

SECTION 1	Overview:																																																																																													
	<ul style="list-style-type: none"> • Occupancy – Owner Occupied • Purchase or Refinance Note: on a refinance the borrower must be currently occupying the subject property at time of application. • Age requirement – 62+ Note: Spouse may be younger than 62 under the NBS, (non-borrowing spouse) option • Required Mortgage Payment – No Principle and Interest (P&I) payment is required for the life of the borrower as long as the borrower continues to live in the subject property as their primary residence. • Property Taxes and Insurance – Continue to be the responsibility of the borrower and must be paid in accordance with the county and insurance company payment schedules. 																																																																																													
SECTION 2	Overlays:																																																																																													
	<p><u>Program:</u></p> <ul style="list-style-type: none"> • HECM to HECM Refinance - Lenox / WesLend currently follows the NRMLA's Advisory Opinion as indicated below: <ol style="list-style-type: none"> 1. HECM to HECM refinance cannot be done within 18 months from the last funding date: 2. Additional cash to borrower must be at least 5% of their current balance (i.e., if they owe \$200,000 they need to receive at least \$10,000) 3. HECM to HECM refinance needs to meet applicable benefits to borrower requirements. 																																																																																													
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MAXIMUM CLAIM AMOUNT	<ul style="list-style-type: none"> Maximum Claim Amount is \$636,150 Note: For HECM Purchase the maximum claim amount is the lesser of \$636,150, the appraised value OR the Purchase price. 																
RATIOS	<ul style="list-style-type: none"> Debt to Income (DTI) requirement - Not Applicable Note: A Residual Income Requirement must be satisfied. 																
FINANCIAL ASSESSMENT SATISFACTORY CREDIT REQUIREMENTS	<p>Satisfactory Credit</p> <p>Borrower has satisfactory credit if they:</p> <ul style="list-style-type: none"> Made all housing and installment payments on time for the last 12 months, Had no more than two 30 day late payments in the last 24 months, AND, Has no major derogatory revolving credit in the last 12 months. <p>Derogatory Credit</p> <ul style="list-style-type: none"> Major derogatory credit includes payments that are MORE than 90 days late or more than two payments that are 60+ days late. Collections Charge off Disputed Derogatory Accounts Judgments Delinquent Federal Tax Debt or Non Tax Debt Delinquent FHA insured loans or other government loans <p>*****HECM for purchase credit willingness may be different*****</p> <p>LESA (Life Expectancy Set Aside)</p> <p>Borrowers that DON'T pass the credit willingness/ability and residual income requirements may still qualify for a HECM. However, they'll need to have an escrow account set up for them. Basically, we have to set aside enough money to pay their taxes and insurance for the rest of their Life Expectancy (Chart Below).</p> <table border="1" data-bbox="457 1203 1669 1373"> <thead> <tr> <th>Derogatory Credit</th> <th>Status</th> <th colspan="2">Seasoning Requirements for LESA</th> </tr> </thead> <tbody> <tr> <td>Bankruptcy CH 7</td> <td>Dismissed / Discharged</td> <td>LESA applies <= 2 years</td> <td>> 2 years LESA may apply</td> </tr> <tr> <td>Bankruptcy CH 13</td> <td>Dismissed / Discharged</td> <td>LESA applies <= 2 years</td> <td>> 2 years LESA may apply</td> </tr> <tr> <td>Bankruptcy CH 13</td> <td>Still Making payments Note: Court / Trustee approval required</td> <td>LESA applies <= 2 years</td> <td>> 2 years LESA may apply</td> </tr> </tbody> </table>	Derogatory Credit	Status	Seasoning Requirements for LESA		Bankruptcy CH 7	Dismissed / Discharged	LESA applies <= 2 years	> 2 years LESA may apply	Bankruptcy CH 13	Dismissed / Discharged	LESA applies <= 2 years	> 2 years LESA may apply	Bankruptcy CH 13	Still Making payments Note: Court / Trustee approval required	LESA applies <= 2 years	> 2 years LESA may apply
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Life Expectancy by Age & Life Expectancy Set Aside Requirements in Years

Age	Life Expectancy	# of years to set aside taxes and HOI		Age	Life Expectancy	# of years to set aside taxes and HOI
62	83	21		79	88	9
63	83	20		80	89	9
64	83	19		81	89	8
65	83	18		82	90	8
66	84	18		83	90	7
67	84	17		84	91	7
68	84	16		85	91	6
69	85	16		86	92	6
70	85	15		87	93	6
71	85	14		88	93	5
72	85	13		89	94	5
73	86	13		90	95	5
74	86	12		91	95	4
75	87	12		92	96	4
76	87	11		93	97	4
77	87	10		94	98	4
78	88	10		94-119	98+	3
				120+	120+	0

