

Power of Attorney (POA) Job Aid ● ● ● ● ● ● ● ●

POA Terminology

• Principle •

The individual who executes the POA document. The principal appoints another individual to act as an “agent” on his/her behalf.

• Agent or Attorney in Fact •

The individual appointed by the principal who has the authority to execute the signing of documents on behalf of the principal.

Competent & Convenience

All competent borrowers must be counseled regardless of the use of POA.

A legally competent applicant may use a POA for the initial application.

The borrower must sign the initial 1009, initial HUD/VA Addendum to Uniform Residential Loan Application (form HUD-92900-A), and Counseling Certificate.

The Attorney-in-Fact may execute all remaining documents.

A doctor's letter must be provided in order to clearly determine the borrower is competent.

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When a legally competent borrower chooses to use a POA for initial disclosures and/or closing documents, the Attorney-in-fact (AIF) is not required to attend HECM counseling. In addition the AIF is not required to execute the 1009, 92900-A or counseling certificate.

Competent but physically incapable of signing:

If a “Competent” borrower is physically incapable of signing, Smartfi requires a letter from a diagnosing professional (ex: Joe Doctor., M.D.) to include:

1. Date of incapacitation diagnosis.
2. The type of incapacitation.
3. Borrower's current condition.
4. Certifying the borrower is mentally competent but unable to sign the appropriate documents.

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The AIF does not need to be counseled, although will sign documents as the AIF.

Basic Requirements

Must be Durable.

POA dated prior to the application date.

Acceptable identification documentation and a fully completed CIC required for POA.

POA must give authority to:

- Encumber Subject Property.
- Sell the Property.

Must have a notarized copy of fully executed POA.

Title company must review & approve the POA.

Smartfi Underwriting will review & approve the POA.

Loan documents are executed using the following signature format:

[Borrower Name] by [Agent Name] (as it appears on the POA) as Attorney in Fact

Incompetent

The “Agent” listed in the POA must be counseled and sign all documentation. The borrower will not execute any documents.

One or two doctor's letters are required confirming the borrower was competent at the time the POA was executed and that the borrower is currently not competent to handle their financial affairs.

The number of doctor's letters required will depend on the POA or trust documentations requirements for documenting in capacity.

• • • • Additional Information • • • •

Borrowers who cannot sign their full names may execute documents with an “X”, provided the mark is witnessed and notarized per state requirements.

This includes persons who can sign their names, but have difficulty signing large volumes of closing documents.

A competent borrower, signing with an “x” will only be required to sign the upfront 1009, 92900A and counseling certificate. This accompanied by a doctor's letter verifying physical limitation and mental competency will be sufficient.