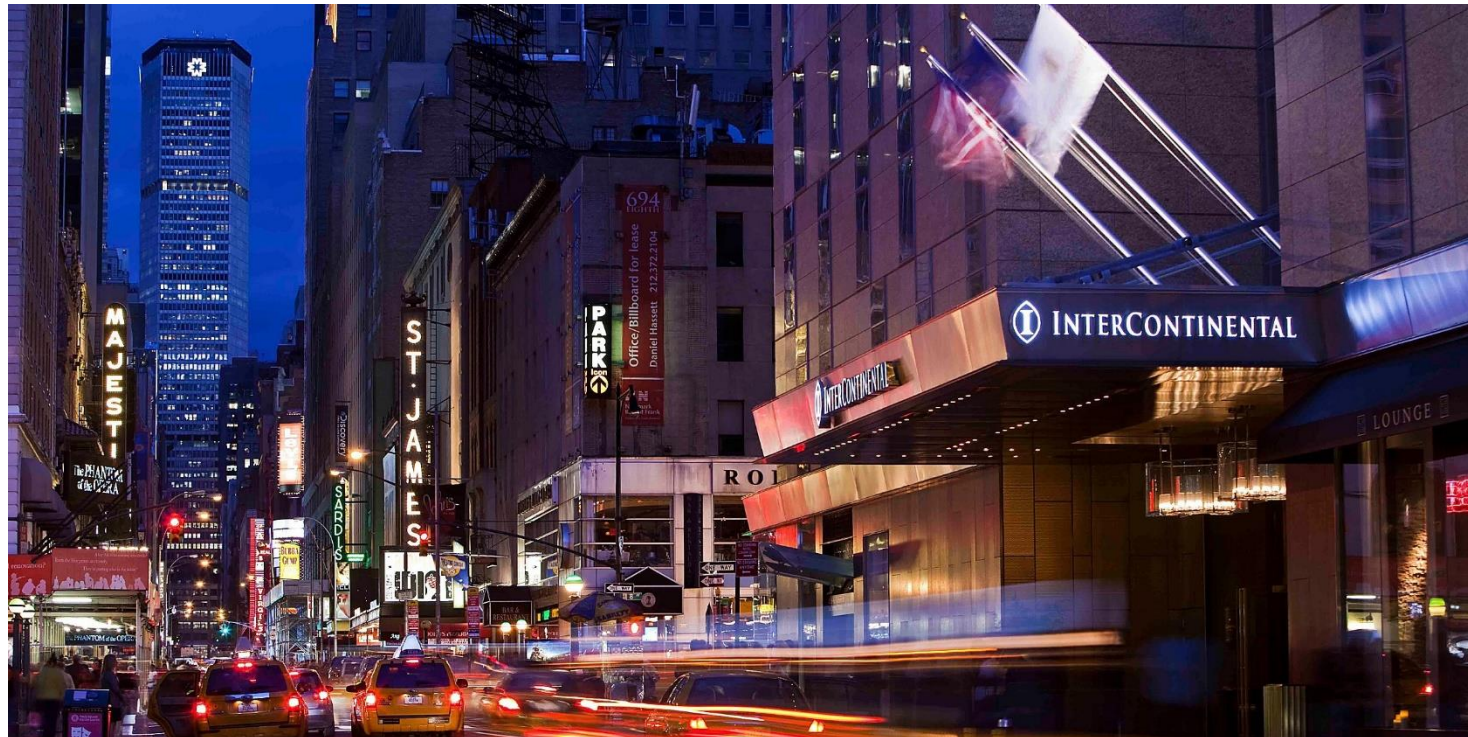


# National Reverse Mortgage Lenders Association Eastern Regional Meeting

May 20-21, 2019      New York, NY





# Proprietary Product Innovations and Solutions

Moderator: Mike McCully, New View Advisors, Naples, FL

Presenters:

- Mark O'Neil, Reverse Mortgage Funding, Boston, MA
- Jonathan Scarpati, Finance of America Reverse, Tulsa, OK
- Peter Sciandra, LongBridge Financial, Mahwah, NJ



EQUITYELITE

# Overview

## **Presented By:**

Mark O'Neil

National Sales Leader, Reverse Mortgage Funding LLC

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# Why Equity Elite?

- The FHA HECM Program has dominated the space and is still a viable option for many older homeowners
- RMF recognized a number of gaps and developed a program better suited for:
  - Cost-sensitive borrowers
  - Properties which are not FHA eligible, including Condominiums, Planned Unit Developments
  - Higher valued properties
  - Younger borrowers
  - Borrowers who want to consolidate debt
  - Better accommodate purchase borrowers receiving closing cost assistance or seller concessions



# Product At a Glance

- **Available to borrowers at age 60\***
- **Lower Closing Costs**
  - No FHA Mortgage Insurance Premium (upfront or ongoing MIP)
- **Lender Credits**
  - Many Equity Elite offerings offer lender credit
- **Equity Elite ZERO<sup>†</sup>** eliminates almost ALL lender closing costs
- **Debt Consolidation**
  - Pay consumer debt to qualify – credit cards, car loans, student loans, etc., all paid off HUD-1
- **More Eligible Condo Projects**
  - Projects approved by FHA, Fannie Mae or RMF
  - Simple, free project approval
- **Proceeds Flexibility<sup>‡</sup>**
  - Take all available proceeds at closing or just closing costs and payoffs, or anything in between
  - New Term Option, allows borrowers to access funds via monthly payment for up to 120 months (CA only, additional states to follow soon)
- **Seller Contribution on Purchases**
  - Seller contributions up to 6% of sales price

\*Not applicable in all states; some states may impose a higher age requirement. Visit [www.reversefunding.com/equity-elite](http://www.reversefunding.com/equity-elite) for details.

