

REVERSE MORTGAGE TERMS AND CALCULATIONS

REVERSE MORTGAGE TERMS

HECM	Home Equity Conversion Mortgage
Loan Products	Fixed, Monthly Libor, Annual Libor
HECM	Traditional HECM, HECM TO HECM, HECM For Purchase
1009	Application
Maximum Claim	Appraised Value, Purchase Price or Lending Limit, whichever is less.
Lending Limit	On or before 12/31/2021: <ul style="list-style-type: none"> Maximum \$822,375 (regardless of County or property units) On or after 01/02/2022: <ul style="list-style-type: none"> Maximum \$970,800 (regardless of County or property units)
Principal Limit (PL) aka Max Loan Amount	Maximum loan amount the Borrower qualifies for. Based upon the expected rate and the age of the youngest Borrower or Eligible Non-Borrowing Spouse. Example: Age Factor x Home Value (Max Claim) = Principal Limit (PL)
Age Factor Principal Limit Factor Table (PLF)	Each row represents one age and provides a series of PLF's for interest rate within a given percentage point range in .125 increments. Example: Youngest Borrower or Eligible Non-Borrowing Spouse's age and Expected Rate = Age Factor
Expected Rate	Margin plus the 10-year LIBOR swap rate at time of Origination, per rate sheet.
Initial and Annual Mortgage Insurance	Initial Mortgage Insurance (IMIP) is 2% x Home Value (maximum claim) for all loans. Annual Mortgage Insurance is .50% of the loan balance for all loans. (.50% / 12 = .041 monthly)
Mandatory Obligations	Total of Origination Fee, IMIP, closing costs, liens and mortgage. 3 rd party HECM Counseling and Appraisal Fee are paid up front.
Initial Disbursement Limit	At closing or within first 12 months after closing: Up to 60% of Principal Limit OR Mandatory Obligations + 10% of Principal Limit (not to exceed Principal Limit) Remaining funds available after 12 months from closing have passed.
Initial Loan Balance (UPB)	Mandatory Obligations plus Cash at Closing minus Broker Credit. Broker Credit allowed on ARM products only, not to exceed actual closing costs.
Origination Fee	Charging an Origination Fee is optional. Brokers may charge up to 2% of the appraised value for the first \$200,000 and 1% thereafter. Fee is capped at \$6,000.00 Example: \$315,000 value $\$200,000 \times 2\% = \$4,000$ $\$115,000 \times 1\% = \$1,150$ Max Origination Fee = \$5,150



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Residual Income

Borrower's Income minus:

- Monthly Property Taxes
- Monthly Insurance (HOI and Flood) amounts
- Monthly HOA (if applicable)
- Monthly Revolving and Installment Debt payments
- Maintenance Fee (.14 per square foot of the home)
- Total is the amount of Residual Income.**

Check the Residual Income Table using the correct Family Size and Region.
 If residual income is less than the chart minimum, a compensating factor may be used.
 Speak with a Reverse Mortgage Representative for more information.

Residual Income Table

Family Size	Northeast	Midwest	South	West
1	\$540	\$529	\$529	\$589
2	\$906	\$886	\$886	\$998
3	\$946	\$927	\$927	\$1031
4 or more	\$1066	\$1041	\$1041	\$1160

The Regions on the Table of Residual Income include the following states:

Northeast Region: CT, MA, ME, NH, NJ, NY, PA, RI, VT

Midwest Region: IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI

South Region: AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, PR, SC, TN, TX, VA, VI, WV

West Region: AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY

Family members that live in the home are included in Family Size, but their income can be used as a compensating factor to reduce Family Size.

Cash Payment Options

Six cash payment options are available:

- **Single payment** at closing (lump sum)
- **Line of credit payments**
- **Term payment plan** provides for equal monthly payments to the borrower over a fixed term agreed to by the lender and the borrower
- **Modified term payment plan** combines the characteristics of a term payment plan with a line of credit payment plan
- **Tenure payment plan** provides for equal monthly payments to the borrower for the life of the loan
- **Modified tenure payment plan** combines the characteristics of a tenure payment plan with a line of credit payment plan

