
- More importantly, do they like you?
- Knowledge wins - do you know what you are talking about?
  - It's a presentation, not a close
  - Discuss mechanics of the loan before numbers.
- Get the family and key people involved as early as possible
- Must be sensitive to their situation
- Seniors will not share until you care
  - Comfort and Trust
- Win more – you need to listen more!
- Meeting in person is crucial
- Paperwork in person is crucial
  - If remote, send a notary for the app / disclosures
- The FHA Counseling is not going to “sell” them for you

# Conversations with the Borrower at Initial Contact



# To Start, Ask the Borrower These Questions



Why are you considering a Reverse Mortgage?

What is it that causes you worry or fear about this loan?

I suspect you may have heard many things about this loan program. Is there anything in particular that really concerns you?



# Initial Contact with the Borrower

Begin with explaining how the loan works, no numbers!





# Explain How the Loan Program Works



## HOW DOES IT WORK?

The loan amount, how much you qualify for depends upon the value of the home, the age of the youngest borrower, and the prevailing rate. The lending matrix (LTV) is determined by FHA / HUD. You do not have to own the home free and clear, but you will need a lot of equity; ballpark is 40-60% depending upon the youngest borrower's age.

# Once You Have a General Loan Amount, Go into More Detail with the Borrower



We pay off your existing mortgage; you no longer have to make a mortgage payment. Interest does accrue on the loan balance, and it does grow each month; meaning your loan balance gets bigger.

One item seldom talked about is that you can, if you want, make a payment each month to slow the growth of the mortgage; entirely optional.

- Interest Tax Deduction: If you are not making payments, you will not receive a 1098 form from your reverse lender with interest paid.\*
- If you make mortgage payments, you will receive a 1098 Mortgage statement with interest paid.

\*Consult with a tax professional

# Make the Borrower Aware of the Benefits of the Program



You can access your loan proceeds through a number of different options: cash at close, monthly payment schedule or a credit line to access as needed. Most common is some cash out at closing and then leaving the remaining proceeds on a line of credit to access when needed. These options are flexible, can be combined and changed at a later date.

You / your family / Estate will never owe more on the reverse loan than the value of the house; meaning, there will never be reverse mortgage debt passed on to your heirs, estate or even yourself should you desire to leave. This is a very important protection feature referred to as a “non-recourse loan” and is designed to protect you and your family.

If you decide to sell your home in the future and there is equity, you keep it. There is no equity sharing with the lender. When I run numbers for you, the models will give you some estimates of your home’s equity position in the years to come.

# Address the Borrower's Concerns



Ask: "What have you heard about the Reverse Mortgage loan?"

Expect these types of questions and comments. You must address them.

**Borrower:** People lose their homes.

**Originator:** First - You never give up Title. Second - If you pay your property taxes and homeowner's insurance, maintain the home as your primary residence and keep up general maintenance, then the lender has no reason to call the loan due. Actually, these are the only instances the lender can call the mortgage due. You may have heard that someone was foreclosed on; most likely the result of not paying their property taxes over a few years.

**Borrower:** Widows were foreclosed on.

**Originator:** That's true; it was a significant issue with the program and was corrected in early 2015. Now, all spouses must be accounted for in the underwriting of a reverse mortgage. Even if the surviving spouse is under 62 when the reverse mortgage is taken out, they are protected by the FHA "Non-Borrowing Spouse" rule and may remain in the home after the borrower's death.

# Address the Borrower's Concerns



**Borrower:** Expensive, really high fees, crazy...

**Originator:** The fees are higher than a conventional loan. The main reason for that is the MIP (Mortgage Insurance) which goes to FHA. FHA insures your loan and your protections. There is a cost associated with this. The other charges are normal in nature. Origination fee, Title, Escrow, Appraisal, counseling, etc. round it out. I will have a full cost benefit for you to help you determine if you think this is "worth it." Typically, these charges are rolled into the loan and your only upfront fee is the appraisal.

**Borrower:** Ok, I get this wonderful loan, great, but then you guys take the house at the end. I wanted to leave something for my family as an inheritance. It is all that is left.

**Originator:** Having no equity left can happen, but in most instances, it does not. I will show you an amortization schedule to help you and your family better understand what the family's equity in the home will potentially look like all the way out to your 100<sup>th</sup> birthday. Most borrowers are pleasantly surprised to see that equity can be maintained.

# Address the Borrower's Concerns



**Borrower:** Yes. I get this loan and then I die, how long until my kids have to sell the house, etc.

**Originator:** Great question. Your Note indicates maturity is immediate, the next day. However, the servicer just wants to communicate with the family on intent (buying the house, selling it, etc.). Servicers typically grant 3 months initially. Industry standard is six months with extensions given when needed and approved. If there is no response from your family or estate, they will foreclose to recoup their loan proceeds. Foreclosing is really the last thing they want to do – it's more time-consuming and costly for the servicer than working through other alternatives.

**Borrower:** How long does the loan process take? I heard they can take forever!

**Originator:** Not true! Most loans can be finalized in 30–45 days. Much of this timeline is dependent upon you.

- ☐ Scheduling the counseling (1-2 days typically).
- ☐ My return to you with a formal application and disclosures.
- ☐ Getting all the required documents.
- ☐ Appraisal and Underwriting by the Lender.