STATE RESTRICTIONS

State Requirements:

- California: 7 day cooling off period required between counseling session and order of the appraisal.
- Texas:
 1. Closing in Life Estates or Trusts – Not allowed
 2. Requires Schwartz & Associate title review / approval
 3. Non-borrowing Spouse (NBS) - Not allowed
- Illinois - Requires proof of appraisal delivery New Mexico – Requires a land survey.
- Massachusetts –
 - Reverse mortgage borrowers must receive counseling from an agency approved by the Massachusetts Executive Office of Elder Affairs (“MA EOE”). Any borrower that has been counseled by an agency that is not listed on the MA EOE approved list will have to be re-counseled prior to loan closing.
 - Counseling must be Fact to Face
 - Required Opt In Disclosures, signed and dated on or after the counseling date:
 - Is a Reverse Mortgage Right for you?
 - Acknowledgement of receipt of “Important Information for Elder Homeowners: Is a Reverse Mortgage Right for you?”
 - MA Commitment Letter cannot be signed and dated until after the date of the OPT in Disclosures. The execution of the MA Commitment Letter begins the required 7 day waiting period prior to loan closing.
- Tennessee: Lenox/WesLend will require a fully executed counseling certificate prior to the application. All applications without a fully executed counseling certificate will not be accepted.

	<ul style="list-style-type: none"> Vermont: Lenox/WesLend will require the borrower to obtain a face-to-face counseling prior to application. If a face-to-face counseling session is not possible, counseling over the phone may be acceptable if performed by an agency authorized by the Department of Banking, Insurance, Securities and Health Care Administration. 																		
APPRAISALS	<p>Based on the property type, the following appraisal report form must be used:</p> <table border="1" data-bbox="457 362 1894 841"> <thead> <tr> <th><i>Property Type</i></th> <th><i>Form Name/No.</i></th> </tr> </thead> <tbody> <tr> <td>Single-Family Residence (SFR), Planned Unit Development (PUD)</td> <td>Uniform Residential Appraisal Form (#1004/#70) And 1004MC</td> </tr> <tr> <td>Condominiums</td> <td>FNMA Form 1073 and 1004MC</td> </tr> <tr> <td>Site Condominiums</td> <td>FNMA Form 1073 and 1004MC</td> </tr> <tr> <td>2-4 unit Properties</td> <td>Small Residential Income Property Appraisal Report (#1025/#72) and 1004MC</td> </tr> <tr> <td>Manufactured (HUD Code) Housing</td> <td>FNMA Form 1004C and 1004MC</td> </tr> <tr> <td>Update of Appraisal (All Property Types)</td> <td>FNMA Form 1004D</td> </tr> <tr> <td>Final inspection of New Construction</td> <td>Form HUD-92051</td> </tr> <tr> <td>Final Inspection for Existing Property</td> <td>FNMA Form 1004D</td> </tr> </tbody> </table>	<i>Property Type</i>	<i>Form Name/No.</i>	Single-Family Residence (SFR), Planned Unit Development (PUD)	Uniform Residential Appraisal Form (#1004/#70) And 1004MC	Condominiums	FNMA Form 1073 and 1004MC	Site Condominiums	FNMA Form 1073 and 1004MC	2-4 unit Properties	Small Residential Income Property Appraisal Report (#1025/#72) and 1004MC	Manufactured (HUD Code) Housing	FNMA Form 1004C and 1004MC	Update of Appraisal (All Property Types)	FNMA Form 1004D	Final inspection of New Construction	Form HUD-92051	Final Inspection for Existing Property	FNMA Form 1004D
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Eligible Property Types	<ul style="list-style-type: none"> SFR – Single Family Residence Town Home Condominium with an FHA/HUD approved homeowner’s association. Site Condo does not require project approval. Double Wide manufactured home built after June 1976 and NOT located in a flood zone) Modular Homes 2-4 unit Owner Occupied properties Attached or Detached PUDs (Planned Unit Development) Mixed Use Agricultural Zoning (Property must not be a working farm or producing income from the land) 1 unit leasehold Log Homes – Note: Comparable sales are required. 																		
Ineligible Properties	<ul style="list-style-type: none"> New Construction with CO issued after application Manufactured Homes located within condominium or PUD projects Manufactured homes located in flood zones Single Wide Manufactured Homes Berm Homes 																		

