Mutual of Omaha
REVERSE MORTGAGE



SecureEquity℠ Underwriting Guide

Updated: November 6th,2026

Summary of All Changes

1. **SecureEquity℠ Proprietary Reverse Mortgage**

   SecureEquity℠ ARM | Updated to remove PA from being unavailable for the ARM product.

2. **Application, Disclosure and Transfer Requirements**

   Switching Between HECM and SecureEquity℠ | Updated requirements to include Loan Options Disclosure for Reverse Mortgages (Anti-Steering Loan Options Disclosure) as being acceptable.

3. **Signing with a Mark ("X") Requirements: Application & Closing**

   Overview | Updated guidance to allow witnesses to provide an affidavit.

4. **Appraisal Requirements**

   Condominiums | Updated guidance to allow state maximum Fidelity Bond coverage of $200,000 for Hawaii only.

5. **Financial Assessment**

   Credit History Analysis | Updated guidance in the table to Disputed Derogatory Accounts.
   Debt Payoff | Updated to include acceptable documentation based by account type.
   Streamlined Financial Assessment | Updated adding table that shows overview & calculation criteria based by transaction type (Purchases Only or Refinance).
   Asset Types | Updated guidance to acceptable donors in the table for Gift Funds (Funds to Close ONLY).

6. **Solar Power Systems – Leases, Liens, and Power Purchase Agreements**

   Valuation of Solar Leases | Updated guidance to the table Solar systems that are owned – financed.

7. **State Specific Requirements: Disclosures, Commitments & Cooling Off**

   Idaho (ID) | Updated guidance to the "Reserve Account Disclosure" only being required for loans with a LESA.
   Iowa (IA) | New section added.

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SecureEquity℠ Proprietary Reverse Mortgage

Available Products

SecureEquity℠ Fixed

The SecureEquity℠ Fixed product is a full-draw, closed-end, fixed rate loan.

The borrowers must take a full draw of the available proceeds. If the proceeds are higher than the borrowers wish to draw, then the borrower must provide a letter of explanation (LOE) that must specify the following:

- Why they do not want the maximum proceeds; *and*
- They understand if they do not take the proceeds at Closing, they understand they cannot draw them through the loan later; *and*
- They are not eligible for a refinance of this product with Mutual for at least 12 months from the date of Closing, and there may not be a future refinance option available.

Any reduction in Principal Limit must be reviewed, notated on the Conditional Approval under a General or "G" Condition, prior to Closing.

Requests for the system updates should be directed to SecureEquityException@mutualmortgage.com.

Please note the Fixed Rate product does disclose the Annual Percentage Rate (APR) on the Truth-in-Lending (TIL) Disclosure. Any change to the APR by more than +/- 0.125% requires a redisclosure and applicable waiting period in accordance with Mortgage Disclosure Improvement Act (MDIA).

Consummation is considered the day of Closing for any closed-end transaction, so any variances in the APR should be addressed prior to scheduling a Closing.

SecureEquity℠ ARM

The SecureEquity℠ Adjustable Rate Mortgage (ARM) is an open-end, monthly adjusting product that offers a Line of Credit (LOC) for future draws.

The ARM *requires* a minimum upfront draw of 25% of the principal limit. Borrower's may bring sourced funds to avoid financing the closing costs; however, the initial unpaid principal balance (UPB) may not be less than 25% of the PL.

There is a growth rate for the LOC for the first seven (7) years at 1.50% that compounds monthly on the unused portion of the LOC. The LOC maximum is 75% of the principal limit plus growth, never to exceed the original principal limit. The line of credit is only available during the initial ten (10) years following disbursement.

Set-asides, such as a Lender Established Set-Aside (LESA) or Repair Set-Aside (RSA), reduce the available LOC amount.

Note: The ARM product includes a $20 monthly servicing fee in all states excluding IL & TX. There are currently no term or tenure payment options allowed. The ARM Product is not currently available in WA.

Document Age / Expiration

Credit Report

Credit reports cannot be older than 120 days from the date of disbursement (funding) regardless of the type of product.

Appraisal Requirements

All appraisals are valid for 180 days and must be unexpired at the time of disbursement. If an appraisal will be over 180 days at the disbursement, a recertification of value will be required. See Recertification of Value section for requirements.

Note: Appraisal updates will require an updated CDA to be reviewed.

All Other Documents Requirements

All other documents cannot be more than 120 days old at the time of loan closing, unless the passage of time does not affect the nature of the document as with divorce decrees or tax returns.

Document Handling

Overview

Mutual cannot accept or use documents relating to the employment, income, assets, or credit of Borrowers that have been handled by or transmitted from or through unknown or interested parties or the Borrowers. Third Party Verifications (TPV) that have been handled or transmitted by unknown or interested parties or the borrower will not be accepted.

Requirements for Documents Obtained via Internet

The Lender must authenticate documents obtained from the Internet and examine portions of printouts downloaded from the Internet including the URL, as well as the date and time the documents were printed.

Documentation obtained through the Internet must contain the same information as would be found in an original hard copy of the document.

To ensure documentation obtained online has the required information, depending on the preferred internet browser (e.g. Chrome, Edge, FireFox, Safari, etc.), go to the Print Settings to enable the Header / Footers on each page to print with the website information as well as the applicable date of generation or retrieval.

As an example, when using the Chrome browser:

- Open a window and navigate to a website, such as – mutualreverse.com
- Using your keyboard, select Ctrl+P (holding in the CTRL button and then selecting the P key at the same time) to bring up the Print Dialogue/Box
- Depending on the operating system, you may need to Click More Settings on the left side of the screen
- Make sure to select / enable / check the box or Option to enable: Headers and Footers

By doing this, it will add the date to the top of the printout and the URL and number of pages to the bottom of the printout.

Documentation Review

All documentation submitted to a loan file, regardless of whether it is required, is subject to underwriter review. If a document contains information that impacts or conflicts with the underwriting determination, additional conditions and/or requirements may be applied.

Loss Payee / Mutual Clauses

Type	Mutual Clause
Homeowners Insurance	Mutual of Omaha Mortgage Inc. ISAOA PO BOX 39457 Solon, OH 44139
Flood Insurance	Mutual of Omaha Mortgage Inc. ISAOA PO BOX 39457 Solon, OH 44139
Title Report	Mutual of Omaha Mortgage, Inc. ISAOA 3131 Camino Del Rio N, Ste 1100 San Diego, CA 92108
Title Commitment (TX)	Mutual of Omaha Mortgage, Inc. ISAOA 3131 Camino Del Rio N, Ste 1100 San Diego, CA 92108
Flood Certificate	Mutual of Omaha Mortgage, Inc. ISAOA 3131 Camino Del Rio N, Ste 1100 San Diego, CA 92108
Closing Protection Letter	Mutual of Omaha Mortgage, Inc. ISAOA 3131 Camino Del Rio N, Ste 1100 San Diego, CA 92108

Application, Disclosure and Transfer Requirements

Initial Application

Overview

Each borrower is required to complete and execute an initial 1009 (Residential Loan Application for Reverse Mortgages) and Addendum to the Residential Loan Application Fannie Mae Form 1009.

Loan Comparison Requirements

To ensure our borrowers understand all available reverse mortgage products, Mutual requires originators to disclose all applicable options, including the federally insured Home Equity Conversion Mortgage (HECM).

Requirements

The table below reflects which products are required on the Loan Comparison for the SecureEquity℠ products.

SecureEquity℠ Fixed	SecureEquity℠ ARM
SecureEquity℠ ARM	SecureEquity℠ Fixed
HECM Monthly CMT Cap5*	HECM Monthly CMT Cap5*
HECM Fixed*	HECM Fixed*
*Must be shown on comparison unless the product is unavailable for the borrower/state (i.e., borrowers aged 55-61).	

Electronic Signature Requirements

Overview

An e-signed document has the same validity as a wet-signed document. E-signatures are only valid under the ESIGN Act if they are executed or adopted by the person with the intent to sign the record.

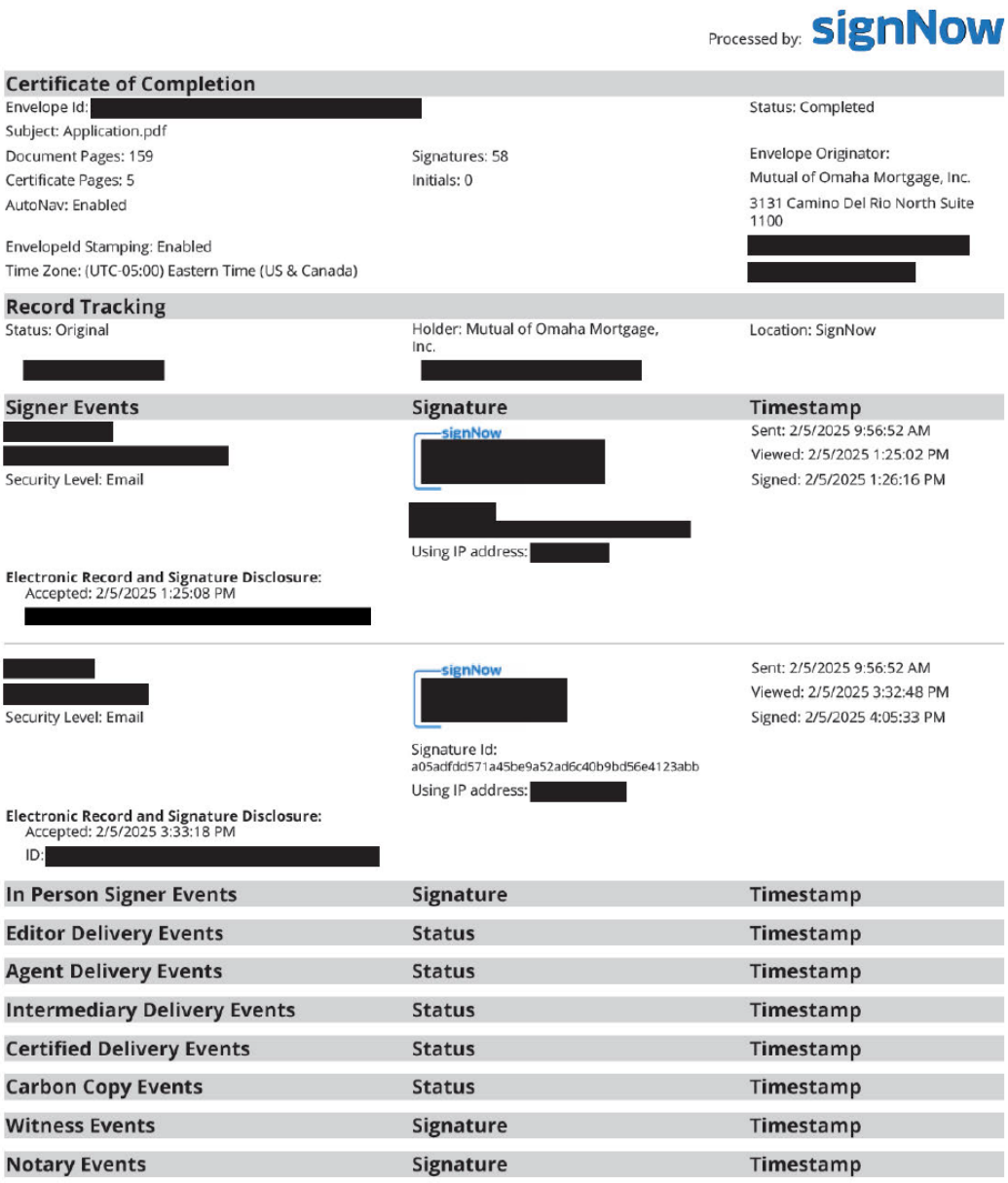
Email addresses belonging or *appearing* to belong to a person other than the borrower will not comply with the Act and cannot be accepted as a method of delivery for documents prepared for e-signatures.

Shared email addresses are acceptable provided the applicant(s) are married/domestic partners and have independent access to the email account, can access without involvement from a third party, and submit a wet signed letter of explanation confirming. Consent for e-delivery and e-signatures will still be required by both parties, individually.

- A borrower is ineligible for electronic signatures anytime they express the following: They do not have a way to access their email from their home;
- They do not have an email address;
- They have an email address, but do not use it or are not sure how to access it;
- They have an email address, but require assistance to use;
- The email address they will provide is only used or created for this transaction; or
- The email address belongs to someone else – such as their alternate contact or family member or trusted advisor.

E-Signed Certificate of Completion

A certificate of completion, or its equivalent, must accompany any e-signed document and include the following:
Borrower(s) name, email, and IP address;
Borrower Consent;
Clear date and time stamp of the electronic signature; *and*
List of documents included in the package.



Processed by: signNow

Certificate of Completion

Envelope Id: [redacted]
Status: Completed
Subject: Application.pdf
Document Pages: 159
Certificate Pages: 5
AutoNav: Enabled
Envelopeld Stamping: Enabled
Time Zone: (UTC-05:00) Eastern Time (US & Canada)
Signatures: 58
Initials: 0
Envelope Originator:
Mutual of Omaha Mortgage, Inc.
3131 Camino Del Rio North Suite 1100
[redacted]

Record Tracking

Status: Original
[redacted]
Holder: Mutual of Omaha Mortgage, Inc.
[redacted]
Location: SignNow

Signer Events	Signature	Timestamp
[redacted] Security Level: Email	signNow [redacted] Using IP address: [redacted]	Sent: 2/5/2025 9:56:52 AM Viewed: 2/5/2025 1:25:02 PM Signed: 2/5/2025 1:26:16 PM
Electronic Record and Signature Disclosure: Accepted: 2/5/2025 1:25:08 PM [redacted]		
[redacted] Security Level: Email	signNow [redacted] Signature Id: a05adfdd571a45be9a52ad6c40b9bd56e4123abb Using IP address: [redacted]	Sent: 2/5/2025 9:56:52 AM Viewed: 2/5/2025 3:32:48 PM Signed: 2/5/2025 4:05:33 PM
Electronic Record and Signature Disclosure: Accepted: 2/5/2025 3:33:18 PM ID: [redacted]		
In Person Signer Events	**Signature**	**Timestamp**
Editor Delivery Events	**Status**	**Timestamp**
Agent Delivery Events	**Status**	**Timestamp**
Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**

Consent Disclosure

The borrower consents to the terms and services by signing the consent document. A copy of the consent document outlining the terms and services must accompany the audit log.

Mutual accepts e-Signatures provided the vendor used for the electronic signing meets all of the following requirements:

- Associating an eSignature with the Authorized document: Documents must be presented to the signer before an eSignature is obtained, and the eSignature must be attached to or logically associated with the document.
- ESIGN Act Compliance: eSignature technology used must comply with all the requirements of the ESIGN Act, including those related to disclosures, consent, signature, presentation, delivery, and retention.
- Intent to Sign: ESIGN technology must be able to prove that the signer certified that the document is true, accurate, and correct at the time signed.
- Single Use of Signature: ESIGN technology must require a separate action by the signer, evidencing intent to sign, in each location where a signature or initials are to be applied.
- Authentication: The ESIGN technology must confirm the identity of the individual(s) signing by authenticating date provided by the individual with data maintained by an independent source.
- Attribution: ESIGN technology must maintain evidence sufficient to establish that the electronic signature(s) is attributed to

the individual(s) purported to have signed.
- Credential Loss Management: Lenders must leverage an eSignature system that ensures the security of all issued credentials.
- Integrity of Records: ESIGN technology must ensure that the documents signed electronically cannot be altered.
- Record Retention: Lenders must maintain the origination case binders in hard copy or electronic format for a period of two years.

Documents Acceptable for E-signing

Third-Party Contracts
E-Signatures are allowable for documents that are originated and signed outside the control of the lender and do not require an audit log, sales contracts are considered third-party documents.

Note: E-Signatures are NOT permissible for items that require a live or wet signature, such as specific closing documents, Power of Attorney (POA), conservator/guardianship, and trust documents, nor are they acceptable on documents requiring notarization and/or recording.

Application and Counseling Documents
E-Signatures are acceptable on all application documents. When setting up E-Signatures to be executed by a power of attorney, guardian or conservator please refer to the following example for setting up the signing convention:

> **Example**: If the borrower's name is Michael "Mickey" Mouse and the POA, guardian or conservator is Minnie M. Mouse, she signs the borrower signature line as "Michael Mouse by Minnie M. Mouse as attorney in fact" (or as "Guardian," or "Conservator").

Counseling
The counseling agent, borrower, non-borrowing spouse, and non-borrowing owner can sign the counseling certificate electronically.

Any corrections to the documentation may require the certificate to be resigned or acknowledged at Closing with a wet or live signature.

Closing Documents
We require each participant (i.e. borrower, non-borrowing spouse, non-borrowing owner, trustee, etc.) to attend the Closing in person (unless represented by an approved Power of Attorney (POA), Conservator/Guardian) and to provide a wet or live signature on all closing documents.