# Be Honest and Direct with the Borrower



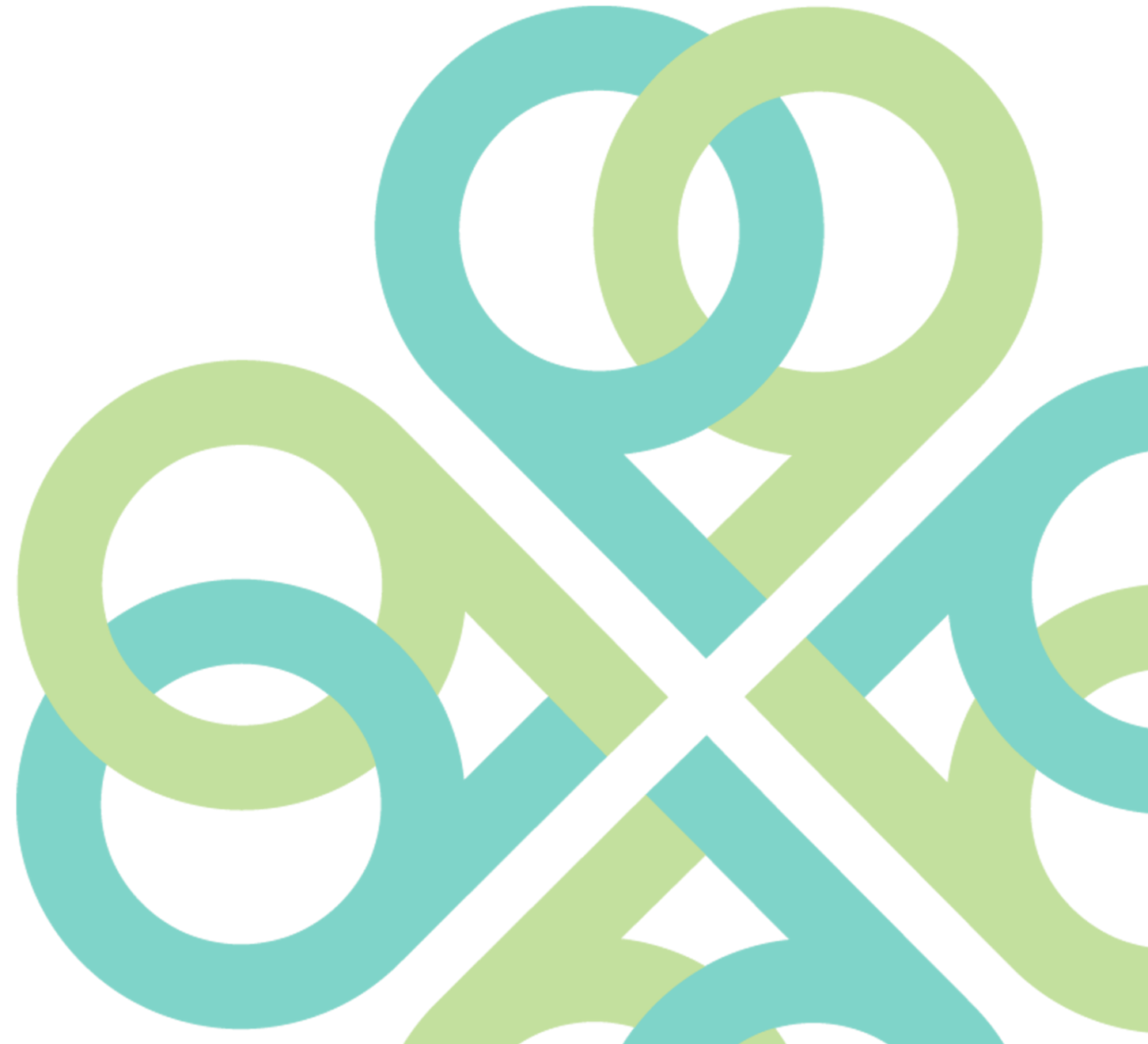
It's a loan. It's set up to allow you to continue living in your home without the worry of a monthly mortgage payment and allowing stronger cash flow for other reasons, like the reasons you have shared with me. The loan does have interest and it does grow. However, you and your family have some great protection built into this program. It does allow you to live in your home without a mortgage payment. You must maintain your property taxes and hazard insurance obligations.

Once you see some figures as they relate to your personal situation, I think you will be pleasantly surprised.





# Program Benefits and Protections



# Benefits



- No monthly mortgage payment is ever required
  - “Think about this instant relief and how it will change things for you.”
- Credit line growth rate
  - Unused available funds grow at the same rate as the interest being charged
  - Guaranteed regardless of future equity position
- Borrowers should look at home equity as asset allocation that is accessible
- No pre-pay penalty – make payments if you want (interest only)
- Funds are tax free\*
- Homeowners keep all future appreciation, no equity sharing
- Borrowers retain Title to the home
- No limitations to how the borrower may use the funds



\*Consult with a tax professional.