	<ul style="list-style-type: none"> • Geodesic Homes • Homes located on Tribal Indian Lands • 2-4 unit leasehold 																												
<p>ACCEPTABLE INCOME</p>	<ul style="list-style-type: none"> • Employment (part time or full time) • Pension • Social Security • Self-Employment • Asset Dissipation • Seasonal Income • Trust Income • SNAP • Notes receivable • Annuities • Expected Income – Expected income refers to income from cost-of-living adjustments, performance raises, a new job, or retirement that has not been, but will be received within 60 days of mortgage closing • Rental income • Employer Housing Subsidy 																												
<p>RENTAL INCOME</p>	<p>Rental income received from owner occupied property being vacated by borrower.</p> <p>If rental income is being derived from the property being vacated by the borrower, the borrower must be relocating to an area more than 100 miles from the borrower’s current Principal Residence. The borrower must also provide a lease agreement of at least one year’s duration after the Mortgage is closed and evidence of the payment of the security deposit or first month’s rent and meet one of the documentation requirements listed below.</p> <p>Required Documentation:</p> <ul style="list-style-type: none"> • Limited or No History of Rental Income Where the borrower does not have a history of Rental Income for the property since the previous tax filing, including property being vacated by the borrower, an appraisal evidencing market rent and that the borrower has at least 25 percent equity in the property must be included in the file. OR • History or Rental Income Borrower to provide last two year’s tax returns with Schedule E, showing rental income. 																												
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<p>RESIDUAL INCOME REQUIREMENT</p>	<p>To determine if monthly residual income is sufficient to demonstrate the financial capacity of the mortgagors to meet their financial obligations, select the applicable family size, and region from the table below.</p> <table border="1" data-bbox="457 302 1682 477"> <thead> <tr> <th colspan="5"><i>Table of Residual Incomes by Region</i></th> </tr> <tr> <th><i>Family Size</i></th> <th><i>Northeast</i></th> <th><i>Midwest</i></th> <th><i>South</i></th> <th><i>West</i></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$ 540</td> <td>\$ 529</td> <td>\$ 529</td> <td>\$ 589</td> </tr> <tr> <td>2</td> <td>\$ 906</td> <td>\$ 886</td> <td>\$ 886</td> <td>\$ 998</td> </tr> <tr> <td>3</td> <td>\$ 946</td> <td>\$ 927</td> <td>\$ 927</td> <td>\$ 1,031</td> </tr> <tr> <td>4 or more</td> <td>\$ 1,066</td> <td>\$ 1,041</td> <td>\$ 1,041</td> <td>\$ 1,160</td> </tr> </tbody> </table> <p>The Regions on the Table of Residual Income include the following states.</p> <table border="1" data-bbox="457 586 1682 732"> <thead> <tr> <th><i>Region</i></th> <th><i>States</i></th> </tr> </thead> <tbody> <tr> <td>Northeast</td> <td>CT, MA, ME, NH, NJ, NY, PA, RI, VT</td> </tr> <tr> <td>Midwest</td> <td>IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI</td> </tr> <tr> <td>South</td> <td>AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, PR, SC, RN, RX, VA, VI, WV</td> </tr> <tr> <td>West</td> <td>AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY</td> </tr> </tbody> </table>	<i>Table of Residual Incomes by Region</i>					<i>Family Size</i>	<i>Northeast</i>	<i>Midwest</i>	<i>South</i>	<i>West</i>	1	\$ 540	\$ 529	\$ 529	\$ 589	2	\$ 906	\$ 886	\$ 886	\$ 998	3	\$ 946	\$ 927	\$ 927	\$ 1,031	4 or more	\$ 1,066	\$ 1,041	\$ 1,041	\$ 1,160	<i>Region</i>	<i>States</i>	Northeast	CT, MA, ME, NH, NJ, NY, PA, RI, VT	Midwest	IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI	South	AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, PR, SC, RN, RX, VA, VI, WV	West	AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY
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<p>MISCELLANEOUS</p>	<p>Funding in a Trust</p> <ul style="list-style-type: none"> Eligible for revocable trusts – Must obtain approval <p>Power of Attorney</p> <ul style="list-style-type: none"> Eligible – Must obtain a doctor’s note indicating that the homeowner was of sound mind when the POA was composed. <p>Life Estate</p> <ul style="list-style-type: none"> Eligible: <ul style="list-style-type: none"> Remainderman must also execute the Home Equity Conversion Mortgage (HECM) security agreements, riders to the security instruments, notice of right to cancel, and the Truth in Lending (TIL). The borrower and all holders of any future interest in the property must be present at closing, and sign the Deed of Trust, riders, and rescission. It is strongly recommended that the remainderman attend counseling. However, those who choose not to must write a letter opting out of counseling. 																																								
<p>FHA 7610.0 Guidelines</p>	<p>For further information not covered here please proceed to FHA Guidelines 7610.0 HECM Protocol.</p> <ul style="list-style-type: none"> FHA Guidelines 7610.0 HECM Protocol 																																								