



2 Hour SAFE CE: HECM for Purchase and the New Reverse Mortgage

National Reverse Mortgage Lenders Association
1400 16th St., NW
Suite 420
Washington, DC 20036

Course Provider ID: 1401098

Date of Course Content: November 15, 2016

Date of Course Approval: September 9, 2016

Attachments:

- 1) NMLS Rules of Conduct for Students (ROCS)
- 2) Syllabus





Rules of Conduct for NMLS Approved Pre-Licensure (PE) and Continuing Education (CE) Courses

The Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act), requires that state-licensed MLOs complete pre-licensing (PE) and continuing education (CE) courses as a condition to be licensed. The SAFE Act also requires that all education completed as a condition for state licensure be NMLS approved. Since 2009 NMLS has established course design, approval, and delivery standards which NMLS approved course providers are required to meet. To further ensure students meet the education requirements of the SAFE Act, NMLS has established a Rules of Conduct (ROC). The ROC, which have been approved by the NMLS Mortgage Testing & Education Board, and the NMLS Policy Committee, both of which are comprised of state regulators, are intended to stress that NMLS approved education be delivered and completed with integrity.

Rules of Conduct

As an individual completing either pre-licensure education (PE) or continuing education (CE), I agree to abide by the following rules of conduct:

1. I attest that I am the person who I say I am and that all my course registration information is accurate.
2. I acknowledge that I will be required to show a current government issued form of identification prior to, and during the course, and/or be required to answer questions that are intended to verify/validate my identity prior to, and during the course.
3. I understand that the SAFE Act and state laws require me to spend a specific amount of time in specific subject areas. Accordingly, I will not attempt to circumvent the requirements of any NMLS approved course.
4. I will not divulge my login ID or password or other login credential(s) to another individual for any online course.
5. I will not seek or attempt to seek outside assistance to complete the course.
6. I will not give or attempt to give assistance to any person who is registered to take an NMLS approved pre-licensure or continuing education course.
7. I will not engage in any conduct that creates a disturbance or interferes with the administration of the course or other students' learning.
8. I will not engage in any conduct that would be contrary to good character or reputation, or engage in any behavior that would cause the public to believe that I would not operate in the mortgage loan business lawfully, honestly or fairly.
9. I will not engage in any conduct that is dishonest, fraudulent, or would adversely impact the integrity of the course(s) I am completing and the conditions for which I am seeking licensure or renewal of licensure.

I understand that NMLS approved course providers are not authorized by NMLS to grant exceptions to these rules and that I alone am responsible for my conduct under these rules. I also understand that these rules are in addition to whatever applicable rules my course provider may have.

I understand that the course provider or others may report any alleged violations to NMLS and that NMLS may conduct an investigation into alleged violations and that it may report alleged violations to the state(s) in which I am seeking licensure or maintain licenses, or to other states.

I further understand that the results of any investigation into my alleged violation(s) may subject me to disciplinary actions by the state(s) or the State Regulatory Registry (SRR), including removal of any course from my NMLS record, and/or denial or revocation of my license(s).

Course Number(s)

Signature

Date (mm/dd/yyyy)

Print Name

NMLS ID (If Known)



2 Hour SAFE CE Non-Traditional – HECM for Purchase and the New Reverse Mortgage

Course Syllabus

Course Purpose:

This curriculum is important for all reverse mortgage industry students, as the Home Equity Conversion (HECM) product can be a valuable option for clients who wish to relocate in their older years. This course covers more than just cover the fundamentals and underwriting guidelines that other courses have provided. It also looks at market data and usage statistics and focuses on building a working knowledge of the HECM for Purchase decision.

Course Description:

The course provides vital knowledge that is critical to a student's overall success in assisting potential reverse mortgage clients.

Course Dates and Times:

November 15, 2016 from 8:30 am to 10:30 am

This course is being offered during NRMLA's Annual Meeting & Expo, at the Swissotel Chicago, 323 E Upper Wacker Dr., Chicago, IL 60601

Instructor #1 Contact Information

Instructor: Dan Hultquist

Email: dan@reversevision.com

Phone number: (404) 992-7798

Office hours: M-F 9 am-5 pm EST

Background: Director of Learning and Development at ReverseVision, a technology firm based in San Diego, CA
Earned the Certified Reverse Mortgage Professional designation in 2012
Serves on the Education Committee for the National Reverse Mortgage Lenders Association

Instructor #2 Contact Information

Instructor: Lorraine Geraci

Email: lgeraci@fareverse.com

Phone number: (845) 541-1147

Office hours: M-F 9 am-5 pm EST

Background: Vice President of Learning and Development, Finance of America Reverse, Tulsa, OK

Required Course Material:

[Mortgagee Letter 2008-33](#)

[Mortgagee Letter 2009-11](#)

[HECM for Purchase FAQ](#) (as compiled by HUD)

[The Housing and Economic Recovery Act of 2008](#) (Section 2122)

Grading Policy:

To successfully complete the course, students must attend the course for the full duration and sign the attendance sheet. A brief exam will be given at the conclusion. Passing score is 70 percent. Students may retake one additional time. Upon completion all students will receive a course completion certificate and 2 hours of continuing education credit.

