

HomeSafe® Second Lien Product Highlights

Revised December 2023

JA-HS-S231181

Overview

The HomeSafe® Second is a proprietary reverse mortgage loan offered exclusively by Finance of America Reverse (FAR). It is a non-recourse loan, meaning neither the borrowers nor their heirs shall have personal liability. The HomeSafe® Second allows borrowers to keep a first lien fixed rate, closed-ended forward mortgage in place but take out a second lien reverse mortgage for additional funds.

Program Highlights

- Fixed rate; reference current rate sheet
- Minimum principal limit of \$50,000 up to a maximum of \$4,000,000
- Simplified financial assessment offered if criteria met
- No life expectancy set aside allowed
- Repair set-aside allowed
- Origination fee payable to FAR: \$3,995
- No upfront or monthly mortgage insurance premium
- No lender credits
- Same non-recourse product feature as the HomeSafe® Standard product.
- Does not have a minimum property value
- Non-borrowers are not permitted
- Does not require that the HomeSafe® provide more funds than the HECM

Approved States

See HomeSafe Licensing Matrix.

Program Terms

The HomeSafe® Second is available when the borrower's first lien is a fully amortizing forward mortgage.

Eligibility

Existing first-lien mortgages remaining in place must be and meet the below:

- Fully amortized, fixed-rate existing first lien **OR**
- HELOC – only when the existing 1st lien is a HELOC and currently in the repayment period, it may be eligible for a HomeSafe® Second **OR**
- Fully amortizing ARM when qualified at maximum rate per Note.
 - Payment will be calculated based on the current unpaid balance amortized over the remaining term.
- The following existing first lien types are ineligible
 - Interest-only
 - Negatively amortizing
 - Private lender
 - Rehab loan during the construction/draw period
 - Reverse mortgage including HECM
- Additional restrictions:
 - Deferred property taxes under a state tax deferral program are not permitted.
 - No additional subordinate liens allowed. Refer to the Debt Payoffs section.
 - 1st lien cannot be in forbearance

Additional Information

Appraisal

Appraisals must be performed by approved AMC HomeSafe® vendors. Transfer appraisals are acceptable following the HomeSafe® guidelines.

- One appraisal required for properties less than or equal to \$2,000,000
- Two appraisals required for properties greater than \$2,000,000
 - The lower of the two values will be used
 - FAR will cover the cost of the second appraisal

Eligible property types include:

- Single-Family Residence
- PUD (attached/detached)
- Condominium/Townhomes
- 2-4 Units
- NO manufactured homes or manufactured condos

Documentation

All loans must comply with applicable state, federal requirements, RESPA time frames and disclosure requirements. All loans must be manually underwritten by a designated FAR underwriter.

The Underwriter must review all documentation required and confirm all regulatory requirements have been met. This includes, but is not limited to:

- Full Appraisal
- CDA
- Initial application package
- Borrower identification
- Credit and income documentation
- Federal tax returns, if applicable
- Hazard and flood insurance (if applicable) declaration page
- Copy of first lien monthly mortgage statement
- Copy of first lien note
- Title Commitment (with tax cert showing 24-month history)
- Tri-merge Credit Report
- Any other documentation submitted

Title Company

Due to the unique nature of this product offering, FAR worked closely with the following title companies to ensure all product differences are accounted for in the title fee estimates, commitments, and policies. For the fastest service and for streamlined underwriting, FAR recommends using one of the title companies below for HomeSafe® Second orders.

If you intend to use a different title company from those listed below, contact titleapproval@far.com so FAR can prepare the title company in advance.