Notaries are required to attest to each person's identity at Closing in accordance with Mutual's Customer Identification Program (CIP).

Miscellaneous Documents
E-Sign is allowed on miscellaneous documents such as a letter of explanation (LOE), although the Underwriter, at their discretion may require an item to be wet signed prior to or at Closing.

Switching Between HECM and SecureEquity℠

Product From	Product To	New Application Required	Transfer Counseling Certificate Allowed	Case Number Assignment	Transfer Appraisal	Redisclosure Required
HECM	SecureEquity℠ Products	No	Yes*	Case Number must be Cancelled	Yes	Yes
SecureEquity℠ Fixed / ARM	HECM	No	No	n/a	No	Yes

*Must sign HECM Counseling Disclosure and all NBS's and/or their POA must attend SecureEquity℠ counseling. HECM Counseling is acceptable for NBO's.

Product Switch	To SecureEquity℠	To HECM
Required Documents	**Include all Standard Redisclosure Documents** Appraisal Deposit Disclosure (if collecting) SecureEquity℠ Approved Counseling Agencies Disclosure: Property Charges "Set-Aside" and Increase in Estimated Interest Rate Safe Harbor (Brokered Transactions) Also acceptable: Loan Options Disclosure for Reverse Mortgages (Anti-Steering Loan Options Disclosure)	**Include all Standard Redisclosure Documents** 92900A Excessive Fees Disclosure (Consumer Protection Notice) HECM Program Description Disclosure Collateral Risk Assessment (FHA 2nd Appraisal) List of Counselors Providing HECM Counseling Additional Counseling Agency Information HECM Counseling Acknowledgement CFPB Booklet: Reverse Mortgages **Property Type:** Hotel & Transient Use Disclosure (2-4 Unit) **Product Specific: H2H** Anti-Churning Disclosure (HUD-92901) **Product Specific: H4P** Notice to Homebuyer Amendatory Clause* Real Estate Certification*
Standard Redisclosure Documents	Comparison TALC Amortization Schedule GFE TIL / Important Terms Settlement Service Provider	Comparison TALC Amortization Schedule GFE TIL / Important Terms Settlement Service Provider
Timing	Disclosure: Additional documents must be sent and executed prior to ordering the appraisal.	Disclosure: All required disclosures must be delivered and signed* prior to issuing a case number.
	Counseling: Counseling must be completed by all applicable borrowers prior to ordering the appraisal.	Counseling: Counseling must be **HECM Counseling** through a HUD Approved Counseling Agency and must be done with all applicable cooling off/timing requirements.
Signature Required?	Yes	Yes*
***HECM for Purchase (H4P) specific documents – Amendatory Clause and Real Estate Certification may be part of the purchase contract and do not require signature to proceed with processing.**		

Mutual does not permit the addition of Lender Paid Broker Compensation (LPBC) previously or formerly known as Yield Spread Premium (YSP) to an existing application where the lender of record is changing.

Transferred Loans

Overview

Proprietary loans transferred from another lender must follow these guidelines.

SecureEquity℠ Process

- Broker/Processor submits proprietary file from one of our competitors.
- We can accept the 1009, GFE or estimate of closing costs (for adjustable-rate proprietary products), and counseling cert, from originating partner on competitor's product, fixed rate, or adjustable rate.
- Mutual has a Redisclosure Team to handle all Broker and Retail disclosures (outside of application). At time of a Valid Change Circumstance (VCC) or Change of Circumstance (CoC), a request can be sent to redisclosurerequest@mutualmortgage.com identifying the VCC/COC and providing any fee estimates that are eligible for inclusion/update.

Transferred Appraisals

Transferred appraisals are allowed when one of the following is met:

- The loan requires one appraisal, the appraisal is transferred from one of Mutual's approved proprietary AMCs, and it was originally ordered as a SecureEquity℠ appraisal.
- The loan requires one appraisal, the appraisal is transferred from a competitor, and it was originally ordered as the competitor's proprietary product.
- The loan requires one appraisal, the appraisal is transferred from an FHA HECM loan, and it was originally ordered as the FHA HECM appraisal.
- The loan requires two appraisals, and the second appraisal is ordered from one of Mutual's approved SecureEquity℠ AMCs.
- Both appraisals are ordered from a Mutual approved SecureEquity℠ AMC.
- Supporting or accompanying Collateral Desktop Analysis (CDA) cannot be transferred from another Lender.

Regardless of the source, all appraisals require the following:

- Collateral Desktop Analysis (CDA) or Equivalent
- Both appraisals have been reviewed, reconciled, and approved by the Underwriter or Senior Management via the Escalation Process – regardless if they are being used for value.

Borrower, Non-Borrowing Owner, and Non-Borrowing Spouse Requirements

SecureEquity℠ Borrower Eligibility

Overview

All SecureEquity℠ borrowers must be age eligible at the time the loan is closed as defined below.

Borrower Age	States
55	AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, MI, MO, MS, MT, ND, NE, NJ, NM, NV, OH, OK, OR, UT, PA, RI, SC, SD, TN, VA, WY
60	LA, WA –Fixed Only
62	TX, NC, NH

Additionally, borrowers must meet one of the eligibility requirements below:

- U.S. Citizens
- Permanent Resident Aliens: Permanent Resident Aliens must provide evidence of lawful residency and meet all the same credit standards as US citizens.

Ineligible SecureEquity℠ borrowers include, but are not limited to:

- Blind Trusts
- Businesses, including Limited Partnerships, general partnerships, or corporations
- Eligible Non-Borrowing Spouses
- Non-Permanent Resident Aliens
- Non-occupying co-borrowers
- Non-arms-length purchase transactions such as delayed financing. All non-arms-length transactions will be subject to additional review and approval by Senior Management.

SecureEquity℠ Non-Borrowing Owners

Overview

A **Non-Borrowing Owner ("NBO")** is defined for a SecureEquity℠ as a person who holds title to the subject property but is not a Borrower on the reverse mortgage and is not a legal spouse of the Borrower. NBO's are not required to live in the subject property, are not liable for the loan, and may remain on title to the subject property.

NBO Counseling, Disclosure, and Closing Requirements

NBO's and/or their POA must attend a reverse mortgage counseling session prior to closing and execute a reverse mortgage counseling certificate.

NBO's must sign an NBO Disclosure and execute additional documents at closing. They must attend Closing in person or be represented by a power of attorney (POA) which has been reviewed and approved by Mutual and Title.

Note: There are no additional rights granted or afforded to Non-Borrowing Owners. They are not considered eligible borrowers and not subject to credit or income review requirements and cannot be considered as a compensating factor.

SecureEquity℠ Non-Borrowing Spouse

Overview

A **Non-Borrowing Spouse ("NBS")** is defined for a SecureEquity℠ as a person who is legally married to the Borrower, but who will not be a Borrower on the mortgage transaction. When an "NBS" exists on a SecureEquity℠, the loan terms and maturity events are based on only the Borrower's. There are additional requirements to qualify as an NBS for a SecureEquity℠.

The additional requirements are:

- Meet the NBS criteria for an Occupying or Non-Occupying NBS (listed below),

- Attend NBS specific counseling,
- Provide additional documentation and sign additional disclosures (listed below),
- Participate in a Videorecorded Interview with an Attorney.
    - not required for Non-Occupying NBS's with no ownership/community property interest in the subject property

Criteria for Occupying and Non-Occupying NBS's

An **Occupying NBS** (occupies Subject Property as their primary residence) must meet one of the following:

- NBS is not Age-Eligible for the SecureEquity℠ in their state and provide an acceptable date of birth verification, or
- NBS has not had any ownership interest in the subject property for the previous 24 months from the date of the application. Vesting must read sole and separate and chain of title must support. Additional documentation may be required such as copies of deeds and/or trusts.

Note: Occupying NBS income may be used to qualify.

A **Non-Occupying NBS** (does not occupy Subject Property as their primary residence) must meet one of the following:

- NBS is not Age-Eligible for the SecureEquity℠ in their state and provide an acceptable date of birth verification, or
- NBS has not had any ownership interest in the subject property for the previous 24 months from the date of the application. Vesting must read sole and separate and chain of title must support. Additional documentation may be required such as copies of deeds and/or trusts.
- NBS has not resided in the subject property for at least 24 months from time of application and provide acceptable documentation demonstrating occupancy for 24-month timeframe, or
- Borrower and NBS are legally separated, provide evidence of legal separation, and the property is vested in the Borrower's name only, or
- NBS lives in a Permanent Care Facility and a Doctor's letter supporting permanent residence in care facility is provided.

NOTE: Non- Occupying NBS income may not be used to qualify. (LINK TO COMP FACTOR SECTION PAGE 56)

NBS Vested Interest at Closing

The following NBS's may retain a vested interest at close:

- An Occupying NBS who is not Age-Eligible.
- An NBS living permanently in a care facility.

NBS Counseling

NBS's, including their agent/conservator/guardian, must attend SecureEquity℠ specific counseling. If the NBS will not remain on title after closing, they may meet the counseling requirement by attending another NBS proprietary reverse mortgage counseling. HECM counseling is not acceptable.

NBS Documentation and Disclosures

The NBS must provide, complete and/or fully execute the following:

- DOB verification
- Photo Identification
- Contact Information (phone/email/address)
- NBS and/or NBO Disclosure Regarding Certification
- NBS Credit Authorization if using their income to qualify (occupying NBS's only)
- NBS Statement of Explanation
- Non-Borrowing Spouse Certification for Attorney Session (NBS's required to attend Attorney Session only)
- Closing Disclosures
    - Security Instrument and Riders (riders if applicable)
    - Notice of Right to Cancel
    - US Patriot Act Disclosure
    - Errors & Omissions Agreement

- Bankruptcy Statement
- Correct or Quit Claim Deed, if required
- Additional documentation as identified by title

NBS Statement of Explanation Disclosure:
The "NBS Statement of Explanation" Disclosure is a free-form disclosure that must be completed and signed by the NBS during the loan process. This Statement of Explanation Disclosure must include the following information:

- Reason the NBS is not a borrower on the loan.
- If the NBS does not reside in the home, statement of where they are residing, and that they do not intend to reside in the home.
- Statement that the NBS understands if the Borrower passes away, the loan will be due and payable.
- Statement indicating the NBS is aware if they wish to occupy in the home after the loan is due and payable, they must establish ownership (if they are not currently on title) and pay off the transaction through a refinance or other means.
- Indication of what their plan would be (i.e. move to 2nd home, pay off loan through life insurance or savings, etc.).

Videorecorded Interview with Attorney Requirements

Mutual requires NBS's with ownership interest or who occupy the subject property, along with the Borrower to attend a Video recorded session with their Attorney to discuss the risks involved with having an NBS on a SecureEquity℠.

Who Must Participate:
The following individuals must take part in a video recorded interview with disinterested third parties including an attorney, court reporter, and notary.

- Occupying NBS's regardless of their ownership interest in the subject property and borrower(s),
- Non-Occupying NBS's with a vested interest or community property interest at closing and borrower(s).

Note: If the NBS is mentally incapacitated, the videotaped session must be completed using an approved Power of Attorney ("POA") or court appointed Guardianship or Conservator.

Session Details:
The attorney must incorporate information regarding risks from the provided loan documentation that is specific to the Borrower, NBS, and the SecureEquity℠ reverse mortgage loan application in the session.

During the on-camera portion of the interview, the Borrower and NBS must acknowledge and address the following:

- They have reviewed loan terms, conditions, and risks with the attorney.
- They understand the SecureEquity℠ reverse mortgage does not contain any spousal protections offered under the HECM.
- They understand there is no deferral of any due and payable status of the SecureEquity℠ Reverse Mortgage upon maturity.
- They understand that if the Borrower predeceases the NBS, or another maturity event/ default occurs and the NBS wishes to live in the home, the loan will need to be paid off in full.
- They understand if they do not pay off the loan in full upon a maturity event, the lender may foreclose and the NBS will be displaced from the home.
- The borrower and NBS must show photo identification. The photo ID must be visible in the video.

Upon completion of the videotaped session, all parties including the attorney shall execute the Notarized Attestation "Non-Borrowing Spouse Certification for Attorney Session" attesting to the above.

Note: Additional details and requirements can be found in the "Instructions for the Attorney Session with an NBS". This document should be provided to all NBS/Borrowers required to attend a session.

Attorney Fee/Payment:
The invoice for this session must be made out to the Borrower. It may be paid by the Borrower at the time of the session or through the loan proceeds. The cost can be credited by Mutual (or other originating partner) via a discretionary lender or broker credit.

If the loan does not close for any reason, the borrower is responsible for paying the costs directly to the attorney, as applicable.

Customer Identification Program (CIP)

Overview

All borrowers must provide valid, legible proof of identity, including verification of date of birth and Social Security Number (SSN).

Non-borrowing spouses and non-borrowing owners will be required to prove their identity with a government issued identification that is acceptable to title and a notary at time of closing in accordance with Mutual's CIP, however it is not required for non-borrowing spouse or non-borrowing owner to provide evidence of their SSN.

A legible copy of any document or form used for identification must be included in the file and at Closing the notary must provide evidence – including a copy – of the ID's used to verify each participant.

Note: Mutual of Omaha Mortgage (Mutual) can accept an expired photo ID, but the title company or notary may not. Underwriter may require confirmation that an expired ID may be used prior to final approval.

Date of Birth

Valid date of birth verification includes, but is not limited to:

- State-issued driver's license or ID card
- Birth certificate
- Passport
- Letter from the Social Security Administration (SSA), and an acknowledgement by SSA, if applicable
- Military ID
- Certificate of United States Naturalization (form N-550 or N-570)

Social Security Number Verification

Valid verification of social security numbers includes, but is not limited to:

- Social Security Card
- Tax Forms (1099, W2, etc.)
- SSA Awards Letter / Benefit Statement
- Tax Transcripts (4506C Results)
- Data Verify (or equivalent)

OFAC (Office of Foreign Assets Control)

Any borrowers with a positive OFAC hit are ineligible.

- For Mutual originators, OFAC is pulled with the credit report and is included in CoreLogic Credco results.
- For partners or if unable to locate, OFAC can be manually pulled and provided by going to the US Department of Treasury Sanctions List Search.
- If there is a potential hit that has not been cleared at time of submission to underwriting, the UW may condition for the processor to provide evidence that the BSA Compliance Team has reviewed and cleared. The BSA Compliance Team can be reached at: BSACompliance@mutualmortgage.com.

Blind Borrower Signature Requirements: Application & Closing

Overview

Follow these guidelines only for fully competent borrowers who are physically capable of signing documentation and wish to sign it themselves, but who cannot read the documents. See the Power of Attorney section for instructions when the borrower has a Power of Attorney (POA).

Mutual of Omaha Mortgage (Mutual) recommends that blind borrowers seek legal counsel and have an attorney present at signing.

Blind Borrower	Application	Closing
Basic Requirements	Sign and date the loan application package and identify any additional parties who assist or may be required to assist (where a notary is not utilized)	Impaired Sight: Prior to Closing, confirm any required equipment is identified and the notary is informed. Legally Blind: Confirm is Signing as Self, Power of Attorney (POA), or Attorney
Letter of Explanation (LOE) Required	No	No
Letter from Physician Required	No	No
Title Company Approval Required	No	Yes
Notary Required	No	Yes
Witnesses Required	No	Yes – must be two (2) uninterested parties in addition to the notary (can be two additional notaries)
Signature Line	n/a	Witnesses may either be included in the signature line on the Closing Documents or provide a Blind Borrower Affidavit. If the affidavit is selected, Mutual will require 3 original copies to be included.
Additional Requirements	n/a	Sign and date an affidavit, with the witnesses in the presence of a notary, acknowledging that he or she understands the terms of the loan.

Power of Attorney

Refer to POA guidelines addressing when the Borrower is Mentally Competent but Physically Incapable of Signing.

Signing with a Mark ("X") Requirements: Application & Closing

Overview

When borrowers or trustees cannot sign their full names on many documents, they may sign with a mark, or "X". Utilizing a mark is intended *only* for borrowers who are mentally and physically capable of signing documentation, but who have difficulty signing their full names on numerous documents at once.

Signing w/ a Mark	Application	Closing
Basic Requirements	Sign and date the loan application package.	Underwriter has reviewed and approved signing with a mark.
Letter of Explanation (LOE) Required	Yes Borrowers that eSign the initial application package, must submit a letter of explanation (LOE) identifying the intention to sign with a mark either **at** application or prior to Closing.	Prior to Closing
Letter from Physician Required	No	Yes Letter to specify physical limitation and confirm mental competence.
Title Company Required	No	Yes
Notary Required	No* *Please note, utilizing a notary may be the easiest solution	Yes
Witnesses Required	No	Yes – must be two (2) uninterested parties in addition to the notary (can be two additional notaries)
Signature Line	n/a	Witnesses may either be included in the signature line on the Closing Documents or provide the Affidavit. If the affidavit is selected, Mutual will require 3 original copies to be included.
Additional Requirements	n/a	Sign and date an affidavit, with the witnesses in the presence of a notary, acknowledging that he or she understands the terms of the loan.