# Consumer Protection



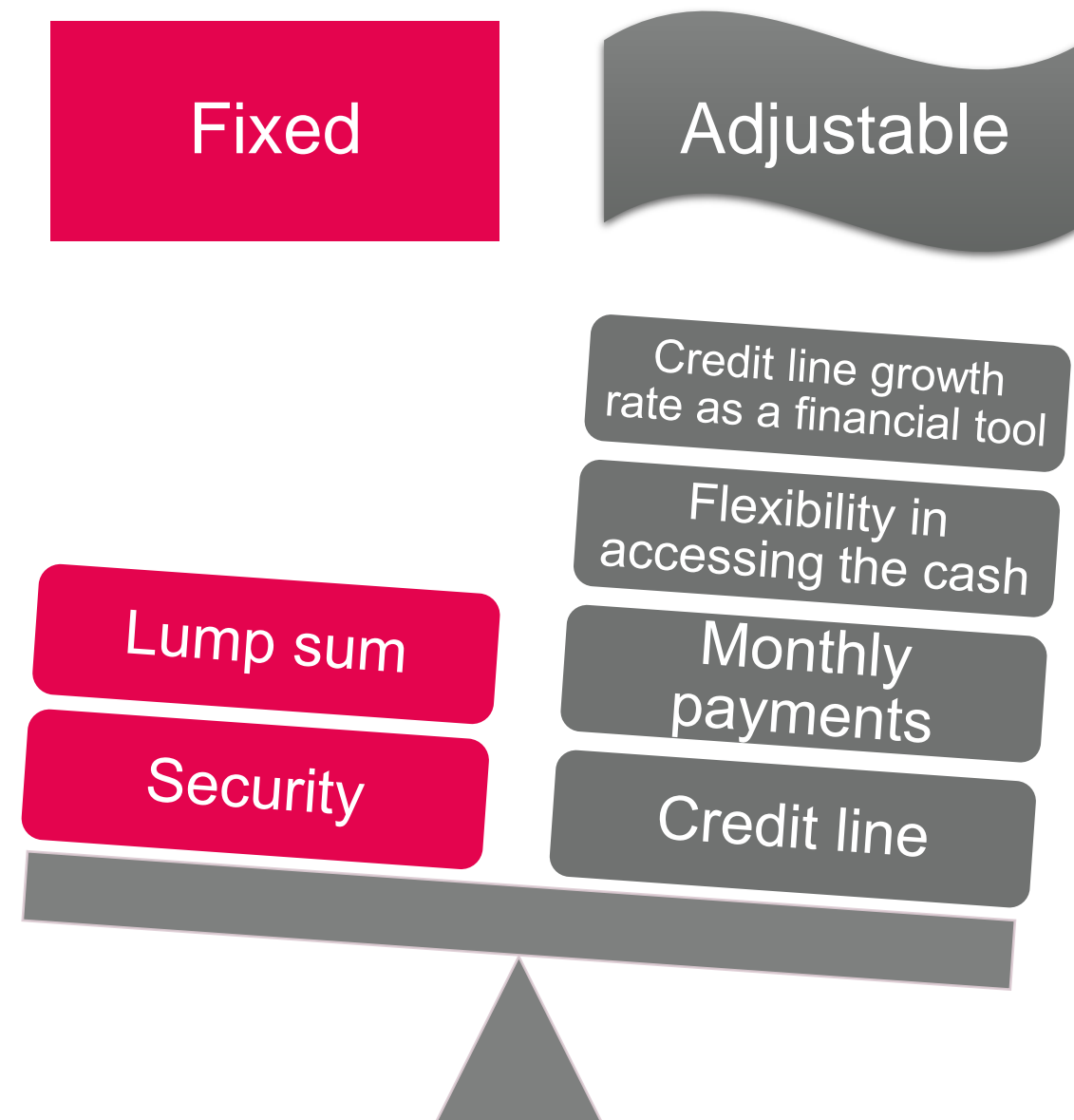
- Reverse Mortgages are Non Recourse Loans
- Non Borrowing Spouse (< 62) is now protected!
- All FHA HECM's are insured through the Federal Housing Administration (FHA)
- Borrowers have no limit as to how long they can stay in the home
- Education – counseling is required
- Safeguards – Mortgage Insurance Premium (MIP) ensures the amount owed on the loan can never be more than the value of the home at the time of sale. This protects the borrower and the Estate.
- Estate can always buy the home at loan maturity at 95% of the current value; regardless of what is owed.

# **At the Kitchen Table: Conversations with the Borrower and their Family**



# At the Kitchen Table

In most situations you will know what type of program your client desires.



# At the Kitchen Table

Sitting down and addressing the family dynamic...

- Asking the “group” why they are interested in the idea of a reverse mortgage (typically cash flow through the elimination of the existing mortgage payment).
- Try to assess who is in charge
  - Is it the borrower or one of the children?
  - Do not “leave” your borrower.



# At the Kitchen Table



I always start by asking a basic question to the entire group, even though I may have already addressed these with the borrower.

What do you know or what have you heard about reverse mortgages? I allow everyone at the table a chance to reply before I address all the questions. The responses are often incorrect and fearful in nature. Hopefully, you can address these items on the phone and then repeat them again in person.

“The bank takes your house.”

“A widow was kicked out for no reason.”

“There will be nothing left for the kids.”

“Once the house is upside down, they kick you out.”

“If the spouse dies, the other has to leave.”



# At the Kitchen Table - Children



Involve the adult children as soon as possible (assuming the borrower wants to).

- Children typically have their parent's best interest at heart
- Children want to see their parent(s) retire at ease
- Family dynamics can be difficult
- Power of Attorney is not uncommon
  - Senior financial fraud is usually a family member using a POA



# Loan Comparison Summary

The Reverse Mortgage Analysis Summary has the loan details as they pertain to your client. Here are some very important figures that must be addressed:



Loan Principal Limit: This is how much the borrower is qualified for	\$259,500.00
Life Expectancy Set- Aside (LESA): Future Tax and Insurance Impound Account. Not required for all borrowers	\$32,120.62
Expected Closing Costs	\$18,798.00
Expected Mortgage (lien) pay off	\$125,000.00
Total Net Funds available to Borrower	\$83,581.38
Funds Available in Year 1	\$25,950.00
Unusable Funds (Fixed Only) if applicable	\$86,351.32

**Below are the most frequently asked questions that arise when contemplating a reverse mortgage.**

**How is the family protected when the last remaining borrower vacates the property?**

- Estate (Immediate Family) can purchase the home at 95% of the appraised value at loan maturity, regardless of what is owed. (ML -2011-16)
- Limitation of Liability- Non Recourse Loan:
  - Borrower shall have no personal liability for payment of the debt. Lender shall enforce the debt only through the sale of the property (HECM Note Section 4C)
- No prepayment penalties: Make monthly interest payments, sell or payoff at any time,
- Keep Title to the home: Borrower(s) never relinquish Title to the property.