<sup>†</sup>With this pricing option, borrower receives a lender credit covering nearly all closing costs. There is a non-refundable independent counseling fee of approximately \$125 on average, which the borrower pays directly to the counseling agency. Terms and conditions apply. Not available in all states.

<sup>‡</sup>Minimum UPB of \$100,000, Term product is full-draw only.

Equity Elite Reverse Mortgage ("Equity Elite") is Reverse Mortgage Funding LLC's proprietary loan program, and it is not affiliated with the Home Equity Conversion Mortgage (HECM) loan program, which is insured by FHA. Equity Elite is available to qualified borrowers who may also be eligible for FHA's HECM program or are seeking loan proceeds that are higher than FHA's HECM program limit. Equity Elite currently is available only for eligible properties in select states. Please contact your loan originator to see if it is currently available in your state. Visit [www.reversefunding.com/equity-elite](http://www.reversefunding.com/equity-elite) for details and additional disclosures



# Product At a Glance

- Maximum Loan Amount \$4,000,000
- LTV/PLF Determination
  - Interest Rate, age of youngest borrower (or NBS), lower of sale price, appraised or adjusted value
- No Initial (1st year) Distribution Limit
- Fixed Rate only with a minimum distribution of \$100,000 (lower with approval)
- Rates start below 6%
- No monthly servicing fee
- Non-Recourse
- Prepayments are permitted at any time without penalty

## Equity Elite State Availability

*(as of 5/3/19)*

AZ, CA, CO, CT, DC, FL, GA, IL, MI, MT,  
NJ, NM, NV, OH, OR, PA, RI, SC, TX,  
UT, VA, WA

## Equity Elite States available in Reverse Vision:

AZ, CA, CO, FL, IL, OR, TX, WA, OR

**Equity Elite Term Payment Option**  
CA only, additional states to follow

# Equity Elite Product Options

	Equity Elite Lump Sum	Equity Elite ZERO Lump Sum	Equity Elite Term Payment	Equity Elite ZERO Term Payment
<b>Required Distribution at Closing</b>	\$100,000*	\$100,000*	60% of Principal Limit, Minimum of \$100,000*	60% of Principal Limit, Minimum of \$100,000*
<b># of Monthly Payments</b>	N/A	N/A	24 – 120 months	24 – 120 months
<b>Purchase Loans</b>	Yes	Yes	Not at product launch	Not at product launch
<b>Required to Use 100% of PL</b>	No	No	Yes	Yes
<b>Closing Costs</b>	Credits are available on several of the coupons	Lender Credit for all but Counseling and State Fees <sup>†</sup>	Typical Closing Fees – No MIP	Lender Credit for all but Counseling and State Fees <sup>†</sup>

\*Please contact RMF Account Executives for exceptions.

<sup>†</sup>Equity Elite Zero covers all closing costs except Counseling and state required fees.

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# Who are Equity Elite Borrowers?

- Average Age of Borrower: 78
- Average Home Value: \$1.45 MM
- Average UPB: \$620,162
- Average Mortgage Debt Payoff: \$175,663
- Average Credit Card Debt Payoff: \$20,395
- Highest Loan Amount Closed: \$4 MM
- Lowest Loan Amount Closed: \$63,363
- Average Credit Score: 743
- Average Loan-to-Value (LTV) Ratio: 0.407
- Property Types:
  - 2-4 Family: 4%
  - Condo: 18%
  - Planned Unit Development: 14%
  - Single Family: 64%



# For More Information on Equity Elite:

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The Benefits of Proprietary Products

# Longbridge Financial's Platinum Program



The power of home.™



# Longbridge Financial Platinum

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<https://longbridge-financial.com/wholesale/>

[Longbridge Service Guarantee](#)



# The Benefits of Proprietary Products

For the Reverse Market, Proprietary Products offer the Originator greater flexibility than HECMs in terms of underwriting and product guidelines.

There's the obvious benefit of being able to lend on higher value homes, but there are many areas where Proprietary Products can help to expand your business.