Note: Borrowers who also act in additional capacity – such as a trustee or power of attorney or guardian may not be able to utilize a mark when signing dependent on the review and approval of title, an attorney, or a court order/approval.

Non-English Speaking Borrower(s)

Application with Non-English-Speaking Borrower(s) using a Power of Attorney (POA)

Prior to application, the loan officer must confirm with the borrower(s) that they have a valid durable Power of Attorney (POA) to be used for application. The application cannot be taken with an interpreter only; it must be taken with a valid Power of Attorney.

Both the borrower(s) and POA must be counseled. The POA must be able to accurately interpret the counseling session for the borrower(s), or the borrower(s) can choose a counselor that can provide counseling in the borrowers' preferred language.

At minimum, borrower(s) must always be counseled, sign the counseling certificate, and the initial 1009. In addition, the POA must also certify in writing that they can appropriately interpret the counseling session and all documents at application and closing for a competent borrower(s).

Application with Non-English-Speaking Borrower(s) using a Professional Third-Party Translator

Professional translator and interpreter services are permitted for counseling sessions when requested by the borrower, co-borrower, or non-borrowing spouse, regardless of English proficiency. Translator and interpreter services are additionally permitted throughout the transaction.

- The translator/interpreter may not provide guidance, coaching, or interpretation of counseling content beyond translation.
- If the translator/interpreter is not an employee or contractor of the counseling agency, the agency must ensure the individual is impartial and competent to accurately convey the counseling content.
- The Counseling Certificate must reflect that all required counseling elements were completed and understood by the borrower(s).
- The translator/interpreter may provide assistance during all stages of the transaction, including the application and closing process.

Mutual may accept Counseling Certificates obtained with translator or interpreter participation, provided the above documentation requirements are met. Mutual may request written confirmation from the counseling agency that the borrower(s) demonstrated understanding of the reverse mortgage features, costs, and obligations through the translated session.

Note: In cases where a borrower does not have a valid Power of Attorney for convenience or declines the use of a Professional Third-Party Translator, an exception request to Senior Management is required.

Appraisal Requirements

Appraisal Orders

In compliance with Regulation Z, Truth-in-Lending Act (TILA) Section 1026.42, Mutual requires all originations to comply with Appraiser Independence Requirements (AIR) and for each appraisal to be accompanied by an AIR Certification confirming compliance.

All appraisals to be ordered through an approved appraisal management company (AMC). The list of current approved AMCs is listed below;

- Atlas
- Axis
- Class
- Norman, Hubbard, and Associates
- PropertyRate
- Appraisal Linx
- Core Valuation Management, Inc
- Nationwide Property & Appraisal Services
- ValuTrust
- Mutual Internal Panel Appraisers

AMC's not on the above list may be used only with confirmation of competitors approved AMC list

Appraiser Requirements

Appraisers must meet the following requirements:

- Must be certified residential or certified general license
- Errors and Omissions coverage must be $1,000,000 per occurrence AND $1,000,000 aggregate
- Appraiser to have the geographic competency for the specific market

Required Forms

Property Type	FNMA Form
Single Family Dwelling, PUD	1004
2-4 Unit	1025
Condominium/Site-Condo	1073
Reinspection	1004D
Disaster Inspection	Catastrophic Disaster Area Property Inspection Report (CDAIR)

Photograph / Picture Requirements

Photograph Exhibit	Minimum Photograph Requirements
Subject Property Exterior	• Front and rear of the dwelling • Improvements with Contributory Value not captured in the front or rear photographs • Street scene photograph • For Proposed Construction, a photograph that shows the grade of the vacant land
Subject Property Interior	• Kitchen, main living area, bathrooms, and bedrooms • Any other rooms representing overall condition • Basement • Recent updates, such as restoration, remodeling, and renovation

Comparable Sales, Listings, and Pending Sales	• Front view of each comparable utilized *MLS photos are acceptable on their own**
View	• Photographs of any negative or positive view influences that substantially affect value or marketability
Subject Property Deficiencies	• Photographs of the deficiency or condition requiring inspection or repair

Appraisal Validity & Valuation

Age of Appraisal

All appraisals are valid for 180 days and must be unexpired at the time of disbursement. If an appraisal will be over 180 days at the disbursement, a recertification of value will be required.

Recertification of Value

All recertifications and/or updates will be subject to additional review and approval by the underwriter. To be eligible, properties cannot be located in a declining market. Once approved by underwriting, a recert of value will extend the expiration of the appraisal by 30 days (210 total).

Appraisal Requirements

Value	Appraisal Requirement	Appraisal Expiration
≤ $2,000,000*	One Full Appraisal + CDA	180 days
> $2,000,000	Two Full Appraisals + CDA	180 days

* Purchases where the subject property has been previously sold within 180 days and the value has increased more than 20% also require 2 appraisals.

Any loan with a second appraisal must be performed by a different appraiser. A loan may be submitted pending receipt and review of a 2nd appraisal, but the Collateral Desktop Analysis (CDA) may not be ordered until *both* appraisals have been received, reviewed, and reconciled.

Once both appraisals have been approved, the LOWER of the two values will be used to order the CDA. While the valuation is based on the lower of two appraisals, neither appraisal can be over 180 days old at time of disbursement without a recert.

Clear Capital provides the Collateral Desktop Analysis (CDA) report, which analyzes the quality of the appraisal report and provides an estimate of value support.

- Properties valued equal to or under $2,000,000 require one full appraisal ordered by Mutual's designated AMC, and a CDA from Clear Capital.
- Properties valued over $2,000,000 require TWO (2) appraisals from Mutual's designated AMC and a CDA from Clear Capital.

Any CDA that returns a greater than 10% variance and/or an unsupported or indeterminate value requires a Field Review to be ordered as the next step. If the Field Review supports the appraisal, Underwriting will proceed using the appraised value. If the appraised value comes back not supported, the Underwriter must send all documentation to the internal Appraisal Department and Senior Management, SecureEquityException@mutualmortgage.com for review and final value reconciliation.

Second Appraisal Waiver Requirements

For SecureEquity℠ transactions where the first appraisal returns a value over $2,000,000, the borrower(s) may elect to waive the Second Appraisal requirement and agree to accept the Principal Limit amount that would be offered at a $2,000,000 appraised value. Note: The appraised value itself is not being reduced – the principal limit is being reduced.

The following is required when a Second Appraisal Waiver is requested:

- A SecureEquity℠ Second Appraisal Waiver (prior to closing w/ no exceptions) signed by the borrower(s) confirming they want to proceed at the lower Principal Limit, acknowledging they will not have access to additional funds and that they

cannot refinance with Mutual of Omaha for the immediate 12 months following Closing.

- Any capping of the Principal Limit must be reviewed and approved prior to including on the Conditional Approval under a General or "G" Condition before the file is cleared for Closing.
- Title Policy Coverage will be based off the actual appraised value.
- CDA must support appraised value within permitted tolerance.

Requests for the system updates should be directed to SecureEquityException@mutualmortgage.com.

Underwriting the Property

All appraisals, whether used for value or not, require the underwriter to review, reconcile, and approve prior to final approval.

Appraisers are provided an engagement letter specifying Mutual's requirements to ensure that marketability as well as safety, health and structural requirements are met in accordance with applicable local or state requirements. Please note that Mutual does not require the appraiser to include verbiage that the property meets HUD's Minimum Property Requirements (MPR) for existing construction or Minimum Property Standards (MPS) for new construction – however, inclusion of this or comparable verbiage is encouraged & will be accepted.

Marketability: Comparable Requirements and Market Conditions

Appraisers are asked to include the following:

- A minimum of three comparable sales (actual closed sales) not older than six months, unless a recent comparable sale is not available, then the appraiser is permitted to extend the lookback to 12 months with commentary.
- Appraiser must analyze and report in reasonable detail the sales history for the past 36 months for the subject property and the last 12 months for any comparable sales used in the report.
- The appraisal must analyze any current purchase agreement, option or listing for the subject property within the last 12 months.
- Properties located in a Planned Unit Development (PUD) will require at least one comparable sale from outside the PUD project.
- Condo projects with less than 10 units must be typical for the area and the appraisal must show similar comparables (i.e., within similar size projects).
- The Market Conditions Addendum must be included with each appraisal report. The Market Condition Addendum should support the identified Market – Increasing, Stable or Declining.

Accessory Dwelling Unit ("ADU") requirements:

One-unit properties with an Accessory Dwelling Unit ("ADU") are allowable if the ADU is:

- Legal, permitted and in compliance with all zoning regulations.
- May be rented or have a Tenant.
    - If rented, the subject must comply with zoning regulations allowing rental of the unit. If regulations do not allow, ADU must be decommissioned in accordance with local code.
- Marketable and common and customary for the area as documented in the appraisal report, and Sales Comparison Grid must include at least one (1) closed sale with an ADU.
- Boarder/rental income from the ADU may be considered as income if documented with prior two years of tax returns, and a current executed lease agreement.
- Borrowers are permitted to live in the ADU rather than the main dwelling; however the UW may require a Letter of Explanation (LOE) or other documentation.
- If the borrower occupies the ADU and rents the main dwelling, rental income from the main dwelling **cannot** be considered effective income.

Two-unit properties with an Accessory Dwelling Unit ("ADU") are allowable if the ADU is:

- Legal, permitted and in compliance with all zoning regulations.
- May be rented or have a Tenant.
    - If rented, the subject must comply with zoning regulations allowing rental of the unit. If regulations do not allow, ADU must be decommissioned in accordance with local code.
- Marketable and common and customary for the area as documented in the appraisal report, and Sales Comparison Grid must include at least one (1) closed sale with an ADU.

- Boarder/rental income from the ADU may be considered as income if documented with prior two years of tax returns, and a current executed lease agreement.
- Borrowers are permitted to live in the ADU rather than the main dwelling; however the UW may require a Letter of Explanation (LOE) or other documentation.
- If the borrower occupies the ADU and rents the main dwelling(s), rental income from the main dwelling(s) **cannot** be considered effective income.

Single Family residence/Two-unit properties with Manufactured Home Accessory Dwelling Unit ("ADU"):

A single-family residence with a Manufactured Home Accessory Dwelling Unit that meets all the requirements below is an eligible property type.

• Must have been constructed after June 15th, 1976, in compliance with the Federal Manufactured Home Construction and Safety Standards
• Must not be in a flood zone
    o The MFH must have a finished grade elevation beneath or, if it has a basement, the lowest finished exterior grade adjacent to the perimeter enclosure shall be at or above the 100-year floodplain
• There are no square footage requirements but comparable must bracket the GLA and support value.
• The MFH must be on the original site – it cannot have been installed or occupied (moved) previously at any other location
The MFH must be owned by the borrower(s)
• The MFH must have been built on and continue to remain on a permanent foundation
• The MFH must have the axles and tongue removed
• Permanent utilities must be installed
• The MFH must be classified and taxed as real estate
    o Verification of personal property taxes for a MFH that were affixed after the most recent property taxes due date can be validated with online printouts.
• There must be a permanent skirting around the perimeter of the property
• Any additions to the home must meet county requirements and HUD requirements
• The foundation must be inspected by a licensed engineer prior to confirm that it meets FHA guidelines in the Permanent Foundation Guide for Manufactured Housing, HUD-007487, and HUD Handbook 4000.1.
• The property must have an affixed HUD tag or data plate, and the appraiser must show the tag's serial number in the appraisal. The HUD data plate should be in the interior of the home in one of three places: on or near the main electrical panel, in a kitchen cabinet or in a bedroom closet.
    o For assistance in label verification, visit the IBTS website
    o There will be a seal or data plate for each section of the double wide and the numbers will be in succession

Basement Bedrooms, Basement Apartments

Gross Living Area (GLA) refers to the total area of finished above-grade residential space calculated by measuring the outside perimeter of the structure. It includes only finished, habitable, above-grade living space.

The appraiser must:

- Identify non-contiguous living area and analyze its effect on functional utility (e.g. guest suites not connected to the primary dwelling and do not meet the definition of an ADU);
- Ensure that finished basements and unfinished attic areas are not included in the total GLA; and
- Use the same measurement techniques for the subject and comparable sales and report the building dimensions in a consistent manner.

When any part of a finished level is below grade, the appraiser must report that level as below-grade finished area, and report that space on a different line in the appraisal report.

Unique properties require the appraiser to observe, analyze, and report the market expectations and reactions.

Unpermitted Additions and Illegal Use

Unpermitted additions are acceptable, at underwriter discretion, if the appraiser confirms:

- The addition or conversion was completed in a workmanlike manner and that there is not any impairment to the

soundness, structural integrity, or livability of the property. The quality of construction must be equal to or superior to the original construction.

- There can be no issues regarding health and safety presented by a completed addition or conversion. If there are issues with health and safety, the appraisal report must be made "subject to" completion, removal, or repair. A 1004-D Completion Report will be required prior to clear to close being issued.
- The room addition must conform to the rest of the property.
- Additions cannot cause the subject property to be in violation of zoning (illegal use).
- The appraisal must indicate that the zoning is legal.
- The square footage of the addition may be included in the appraised value if permits have been pulled or, if unpermitted, all the prior items have been satisfied, and permits are attainable. Please note that additions must have direct access to the subject's permanently installed heating source.
- A garage or porch conversion may be appraised as originally intended or as currently used, depending on zoning laws and on the comparable sales.
    - Example: If garage conversions are legal and typical for the area as evidenced by comparable sales, the conversion may be appraised as it is currently used. If garage conversions are not typical for the area, the conversion must be appraised as a garage.
    - Garage Conversions:
        - Zoning: Local ordinances and/or municipality may obligate a property to have a covered garage storage. This is more common in PUDs and gated communities. It is the responsibility of the appraiser to check for this type of requirement; however, it is the underwriter's responsibility to thoroughly review the appraisal to ensure the property is zoning compliant.
- The hazard insurance policy must clearly show that the entire square footage of the subject property, including the unpermitted addition, is included in the policy.
    - The hazard insurance policy does not need to indicate that there is an unpermitted addition or garage conversion, but the square footage that we are lending on must be covered by the policy.
- If an addition or conversion is incomplete, it cannot be given value unless it is completed.

Heating and Cooling

The Appraiser must examine the heating system to determine if it is adequate for healthful and comfortable living conditions, regardless of design, fuel, or heat source.

The Appraiser must identify a heating source that does not meet the following requirements:

- automatically heat the living areas of the house to a minimum of 50 degrees Fahrenheit in all GLAs, as well as in non-GLAs containing building or system components subject to failure or damage due to freezing;
- provide healthful and comfortable heat or is not safe to operate;
- rely upon a fuel source that is readily obtainable within the subject's geographic area;
- have market acceptance within the subject's marketplace; and
- operate without human intervention for extended periods of time.

Central air conditioning is not required but must be operational if installed. If the air conditioning system is not operational, the Appraiser must indicate the level of deferred maintenance, analyze and report the effect on marketability, and include the cost to cure.

Lack of a permanent heat source in any area included in the gross living area (GLA) must be completed prior to closing.

The following locations do not require a permanent heat source:

- Florida
    - Broward, Charlotte, Collier, Glades, Hendry, Lee, Miami-Dade, Monroe, and Palm Beach County
- Hawaii
    - Entire state

Business Use of Home – Single Family Residences

If borrowers show business use of home on a Schedule C or show rental income on Schedule E for any part of the home, including

outbuildings (i.e., office being rented to the business), the borrower must explain in writing what the use is, and the underwriter must review the loan in depth.

Business use includes, but is not limited to, commercial signage on the property, an altered floor plan or altered parking to accommodate the business or customer flow.

If there is true business or commercial use of the home, the borrower must meet all the following guidelines in order to receive approval:

- The property must be primarily residential, with less than 49% of the gross building's square footage (includes all permanent structures on property) used for business; and
- Property usage must be legal and permissible under local zoning requirements; and
- The dwelling cannot have modifications with an adverse impact on its marketability as a residence (i.e., functional obsolescence); and
- The business use cannot have an adverse effect on the habitability and safety of the property or site.
- Any rental income received by the borrower for business use cannot be included in the residual income calculation; and
- The appraiser must provide:
    - A discussion of any adverse impacts of the business use.
    - A statement describing any market resistance to the commercial use, and adjustments for any commercial features in the comparable sales.
    - An opinion of the market value based on the property's residential nature.
    - Confirmation that the highest and best use of the property is residential.

Highest and Best Use

The appraiser must perform a highest and best use analysis of the subject property and determine if the present use is the highest and best use.

Properties where the highest and best use is not as improved or not residential require the UW to escalate to Senior Management for an exception.