# Loan Comparison Summary Cont.



## How does the credit line work? (Adjustable Rate Only)

- Please reference Credit Line on Amortization Schedule.
- Funds grow at the rate of the credit line growth rate. This is the Note Rate+1.25 (MI), compounded monthly.
- Only the available funds grow and compound.
- Borrowed money can be paid back and re-accessed.
- The available funds on the credit line are never frozen or reduced, regardless of the future equity position in the home.
- Money on the line is not being charged interest until it is drawn on. This protects and prolongs the equity position in the home and protects the estate/inheritance.

## Major Family Concerns

- Depreciation of equity: A reverse mortgage is a negative amortization and deferred payment loan. The loan balance can and will grow unless a payment is made to satisfy the interest being charged.
- Looking at the provided amortization schedule will help the borrowers understand the equity position in their home over a set period of time.
- Major Factors that will impact the equity position of the home:
  - An Adjustable Rate Mortgage (ARM) can adjust upwards and down. An upward rate will increase the amount of interest being charged. Conversely, a lower rate in movement will cause less interest to be charged.
  - Draw behavior- Taking smaller draws, slowly over a longer period of time will help sustain the equity position in the home.
  - Real Estate appreciation –Positive home appreciation is not shared with the lender and will help the estate maintain equity in the home.

Your next step in this process is to schedule your actual counseling session so that we may continue with your application. Your counseling documents can be accessed by your counselor at the following location:

### WEB SITE NAME:

<https://www.baydocs.net/CounselingDocs.php>

### ACCESS CODE:

# Loan Comparison

Below is a summary of the benefit options and costs under each of our programs based on the age of the youngest borrower and the following assumptions:

## YOUR INFORMATION

Borrower Name		Co-Borrower Name	
Borrower Birthdate		Co-Borrower Birthdate	
Borrower Age	75	Co-Borrower Age	75
Property Street		Property City	
Property State		Property Zip Code	
Estimated Closing Date			

## LOAN INFORMATION

	Annual Adjustable	HECM Fixed
Payment Plan Type	Line of Credit	Lump Sum
Index Rate	1.723	5.060
Margin	2.250	0.00
Initial Interest Rate	3.973	5.060
Expected Rate	4.480	5.060
Interest Rate Cap	8.973	5.060
Annual MIP	0.5%	0.5%
Credit Line Growth Rate	4.473%	5.560%
Estimated Home Value	500,000.00	500,000.00
FHA Maximum Claim	500,000.00	500,000.00
Monthly Servicing Fee	0.00	0.00

## BENEFIT CALCULATION

Principal Limit/Gross Benefit	259,500.00	246,000.00
Mandatory Obligations:		
Origination Fee	6,000.00	6,000.00
Mortgage Insurance	10,000.00	10,000.00
Other Closing Costs	2,798.00	2,798.00
Lender Credit	0.00	0.00
Debt Payoff	125,000.00	125,000.00
Contract Sales Price (if applicable)	0.00	0.00
Repair Set Aside	0.00	0.00
Life Expectancy Set-Aside Year 1	3,400.68	3,400.68
Total Mandatory Obligations	147,198.68	147,198.68
% of MO to Principal Limit	56.72%	59.84%
Access Additional 10%	Yes	Yes
1 <sup>st</sup> Yr Max Distribution Limit	173,148.68	171,798.68
Servicing Fee Set Aside	0.00	0.00
Life Expectancy Set-Aside After Year 1	32,120.62	32,120.62
Cash Draw	0.00	24,600.00
Cash Due From Borrower	0.00	0.00
Net Principal Limit	25,950.00	0.00
Line of Credit Life of Loan	80,180.70	0.00
Line of Credit During Yr 1	25,950.00	0.00
Line of Credit After Yr 1	54,230.70	0.00
Monthly Payment Year 1	0.00	0.00
Monthly Payment After Year 1	0.00	0.00
Term	TENURE	N/A





# Amortization Schedule

Borrower: [REDACTED]		Estimated Closing Date:	
Youngest [REDACTED]		Product Selected:	Line of Credit
Estimated Home Value:	500,000.00	Initial / Expected Interest Rate:	3.973% 4.480%
Maximum Claim Amount:	500,000.00	Appreciation:	4.00%
Initial Principal Limit:	259,500.00	Ongoing Mortgage Insurance (MIP)	0.5%
Cash From Borrower	0.00	Monthly Servicing Fee:	0.00
Cash To Borrower:	0.00	Monthly Payment:	0.00
Lien Payoffs with Reverse Mortgage:	125,000.00	Initial Line of Credit:	25,950.00
Financed Closing Costs:	18,798.00	Repair Set Aside:	0.00
1 <sup>st</sup> Year Life Expectancy Set Aside:	3,400.68	Net Life Expectancy Set Aside:	0.00
Lender Credit	(0.00)	Beginning Mortgage Balance:	143,798.00



NOTE: Actual interest and property value projections may vary from amounts shown. Available credit will be less than projected if funds withdrawn from line-of-credit. Actual Life Expectancy Set-aside payments may increase or decrease from the amounts shown based on changes to the property charge costs. The Actual Life Expectancy Set-aside Balance may vary depending on the age of the youngest borrower, the interest rate and changes to the property charge costs. The projections are for illustrative purposes only.

