

HomeSafe® Second Lien Product Highlights

Revised April 2024

PR-HS2-JA-S24502

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, adjustable rate, or HELOC 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
 - Balloon payment
 - Negatively amortizing
 - Private lender
 - Rehab loan during the construction/draw period
 - Texas 50(a)(6)
 - 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

Title Charges

Title Charges	All States except FL	FL
Title Insurance Coverage	Property Value - 1st lien balance (UPB) If property value is >\$10mm: MCA – 1 st lien balance (UPB)	Principal Limit x 150%
Mortgage Coverage	Property Value	Property Value
Intangible Tax	N/A	Varies by County. Fee is based on the Security Instrument amount (Property Value)**
Mortgage/State Tax	N/A	Varies by County. Fee is based on the Security Instrument amount (Property Value)**

For the HomeSafe® Second product, if using other than FAR's preferred title company, **Allegiant Reverse Title Services**, please consider the following:

- **The title company selected by the broker should have experience with reverse mortgages and the associated fees.
- **For FL, many title companies use a 3rd party vendor to calculate Intangible/State Stamp Tax fees, and these 3rd party vendors calculate taxes based a defaulted formula. It is important to verify when obtaining fees from the title company that the tax fees are based on property value. And in FL, tax fees can be excessive.

Fees

The common costs related to a HomeSafe® loan include:

Appraisal	\$800
Document Prep	\$140 (Texas: \$290)
MERS	\$24.95
Credit Report	\$54.70 /single; \$109.40/joint
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).

Requirement	Simplified FA ^{1,2,3}	Full FA ⁴
Credit Score	>=720	>=600
Mortgage History	24 months: 0x30 (no forbearance last 24 months)	0x30 in last 12 months and no more than 2x30 day lates for months 13-24
Property Charges	24-month satisfactory history	24-month satisfactory history
Income Type	Income must be stated, income documentation is not required.	All income types allowed
Residual Income	Not applicable	Residual income must be met
1 st Lien Term Remaining	Minimum of 5 years	Not applicable

IMPORTANT: Simplified guidelines must be met and all other HomeSafe® Second requirements, as applicable. No exceptions allowed.

¹If the above criteria are **NOT** met for Simplified; a **Full Financial Assessment** is required.

²Simplified Financial Assessment worksheet (completed internally by FAR) is required.

³**Note: FAR may consider on a case-by-case basis, that if score is 680-719, borrowers may waive RI requirement if the guaranteed lifetime benefit income is >=200% of PITIA.**

⁴Follow standard HomeSafe® Full assessment guidelines

ADDITIONAL NOTES FOR HOMESAFE SECOND PRODUCT: Credit Score: Minimum credit score required must be >=600.

- **Credit score 600-719** are subject to a standard HomeSafe® full financial assessment.
- **Credit Score <600:** Ineligible for this product
- **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 – needs to be reviewed by VP or higher.

Paying off debt to qualify:

- **Installment Debt:** FAR will only allow non-mortgage installment debt(s) to be paid off for qualifying purposes.
- **Credit Card Debt:** Credit card debts cannot be paid off to meet FA unless a haircut of 5% to the principal limit.

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

Loan Comparison

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