Ordering the Collateral Desktop Analysis

When the underwriter has finalized the review and reconciliation of the applicable appraisals, a condition will be added that clearly states:

Appraisal has been cleared by UW for CDA. Processor/Partner to request from Appraisal Desk.

The Appraisal Desk orders all CDA's. To request a CDA, make sure the conditional approval reflects that the file has been cleared for ordering and reference the simple ID / Loan number in an email to: reverseappraisals@mutualmortgage.com

Properties Listed for Sale in Prior Six Months

Properties that were listed for sale less than or equal to six (6) months prior to date of application generation are subject to additional requirements as listed below.

Requirements	Description
Cancelled MLS Listing	Evidence that MLS has been cancelled, and subject property is longer listed for sale.
Letter of Explanation (LOE) from Borrower	LOE signed/dated by the borrower(s) identifying why the home was for sale. Files where there are occupancy concerns may also require the borrower to provide supporting documentation and address in the LOE.
Mutual Approval	After receipt and review by the UW of the above documentation, the UW will submit to Senior Management for approval.

Properties Purchased in Prior 12 Months

Mutual will utilize the current market value. For properties acquired within 12 months of the appraisal effective date, where there is an unexplained increase from the sales price to current appraised value of 50% or more, the UW may require additional commentary from the Appraiser or an additional explanation from the Borrower.

Resales within 6 Months

Properties resold within 1-180 days of being purchased where the resale price increases by more than 20%, a second appraisal from a Mutual approved AMC/Panel is required.

Reconsideration of Value (ROV) Process

The Underwriter may request a reconsideration of value when the Appraiser did not consider information that was relevant on the Effective Date of the appraisal. The Appraisal Desk & Underwriter must provide the Appraiser with all relevant data that is necessary for a reconsideration of value. Requests are submitted directly to ROV@mutualmortgage.com.

The Appraiser may charge an additional fee if the relevant data was not available on the effective date of the appraisal. If the unavailability of data is not the fault of the Borrower, the Borrower must not be held responsible for the additional costs. The Effective Date of the appraisal is the date the Appraiser inspected the Property.

Repairs and/or Repair Set-Asides

Mutual distinguishes repairs into three categories – all subject to the review and approval of an Underwriter:

1. Items that do NOT require repair.
   These are typically minor conditions and/or deferred maintenance that do not impact the safety, health, or security of occupants.
   **Please note that while it may not be required to cure these either prior to or after closing, these items may impact the condition rating or warrant adjustments in the Sales Comparison grid.
2. Items that MUST be repaired prior to closing.
3. Items that MAY be included in a Repair Set-Aside (RSA) – please see Repair Set-Aside.

Timing	Required Repair(s) – Must be Completed PRIOR to Closing	Required Repair(s) – May Be Requested as a Repair Set-Aside	NOT Required to Repair
Examples of Repairs	Active Water Leaks Missing or Defective Smoke/Carbon Monoxide Detectors (when required) Broken Windows Foundation Cracks and/or Evidence of Settlement Missing Handrail Missing Railing (Decks) Empty Pools Poor Water Quality Lack of Permanent Heat Source (when required) Security Bars (without Quick Release) Electrical Repairs	Peeling Paint Bare/Exposed Wood Bath Remodel Non-Functioning Pool Equipment Damage from Previous Water Leaks Earth-to-Wood Contact	Deficient Flooring where the item is cosmetic (depending on the degree of severity, required repair may result in an adjustment on the comparable sales grid. Torn Screen (no security concern) Cracked windows (where the subject is not open to exterior elements.) Defective Interior Paint (Homes built after 1978) Items that do not impact the health, safety or soundness of the subject property or its inhabitants.

	Plumbing Repairs Roof < 2 Years Remaining Economic Life		

Repair Set-Aside (RSA) Requirements

Overview

Mutual may permit one or more of the identified repairs to be completed after disbursement. The underwriter must review and approve any request to repair a minimum property standard or requirement after closing.

An underwriter may request an invoice or bid from a licensed contractor (when the state requires such) or may utilize the appraiser's estimate provided the scope of work is specific. Most cost to cure items notated on the appraisal will require a bid to support the appraiser's estimate, however, the underwriter may allow the appraiser's estimate when the amount is reasonable for the items requested.

Following approval of the RSA, the underwriter will update the conditional approval, notating the RSA has been approved and the file will be cleared to redisclose. Repair set-asides have three components:

1. Repair Set-aside
   Total amount of the repairs approved to be included in the set-aside that is 150% of the appraiser's estimate or contractor bid. Where a licensed contractor is required, evidence of an active license should be submitted with the estimate / quote / scope of work (SOW).
2. Reinspection Fee
   $200 cost that is included in the total Repair Set-Aside (but separate from the 150% gross-up). It is a one-time fee for inspecting the property following all completed repairs – additional inspections will result in the additional charges to the Line of Credit or active loan balance.
3. Repair Administration or Repair Admin Fee
   Fee that is disclosed in the 800 section of the HUD1 / Settlement Statement that is equal to 1.5% of the total repair set-aside (not including the reinspection fee) and with a minimum of $50.

Where the repairs were completed in advance of closing the borrower may not close the loan with a repair set-aside.

The minimum repair set-aside is $500. Where the amount is less than $500, the borrower may provide an LOE to increase the withholding provided the borrower has selected the SecureEquity ARM product.

Condominiums

Condominium Approval

If the condominium project is already FHA and/or FNMA approved, or if the Condo Team has the Project on the Mutual Approved Condo List, the condominium project does not have to go through the full approval process and the only documentation required is an approved Limited Review Questionnaire (5 questions) dated within 90 days of the HOA's signature on the form & a copy of the HOA's master insurance policy. Condo Approvals must be valid (unexpired) through closing.

The condo team will assess the completed condo questionnaire to ensure the project does not have restrictions that may have a negative impact on the note's ability to enforce its right under the Note and/or Security Instrument.

Restrictions are allowed without additional qualifications:

- when the restrictions terminate automatically upon foreclosure (or the expiration of any applicable redemption period),
- upon the recordation of a deed-in-lieu of foreclosure, or when the resale restrictions survive foreclosure.

Restrictions that are not allowed without additional information & management approval, but are not limited to:

- Resale restrictions
- Condo Board Approval for new owners
- Subject to limits on sale proceeds retainable by the seller
- Additional restrictions that may affect the future salability of the condo

Proof of Fidelity Bond Coverage exists, if applicable (over 20 units).

- Minimum amount must equal 3 months of aggregate HOA dues if the management company can prove they maintain a separate account for reserves. If they do not maintain a separate account, Fidelity bond must be equal to at least the amount of the reserve balance.
    - Hawaii Only: will allow state maximum coverage of $200,000.

Note: Yes(s) notated on the questionnaire form require further questions to be answered and/or the Condo Departments discretion to request additional documents. Condominiums are reviewed for marketability, financial stability, and future ability to remain solvent. This does NOT include Yes(s) on 1,2 & 17-20.

SecureEquity℠ Condominium Submissions

To submit a condominium for approval – please click on the link (may be completed from a cell phone) provided below & complete the form requirements:

- New Condo Approval Request form- https://forms.microsoft.com/r/WAxS0tZ1Te. Make sure to select the approval request type as **SecureEquity℠ Limited Review**
- For follow-ups or general question, please email ReverseCondos@mutualmortgage.com

*SecureEquity℠ Waiver of Project Reviews**

Project	Requirements
Detached Condo Unit	A detached condo is defined as any condo unit that is completely detached from other condo units in the project. The unit may share no adjoining walls, ceilings, floors, or other attached architectural elements (such as breezeways or garages) with any neighboring unit. A detached condo unit may be in a project consisting solely of detached units or in a development containing a mixture of attached and detached units. Site condos in which the unit owner owns the detached condo unit and the land upon which the unit is built are a type of detached condo. The waiver of project review applies for new and established projects.
Unit in a 2-4 Unit condo project	Project review is waived for new and established condo projects that consists of no more than four units.

The Condo Team's approval is still required on waived projects; they will review the Master Insurance Policy

SecureEquity℠ Limited Condominium Document Requirements

The following is required for condo approval:

- Completed Limited Review Condo Questionnaire that must be dated within 90 days of closing
- Recorded covenants, conditions, and restrictions (CC&Rs) and Declaration
- Copy of Master Policy including general liability coverage of $1,000,000. (One Million)
    - 100% of the insurable value of the improvements or contains a "Guaranteed Replacement Cost" endorsement; or
    - Replacement cost estimator (RCE) provided by insurance agent provided it meets Mutual's RCE requirements
- Copy of HO6 policy (when master insurance does not include walls in coverage)

SecureEquity℠ Ineligible Condo

- Projects that are managed as a hotel or motel, even if the units are individually owned;
- Projects that have timeshare, fractional or segmented ownership;
- Subject cannot be new construction where the Seller is offering sale or financing structures in excess of FNMA's eligibility policies for individual mortgage loans. This includes but is not limited to: builder/developer contributions, sales concessions, HOA assessments, or principal & interest payment abatements, and/or contributions not disclosed on the settlement statement;
- Projects with mandatory upfront or periodic membership fees for the use of recreational amenities, such as country club facilities and golf courses, owned by an outside party (including the developer or builder). Fees paid for the use of

recreational amenities owned exclusively by the HOA or Master Association are acceptable;
- Projects cannot have multi-dwelling units or non-real estate/non-real property;
- Projects that are a continuing care facility;
- Projects in which HOA is named as a party to pending litigation or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project;
- Projects where the total number of Owner-Occupied Units is less than 50%;
- Projects with a single entity (the same individual, investor group, partnership, or corporation) owns more than the following total number of units in the project:
    - Projects with 2 to 4 units – 1 unit
    - Projects with 5 to 20 units – 2 units
    - Projects with 21 or more units – 20%
- Projects containing manufactured housing;
- Projects the represent a legal, but non-conforming use of the land, if zoning regulations prohibit rebuilding the improvements to current density in the event of their partial or full destruction;
- Any project that permits a priority lien for unpaid common expenses in excess of FNMA's priority lien limitations;
- Project with Covenants, Conditions, & Restrictions that split the ownership of the property or curtail an individual unit owner's ability to utilize the property;
- Projects that have documents on file with the Securities and Exchange Commission (SEC) or where unit ownership is characterized or promoted as an investment opportunity.

Easements, Restrictions, and Encroachments

Easements

The underwriter considers all easements, restrictions, or encroachments and their impact on the market value of the subject property and makes additional requirements. An easement grants rights to access or use the real property of another person without possessing it.

The underwriter may allow easements under the following guidelines:
- Customary easements for public utilities, party walls, driveways, and other purposes.
- Easements for public utilities along one or more of the property lines and extending not more than 10 feet from and for drainage or irrigation ditches along the rear 10 feet of the property – provided the exercise of the rights there does not interfere with any of the buildings or improvements located on the subject property.
- Easements for underground conduits which are in place and do not extend under any buildings on the subject property.
- Easements for shared driveways and/or private roads for ingress and egress constructed partly on the subject property and partly on an adjoining property that have a permanent easement either recorded or to be recorded at Closing.

Restrictions

Restrictions are general limitations as to the use or placement of permanently affixed structures. The underwriter may allow the following restrictions:
- Customary building and use restrictions which:
    - Are coupled with a reversionary clause – provided there has been no violation prior to the date of the deed to the Commissioner; or
    - Are not coupled with a reversionary clause and have not been violated to a material extent.

If the restriction set forth is being violated, the underwriter can evaluate if the violation is considered to be a material extent based on the following criteria:
- Violations of cost or set back restrictions which do not provide a penalty of reversion or forfeiture of title, or a lien for liquidated damages which may be superior to the lien of the insured mortgage.
- Violations of such restrictions which do provide for such penalties – provided such penalty rights have been duly released or subordinated to the lien of the insured mortgage or provided a policy of title insurance is furnished expressly insuring the Commissioner against loss by reason of such penalties.
- Violations of a restriction based on race, color, or creed: even where such restrictions provide for a penalty of reversion or forfeiture of title or a lien for liquidated damages.

Encroachments

An Encroachment refers to an interference with or intrusion onto another's property. Encroachments may be acceptable if the adjoining landowner, or the local governing authority, provides a perpetual encroachment easement filed in the County Clerk and Recorder's office.

An encroachment may be identified not only in the appraisal report, but also in the preliminary title report either as an exception or included in the legal description.

When an encroachment is identified on the preliminary title report or a survey is required to remove an exception tied to an encroachment, the UW will ask for the supporting documentation to be submitted and reviewed by the appraiser to ensure all potential impacts to marketability have been captured and analyzed.

Examples of encroachments may include, but is not limited to:

- Right of way
- Utility Easement
- Dwelling
- Garage
- Physical Structure or Improvement
- Setback Requirements

Survey

If title or the purchase agreement requires a survey, a copy must be in the loan file. If any survey includes an exception or encroachment, in addition the requirements above, the final title policy must include an ALTA 9/Survey endorsement.

Appraisal Delivery Requirements – Disclosure & Timing

Overview

Regulation B or Equal Credit Opportunity Act (ECOA) requires lenders to provide copies of all appraisals and written valuations obtained in connection with an application, even if the loan does not close.

Originators are required to disclose to borrowers within 3 business days of application the borrower's right to receive a copy of the appraisal and other written valuations. This disclosure is included in the initial disclosure package.

Valuation Documents That Must Be Delivered to The Borrower

All appraisals and other written valuations that include an estimate of value.

Valuations include but are not limited to:

- All appraisal reports upon receipt (not only at final determination of value).
- Desk and field reviews, regardless of whether the stated value is different from the appraisal
- A Collateral Desktop Analysis (CDA) used to support the property's appraised value

If a valuation is developed in connection with the application, Mutual must provide a copy to the borrower(s), even if Mutual does not use the valuation or Mutual uses it only for a limited purpose.

If there is more than one borrower, the disclosure and copies of the valuations are considered delivered if sent to one of the borrowers.

Timing Requirements for Delivery

Valuations must be sent to the borrower upon receipt.

Per Reg B / ECOA, from receipt of the final version of any valuation, the borrower must have at least 3 business days prior to the day of consummation.

Sundays and holidays are not included in this calculation – depending on the method of delivery – see the table below for requirements.

Method of Delivery	Can Sign Closing Docs On/After	Documentation
Mail (USPS)	6 Business Days (From Date Mailed)	Appraisal delivery confirmation – either using a disclosure, Processor/LO certification or via a written acknowledgement from the customer.
Express Mail (FedEx / DHL / UPS)	3 Business Days (From Receipt Confirmation)	Delivery confirmation / receipt (available via tracking.)
Electronic Delivery via Email or Fax	3 Business Days (From Email Sent)	Electronic Consent Disclosure executed with the email identified. Evidence of the email sent or written acknowledgement from the customer.
Face-to-Face or In-Person (Notary)	3 Business Days (From Confirmed Delivery)	Written acknowledgement from the customer.

Waiver of Delivery Requirement (ECOA/Reg B)

The following disclosures must be in the upfront application package:

- Borrower Appraisal and Request and Delivery/Waiver Form

A borrower may waive the timing requirement of the ECOA Valuations Rule and agree to receive copies of valuations at or before closing by:

- Signing the Borrower Appraisal and Request and Delivery/Waiver Form and indicating their wish to waive

The borrower's signed waiver must be dated at least 3 days prior to the day of consummation. Sunday and holidays are not counted in this calculation.

A verbal request from the borrower to waive the 3-business day review period is not permitted. The borrower must make their request in writing. If the waiver is received, the appraisal and all written valuations will be delivered with the final loan documents at closing.

Important for Washington: Per WAC 208-62-820(14) Washington requires the borrower is provided with a copy of the appraisal(s) within five (5) days of a borrower's written request, provided the borrower has paid for the appraisal.

Transferred-in Appraisals

Mutual will follow ECOA delivery requirements for transferred-in appraisals, regardless of whether the original lender delivered the appraisal.

Appraisal(s) provided upon transfer (as applicable) should always be provided to the borrower per the above guidelines, regardless of whether the previous lender provided a copy to the borrower.

Loans That Do Not Close

The borrower is still entitled to copies of all valuations within 30 days after a final disposition of: Application Denied, File Closed for Incompleteness, Application Withdrawn or Application Approved Not Accepted.

New Construction

Overview

A certificate of occupancy or equivalent is required prior to closing. The appraisal can be marked "subject to".

If the general description on page 1 of the appraisal is marked as "proposed", plans and specifications will be required, and an updated inspection required prior to closing. If marked "under construction" or "subject to", a 1004D will be required prior to closing in addition to a certificate of occupancy.

Private Roads and Shared Driveways

Overview

Mutual of Omaha Mortgage (Mutual) must confirm that each property is provided with safe pedestrian access and adequate vehicular access from a public or private road. Roads must either be dedicated to public use and maintenance or retained as private roads protected by permanent recorded easements.

Private roads, including shared driveways, must be protected by:

- Permanent recorded easements;
- Ownership interest; or
- Be owned and maintained by a homeowner's association (HOA).