Year	Age	Remaining Line of Credit	LESA Payment	Cash Advance	Service Fee	Interest + MIP	LESA Balance	Loan Balance	Home Value	Remaining Equity
0	75	80,181	0	0	0	0	35,521	143,798	500,000	356,202
1	76	84,266	3,401	0	0	7,370	33,888	154,568	520,000	365,432
2	77	88,560	3,401	0	0	7,918	32,171	165,887	540,800	374,913
3	78	93,072	3,401	0	0	8,495	30,367	177,783	562,432	384,649
4	79	97,814	3,401	0	0	9,101	28,470	190,285	584,929	394,644
5	80	102,798	3,401	0	0	9,738	26,478	203,424	608,326	404,902
6	81	108,036	3,401	0	0	10,408	24,383	217,233	632,660	415,427
7	82	113,541	3,401	0	0	11,111	22,182	231,745	657,966	426,221
8	83	119,326	3,401	0	0	11,851	19,869	246,996	684,285	437,288
9	84	125,406	3,401	0	0	12,628	17,438	263,025	711,656	448,631
10	85	131,796	3,401	0	0	13,445	14,883	279,870	740,122	460,252
11	86	138,511	3,401	0	0	14,303	12,198	297,574	769,727	472,154
12	87	145,568	3,401	0	0	15,205	9,376	316,179	800,516	484,337
13	88	152,986	3,401	0	0	16,153	6,410	335,733	832,537	496,804
14	89	160,781	3,401	0	0	17,149	3,293	356,283	865,838	509,556
15	90	168,973	3,401	0	0	18,196	18	377,880	900,472	522,592
16	91	177,582	18	0	0	19,254	0	397,152	936,491	539,339
17	92	186,631	0	0	0	20,236	0	417,388	973,950	556,562
18	93	196,140	0	0	0	21,267	0	438,655	1,012,908	574,253
19	94	206,134	0	0	0	22,351	0	461,006	1,053,425	592,419
20	95	216,637	0	0	0	23,489	0	484,495	1,095,562	611,067
21	96	227,675	0	0	0	24,686	0	509,181	1,139,384	630,203
22	97	239,276	0	0	0	25,944	0	535,125	1,184,959	649,834
23	98	251,467	0	0	0	27,266	0	562,391	1,232,358	669,966
24	99	264,280	0	0	0	28,655	0	591,047	1,281,652	690,606
25	100	277,746	0	0	0	30,115	0	621,162	1,332,918	711,756

# Summary of Closing Costs



Charge Name	Pay To	Financed Amount	Paid by Lender	POC
Document Preparation		125.00		
Loan Origination Fee	Plaza Home Mortgage, Inc.	6,000.00		
Appraisal Fee		550.00		
Credit Report		22.00		
Repair Administration		150.00		
Mortgage Insurance Premium (MIP)	Federal Housing Authority	10,000.00		
Homeowners Hazard Insurance		1.00		
Settlement Fee		900.00		
Notary Fees		125.00		
Title Insurance		550.00		
Recording Fee - Mortgage		250.00		
Counseling Fee		125.00		
<b>Total</b>		<b>18,798.00</b>	<b>0.00</b>	<b>0.00</b>

# Counseling Guidelines

## Complying with FHA's HECM Counseling Guidelines



The most important consumer protection built into the reverse mortgage program is the requirement that a prospective borrower must first meet with an exam-qualified, independent third-party counselor approved by the U.S. Department of Housing and Urban Development (HUD) before signing a loan application or incurring any fees.

Prior to the mandatory counseling session, HUD requires that all borrowers receive an information packet. This information packet must include the following materials:

**Plaza's Counseling Package from Bay Docs is compliant and includes all these items listed below:**

- An informational document called "Preparing for Your Counseling Session"
- A printout of loan comparisons
- A Printout of the Total Annual Loan Cost (TALC) Disclosure.
- A Loan Amortization Schedule
- The National Council on Aging (NCOA) booklet "Use Your Home to Stay at Home – A Guide for Homeowners Who Need Help Now"
- Plaza's Counseling Package from Bay Docs (Page 2) has an Access Code for the borrowers to give to the counseling agency.
  - This will prove to the agency receipt of the above required documents
  - This will provide the agency with your borrower's proposal as produced in our system
  - Borrower's do not need to sign the Counseling Package, only the Certificate

### **What are Some Important Rules that Originators Must Follow**

- A Loan Originator may not steer, direct, recommend, or otherwise encourage a client to seek the services of any one particular counseling agency. This is Steering and is forbidden.
- As stated in ML 04-25, "before, during, or after the counseling session is completed, the lender may NOT contact a counselor or counseling agency to refer a client; discuss a client's personal information, including the timing or scheduling of the counseling; or request information regarding the topics covered in a counseling session."
- HUD recommends that a lender refer a client to counseling prior to taking initial application.
- Loan Originators are strictly prohibited from assisting a senior in scheduling counseling; borrowers are not to be pressured in any way and must contact a counseling agency at their own pace.
- As mandated in Mortgagee Letter 2008-28, a lender may not pay for counseling.

### **Originator Discussion to Borrowers**

- Upon completion, recommend that your borrower instruct the Counselor to Fax/ email the completed certificate to your attention. Your borrower must independently provide the counselor with your information.
- Counseling typically takes 60-90 minutes.
- Counseling can be taken over the phone. This is the most popular method.
- Instruct your borrower to immediately sign and date the completed certificate.
- Contact your senior client after to discuss any questions that may have arisen during the session.



# Counselor List

Example of the counseling disclosure and counselor list that is provided to the homeowner:

Please contact one of the counseling agencies below, since it is a HUD regulation that anyone who applies for a reverse mortgage be counseled by a HUD approved counseling agent. Please choose one of the agencies below and call to schedule an appointment. **Please Note: in the state of North Carolina you are required to do your counseling Face to Face. In Massachusetts you are required to do your counseling Face to Face unless you are over the median income thresholds as established by HUD and other MA state requirements.**



**\*Upon completion of your counseling session, they will mail you a “counseling certificate”. Please place your certificate in a safe place as we will be asking for it at a later time. Please contact your loan officer as soon as counseling has been completed if you wish to proceed.**