# The Benefits of Longbridge Platinum

- Lower costs – no upfront or annual MIP
- No Closing Costs – Options where most of the closing costs are covered
- For home values of \$500K and above, more available cash than HECM
- Flexibility – Choice of full or partial disbursement at closing
- Loan Amounts up to \$4 million and no limit on property value
- Minimum Property Value - \$350K



# The Benefits of Longbridge Platinum

- Condos – FHA approved, FNMA approved or warrantable and site condos
  - Simple – HOA completes/submits FNMA Limited Review Questionnaire
- Purchases – Seller/Interested parties can contribute up to 6%
- Qualifying – Debt consolidation to pass the residual income test
- Non-recourse transaction – same as HECM
- Dedicated Support Staff – Questions answered; loans closed quickly
- Available in 15 States and Growing:  
AZ, CA, CO, CT, FL, GA, IL, MI, NV, OR, PA, SC, TX, UT, VA



Product Comparisons	HomeSafe	HomeSafe LESA	HomeSafe Flex	HomeSafe Flex LESA	HomeSafe <sup>®</sup> Select	HomeSafe <sup>®</sup> Second
Maximum Loan Amount	Up to \$4 million	Up to \$4 million	Up to \$4 million	Up to \$4 million	Up to \$4 million	Up to \$4 million minus 1 <sup>st</sup> lien balance
Origination Fee	None	None	None	None	Payable to partner, up to \$8k	2% of the PL, capped at \$6k
Lender Credit Available	Yes, based on tier	Yes, based on tier	No	No	No	No
Line of Credit	No	No	No	No	Yes	No
Interest Rate	Fixed, based on tier	Fixed, based on tier	Fixed, based on tier	Fixed, based on tier	Adjustable, 3.5%**	Fixed, 6.99%
Property Charge Set-Aside (LESA)	N/A	Allowed	N/A	Allowed, except tier 6	Not available when LESA required	Not available when LESA required
Service Fee	None	None	\$30 per month, except TX	\$30 per month, except TX	\$30 per month, except TX	None
	INTEREST RATE TIERS					
Tier 1	5.875	6.125	5.875	6.125	N/A	N/A
	5.95*	6.20*	N/A	N/A	N/A	N/A
Tier 2	5.99	6.24	5.99	6.24	N/A	N/A
Tier 3	6.25	6.5	6.25	6.5	N/A	N/A
Tier 4	6.5	6.75	6.5	6.75	N/A	N/A
Tier 5	6.75*	7.00*	6.75	7	3.5**	6.99
Tier 6	7.25*	7.50*	7.25	N/A	N/A	N/A
*FAR will pay an additional lender credit to cover customary closing costs, excluding counseling fees and state, city, and county tax and recording fees. HomeSafe to HomeSafe refinances are excluded from this credit. Additionally, tier 6 is not available for these transactions.						
**Margin (index rate to be added to provide total rate)						



Fixed rate for those looking for **low cost or max proceeds.**

Product structure can show lowest available rate, maximum lender credit, or maximum principal limit.

- Loan amounts up to \$4 million dollars
- Six LTV tiers (5.875% - 7.25%)
- Lender Credit available to cover customary closing costs
- Lump sum payments with no initial limitations on available funds
- No lien seasoning guidelines
- Same Financial Assessment qualifications as the FHA HECM product
- Non-recourse product feature
- No prepayment penalties
- Options for both purchase and refinance transactions





Best for those looking for both **customization and flexibility**.

Get the key benefits of HomeSafe Standard while preserving more equity by slowing the draw of proceeds.

- Minimum draw requirement of 60% of the available proceeds at closing
- Remainder of available proceeds paid out monthly in a consistent amount over a 12- to 60-month term
- Borrowers ability to take less than a five-year term but no less than a one-year term as long as the proceeds are evenly distributed
- Borrowers ability to take less than the full draw of the remaining proceeds. If not drawn, the borrower loses access to those funds.
- \$30 monthly servicing fee, except in the state of Texas



Best for Borrowers who are looking **a line of credit.**

Gives the freedom and flexibility to access funds as they wish by providing a LOC with no required monthly mortgage payments.

- Adjustable rate loan with unique credit line features
- Has a LOC that can be no higher than the initial unpaid principal balance (UPB)
- Open-ended product; however, the first 25% of prepayments are ineligible for redraw
- 3.50% Margin
- 4.99% floor rate and a lifetime cap of 3% above the initial rate
- An origination fee payable to the broker
- A draw period of 10 years with protection of not being called due until a maturity event occurs



Best for those who want to **keep their first mortgage.**

It's the only second mortgage on the market that doesn't require monthly mortgage payments.

- Allows an existing forward loan borrowers to maintain a low-rate first mortgage, and access more funds without refinancing
- The funds available to the borrower at closing are calculated by subtracting the first lien balance, other payoff and closing costs
- Origination fee of 2 points of the principal limit, capped at \$6,000
- Is for placement behind fixed rate loans only
- No minimum property value
- Not available if a LESA is required



# FAR continues to innovate

- **HomeSafe<sup>®</sup> meets varied needs of borrowers**
  - Rate-sensitive borrowers *Standard - tier 1*
  - Cost-sensitive borrowers *Standard - w/credit*
  - Maximize principal limits *Standard - tier 6*
  - Flexible draw pattern *Flex*
  - Open line-of-credit *Select*
  - Keep their first mortgage *Second*