Shared driveways and private roads do NOT require a joint maintenance agreement.

Shared Well

Mutual must confirm that a shared well meets the following:

- Shared well agreement
  - Fully executed (by all parties) shared well agreement with their respective parcels listed
  - Location of well
  - Must be recorded & transferable
  - Usage listed (personal use only)
  - If the shared well is not on our subject property, it must provide access for maintenance and testing
  - 4 hookups **max** per well

- Appraiser to notate any visible concerns that may require additional tests/inspections.

Private Water/Sewer Systems

There are many types of private water supply systems and sewer/septic systems. When evaluating the subject, the appraiser must comment on any evidence that water quality requirements are not met (i.e. smell, color, etc.)

If the appraiser is unable to comment on the of private water supply system or sewer/septic system, documentation from the state or local jurisdiction evidencing no identified issues or violations have occurred within the preceding 24 months of the appraisal effective date.

Well/Septic/Drain Field

Distances to/from a Well, Septic System or Drain Field must meet the local authority and/or state requirements and should notated by the appraiser as such.

When an appraiser is unable to identify the distances, additional verification may be required. Distances measured include but are not limited to:

- Well to Property Line
- Well to Septic Tank
- Well to Drain Field

Where there is no formal code, ordinance or local authority, the appraiser may utilize the minimum distances as defined by HUD.

Water Catchment vs Storage

Private water systems may include one or more of the following components:

- Water Catchment (i.e. Rainwater, Hauled Water, etc.) - which identifies how water is sourced to the property.
- Water Storage (i.e. Cistern or Other Holding Tank) – which identifies how the water is held prior to residential use.

The appraiser is required to notate any private water system with the following requirements:

- Water system is part of an individual water system, not Community.
  Note: Community water systems are considered comparable to public when maintained by a corporation or HOA management company.
- Appraisal includes at least one (1) closed comparable with a similar water system.

- The appraiser notes that the local market readily accepts the specific water system as structured.
- A water test taken by a disinterested third-party with the applicable license/certification, from inside the home that meets requirements of the local authority. Where there are no published requirements, the test should comply with the national drinking water standards as set forth by the Environmental Protection Agency (EPA).
  Note: Water catchment systems are not allowed on new construction properties without an exception from Senior Management.

Property Types

Eligible Property Types	Ineligible Property Types
Existing Single Family Residences New Construction (provided CO issued prior to Closing) Condominiums (Condo) Planned Unit Developments (PUDs) 2-4 Unit Properties Unique Property Types (w/ Comparable Sales) • Berm or “Earth” Homes • Log Homes • Modular • Barndominiums • Hangar Homes • Small – 1 Bedroom / 1 Bath	Working Farms, Ranches or Orchards (Present Use: Commercial / Agricultural) Properties where Present Use: • Commercial / Agricultural • Bed and Breakfast • Boarding Houses Condo Hotel / Condotel Short Term Rentals (i.e. AirBnb, VRBO, etc.) Cooperative Units (“Co-ops”) Leaseholds (unless Leasehold can be bought out) Manufactured Homes Properties located within the Coastal Barrier Resources System (CBRS) Properties located in the following area: • Lava Zones 1 and 2 (HI) • Hawaii Homeland Program • Restricted Native American Land

Counseling

Counseling Types & Agencies

Borrowers and Non-Borrowing Owners (NBO's) may elect to obtain counseling through a HUD approved counseling agency, or a SecureEquity℠ Mutual approved counseling agency. If the borrower or NBO chooses to obtain HUD approved counseling, the borrower will need to execute the Borrower Certification of HECM counseling disclosure before closing.

NBS's, including their agent/conservator/guardian, must attend SecureEquity℠ specific counseling. If the NBS will not remain on title after closing, they may meet the counseling requirement by attending another NBS proprietary reverse mortgage counseling. HECM counseling is not acceptable.
At time of proposal and application, when a SecureEquity℠ product is selected, three counseling lists will be included:

1. List of SecureEquity℠ Approved Counseling Agencies
2. The List of HUD Approved Counseling Agencies (Intermediaries and Local Agencies)
3. Additional/Supplemental List of HUD Approved Counseling Agencies (Maintained by Mutual)

Who Must Counsel

The following individuals are required to attend a counseling session:

- Borrower
- Power of Attorney (Courtesy or Required) Guardian/Conservator
- Non-Borrowing Spouse (NBS)
- Remainderman in a Traditional Life Estate
- Non-Borrowing Owners Vested at Closing

A mentally competent borrower must ALWAYS receive counseling regardless of their physical limitations.

The following individuals are not required to attend a counseling session:

- Trustees of a Trust
- Testamentary Interest – Transfer on Death Deed or Enhanced Life Estate

Any person with vested interest in a property at the time of application must be counseled unless removing their interest prior to or at Closing. Title must confirm final vesting (as it will be reflected on the final title commitment) at or prior to Closing.

Counseling Timing

Overview

States may have counseling requirements tied to which agencies can be selected, timing in relation to application and ordering services and/or identify specific waiting periods following counseling completion.

The below table identifies specific state requirements and is routinely updated, but two commonly used terms are:

"Accepting"
The act of "accepting" an application (where the term "application" is not further qualified or defined) is identified as the act of submitting the file to the Intake Department at Mutual of Omaha.

This means that an application can be taken, generated, and signed in advance of counseling, but may not be submitted for processing or initial review, until counseling has been completed and the borrower has executed the counseling certificate.

"Final and Complete"
When the act of "accepting" an application does include a further qualifier of "final and complete" application, that is identified as the act of submitting the file for underwriting or credit approval.

This means, that an application can be taken, submitted to the Intake Department at Mutual in advance of counseling being completed and specific services may be ordered – but may include restrictions on what fees can be assessed to the borrower not only at that time (e.g. appraisal deposit or payment) but also, what may be assessed in the event that the file does not close.

State	SecureEquity℠ Requirements
Arizona (AZ)	**Timing:** Counseling must have occurred within six (6) months of Mutual accepting a final and complete application. **Prior to Counseling:** No fees may be assessed – such as an appraisal deposit or appraisal fee. Any fees incurred prior to counseling may not be charged to the borrower if the reverse mortgage does not close. **Counseling Fee:** The lender/broker cannot credit the cost of the counseling fee or pay for the counseling session.
California (CA)	**Timing:** Seven (7) day cooling off prior to ordering services – applies to proprietary and HECM transactions. The appraisal may not be ordered or deposit/payment collected from the borrower until the cooling off period has lapsed. **Prior to Counseling:** Prior to counseling the only acceptable fee that can be assessed to the borrower (at Closing) is the Credit Report Fee. **CA Addendum to the Certificate of Counseling Disclosure:** If the borrower did not receive face-to-face counseling, the counselor must provide the disclosure, unless one of the following certificates is provided: • Security Equity Counseling Certificate, effective June 2026; or • HECM Counseling Certificate.
Connecticut (CT)	**Timing:** Counseling must occur prior to Mutual accepting the application from the borrower (submitting the signed application package and counseling certificate to Intake). **Prior to Counseling:** Fees may not be assessed prior to receipt of the signed counseling certificate.
Delaware (DE)	**Prior to Counseling:** Fees other than bona fide third-party fees actually and reasonably incurred may not be assessed prior to receipt of the signed counseling certificate.
Hawaii (HI)	**Timing:** Counseling must occur prior to Mutual accepting the application from the borrower (submitting the signed application package and counseling certificate to Intake.) **Prior to Counseling:** Any fees incurred prior to counseling may not be charged to the borrower if the reverse mortgage does not close.
Illinois (IL)	**Prior to Counseling:** Borrower(s) must be provided with the following 2 disclosures: • The Reverse Mortgage Counseling Notice • The Attorney General Disclosure
Louisiana (LA)	**Timing:** Counseling must occur prior to Mutual accepting the application from the borrower or accessing any fees (submitting the signed application package and counseling certificate to Intake.)
Rhode Island (RI)	**Timing:** The loan must close within 180 days of the date the counseling cert is signed by the borrower. **Prior to Counseling:** The loan application cannot be processed other than the actions listed below, prior to the lender receiving the signed counseling cert. • Ordering a credit report, preliminary title search, and/or AVM • Obtaining information and documentation for the loan application • Completing the financial assessment. **Cost of Counseling:** The borrower and/or non-borrowing spouse cannot be responsible for the cost of counseling. The Lender is responsible for the cost of counseling and must provide an invoice evidencing who paid for counseling. Mutual is the lender for brokered loans and pays the counseling fee. For principal-agent (PA) loans, the PA pays for counseling fee.

Texas (TX)	**Timing:** • The loan cannot close until at least five (5) days after the date of counseling. • The loan MUST close within 180 days of the date of counseling**.**
Utah (UT)	**Timing:** Counseling must occur prior to the prospective borrower signing the application. **Prior to Counseling:** An application can be taken and sent to the borrower for the purpose of reflecting the offered terms, but the borrower cannot accept via signature until after counseling has been completed.
Washington (WA)	**Timing:** Prior to accepting a final and complete application or assessing any fees, the following must occur: • The borrower must be provided with a list of at least five (5) independent HUD-approved housing counseling agencies. The list must include at least 2 agencies that can provide counseling by telephone. • The counseling certificate signed and dated by the prospective borrower and agency counselor must be provided to the lender. The Certificate must contain the date of counseling, and the names, addresses, and telephone numbers of both the counselor and the borrower. **Note:** All counseling agencies approved to provide Secure Equity specific counseling are able to provide telephone counseling. Mutual must keep the counseling certificate signed by both the borrower and the counselor, including those documenting telephone counseling, for the term of the reverse mortgage plus three (3) years.

Counseling Expiration

Counseling certificates are valid for 365 days from the date the counseling session was completed except in Arizona, Rhode Island, and Texas (see table above).

Counseling must be valid during at least one point of the process – at time of application or if a state requires it – such as TX – at time of Closing.

Counseling Signatures

The counselor inserts the date counseling was completed and the certificate expiration date.
All individuals counseled must date the certificate for the date they intended to proceed with the reverse mortgage transaction; they may be the date of counseling or following a meeting with a financial or trusted advisor or attorney.

Financial Assessment

Overview

Mutual uses Financial Assessment (FA) to evaluate whether a borrower qualifies for a SecureEquity℠ proprietary loan.

While a forward loan typically qualifies the borrower's "Ability to Repay" a reverse loan (HECM or Proprietary) qualifies the ability of the collateral or property to repay the loan and the borrower's ability to maintain the home in the condition the loan is approved under.

A complete financial analysis of each borrower is a requirement of loan approval. The financial analysis involves verifying and documenting the following:

- Credit History
- Property Charge Payment History
- Income
- Residual income
- Assets
- Sustainability

All borrowers will go through a review of income and asset verification. This cash flow/residual income analysis determines the borrower's capacity to meet documented financial obligations with their documented effective income.

If the borrower fails Financial Assessment and cannot document either extenuating circumstances for derogatory credit or compensating factors for residual income, then a fully funded Lender Established Set-Aside (LESA) is required, increasing the offered interest rate by 0.25% and placing the funds in a set-aside that cannot be modified or used for any other purpose than the payment of property charges.

Capability & Willingness

The FA specifically looks at "capability" and "willingness" of the borrower to meet their financial obligations.

Capability

To verify a borrower's capability, Mutual qualifies provided income and asset sources to determine the effective income as well as reviews the borrowers' monthly obligations to ensure all required expenses are input allowing Mutual to determine the amount of residual income a borrower has at the end of each month.

Compensating factors are not considered effective income but can be applied to reflect the positive impact of the SecureEquity℠ financing and terms in evaluating the borrower's residual income. This may include, but not limited to, the payoff of revolving or installment debt or removing the subject property taxes and hazard/flood insurance from the residual income calculation when a fully funded LESA is applied.

Willingness

To verify a borrower's willingness, Mutual reviews multiple items including credit and the property charge payment history (including property taxes, insurance (hazard / flood), and HOA payment history.)

When the borrower's credit and/or property charge payment history does not demonstrate the borrower's willingness to meet their financial obligations, the borrower may provide one or more extenuating circumstances that demonstrate the lapse was an isolated event.

It is possible for a borrower to have multiple isolated events impact them over a period of time.

Credit Report Requirements

Overview

A tri-merge credit report for all borrowers is required on every file and must return a result for all three bureaus – even if the result is similar to insufficient data or lack of credit history. In any situation where a borrower has one of more bureaus locked or frozen,

prior to final approval all bureaus must report successfully (even if reporting no score / insufficient data) and the credit report must not be expired at time of disbursement.

Fraud Alerts

Any Fraud Alerts identified on the credit report must be investigated and cleared with the borrower(s) and/or credit agency prior to final approval. The following alerts are required to be resolved:

- Credit Freeze
- Initial Credit Fraud Alert
- Extended Credit Fraud Alert
- Military Credit Fraud Alert

Credit Score Requirements

There is no minimum credit score for SecureEquity℠, but the lowest mid-FICO across all applicable borrowers may impact how the SecureEquity℠ is structured and/or provide alternative documentation requirements.

One or more bureaus may not return a credit score due to insufficient credit history – however, Mutual identifies any borrower without a history of derogatory credit or active credit accounts to have satisfactory credit history unless other derogatory markers exists or the borrower(s) cannot demonstrate a history of home ownership and maintenance.

# of Credit Scores (per Borrower)	Mid-FICO Is	Notes
3	Middle of all three is identified as the mid-FICO. If two of the three scores are the same, they are still considered separate results.	Each borrower will have their respective mid-FICO, the credit score used will be the lower (of 2) or lowest (of 3+) between all applicable borrowers.
2	Lower of the two scores is identified as the mid-FICO.	
1	Score is the score.	
0 or No Score	Lack of credit scores due to insufficient credit will not be considered in the same group as borrowers with a mid-FICO of less than 600, however, the UW will need to review any serious derogatory credit and may require a LESA. Where lack of credit history results in no score(s) being provided and the history of ownership and property charge payment cannot be evaluated the underwriter may request evidence of non-traditional credit.	

Lowest Mid-FICO Score	Loan Structuring Requirements	Underwriting Requirements
< 600	Lender Established Set-Aside (LESA) Required Confirm a SecureEquity℠ LESA product is selected (+0.25% increase to rate/margin.)	When the lowest mid-FICO for any borrower is less than 600 (requiring a LESA), the borrower/s is/are not required to provide a LOE addressing their credit history unless required by the underwriter.
600 – 719	n/a	n/a

≥720	*Any available pricing exceptions will be identified on the applicable rate sheet.	**Refinance Only** **Property Charge Payment History – Property Taxes:** A 12-month property tax history is permitted when the following are met: • At time of application, all property charges are current; and • Compensating factors are not required to meet the residual income requirement. **The Streamlined Financial Assessment may be utilized if the below is met:** • Mid-FICO is greater than or equal to 720 for at least one (1) borrower; *and* • The remaining borrower(s) must either have a mid-FICO score of 660 and above or no FICO score due to lack of credit; AND • Borrower(s) demonstrate a Satisfactory Credit and Property Charge Payment history without the use of Extenuating Circumstances or Compensating Factors. **Purchases Only** **Property Charge Payment History – Property Taxes:** A 24-month property tax history is required **The Streamlined Financial Assessment may be utilized if the below is met:** • Mid-FICO is greater than or equal to 720 for at least one (1) borrower; *and* • The remaining borrower(s) must have a mid-FICO score of 660 and above; AND • Borrower(s) demonstrate a Satisfactory Credit and Property Charge Payment history without the use of Extenuating Circumstances or Compensating Factors.
No Score	See Table Above	

Credit History Analysis

Mutual must examine the borrower(s) overall pattern of credit behavior, not just isolated unsatisfactory or slow payments, to determine the ability to manage their financial obligations.

Satisfactory Credit History & Lookback Period

A borrower will be considered as having Satisfactory Credit provided they do not exceed the "Max" Requirements under 0-12 Months and 13-24 Months for Revolving, Installment and Mortgage tradelines.

Serious derogatory markers and other expense types must be manually evaluated to determine the incident date and include but are not limited to Charge-Offs, Repossessions, Deed-in-Lieu, Loan Modifications, etc. Please see the Expense and Derogatory Account Table.

Account Type	0-12 Months – Requirements	13-24 Months – Requirements
Revolving	Max: 2x60, 1x90	n/a
Installment	Max: 0x30	n/a
Mortgage	Max: 0x30	Max: 2x30
Collection	LOE / EC Only (Supporting Documentation NOT Required)	
Charge-off	LOE / EC Only (Supporting Documentation NOT Required)	

Derogatory Credit History

Where the borrower does not meet the satisfactory credit requirements or serious derogatory accounts are identified on either the credit report, FraudGuard and/or the preliminary title report the accounts will be reviewed according to the Expense Account Table.