**Counseling offices in the state of CA:**

<b>Phone Counseling:</b>	
- National Foundation for Credit Counseling (NFCC):	866-698-6322
- Money Management International (MMI):	877-908-2227
- Consumer Credit Counseling Svc of Atlanta, dba CredAbility:	866-616-3716
- National Council on Aging (NCOA):	800-510-0301
- ClearPoint Financial Solutions:	877-877-1995
- Springboard:	800-947-3752
- Pioneer Credit Counseling	800-888-1596 (option 4)
- Homefree:	301-891-8423
- Greenpath:	888-860-4167
- Neighborhood Reinvestment Corporation:	888-990-4326
- Quick Cert	888-383-8885
- Hancock Community Development	888-315-HECM (4326)
- DebtHelper	800-920-2262
- Smart Money Housing	800-403-3807
- CCCS of West Florida	800-343-3317
<hr/>	
INLAND FAIR HOUSING AND MEDIATIONBOARD	1500 S HAVEN AVE STE 100 ONTARIO, CA 91761-2970 (909) 984-2254
<hr/>	
CCCS OF SAN FRANCISCO	595 MARKET ST SUITE 920 SAN FRANCISCO, CA 94105-2814 Not on file
<hr/>	
CONSUMER CREDIT COUNSELING SERVICE OF ORANGE COUNTY	- 1920 OLD TUSTIN AVE SANTA ANA, CA 92705-7811 (714) 547-2227
<hr/>	
NATIONAL ASSOCIATIONOF REAL ESTATE BROKERS-INVESTMENT DIVISION, INC	7677 OAKPORT STREET, SUITE 1030, 10TH FL OAKLAND, CA 94621-1929 (510) 268-9792

# Frequently Asked Questions



Be prepared for these FAQs:

**Q. How do we get access to our funds?**

**A.** Notify the servicer.

**Q. Do I get a monthly statement?**

**A.** Absolutely, Yes!

**Q. How long does this process take?**

**A.** Typically 4-6 weeks, depends on you!

**Q. Who is responsible for taxes and insurance? Can I get an impound / escrow account?**

**A.** You are responsible for your taxes and insurance. We can set up an escrow account (LESA). If voluntary, Full LESA. Cannot have future access to these funds.



# Frequently Asked Questions



**Q. What happens if I take a really long trip?**

**A.** As long as this is your primary residence a long trip is ok. You will sign a Verification of Occupancy on an annual basis declaring the home as your primary residence.

**Q. Can I get my funds wired?**

**A.** Direct deposit is recommended.

**Q. When do I receive my payments?**

**A.** First business day of the month.

**Q. Can my kids access the funds?**

**A.** Not unless you set up and have a POA that is approved.

**Q. How long once I pass away do the kids have to sell the home?**

**A.** Note indicates it is due immediately. Industry standard is six months with extensions given when needed and approved.



# Review



## 1. Motivation

- Ask: “Why are you considering this?”

## 2. Misconceptions, Fear, Ignorance, and False Rumors

- Find out immediately why the borrower (family) may have fears surrounding this product.
- Ask them, “What do you know or what have you heard about reverse mortgages?”
- Addressing them will allow you to move forward with confidence
- Promotes you as the authority, the professional with the “right” answers
  - Do not leave “anything” out
- Correct information wins the business!!

## 3. Protection of the Program

- This will usually defeat 90% of the misconceptions and fears they may have

## 4. Numbers as They Pertain to the Client

- Always present both programs
- Stay with the basics (rates, fees, cash available (cash in hand), no mortgage payment!
- Worse case scenario – No Equity Left
- Best case scenario – Equity Left along with immediate relief and lifestyle change
- Look at the Amortization in terms of 3, 5, 7, 10+ years from now
- Tie in the product benefits as you go



# Review



## 5. Why are the Fees so High?

## 6. FAQs

- Get familiar with all FAQs from Plaza's Reverse Mortgage User Guide RV-UG-001
- Some will be addressed prior to loan terms
- Some are Post-Occupancy
  - What happens when I die?
  - How long do they have to sell the house or leave

## 7. I'm not sure I "need this now?"

- Get it before the program becomes more restrictive
- Get the credit line to work for you NOW before you need it.



