



## Closing Tips

*Although loan closings are similar between forward and reverse, there are differences that closing agents, originators, and borrowers should know.*

### **WORK WITH AN EXPERIENCED TITLE COMPANY**

- *The reverse mortgage must be in first lien position.*
- *Title insurance coverage must be in an amount equal to a minimum of 100% of the Maximum Claim Amount (MCA) (the appraised value or national lending limit).*
- *Final Title Policy must reflect a mortgage amount of 1.5x the MCA.*
- *All open judgments and liens must be paid at closing.*
- *Property taxes must show as current or as future taxes not yet due and payable. Taxes and insurance due within 60 days on loans with a fully funded LESA must be paid from HECM proceeds at Closing.*

### **FUNDS ARE AVAILABLE AFTER RESCISSION**

- *Unless the loan is being used to purchase a home, there is a 3-day Right of Rescission on all reverse mortgages.*
- *Cash-out will be available on day 4. Recommend that your borrower request funds they might need in the month following the closing.*

### **REVERSE MORTGAGES ARE NOT SUBJECT TO TRID**

- *A HUD-1 is used for reverse mortgages. The HUD-1 is generally prepared by the lender and reviewed and approved by the closing agent.*
- *The closing agent often prepares the HUD-1 on purchases.*

### **CHANGES CANNOT BE MADE AT THE CLOSING TABLE**

- *Docs are date sensitive and cannot be altered.*
- *Closing documents are required to be delivered within 24 hours of execution.*
- *Credit docs (appraisal, credit report, title, payoff, VOE) and lock confirmation must be good through funding date.*
- *POAs used at Closing are subject to the same approval process as all other POAs; they must be approved prior to Closing.*

### **THERE ARE TWO NOTES AND MORTGAGES**

- *Most reverse mortgages are HECM ARM loans (open-ended reverse mortgages). Since these loans are insured by HUD, and the loan may be assigned to HUD at a later date, a second mortgage is placed on the subject property in HUD's name, sometimes called a ghost or shadow second.*

### **MORE TIPS!**

1. Remind borrowers with loans closing with a fully funded LESA to cancel any electronic fund transfers (EFT) so taxes and/or HOI don't come out of their checking account.
2. All taxes, water, and sewer fees due within 45 days of funding must be paid in full, evidence of payment is required.
3. Tax liens which appear on title due to a tax deferral program must also be paid in full at the closing.
4. HOA must be paid thru the month of closing.
5. Final policy must show Mutual of Omaha Mortgage, Inc., ISAOA, for all loans closing in Mutual's name.
6. Borrower(s) name(s) must be the same as on the Deed.
7. The ALTA Policy must show clear and marketable title. The ALTA extended coverage policy must be obtained with all required trust mortgage endorsements.
8. Many states have waiting periods and cooling off periods from Commitment to Closing or from last disclosure to Closing.
9. Know your fees and what fees are allowed in your state.
10. Fees often called "junk fees" are not allowed on reverse mortgages. Fees like Doc Prep, UPOL (Unauthorized Practice of Law) and MERS (Mortgage Electronic Registration System) are allowed in most states if properly disclosed.
11. In states that require doc stamps, the face value of the DOT will print for 1.5 times MCA.
12. Texas loans will have an attorney review title and the closing package.