General requirements for any account with serious derogatory markers includes:

- Letter of Explanation (LOE) from the borrower(s) regarding the extenuating circumstances;
- Supporting documentation as required by the UW;
- Account may be required to be paid in full at closing OR, when applicable per Derogatory Credit Table, a payment plan may be established with the borrower making at least one (1) payment prior to consummation. Any identified monthly payment must be included in the Residual Income calculation.

Expense/Account Types

The credit report may not provide a monthly payment for obligations that are derogatory, deferred or where the balance is paid in full monthly (i.e. American Express).

When additional expenses are identified during the review of the file, the following methodology (included in the below Expense and Derogatory Account Table) is provided to determine the payment amount with the supporting document. Any additional review requirements are identified under Additional Criteria.

Expense/Derogatory Account	Payment Calculation & Additional Criteria Including Applicable Seasoning Requirements
Delinquent Federal or State Tax/Liens	No open federal/state tax liens are permitted. Must be paid at closing or currently in a repayment plan (if lien is on title, it must be paid off or subordinated.)
Non-Federal Liens/Judgments	Must be paid at closing or currently in a repayment plan. If in a repayment plan, the debt cannot take a lien position that is superior to the reverse mortgage.
Bankruptcy (BK): Chapter 7	Chapter 7 bankruptcies must be dismissed or discharged prior to closing. Timing: • If the credit report indicates the bankruptcy was discharged/dismissed over one year ago, no additional documentation is required. • If the bankruptcy was dismissed less than one year ago, or the credit report/public records do not confirm the discharge/dismissal date of the Chapter 7 BK, a court order signed by the judge as proof of the discharge/dismissal with the accompanying discharge schedule is required. The documentation may be obtained through PACER system. SecureEquity℠ Purchase Transactions have additional requirements when there is a bankruptcy within the preceding 24 months of application – see **Bankruptcy Requirement-Purchase** section below.
Bankruptcy (BK): Chapter 11	Chapter 11 Bankruptcies are commonly associated with commercial or business enterprises. They must be dismissed/discharged prior to closing or receive court approval to close the SecureEquity℠ . **Dismissed/Discharged:**

	If the credit report or court documentation indicates the bankruptcy has been discharged/dismissed, no additional documentation is required. **Chapter 11 Bankruptcy still open:** Borrowers that are currently in process of a Ch 11 BK (have filed but not finalized the reorganization), may still proceed with the SecureEquity℠ provided: • There is a satisfactory payment history for the most recent 12 months • Any liens associated to the property are paid in full at Closing (please note if a mortgage is included, interest will still accrue, but a payoff may be difficult to obtain due to the BK identifier. • They receive court approval signed by the judge indicating the borrower does not need to pay off the bankruptcy to proceed with the reverse mortgage. This permission must specify that the mortgage may be an adjustable-rate mortgage, if applicable. Please request that the court not specify a rate. Approval should stipulate "current market rate," or the current rate plus a stated percentage. If the court allows a lower rate than the current rate at closing, we cannot close on the loan. Exception requests to pay off a Chapter 11 BK with the loan proceeds must be approved by Senior Management and submitted to: SecureEquityException@mutualmortgage.com.
Bankruptcy (BK): Chapter 13	Chapter 13 Bankruptcies are used to reorganize and repay debt over time. They must be dismissed/discharged prior to closing, paid in full at closing, or receive court approval to close the SecureEquity℠. **Dismissed/Discharged:** If the credit report or court documentation indicates the bankruptcy has been discharged/dismissed, no additional documentation is required. **Chapter 13 Bankruptcy still open, borrower may:** • Pay off the bankruptcy in full (can be done at closing) • Continue with the Chapter 13 payment plan by meeting the following: ○ Provide a satisfactory payment history for the most recent 12 months. Any payment made over 30 days from the expected due date will require an LOE, EC and potentially supporting documentation as well as be confirmed by the Trustee. ○ Pay off all liens associated with the property in full at Closing. ○ Provide written court approval indicating the borrower can proceed with the reverse mortgage without paying off the bankruptcy. This permission must specify that the mortgage may be an adjustable-rate mortgage, if applicable. Please request that the court not specify a rate. Approval should stipulate "current market rate," or the current rate plus a stated percentage. If the court allows a lower rate than the current rate at closing, we cannot close on the loan. Note: the monthly payment amount must be included in the residual income calculation. SecureEquity℠ Purchase Transactions have additional requirements when there is a bankruptcy within the preceding 24 months of application – see **Bankruptcy Requirement-Purchase** section below.
Forbearance or Loan Modification (Mortgage or Other)	Copy of forbearance or modification agreement from lender to determine terms of agreement. Letter of explanation from borrowers regarding reason for forbearance or modification. Supporting documentation may be required. Borrower's payment history, post-modification or post-forbearance must meet the negotiated or updated terms on the account, and any derogatory payments will require an LOE, EC and potentially supporting documentation.

Prior Foreclosure/Deed-in-Lieu/Short Sale	Borrower to provide an LOE, EC and Supporting Documentation any time a foreclosure, deed-in-lieu (DIL) or short sale is identified within the previous 2 years. Seasoning of less than (<) 2 years, but greater than (>) 1 year may be considered on an exception basis with a LOE, Extenuating Circumstance and Supporting Documentation. A LESA will be required unless Senior Management grants an exception with a documented benefit to borrower.
Notice of Default/Lis Pendens	Mutual requires title to confirm or provide a copy of the recorded NOD or Lis Pendens as well as a LOE, EC and Supporting Documentation. There is no established seasoning for a file with either a NOD or Lis Pendens, but if not satisfying the outstanding debt at Closing, escalation and approval from Senior Management required.
Alimony/Child Support	As per court documents or agreement indicating monthly amount. If any effective income source is garnished, Mutual will use the greater of either the established payment amount or the amount of garnishment.
Business Debt	Is included, unless it the borrower can demonstrate it is paid out of company funds and that the specific liability is included in the Self Employment (S/E) Cash Flow Analysis.
Charge Off Accounts	No payment calculated and review is based on the Credit Review Table (above).
Collection Accounts (Non-Medical)	If the total/cumulative/aggregate balance of all collections – that are *not* medical - is greater than $4,000 than 5% of each of the included collection tradelines will be input as the calculated payment. QR permits this to be completed in the Liabilities / Expenses screen by selecting the "Monthly Payment is 5% of Balance": ☐ Monthly Payment is 5% of Balance
Collection Accounts (Medical)	Medical collections will still require an LOE and EC to be provided but will not be included when evaluating the total balance of collections and do not require a payment to be estimated. To ensure that QR appropriately assesses the type of collection and does not estimate a monthly payment, the "Exclude from FA Calc" should be selected: ☐ Exclude from FA Calc
Contingent Liability (i.e. Cosigned)	The monthly payment must be included as reported on the credit report or account statement. If our borrower is not making the monthly payments and the responsible party can demonstrate 12 months of concurrent and timely payments from their own funds by providing either cancelled checks, bank/account statements, or an account payment history – the debt may be excluded.
Deferred Obligations/Accounts in Forbearance	*(Student Loans are evaluated separately)* 5% of the outstanding balance if payment a payment amount is not provided/reported.
Disputed Derogatory Accounts	Disputed derogatory accounts, including collections and late payments within the last 24 months, may be excluded from the credit review when the following is provided: • A letter of explanation (LOE) identifying the reason for the dispute (e.g., identity theft, unauthorized use, fraudulent account opening, or inaccurate reporting). • Supporting documentation substantiating the dispute. • Confirmation that the account is identified as disputed on the credit report. Resolved Disputes: • Closed accounts: No further action is required once the dispute has been resolved and the account is closed. If the account is closed with a balance, the applicable monthly payment must be included. Non-medical collections with an outstanding balance must still be included in the cumulative collection review.

	• Open Accounts: If the dispute has been resolved and the account remains open, the applicable monthly payment must be included in the borrower's obligations based on the payment type.
Installment Loans	Monthly payment as reported, however, if less than (<) 10 months of payments remain and the cumulative payment of all similar debt does not exceed 5% of effective income, the payment may be excluded. Borrowers may not prepay or pay down the balance to meet the < 10 mo. requirement.
Revolving Debt	When a payment is not provided, the UW may use 5% of the outstanding balance unless the most recent statement identifies a lesser amount.
Student Loans	Either the monthly payment established on the credit report or 0.5% of the outstanding balance.
30-Day Accounts	Account may be excluded if the credit report identifies that the liability is a 30-Day Account (aka an Open 30-Day Account) and there have been no late payments in the 12 months prior to the date of the credit report or application, whichever is earlier. If the payment is being excluded, Mutual must document funds available to pay the balance in full.

Credit Inquiries

Part of Financial Assessment is to capture/identify expenses/obligations that may exist but not be reporting accurately or even at all. The most common examples involve accounts where derogatory events are identified, which limit what and how information is reported.

Credit Inquiries present a similar issue – in that, they can be a request for new credit, or they can be tied to requests to increase existing credit, or towards the creditors prescreening for new offers or indicate a potentially late or disputed payment that required the vendor to analyze the applicants spending power and performance.

At the initial credit report pull (by the LO or Processor) the credit report provides the inquiries over the previous 180 days (CoreLogic Credco setting), but per Financial Assessment we specifically look at the inquiries within 90-days of our application or credit report date (whichever is earlier). UW will condition for borrowers to confirm if any of the inquiries resulted in an account opening and to provide the terms in the event an account was opened.

Following that initial pull, Mutual does not require credit to be repulled until the report has expired or will expire prior to estimated/expected funding date.

Bankruptcy Requirements-Purchase

Chapter 7 Bankruptcy-Purchase

A Chapter 7 liquidation does not disqualify a borrower from a SecureEquity℠ purchase if, at the time of loan application, a minimum of twenty-four (24) months has elapsed since the date of bankruptcy discharge. During this time, the borrower must have:

- Reestablished good credit; or
- Not incurred new credit obligations
- Ability to demonstrate the events leading to the bankruptcy are not likely to reoccur.

If a period of less than two years, but not less than 12 months has elapsed, the borrower may be eligible if they:

- Can demonstrate the bankruptcy occurred due to extenuating circumstances beyond the borrower's control.
- Has exhibited a documented ability to manage financial affairs responsibly since the bankruptcy discharge.
- Demonstrate the events leading to the bankruptcy are not likely to reoccur.

Additional documentation may be required if the credit report does not verify the discharge date, or if it is necessary to determine if liabilities were discharged in the bankruptcy.

Chapter 13 Bankruptcy Requirements-Purchase

A Chapter 13 bankruptcy does not disqualify a borrower from a SecureEquity℠ purchase if the loan application occurs at least twelve (12) months after the bankruptcy pay-out period has elapsed.

Mutual must be able to determine:

- The borrower's payment performance has been satisfactory.

- All required payments were timely.
- The events leading to the bankruptcy are not likely to reoccur.
- In addition, the borrower must provide written permission from the bankruptcy court to enter the mortgage transaction.

Mutual will include the payment amount listed in the court-approved payment plan as an expense during the income calculation. Additional documentation may be required if the credit report does not verify the discharge date, or if it is necessary to determine if liabilities were discharged in the bankruptcy.

Property Charge History Analysis

Overview

While having a satisfactory credit history is a critical requirement in qualifying for the SecureEquity℠ - our borrower's property charge payment history plays an even more important role in demonstrating their willingness to timely meet the obligations that protect and preserve the collateral for the SecureEquity℠ and Mutual's first lien position.

Property charges include:

- Property Taxes – School, City, County, State, etc.
- Homeowners Association (HOA), Condominium and Planned Unit Development (PUD) fees
- Homeowners/Hazard Insurance
- Flood Insurance
- Ground Rents
- Other Assessments (including Utilities such as Water & Sewer) levied by municipalities or under state law

Mutual may consider the borrower to have a satisfactory property charge payment history when, at the time of loan application:

Property Charge	Lookback Period	Requirements
Property Tax	24 Months	Satisfactory: No Interest or Penalties
HOA (if applicable)	24 Months	Satisfactory: No HOA Liens/NOD Filed
HOI	12 Months	Satisfactory: No Lapse
Flood (if applicable)	12 Months	Satisfactory: No Lapse
Other Assessments	24 Months	Satisfactory: No Interest or Penalties

Subject Property vs Real Estate Owned (REO)

Where the borrower owns no other real estate and has changed their primary residence within the last 24 months, Mutual must review the property charge payment history for the current primary residence and the prior primary residence for a combined 24 months (12 months if Streamlined criteria is met). In addition to real estate owned, Mutual will consider any existing mortgage for which the borrower has a legal obligation to repay, regardless of whether the borrower holds title to or has an ownership interest in the property

Property Charge history is not required on Other REO(s) unless rental income from the REO(s) is used to qualify.

Properties that were sold prior to the application and did not serve as the borrower's primary residence are not required to be submitted or reviewed, unless used to demonstrate financial willingness or part of the supporting documentation.

Timeshares

Mutual does not consider timeshares part of real estate owned; therefore they are not to be included in the Real Estate Owned schedule. Ownership stakes in timeshares where the borrower is still making payments toward the timeshare or interest will reflect on the borrower's credit report and be subject to the requirements outlined for an installment liability/debt.

Exempt Taxes

Where a taxing authority has permanently waived or otherwise permanently exempted the borrower from payment of property taxes, i.e., taxes are not due and payable and do not accrue or result in a lien against the property, such taxes may be excluded from the financial assessment. There are quite a few tax exemptions, and they vary by county and state, so to document the tax exemption, Mutual requires one of the following:

- Tax Exemptions Requiring Annual Submission & Approval

  - 24 Month History of Approval
  - Confirmation from the county – either from the county website or staff (email) identifying the requirements and that they either do not provide commentary or that the exemption is likely to continue.
- Tax Exemptions Based on Age, Income or Disability
  - 24 Month History of Approval (unless qualifying attribute was just obtained/reached/met)
  - Confirmation is not required from the county if the requirements of the exemption are identified on the county website – or – in an email / letter from county staff.

Deferred Taxes

Where a borrower is participating in a Real Estate Tax Deferral Program, such taxes may be excluded from the financial assessment provided Mutual can demonstrate:

- The deferral period will be in place until the death of the borrower or the sale of the property, whichever occurs first; and
- The current use of the property is residential with a homestead declaration.
- A lien senior to the SecureEquity℠ will not be created upon the termination of the deferral period; and
- If the owner requests the exemption be removed there will not be a rollback of taxes.
- Any additional documentation as requested by the UW.

Hazard and/or Flood Insurance

Homeowners/hazard insurance and, if applicable, flood insurance (for all properties owned w/ financing), were current and were in place for a minimum of the prior 12 months.

If the borrower did not have homeowner's and flood insurance, borrowers must obtain and prepay for 12 months at loan closing.

Homeowners Association (HOA), Condominium (Condo), and/or Planned Unit Development (PUD) Fees

HOA, Condo, or PUD fees will be considered satisfactory where each are current at time of closing and there were no arrearages in the prior 24 months that resulted in a HOA lien or Notice of Default being recorded (as confirmed by Title).

Verification is required that any HOA, PUD or Condo fees for the subject property are paid current through the month of closing.

Where there was a Notice of Default (by the HOA / Association) or HOA Lien filed against the property, the borrower will be required to provide a letter of explanation (LOE) or additional supporting documentation at the discretion of the underwriter. Borrowers may experience extenuating circumstances tied to association ownership being transferred to new management companies. Where a new management company has assumed control and does not have access to the prior management companies records or accounting, Mutual will accept an email or letter from the current association and an LOE from the Borrower(s) confirming no lates, provided the payment history with the current management company is satisfactory.

Extenuating Circumstances: Property Charge Payment History Required

Mutual must determine and document the reason for any late property charge payments and determine if the borrower's property charge payment history presents a risk to the property and Mutual's lien position. Regardless if the loan is closing with a fully funded Lender Established Set-Aside (LESA), the applicable property charge payment history for property taxes, insurance & HOA dues must still be reviewed.

Note: HOA, Condo or PUD Fees or Liens are not included in the LESA calculation, but in most states have a "super priority lien" right that would create a lien senior to the SecureEquity℠.

For Properties that are located within a Homeowners' Association (HOA) or Condominium Association, Mutual must conduct a review of the recorded Declaration and/or recorded Covenants, Conditions, and Restrictions (CC&R or CCR) which are in place for the association. When conducting the review, the Mortgagee must determine whether the recorded Declaration and/or CC&Rs require prior approval by the association of any non-purchase money mortgage that will encumber the Property. In those situations where such a requirement exists, the Mortgagee must obtain the approval of the association in writing prior to closing a SecureEquity℠.

Income

Overview

Income from any of the sources described in the following section must be calculated and documented for all borrowers to the extent necessary to determine that the borrower has residual income equal to or exceeding the below requirements.

SecureEquity℠ Residual Income Requirements

# of Borrowers	Residual Income Requirement
1	$750
2+	$1,000

Note: A borrower may not refuse to execute a 4506C either at application or closing.