Allegiant Reverse Services

Contact: Megan Hafenstein or Adan Gutierrez

E-mail: Megan@allegiantreverse.com or Adan@allegiantreverse.com

Phone: (844) 808-8299

Boston National Title

Contact: Erin McGreal-Mace

E-mail: emcgreatl@bostonnationaltitle.com

Phone: (949) 254-2144

Fidelity National Title

Contact: Keary Nash

E-mail: keary.nash@fnf.com

Phone: (949) 788-2816

Mortgage Information Services

Contact: David Stroop

E-mail: Sales@mtginfo.com

Phone: (888) 901-4647 ext. 2170

Premier Reverse Closings

Contact: Mark Edward King

E-mail: mking@prclosings.com

Phone: (800) 542-4113 ext. 5271

Ordering Title

- Order title - order a traditional insured title commitment
- Title policy coverage amount to be appraised value minus first lien amount (1.5 times the principal limit amount for Florida Loans). The first lien remains in place and is excluded from the title policy coverage.
- Closing protection letter
- Closing agent to verify funds to be wired into borrower’s account
- Borrower(s) and vesting must match final title on HomeSafe® Standard loan

Fees

The common costs related to a HomeSafe® loan include:

Appraisal	\$800
Document Prep	\$140 (Texas: \$290)
MERS	\$24.95
Credit Report	\$83.03/joint; \$45.19/single (Colorado: additional \$2.40 per borrower)
Flood Certificate	\$5.50
Tax Cert Fee	\$50
Origination Fee	Payable to FAR \$3,995
Counseling	Fees vary, generally \$200.
Title Fees	As provided by the title company dependent on the property state.

Security Instrument

There is only one security instrument that is filed for the HomeSafe® Second.

Monthly Servicing Fee

There is no servicing fee for loans on the HomeSafe® Second.

Financial Assessment

All borrowers are subject to a financial assessment review of credit, income, and property charge payment history depending on the median FICO score for the borrower(s).

Credit and Income Requirements

- **≥680:** May qualify for a streamlined financial assessment. please see below.
- **600 – 679:** Full financial assessment required. find guidelines here. Far will allow non-mortgage installment debt to be paid off to meet financial assessment requirements. If credit card debts are paid off the principal limit will be reduced by 5%
- **<600:** Borrower does not qualify for HomeSafe® Second
- **No Credit Score:** Borrowers must have a credit score, (from 2 of the 3 repositories). If no score, considered on a case-by-case basis and must be reviewed by VP or higher.

Important: Borrowers who fail financial assessment are ineligible for HomeSafe® Second lien product.

To Qualify for Streamlined Financial Assessment:

- Zero 30-day lates in the last 24 months on current mortgage, no forbearance allowed
- Property charges (taxes, insurance, HOA) are current and paid as agreed for the last 12 months, no property tax liens filed OR if escrowed and verified by the current mortgage statement
- Receives guaranteed lifetime benefit income (i.e., social security, pension, etc.)
 - **Credit score ≥720**

- Income plus loan proceeds/ asset dissipation must equal 1.5x greater than current mortgage payment plus property charges.
 - **Example:** Mortgage payment \$1500 and property charges are \$400. Income plus asset dissipation from loan proceeds must equal \$2850 a month.
 - **Credit Score 680 - 719**
 - Income plus loan proceeds/ asset dissipation must equal 2x greater than current mortgage payment plus property charges.
 - **Example:** Mortgage payment \$1500 and property charges are \$400. Pension plus asset dissipation from loan proceeds must equal \$3800 a month.
- FAR will allow non-mortgage installment debt to be paid off to meet Financial Assessment requirements.
- If the borrower does not meet all of these requirements or does not have a Guaranteed Lifetime Benefit as income, a Full Financial Assessment will be required.
- Documentation required for streamlined Financial Assessment (additional documentation might be required)
 - 24-month 0x30 mortgage history
 - Property Charges
 - Homeowners insurance
 - Flood insurance (if applicable)
 - Property taxes
 - Homeowners' dues (if applicable)
 - Provide standard income documentation for a guaranteed lifetime benefit. Refer to examples below.
 - Social security: Most recent award letter and verification of current receipt
 - Pension: Verification that pension is lifetime award and copy of most recent receipt

Loan Comparison

The HomeSafe® Second Loan Comparison must include the HomeSafe® Second product with a HECM Fixed, HECM ARM, and HomeSafe® Standard.