

THINGS TO BE AWARE OF WHEN WRITING A HECM FOR PURCHASE

1 The Close of Escrow (COE) date must be a minimum of 45 business days from the date of loan submission to Smartfi®.

2 Contract and disclosures required:



- Fully executed Purchase Contract, including all Addendums and Counter Offers.
- Fully executed FHA Amendatory Clause and Real Estate Certification disclosures.
- Important Notice to Homebuyer.
- For your Protection get a Home Inspection.
- Additional documents based on specifics of the purchase.
- ONLY clients are listed on the contract.
- Contract can state interested party contributions, such as seller paid closing costs.
- Contract may NOT state seller financing or any other type of credit such as personal property.
- NOTE Real Estate Agent's cannot act in capacity of the Loan Officer.

3 No repair set aside allowed, regardless of the repair item. All repairs must be completed prior to closing by the seller.

- The seller is not permitted to credit the buyer or reduce the purchase price for any FHA required repairs they do not wish to complete.



4 If clients are retaining their current residence after closing, the mortgage, taxes, insurance and HOA dues will need to be considered in the capacity test and meet willingness guidelines.

5 Existing HECM on property that is being sold, must be paid/closed prior to closing on the new HECM purchase, cannot be simultaneous closings.

6 Clients without a credit score must either obtain a non-traditional mortgage credit report or independent verification.

7 Besides the normal FA willingness review, a Chapter 7 bankruptcy must have been discharged for 2 years. Chapter 13, 12 months or greater on the payout, all payments made on-time and court approving the reverse mortgage is required.

8 HECM counseling can occur before or after the contract is written.



- **If no contract-** address will be clients current primary address.
- **If a contract** – address is required to show the subject property.

9 Fees - the seller is allowed to pay any fee, closing cost, or prepaid on behalf of the buyer. The following items are just a few that are allowed to be paid by the seller.

- Lender Title insurance
- Owners Title Insurance – Buyers portion of T&I and HOA
- Deed Transfer Tax (can be split 50/50)
- Termite Inspection
- Escrow Fee (cannot be split 50/50)
- Sellers MAY purchase a Home Warranty Policy



10 Funds TO CLOSE-



- Evidence of cleared Earnest Money deposit, along with 2 months bank statements to source and season funds used for the EMD.
- 2 months bank statements to source and season all funds used for closing.
- If applicable- Final HUD-1 for real estate sale proceeds.

- **Funds NOT allowed: Seller financing; bridge loan, personal loans, cash withdrawals on credit cards.**
- **NO LENDER Credits are allowed.**