Effective Income

Refers to income that may be used in the calculation of residual income. The underwriting requirements for effective income are:

- Must be able to determine income is reasonably likely to continue through at least the first three years of the mortgage; and
- Document the borrower's income and employment history when required; and
- Verify the accuracy of the amounts of income being reported; and
- Determine if the income can be considered as effective income in accordance with the requirements listed in this section; and
- Determine whether effective income was legally derived and properly reported to the IRS via tax returns as applicable; and
- Subtract negative income from the borrower's gross monthly income (negative income is not to be treated as a recurring monthly liability.)

Grossing Up Non-Taxable Income

Non-taxable income may not be grossed up as the cash flow/income analysis will consider federal taxes. If federal taxes are not paid on some or all a borrower's income, it will be reflected in the expense analysis.

Income Types

Mutual may consider all the below effective income types, provided they are properly documented:

Eligible Types of Income
Aid for Dependent Children
Alimony, Child Support, and/or Maintenance
Annuities
Automobile Allowance or Expense Account
Boarder/Roommate
Bonus
Capital Gains
Clergy Income (Housing Allowance / Base Pay)
Commission
Disability Benefits
Employment from Family-Owned Business
Employer Housing Subsidy
Expected Income
Foreign Income
Government Assistance (Non-cash Benefits)
Hourly
Interest/Dividend
IRA Distributions

Ineligible Types of Income
Expense Account Advances/Payments
Grossed Up Income
Income from a percentage of assets
Income from illegal activities
Non-Occupying Non-Borrowing Spouse Income
Rent from second home
Retained Earnings
Short Term Rental Income (i.e. AirBnb, VRBO, etc.)
Stipends
Undocumented Income (e.g. "under the table")

Military	
Notes Receivable	
Occupying Non-Borrowing Spouse Income	
Other Public Assistance	
Overtime	
Part-Time	
Pension/Retirement	
Rental Income from Subject Property (Multi-Unit)	
Rental Income from Accessory Dwelling Unit (ADU)	
Rental Income from Other Real Estate	
Royalty Payments	
Seasonal	
Self-Employment	
Social Security	
Tip/Gratuity	
Truck Driver	
Trust	
Union Employee	
VA Benefits	
Imputed Income from Asset Dissipation	

Employment Related Income

Income that a borrower receives as an employee of a business that is reported on IRS Form W2. Mutual may use employment related income as effective income in accordance with the standards provided for each type of employment related income in this chapter.

For all employment related income, Mutual will require the most recent paystubs covering a minimum of 30 consecutive days or if paid weekly or bi-weekly, paystubs must cover a minimum of 28 consecutive days.

The most recent paystub should not be dated more than 120 days from the disbursement date, and all paystubs should exhibit the following:

- Borrower's YTD (year-to-date) earnings
- Employer's name and address
- Pay period
- Borrower's name and identify the borrower as an employee

Verification: Current & Previous

Traditional Employment Documentation & Reverification

Document Type	*Qualifying Criteria*		Document Type	Qualifying Criteria
Paystub	Most recent covering a minimum of 30 consecutive days (if paid weekly or biweekly, paystubs must cover a minimum of 28 consecutive days) that show the borrower's year-to-date earnings	**Or**	**Third-Party Verification (TPV Vendor)**	Must include Employment (i.e. Name, Position, Length of Employment, etc.) and Wage/Income Covering 2 Years

Verification of Employment (VOE)	Written – must include Employment (i.e. Name, Position, Length of Employment, etc.) and Wage / Income Covering 2 Years			

Closing Re-Verification
Reverification of employment must be completed 10 Days **PRIOR** to Funding (Disbursement) when "Traditional" verification of income was used in underwriting the income.
Verbal VOE or VVOE is Acceptable.

Alternative Employment Documentation

Document Type	Qualifying Criteria
Paystub	Most recent covering a minimum of 30 consecutive days (if paid weekly or biweekly, paystubs must cover a minimum of 28 consecutive days) that show the borrower's year-to-date earnings
W2	Previous 2 Years
Verbal Verification of Employment (VVOE)	Document current employment by telephone (or TPV) using the Mutual VVOE template or ensuring at least, the minimum position, current status are verified and the name, title and telephone number of the person verifying the information are identified.

Closing Re-Verification
Reverification of employment must be completed 10 days **PRIOR** to Closing (e.g. Note date) when "Alternative" verification of income was used in underwriting the income.
Verbal VOE or VVOE is Acceptable.

Past Employment Documentation/Verification

Direct verification of the borrower's employment history for the previous two years is not required if **ALL** of the following conditions are met:

- The current employer confirms a two-year employment history, or a paystub reflects a hiring date
- Only base pay is used in calculating effective income (no overtime or bonuses)
- The borrower(s) executes IRS Form 4506C, Request for Copy of Tax Return, or IRS Form 8821, Tax Information Authorization, for the previous two tax years. (The 4506C can also be generated from Quantum Reverse.)

If the borrower has not been employed with the same employer for the previous two (2) years and/or not all conditions immediately above can be met, Mutual must obtain one or a combination of the following for the most recent two years to verify the borrower's employment history:

- W-2(s)
- VOE(s) – Written or TPV verifying Employment and Income
- Evidence supporting enrollment in school or the military during the most recent two (2) full years.

Calculation of Employment Related Income

Income Type	Overview & Calculation Criteria
Salaried	Current Salary
Hourly (Consistent Hours)	Current Hourly Rate
Hourly (Variable)	Average income over the previous two (2) years. If a pay raise can be documented, Mutual may use the most recent 12-month average of hours

	at the current increased pay rate.
Part-Time	Less than (>) 40 hrs. per week May be considered as effective income if an uninterrupted 2-year employment history can be documented and the employer is willing to state that it is likely to continue (TPV where the employer does not include commentary on continuance may be considered as likely to continue.) Average income over the previous two (2) years. If a pay raise can be documented, Mutual may use the most recent 12-month average of hours at the current increased pay rate.
Overtime, Bonus and/or Tip/Gratuity	Average income over the previous two (2) years provided the following can be documented: • Two (2) year history of receiving Overtime, Bonus, Tips, and/or Gratuity • Specific income type must be stable or increasing, and likely to continue (TPV where the employer does not include commentary on continuance may be considered as likely to continue.) • If the specific income type from the current year decreases by 20% or more from the previous year, Mutual must use the current year's specific income type amount. • Must meet either Traditional or Alternative Employment Documentation Requirements; and • Either personal tax returns or W2's covering the most recent two (2) years must reflect overtime, bonus, and/or tip/gratuity income. If the tip income is not reported on the paystub, income tax returns and/or W2's, it may not considered effective income.
Commission Less Than (<) 25% of Total Earnings	Must have been employed in the same position or similar line of work for at least one (1) year and e year in the same or similar line of work; and is likely to continue (TPV where the employer does not include commentary on continuance may be considered as likely to continue.) The percentage of commission income to a borrower's total earnings directly impacts the documentation required – for commission income less than or equal to 25% percent of the borrower's total earnings: • Provide traditional or alternative employment documentation. Effective income is the lesser of: • Average Commission earned over the previous two (2) years or the length of time it has been earned if less than two (2) years; or • Average Commission earned over the previous one (1) year.
Commission More Than (>) 25% of Total Earnings	Must have been employed in the same position or similar line of work for at least one (1) year and e year in the same or similar line of work; and is likely to continue (TPV where the employer does not include commentary on continuance may be considered as likely to continue.) The percentage of commission income to a borrower's total earnings directly impacts the documentation required – for commission income greater than 25% percent of the borrower's total earnings: • Provide traditional or alternative employment documentation. • Most recent two (2) Year Personal (1040) Tax Returns • Completed & Signed 4506C • Transcripts Effective income is the lesser of: • Average Commission earned over the previous two (2) years or the length of time it has been earned if less than two (2) years; or

	• Average Commission earned over the previous one (1) year.
Employed by Family-Owned Business	See Self-Employment

Frequent Changes in Employment

If the borrower has changed jobs more than three (3) times in the previous 12-month period, or has changed lines of work, Mutual must take additional steps to verify and document the stability of the borrower's employment income.

Mutual must obtain one of the following:

- Transcripts of training and education demonstrating qualification for a new position
- Employment documentation evidencing continual increases in income and/or benefits

Gaps in Employment

For borrowers with gaps in employment of six (6) months or more, Mutual may consider the borrowers current income as effective income if the following is verified:

- Borrower has been employed in the current job for at least six (6) months at the time of Closing (i.e. Note date); and
- The borrower had a two-year work history prior to their absence from employment (traditional or alternative employment verification required)

Returning to Work After Retirement

Borrowers who have returned to work after retiring for a period of two (2) or more years may consider their income effective if Mutual documents all the following:

- Borrower has been employed in the current job for at least six (6) months at the time of Closing (i.e. Note date); and
- Borrower intends to continue working as demonstrated by a Letter of Explanation (LOE) that is executed prior to closing; and
- Borrower's Employer is willing to state that it is likely to continue (TPV where the employer does not include commentary on continuance may be considered as likely to continue.)

Other Income Types

Annuity Income or Similar Income

Annuity Income refers to a fixed sum of money periodically paid to the borrower from a source other than employment.

Mutual requires the following documentation:

- Annuity Contract/Legal Agreement that clear specifies a payment amount, frequency and duration of payments or signed letter from the managing financial institution establishing amount of annuity, frequency, and at least a 3-year continuance; and
- Most recent monthly or quarterly annuity statement; and
- Most recent bank statement evidencing receipt of annuity income.

Disability Benefits

These are benefits received from the Social Security Administration, Department of Veterans Affairs (VA), or a private disability insurance provider.

Mutual must verify and document receipt of the above benefit by obtaining documentation that establishes the award of benefits to the borrower and clearly reflects that income is stable and expected to continue.

If any disability income is due to expire within three (3) years from the date of application, it cannot be considered effective income.

If the Notice of Award, Benefit Statement, or equivalent document does not have a defined expiration date, Mutual may consider the income effective and reasonably likely to continue.

Social Security Disability Benefits

This category includes Supplemental Security Income (SSI). Mutual requires the most recent Notice of Award letter from the SSA and

the borrower's most recent bank statement evidencing receipt.

Department of Veterans Affairs (VA) Disability Benefits
Mutual requires a copy of the veteran's most recent benefits letter showing the amount of assistance granted and the borrower's most recent bank statement evidencing receipt.

Private Disability Benefits
Mutual requires documentation from the private disability insurance provider showing the amount of assistance, the expiration date of the benefits (if applicable), and the borrower's most recent bank statement evidencing receipt.

Pension/Retirement Income

Pension income is retirement income the borrower receives from their former employer(s) and does not include individual investment accounts (identified separately).

Mutual requires the following: A copy of the borrower's Pension/Retirement statement paired with one of the documents below to confirm receipt:

- Most recent federal tax return (must be signed, dated, and have been filed with the IRS); or
- Most recent bank statement showing receipt of income from the former employer;

Note: If above documentation does not verify a 3-year continuance, then additional documentation will be required. If source of the pension is municipal state or the federal government (including the VA). Mutual will consider the income effective and reasonably likely to continue with no additional requirement to verify continuance.

Social Security Income (SSI)

Mutual requires the most recent year of one of the following documents to verify Social Security Income:

- Notice of Award Letter; or
- SSA-1099; or
- Benefit Letter or COLA (Cost of Living Adjustment); or
- Personal Tax Returns.

If the Notice of Award letter, or equivalent document, specifies a future start date for receipt of income, this income may only be considered effective provided:

- Award Letter clearly identifies the borrower has been approved for the benefit; and
- Identifies the monthly amount and start date; and
- Date of Closing (i.e. Note Date) is after* the identified start.

*If the Award Letter specifies a future start date, the UW must submit for an exception and must provide the results of the financial assessment review, including the credit report and most recent Comparison.

Trust and Estate Income

Trust Income refers to income that is regularly distributed from a trust and requires the following documentation to be considered effective income:

- Trust Agreement w/ Amendments or Trust Certification or Trustee Statement provided Mutual can identify the frequency, duration, and amount of distributions; and
- Most recent bank statement evidencing receipt; and
- Evidence of 3-year continuance.

Department of Veterans Administration (VA) Benefits

Mutual requires the VA Award Letter or Verification of Benefits, reflecting the amount of the assistance and the expiration date of benefits, if any.

For VA Pensions, continuance will be assumed unless a termination date is identified.

Foreign Income

Foreign Income refers to income received by a Borrower from sources located outside of the United States. Foreign income may involve a foreign corporation, government or paid in foreign currency.

Mutual considers foreign income as effective income provided the Borrower can document all of the following:

- Borrower has received for the most recent two (2) years as evidenced by Personal (1040) Tax Returns; and

Documents not provided in English or currency not expressed in US Dollars are accompanied by a complete and accurate translation and/or conversion.

Calculation of Income

Effective income is calculated by averaging the previous two (2) years of foreign income as disclosed on the Borrower's Personal (1040) Tax Returns.

Self-Employment Income

Self-Employment Income refers to income generated by a business in which the borrower has an ownership interest of at least 25%.

There are four (4) basic types of business structures:

- Sole Proprietorships
- Corporations
- Limited Liability or "S" Corporations
- Partnerships

For self-employment income to be considered effective income, the borrower must be self-employed for at least the previous two years, and the income generated from the business must be stable or increasing. If a borrower has been self-employed more than one year, but less than two (2) years, the borrower must have been previously employed in the same or related line of work for at least two (2) years and Mutual.

A decline greater than 20% in effective income (after-tax income) over the analysis period requires documentation that the business is now stable, the reduction was the result of an extenuating circumstance, and the income has been stable or increasing for at least 12 months.

Self-Employment Documentation

The following is required:

- Most recent two (2) years of Personal (1040) Tax Returns, with all schedules, including Schedule C, C-EZ, or E and SE
- Corporation (1120 / 1120S) or Partnership (1065) Returns
- Completed & Signed 4506C.
- Transcripts

When more than one calendar quarter (120 days) has passed from the previous tax filing, the following may be required at UW discretion:

- Year-to-date profit and loss statement (P&L) and balance sheet.
    - A balance sheet is not required for self-employed borrowers filing Schedule C income.
    - P&L is not required to be audited unless the effective income used exceeds the two (2) year average.
- Business credit report for all corporations and "S" corporations

Calculating Self-Employment Effective Income

Effective income will be the lesser of:

- The average gross self-employment income over the previous two years; or
- The average gross self-employment income over the previous one year.

Note: Mutual will subtract any unreimbursed business expenses if the borrower itemizes on Schedule A and divide the total by 12 months (**Pending 2026 IRS Update**)

Negative self-employment income will only reduce monthly income if it is the borrower's primary source of income or it is directly tied to another business that is our borrower's primary source of income.

Personal Retirement Account/IRA Distributions

Personal Retirement Accounts, such as an IRA, Roth IRA or 401K, may be structured for regular distributions or for ad hoc withdrawals. For accounts without a regular distribution, please see "Imputed Income from Asset Dissipation".

Distributions from personal retirement accounts may be regular and guaranteed or may be variable. The documentation required changes depending on how the account is structured and will require the following:

All personal retirement accounts require the most recent IRA/401(k)/retirement account statement (monthly or quarterly) and then one of the following:

Regular Distributions

For personal retirement accounts structured for regular distributions, the borrower must verify and document the current distribution amount, frequency (monthly, quarterly, or annually) and that it is reasonably likely to continue for the next three (3) years.

Variable or Fluctuating Distributions

For personal retirement accounts with variable distributions, Mutual will calculate effective income from the average of the IRA/401(k) income over the previous two years. If the borrower received IRA/401(k) income for less than two years, the lender uses the average over the period the borrower has received it.

When the distribution duration is not specified, the income can be considered as having a 3-year continuance provided the current balance of the retirement account equals at minimum 36x the regular distribution amount or the average distribution amount for fluctuating/variable distributions.

If borrower has a current outstanding loan, the balance of the loan must be deducted from the retirement account value. Loans from personal retirement accounts are not included in the liability and expense calculation.

Borrowers Employed by Family/Family-Owned Business

Mutual requires Borrowers employed by a Family-Owned Business to provide all the following:

- Evidence the Borrower is not an Owner (i.e. Articles of Incorporation, Secretary of State / Government Website, etc.)
- Most recent paystubs covering a minimum of 30 consecutive days (if paid weekly or biweekly, paystubs must cover a minimum of 28 consecutive days) that show the borrower's year-to-date earnings
- Most recent two (2) years W2's
- Most recent two (2) years Personal (1040) Tax Returns
- Completed and Signed 4506C
- Verification of Employment (VOE) – covering the most recent two (2) years - must include Employment (i.e. Name, Position, Length of Employment, etc.) and Wage / Income
- **Re-verification of employment must occur within 10 days of Funding.**

Rental Income from the Subject Property

Rental Income from the Subject Property refers to income received when the subject property has 2-4 units or will be a one-unit dwelling with an ADU. Mutual may consider rental income from existing and prospective tenants if documented in accordance with the following requirements:

Requirements for Limited or No History of Rental Income

Where the borrower does not have a history of rental income from the subject property since the previous tax filing. Mutual must verify and document the proposed rental income by obtaining:

- For properties owned greater than two (2) years – the following will be required:
  - Letter of explanation (LOE) from the borrower as to why there is no history of rental income since the previous tax filing;
  - Evidence of Date of Acquisition – (i.e. Deed, Settlement Statement, or other legal document); and/or
- For 2-4 units, the appraiser uses Fannie Mae form 1025 - Small Residential Income Property Appraisal Report as well as form 216 – Operating Income Statement; or
- For Single Family Residences w/ an ADU, the appraiser should include the Fannie Mae form 1007 Single-Family Comparable Rent Schedule; and
- Prospective Leases, if available.

