

Getting Started with Reverse Mortgages

An 8 Step Overview



Gather Information

- Often the longest step in the process, during the first contact and information gathering discuss the basics of a reverse mortgage, the products and payment options and what the client is looking to get out of a reverse. Many senior borrowers will not go to application after the first meeting. Loan Officers will likely send general information about reverse mortgages, a list of counselors, and a loan comparison based on the scenarios discussed.
- Build trust with the client, by keeping in touch with them and offering to discuss the process with their trusted advisors. Review all options with client (selling their home, refinancing, home equity) including reverse mortgages. Ask questions that will allow you to better understand the client's financial situation so that you can better tailor a product and payment plan that meets their needs.
- Use Tango (LOS) to run scenarios, update client information and print docs.

Counseling

In most states, counseling may be done before or after application.

- You must provide the client a list of the national HUD approved HECM counselors plus 5 local HUD approved agencies. Tango will print an appropriate list for the property state in the Pre-Application and Counseling Package.
- Counseling must be arranged by the borrower. Loan originators cannot steer a borrower to a specific counselor in any way. While, counseling agencies do not have an upper limit on what they are allowed to charge, fees generally range between \$125-\$175. Some agencies receive grant money and may be able offer counseling for less. Payment is usually expected at the time of counseling, depending on the product, counseling is allowed to be financed and paid out of proceeds at the Closing. The fee may only be paid to the counseling agency. Lenders may not pay for counseling.
- A credit report can be ordered (with borrower authorization) before application and before counseling, other services like appraisal, flood, and Title must only be ordered AFTER the originators has received a borrower signed and dated Counseling Certificate and an FHA Case #. No costs (except for credit report) can be incurred on the borrower's behalf prior Counseling.

Application

- Update Tango with as much data as possible so your application package is complete. When taking the application, print the entire Application Package.
- All the RESPA required data elements and an Intent to Proceed must be received from the borrower for a transaction to be considered an application and a GFE to be issued.
- Review the *Items from Borrower* section on the Submission Checklist and ask the borrower to have them ready at application.
- When scheduling the appointment, discuss the products and payment options. At the appointment, take as much time as needed to explain the docs, the process and the products.
- Make sure to leave the *borrower copy* with a copy of all the application and legal docs for their records.

File Processing

- After the application is taken and the borrower signed and dated Counseling Certificate has been received, processing may begin on the file. Review the *Required Documents* on the Loan Submission Form, all appropriate items should be collected at this point. All services should be ordered by the broker. When closing in Reverse Mortgage Funding's name our mortgagee clause should be used. Services (along with their expiration dates) on a reverse mortgage include:

90 Days <ul style="list-style-type: none">Preliminary Title	120 Days <ul style="list-style-type: none">FA DocsCreditCAIVRSTermiteAppraisal*	6 Months <ul style="list-style-type: none">FHA Case #Counseling Certificate	No Expiration <ul style="list-style-type: none">Flood CertsDivorce DecreeTax ReturnsLDP/GSA
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*Can be extended up to 240 days

Tango Update and Registration

- Review all docs for accuracy and compliance.
- Anytime a valid change circumstance occurs, the GFE must be redisclosed.
- Update Tango with order information before loan registration.
- Submit your completed loan package by clicking on the "Submit Loan to RMF" button in the Loan Tracking screen in Tango.

Underwrite, Approve and Clear Conditions

- When the file is received at our Operations Center it is reviewed by your Wholesale Coordinator. Your WC will confirm all required docs are included and executed properly; they will also review Tango data for accuracy.
- Underwriting will review file. After an underwriting decision is made Tango will be updated with a decision, and the Loan Status and Conditions sheet will be emailed to Partner's Processor assigned in Tango.
- All *Prior To Closing* conditions must be sent to the Wholesale Coordinator as soon as possible. Conditions should be sent in all at once, not one at a time. For the quickest turn times upload conditions in Tango's Conditions Upload screen.

Closing/Funding

- After all *Prior To Closing* conditions are cleared, the Closing department. will send a *Clear to Close* email. This email will detail any Closing Conditions, request a Closing Protection Letter and the completion of a Broker and Settlement Agent Worksheet.
- Anytime after the Clear to Close is received the loan can be locked.
- When completing your fee sheet, confirm how your borrower(s) wishes to receive their funds. Funds will not be readily available for approximately two weeks after closing.
- Return fee sheets to Closer. The Closer will send you and your settlement agent a preliminary HUD 1 to ensure all fees are correct. Only after you and your settlement agent approval can we draw closing docs.
- There is a three-day Right of Rescission on reverse mortgage refinances. To ensure timely funding your settlement agent must return closing package to the Closer within 24 hours.
- If monthly payments are requested and the loan is funding on the last day of the month, the first monthly payment will be distributed at Closing.

Servicing

- After Closing the loan is boarded with the Servicing Department.
- Approximately 10 days after Closing, the borrower will receive a Servicing Booklet (sample is in Tango's Reference Center).
- The Servicing Department is responsible for answering borrower's questions, sending payments, and monthly statements. They also conduct annual occupancy questionnaires, work out loan payments when the home is sold, or the last borrower moves out or passes away.

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