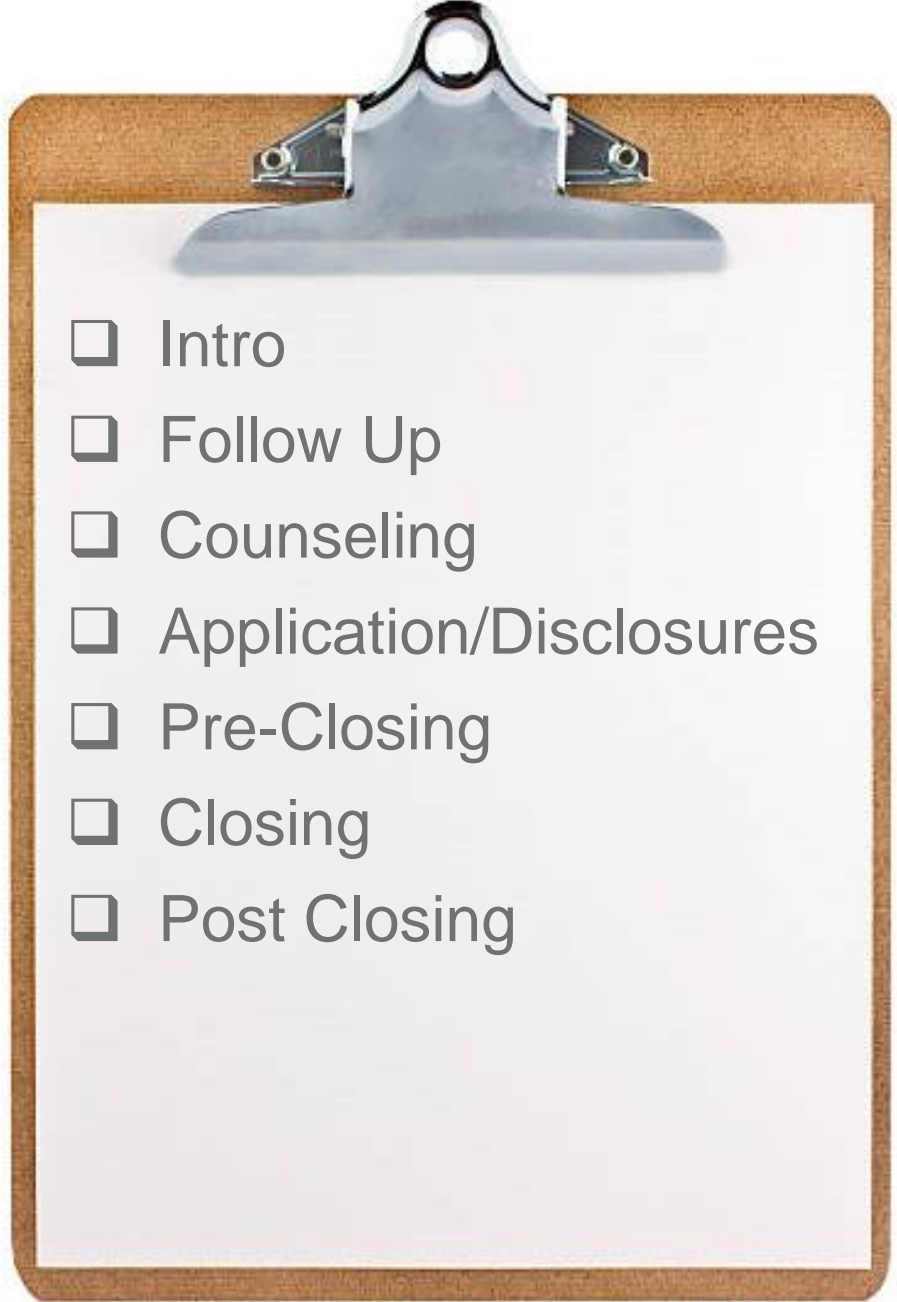


# Review



**Remember this:** Most people, even mortgage professionals, need this program explained to them 4+ times.

The earlier the better. The discussions will become shorter, and you will be able to tell by the quality of the borrower's questions how far they have come to fully understanding what you have presented.

- 
- A wooden clipboard with a silver clip at the top, holding a white sheet of paper with a checklist.
- ☐ Intro
  - ☐ Follow Up
  - ☐ Counseling
  - ☐ Application/Disclosures
  - ☐ Pre-Closing
  - ☐ Closing
  - ☐ Post Closing

# Marketing Keep it Simple



# LEARN ABOUT HOME EQUITY

## WHAT IS HOME EQUITY?

Home equity is the difference in the market value of your home and how much you owe.

Example:

<b>\$425,000</b> Home Market Value	-	<b>\$150,000</b> Mortgage	=	<b>\$275,000</b> Home Equity
---------------------------------------	---	------------------------------	---	---------------------------------

Total untapped home equity in the us  
**\$11.03 TRILLION**

Total home equity held by us homeowners 62 and older  
**\$6.2 TRILLION**

### WAYS TO INCREASE YOUR HOME EQUITY

- Make home improvements to increase value
- Rise in home values in real estate market
- Pay off some/all of mortgage or debt on the house

### POPULAR WAYS TO TAP HOME EQUITY

Home Equity Loan

Home Equity Line of Credit

Cash-out Refinance

Selling The Home

### ADDITIONAL HOME EQUITY OPTIONS FOR HOMEOWNERS 62 AND OVER

#### HECM REVERSE MORTGAGE

**1 MILLION+** Senior Homeowners used a reverse mortgage loan to supplement retirement savings

\*A reverse mortgage is a loan that requires no monthly principal or interest payments, but borrowers must continue to pay property taxes, insurance, and maintain the home.

#### REVERSE MORTGAGE LOAN PROCEEDS CAN BE TAKEN AS:

A Lump Sum	Fixed Monthly Payment
A Line of Credit	Both Monthly Payments & a Line of Credit

#### IMPORTANT DIFFERENCES BETWEEN A HELOC AND A HECM LOC

	HELOC	HECM LOC
Unused portion grows every month		✓
Cannot be frozen or reduced		✓
Ongoing monthly payments	✓	
Predefined due date	✓	
Non-recourse loan		✓
Mandated pre-loan counseling		✓

There is no "one size fits all" in retirement planning. All options should be researched before making the right decision for you.

For more information visit: [www.reversemortgage.org](http://www.reversemortgage.org)

# Working with Plaza Home Mortgage's Reverse Division



# Testimonial



"I've been in the loan business for over 30 years and this product is **life changing** for the borrower. It's a lot of paperwork to sort through but it is worth it because of the **benefits to the client**. Thanks again for all your hard work on this file."

*- A comment from one of our Brokers*



# Plaza Home Mortgage's Reverse Division




- Typical closing time is 4 weeks +/-
- We have the “forward originator” in mind
- Dedicated, highly experienced staff and operations just for this niche product
- Ginnie Mae Issuer and Servicer HMBS
- No retail platform to compete against you
  - 100% Broker/Correspondent
- Your AE is still your AE
- Tremendous support
  - Your success is our success!








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# Why Choose Plaza?

[Here's Why](#)





# Plaza's Reverse Mortgage Website



Serving Reverse mortgage clients since 2008 and still going strong!



Click Here to Get Started!



Reverse Mortgage Pre-Qual

Quote Calculator



Reverse Processing



Forms



Program & Guidelines



- Bay Docs - Reverse Mortgage Software
- Counseling Information
- Reverse Market News

Marketing Materials

Training Center



# Streamline Reverse Mortgage Title Orders with Plaza



At Plaza Home Mortgage®, our goal is to make your life easier. To help streamline the process for reverse mortgages, our Reverse Mortgage Division can, with borrower approval through you, initiate title orders and closing services on your borrower's behalf so you can focus on the most important thing – your business!