Course Policies:

All students must be honest and forthright in their academic studies. To falsify the results of one's research, to steal the words or ideas of another, to cheat on an assignment, or to allow or assist another to commit these acts corrupts the educational process. Students are expected to do their own work and neither give nor receive unauthorized assistance. Any violation of this standard could lead to automatic withdrawal from the course without credit or refund.

Course Outline:

Part 1: The Fundamentals (50 minutes)

Program features and underwriting guidelines

Max Claim Amount

- Max Claim Amount (MCA) is the LESSER of the HECM Lending Limit, the Home's Value, or the Sales Price
- Example:
 - HECM Lending limit \$625,500
 - Home Value \$225,000
 - Sales Price **\$210,000**

Principal Limits

- The Principal Limit is applied to the sales price
- Examples:
 - Age 62 - A HECM may contribute up to 52.4% of the sales price
 - Age 90 - A HECM may contribute up to 75.0% of the sales price

Other Fundamentals

- Original purchase contract required
 - Make sure to include all amendments
 - Make sure to include the FHA Amendatory Clause
- Borrower must establish residency within 60 days
- No 3-day ROR
- Additional Credit requirements

New Construction

- New Construction: The Certificate of Occupancy (CO) must be obtained first
“The lender may only take application once the certificate of occupancy or its equivalent has been issued”

Anti-Flipping Guidelines

- No re-sales within 90 days
- 91-180 requires additional documentation
- Sales contract date
- Bank-owned properties
- 2nd appraisal may be necessary

Underwriting the loan

- Disposition of their current home
 - Keep their current home
 - Sell their current home
- Acceptable sources of funds
 - Checking, Savings, Stocks, 401k
 - Sale of residence or personal property
 - Gift funds ARE allowed

Seller Restrictions

- Seller financing
- Builder incentives
- Seller contributions / concessions
- Home warranties
- Trade equity / sweat equity
- Rent credits
- Lender Credits

What CAN the seller pay?

- Pro-rated share of property taxes
- Pro-rated share of HOA dues
- Transfer and intangibles taxes
- Fees paid for the seller's benefit
- Repairs MUST be paid for by the seller

Upsizing Example

Downsizing Example

Case Study #1: Downsizing with Liquidity

Part 2: The Market (50 minutes)

History, trends, and product usage data

The Market

- The good news
- The bad news

Advantages for CLIENTS

- Prior to 2008, relocation was often difficult
- It allows for 1 transaction instead of 2
- It increases purchasing power
- It is great for:
 - RELOCATING
 - DOWNSIZING
 - UPSIZING

Advantages for REALTORS?

- Increase listings and sales
 - Many seniors cannot relocate without this program
- Increase your buyer's purchasing power
 - Using HECM funds allows them to buy more home
- Increase your builder's business
 - Senior (Active Adult) Communities

Regulatory History affecting HECM for Purchase

- 2008 – Housing and Economic Recovery Act of 2008
 - 2009 – First origination
- 2013 – PLF reduction (=15%)
 - IMIP increase (for full PLU)
- 2014 – PLF adjustment
- 2015 – Financial Assessment

Quarterly Purchase Volume

- 1st Quarter 2014 drop
- Beginning in 2nd quarter, 2015

HECM for Purchase and Product Mix

- Opposite mix of Traditional HECM business

HECM for Purchase and Financial Assessment

- Disproportionate Impact

HECM for Purchase – with and without Life Expectancy Set-Aside

- LESA Graph #1

HECM for Purchase and Principal Limit Usage

- Nearly all currently use 100% PLU
- PLU Graph #1

HECM for Purchase and Principal Limit Usage

- Graph #2

Over-Funding the Purchase

Case Study #2 - Over-Funding the Purchase

Introduction:

This course is a live, instructor-led course. Instructors facilitate and encourage interaction between the students, which fosters a sense of community and helps them learn from one another.

End of Course Assessment

Students will have 20 minutes to complete a 15-question multiple choice exam. Students must receive a 70% score to pass. Students will be notified of their test scores within three business days.

If a student fails the exam, he or she may retake the exam one additional time. NRMLA will email a different set of questions to the student and then the student will email back the responses. NRMLA will notify the student of the results within three business days.