## Benefits to you:

- Close more loans while offering a valuable financing option to seniors
- Auto-populated fees are inputted into our Reverse Mortgage LOS, so you immediately know the expected title and closing fees
- Our underwriters and customer service representatives (CSRs) will satisfy the title conditions during the loan process directly with the title company
- Work directly with our closing department that will manage the closing with you, the borrower, and the closing agent
  - Most closings conveniently take place at the HECM borrower's residence
  - Closings can be requested in an office environment
- Lean on Plaza's Reverse team as your main point of contact for title services and conditions and mortgage pay-off orders

We're here to help you every step of the way. However, please be aware that the originating broker/lender will be responsible for all direct borrower correspondence. Plaza's Reverse Division does not correspond directly with reverse mortgage borrowers.

# Suggested Resources





HECMWORLD.COM

Reverse mortgage news, commentary, and analysis for serious reverse mortgage professionals

**FREE Weekly Content: No Paywall!**

SUBSCRIBE

Weekly videos, podcasts, and blog articles

SUBSCRIBE

LISTEN ON

 Spotify

 Listen on  
Apple Music

DON'T MISS OUT!

**Subscribe To Our Newsletter**

Be the first to get latest Reverse Industry updates and exclusive [HECMWorld.com](https://www.hecmworld.com) content straight to your email inbox.

First Name\*

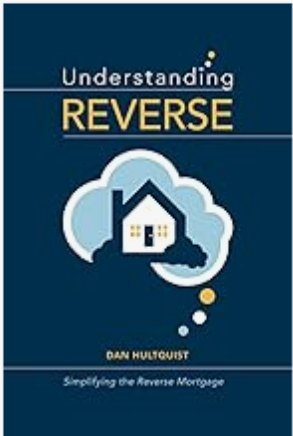
Last Name

Email\*

SUBSCRIBE

\*Plaza is not endorsing any third-party products or services.

# Suggested Resources



## Understanding Reverse: Simplifying the Reverse Mortgage

by Dan Hultquist | Feb 1, 2024

★★★★★ 13

Paperback

\$16<sup>95</sup>

✓prime

FREE delivery **Sat, Jan 18** on \$35 of items shipped by Amazon

Or fastest delivery **Wed, Jan 15**

More Buying Choices

\$15.70 (6+ used & new offers)

Kindle

\$9<sup>99</sup> Print List Price: \$16.95

## Reverse Mortgages: How to use Reverse Mortgages to Secure Your Retirement (The Retirement Researcher Guide Series)

Part of: The Retirement Researcher Guide Series (4 books) | by Wade D. Pfau Ph.D. | Feb 24, 2022

★★★★★ 209

Paperback

\$19<sup>95</sup>

✓prime

FREE delivery **Sat, Jan 18** on \$35 of items shipped by Amazon

Or fastest delivery **Wed, Jan 15**

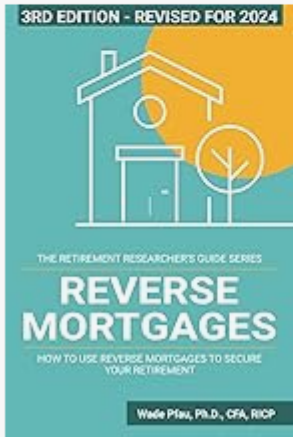
More Buying Choices

\$11.98 (9+ used & new offers)

Kindle

\$9<sup>99</sup> Print List Price: \$19.95

Available instantly



Great On Kindle: A high quality digital reading experience.

\*Plaza is not endorsing any third-party products or services.



# Don't Miss Our Other Reverse Trainings!

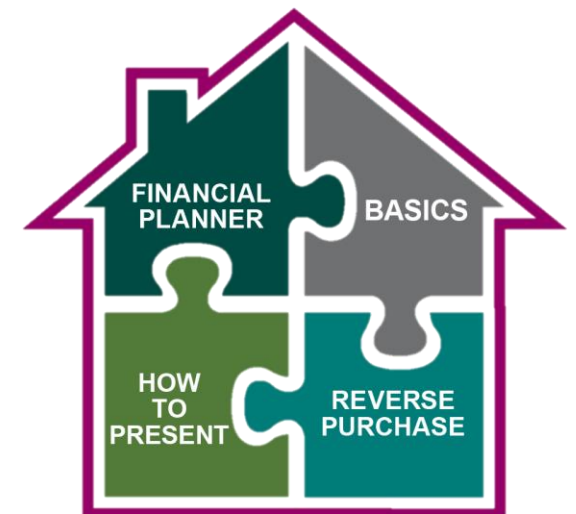


Click the links below to view the webinar recordings for our other trainings:

- [Plaza's Reverse Mortgage PreQual Borrower Counseling Package](#)
- [Reverse Mortgage Basics](#)
- [How to Use the Reverse Mortgage to Purchase a Home](#)
- [How to Present a Reverse Mortgage: The "Kitchen Table" Approach](#)
- [Originating a Reverse Mortgage with Plaza: File Flow from Start to Finish](#)
- [Financial Planners Guide to Reverse Mortgages](#)
- [The Impact of a Rising Rate Environment on Reverse Mortgages and Their Loan Amounts](#)
- [What is the Reverse Mortgage LESA?](#)

**Upcoming Webinars:** [plazahomemortgage.com/calendar](https://plazahomemortgage.com/calendar)

**Recorded Webinars:** [plazahomemortgage.com/training](https://plazahomemortgage.com/training)



# Thank You for Attending!



Webinar recording, slide deck, and other resources will be emailed to you within the next 24 hours. Check your junk/spam folder if you do not receive the email.

Please let us know your thoughts on the survey form when you exit the webinar. We value your feedback!

If you have any questions or comments, please feel free to contact your Plaza Account Executive or [mark.reeve@plazahomemortgage.com](mailto:mark.reeve@plazahomemortgage.com).