Requirements for Established History of Rental Income

Where the borrower has a history of rental income from the subject property since the previous tax filing, Mutual must verify and document the existing rental income by obtaining:

- The current lease; and/or
- Most recent two (2) year history or most recent 24-month rental history with any gaps greater than three (3) explained with supporting documentation (i.e. student, seasonal or military renters, or property rehabilitation); and;
- Most recent two (2) years Tax Returns with Schedule E; and
- Completed and Signed 4506C; and
- Tax Transcripts

Calculating Rental Income from the Subject Property

Limited or No History of Rental Income:

To calculate the effective income from the subject property where the borrower does not have a history of rental income from the subject property since the previous tax filing, the Lender must use the lesser of:

- The monthly operating income reported on Form 216
  OR
- 75 percent of the lesser of:
  - Fair market rent reported by the appraiser; or
  - The rent reflected in the lease or other rental agreement.

Established History of Rental Income:

Mutual must calculate the rental income by averaging the amount shown on the Schedule E.

- Depreciation, mortgage interest, taxes, insurance, and any HOA dues shown on Schedule E may be added back to the net income or loss.
- If the property has been owned for less than two years, Mutual must annualize the rental income for the length of time the property has been owned.

Rental Income from Other Properties

Rental income from other real estate holdings may be considered effective income if the documentation requirements listed below are met.

Requirements for Limited or No History of Rental Income

Where the borrower does not have a history of rental income for a specific property since the previous tax filing. Mutual must verify and document the proposed rental income by obtaining:

- Letter of Explanation (LOE) from the borrower as to why there is no history of rental income since the previous tax filing; and
- Evidence of 25% Equity, based on the type of property:
  - **One Unit**:
    - Form 1004 - Uniform Residential Appraisal Report; and
    - Form 1007 - Single Family Comparable Rent Schedule; and
    - Form 216 – Operating Income Statement; and
    - Prospective Leases, if available.
  - **2-4 Units:**
    - Form 1025 - Small Residential Income Property Appraisal Report; and
    - Form 216 - Operating Income Statement; and
    - Prospective Leases, if available.

Requirements for Established History of Rental Income

Where the borrower has a history of rental income since the previous tax filing, Mutual must verify and document the existing rental income by obtaining:

- Most recent two (2) years Tax Returns with Schedule E; and
- Completed and Signed 4506C; and
- Tax Transcripts

Calculating Rental Income from Other Properties

Limited or No History of Rental Income:

To calculate the effective net rental income from other real estate holdings where the borrower does not have a history of rental income since the previous tax filing, Mutual must deduct the principal, interest, taxes, and insurance (PITI) from the lesser of:

- The monthly operating income reported on Form 216
  OR
- 75 percent of the lesser of:
  - Fair market rent reported by the appraiser; or
  - The rent reflected in the lease or other rental agreement.

Established History of Rental Income:

Mutual must calculate the rental income by averaging the amount shown on the Schedule E, provided the borrower is retaining all the properties identified.

- Depreciation, mortgage interest, taxes, insurance, and any HOA dues shown on Schedule E may be added back to the net income or loss.
- If the property has been owned for less than two years, Mutual must annualize the rental income for the length of time the property has been owned. For properties with less than two years of rental income history, Mutual must document the date of acquisition by providing the deed, Settlement Statement, or other legal document.
- Following the UW's calculation of effective income:
  - Positive net rental income must reflect as effective income; or
- Negative net rental income must be deducted from effective income or have the appropriate entries under the Liabilities / Expenses in QR.

Imputed Income from Asset Dissipation

Mutual can dissipate verified liquid assets over the life expectancy of the youngest borrower (as evidenced by the TALC or in the QR Financial Assessment screen) to calculate effective income.

Liquid assets can be converted to cash within one (1) year without payment of an IRS penalty. The borrower does not have to liquidate assets to obtain financing, however, it is not permitted to count the same asset twice (i.e. as a source of interest income and as imputed income from the dissipation). This applies to income from interest, dividends, or other returns on the account. If any funds to close will come from the account, Mutual must first subtract the funds to close from the account balance before dissipating the funds.

For any liquid asset that has deposits on the provided statement, if those deposits are other effective income sources (i.e. social security, pension, W-2 income, etc.) Mutual will subtract the amount from ending balance prior to dissipating.

Assets may not be dissipated from an account where the borrower is not identified as an owner.

Calculation:

(Total Discounted Asset Value – Funds to Close (if applicable)) ÷ Life expectancy in months = Total Monthly Income from Assets

Total Discounted Asset Value

Assets may be subject to federal taxes or may include a "redemption" value to address any penalties or pending transactions. Common assets are included in the table below:

Asset Source	Amount to be Calculated
Savings and checking accounts, Certificates of Deposit, Roth IRAs, and any other assets not subject to federal taxes	100%
Other assets that are subject to federal taxes	85%

For a list of Asset Types and account specific requirements – refer to Assets

Imputed Income from Dissipation of SecureEquity℠ Proceeds

SecureEquity℠ net loan proceeds can be dissipated and used as the sole source of effective income.

Extenuating Circumstances

If the borrower fails the credit/willingness test, Mutual permits the borrower to provide an extenuating circumstance as an explanation and where required by the Underwriter, will request supporting documentation.

An extenuating circumstance is an isolated event beyond the borrower's control that prevents them from the timely payment of a financial obligation. Examples include, but are not limited to:

- Loss of income due to divorce or death of a spouse; or
- Loss of income due to the borrower(s) loss of employment, reduction in available hours or compensation, furloughs as well as emergency medical treatments or hospitalization that directly resulted in the late payment of obligations.
- Increase in financial obligations due to emergency medical treatment or hospitalization for the borrower(s); or
- Emergency property repairs not covered by homeowner's or flood insurance; or
- Natural Disasters; or
- Victim of a crime – financial or otherwise (could be included under HOI).

When required by the Underwriter, documentation should always begin with a Borrower written or typed Letter of Explanation (LOE) that provides detailed information regarding the event, its impact and why the borrower believes it will not occur again or have the same impact to the financial obligations.

Compensating Factors

Compensating Factors refer to factors that may be used to justify an approval where the Borrower does not meet the Residual Income requirement.

An example of a compensating factor would be in a file where one or more of the Borrowers will begin receiving Pension, Social Security, or other income within the 12 calendar months following Closing. Depending on the income source, documentation requires at minimum the amount and start date to be identified.

To use an Occupying NBS's income as a compensating factor, the NBS must disclose and have his or her SSN verified, must agree to have their credit report pulled and must meet the same documentation and verification standards as required for the borrower for income and expenses. Non-taxable income may not be grossed up, and imputed income from dissipated assets may not be included.

Dissipating SecureEquity℠ proceeds is not considered a compensating factor as it is already documented in "Imputed Income from SecureEquity℠ Proceed Distribution" and considered effective income.

Debt Payoff

A unique feature of the SecureEquity℠ is ability to pay off revolving and installment debt at Closing either as an elective option (voluntary) or for the purpose of meeting the residual income requirement (involuntary). Credit card debts, installment loans, judgments, and other liens shown on the borrower's credit report and/or title commitment can now be paid through loan proceeds.

Acceptable documentation includes:

- For revolving accounts, a recent account statement for each debt being paid off at Closing is required. The statement must identify the borrower as the account holder and reflect the current balance and account number.
- For installment accounts, a current payoff statement is required for each debt being paid off at Closing. The payoff must identify the borrower as the account holder and reflect the current balance and account number.
- For judgments or liens, documentation from the creditor, lienholder, or other applicable party must be provided to support the amount required to satisfy and release the obligation.

SecureEquity℠ Residual Income Requirements

Residual income is calculated by taking the total effective income from all sources and subtracting the total monthly expenses.

As the SecureEquity℠ only permits the income and assets of the borrowers to be included in the Residual Income calculation, it only factors in the number of borrowers into the residual income requirement.

SecureEquity℠ Residual Income Requirements

# of Borrowers	Residual Income Requirement
1	$750
2+	$1,000

Lender Established Set-Aside (LESA)

Mutual requires a Lender Established Set-aside (LESA) of applicable property charges when the following is identified:

- Borrower Fails Financial Assessment
- Lowest Mid-FICO score across all borrowers is below 600.

Where a LESA is required, the offered interest rate increases by 0.25%.

Unlike the HECM's Life Expectancy Set-aside, the SecureEquity℠ LESA does not incorporate a growth rate in the established set-aside. Due to this, the total set-aside for SecureEquity℠ will be larger than its federally insured counterpart.

LESA Calculation:

(Monthly Property Charges x 1.2) x Life Expectancy of Youngest Borrower = Lender Established Set-Aside (LESA)

Note: A factor of 1.2 is used to estimate the future growth in tax and insurance rates.

Monthly Property Charges

SecureEquity℠ uses the LESA to pay property taxes and insurance on the borrower's behalf. However, not all property charges are included in a set-aside – specifically HOA, Condo, or PUD Fees – and the LESA is not guaranteed for the life of the Borrower.

The SecureEquity℠ Lender Established Set-Aside includes the following property charges:

- Property Taxes – School, City, County, State, etc.
- Homeowners/Hazard Insurance
- Flood Insurance (when applicable)

Borrower-Elected Voluntary LESA

Borrower(s) may choose to opt into a voluntary LESA when a LESA is not otherwise required based on Financial Assessment. The voluntary LESA is subject to the same requirements and restrictions as a required LESA. Borrower(s) electing this option must acknowledge their selection and sign the applicable "*Lender Established Set-Aside "LESA" for Eligible Property Charges"* disclosure.

Sustainability

Sustainability is considered the borrower's ability to maintain their current standard of living – specifically evaluating the three (3) years following origination or disbursement.

Where the residual income is 100% or greater of the identified standard without compensating factors, the loan will be approved as sustainable.

Where a fully-funded Lender Established Set-Aside is required due to credit score or required due to not meeting financial assessment criteria, the included property charges (property taxes, hazard, and/or flood insurance) may be removed from the residual income calculation as a compensating factor.

When either a LESA or other compensating factor is applied the residual income calculation must meet 100% of the requirement or the transaction will not be considered sustainable.

Exceptions may be requested providing the following:

- Evidence that income has been stable for the 24 months preceding the application; and
- The LESA was not required due to credit score; and
- There were no additional extenuating circumstances required to address property charge delinquencies.

Additional items that may be helpful in reviewing exception requests may include but are not limited to:

- Budget Letter
- Identifying Expected Income Sources
- Additional Assets

Streamlined Financial Assessment

All SecureEquity℠ borrower(s) are subject to a financial assessment. Borrowers who meet the requirements below are eligible for a streamlined financial assessment.

Transaction Type	Overview & Calculation Criteria
Refinance	• The mid-FICO score for at least one borrower is 720 and above; and • The mid-FICO score for the remaining borrowers is 660 and above, or no FICO due to lack of credit is acceptable; and • Borrower(s) demonstrate a Satisfactory Credit and Property Charge Payment history without the use of Extenuating Circumstances or Compensating Factors.
Purchase	• The mid-FICO score for at least one borrower is 720 and above; and • The mid-FICO score for the remaining borrowers is 660 and above; and • 24-month history of ownership with a verified property payment history or rental history is required. Borrowers with a lack of ownership or rental history are not eligible for the streamlined process; and • Borrower(s) demonstrate a Satisfactory Credit and Property Charge Payment history without the use of Extenuating Circumstances or Compensating Factors; and • Must be an Arm's Length transaction

When borrowers meet the above criteria, a residual income review is not required and therefore income documentation does not need to be provided. If documents are provided, a review will be completed & borrower(s) will be required to meet standard residual income guidelines.

- Underwriter must add a "G" Condition notifying closing that we are utilizing streamlined Income.

Note: When a Streamlined Assessment is performed, income and asset documentation should not be included in the loan file. However, assets used for funds to close must still be sourced and documented per guidelines in regard to large deposits and reoccurring debt.

Assets

Overview

Mutual must obtain documentation to verify a borrower's assets when they are required, intend to bring funds to the closing table, or pay debt/other expenses to qualify during the loan process. Mutual considers assets derived from acceptable sources in accordance with the requirements outlined below. Any individual deposit into a qualifying account that is 1% or greater than the MCA must be sourced and paper trailed.

Note: Borrowed funds, that are not secured by an asset, are NOT an acceptable source of funds for SecureEquity℠ Borrower(s).

Asset Types

Account Type	Overview & Calculation Criteria
Savings or Checking Accounts	Mutual requires one of the below to verify assets that are held in a Savings or Checking Account: • Completed Verification of Deposit (VOD) reflecting that the current balance is sufficient to cover the amount of the funds being brought to closing.

	OR • A current bank statement that clearly reflects the prior month's balance. If the prior month's balance is not shown, obtain two (2) consecutive months of statements or a 60-day transaction history. Deposits that are 1% or greater than the MCA must be sourced and properly paper trailed. *Funds to Close:* Must have a sufficient balance and account history to support the funds required for Closing.
Business Bank Statements (Funds to Close ONLY)	Similar requirements to Savings or Checking Accounts, but requires the Borrower to demonstrate that: • They are the owner of the business and sole signor on the account. **OR** • Provide an acknowledgement of the required withdrawal by all signors on the account.
Gift Funds (Funds to Close ONLY)	Gift funds refer to the monetary contributions with no expectation of repayment. Acceptable donors include a relative, defined as the borrower's spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or a non-relative that shares a familial relationship with the borrower defined as a domestic partner (or relative of the domestic partner), individual engaged to marry the borrower, former relative, godparent, or an individual with a long-standing familial-like or mentorship relationship with the borrower **Donor(s) may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction.** **Donor's source of funds cannot be cash on hand.** Mutual must obtain a gift letter signed and dated by the donor and borrower that includes the following: • The donor's name, address, telephone number; and • The donor's relationship to the borrower; and • The dollar amount of the gift; and • A statement that no repayment is required. *Documenting the Transfer of Gift Funds* Mutual must verify and document the transfer of gift funds from the donor to the borrower: • If the gift funds have been verified in the borrower's account, obtain the donor's bank statement showing the withdrawal and evidence of the deposit into the borrower's account. • If the gift funds are not verified in the borrower's account, obtain the certified check or money order or cashier's check or wire transfer or other official check, and a bank statement showing the withdrawal from the donor's account. • If the gift funds are paid directly to the settlement agent, Mutual must verify that the settlement agent received the funds from the donor for the amount of the gift, and that it was an acceptable source. • If the donor borrows the gift funds, and documentation from the bank or other savings account is unavailable, Mutual must have the donor provide written evidence that the funds were borrowed from an acceptable source, and not from an interested party. Regardless of when gift funds are available to a borrower, Mutual must make a reasonable determination that the gift funds were not provided by an unacceptable source or interested party.
Stocks, Bonds and Mutual Funds	Funds from a borrower's stocks, bonds or mutual funds are acceptable sources, provided their value can be verified.

	Acceptable documentation includes: • Most recent monthly or quarterly statement provided by the financial institution. *Funds to Close:* Acceptable documentation includes: • Proof of the withdrawal from the source; and • Deposit into the borrower's own account; or • Deposit (via wire) directly to title with evidence of transfer.
Retirement Accounts/IRAs/401Ks	Vested funds from retirement accounts or retirement savings accounts are acceptable as an asset dissipation for effective income (see Income Types) as well as a source of funds to close. Required documentation includes the following: • Most recent monthly or quarterly statement provided by the financial institution, indicating the current value (less any federal income tax and withdrawal penalties). *Funds to Close:* Acceptable documentation includes: • Proof of the withdrawal from the source; and • Deposit into the borrower's own account; or • Deposit (via wire) directly to title with evidence of transfer.
Real Estate Sale Proceeds (Funds to Close ONLY)	Net proceeds from a recent arms-length sale of real estate owned by the borrower are acceptable. Required documentation includes the following: • Final HUD-1 / Settlement Statement / Closing Disclosure (CD) from the sale of the property; and • Deposit into the borrower's own account; or • Deposit (via wire) directly to title with evidence of transfer.

Sale of Personal Property (Funds to Close ONLY)	The sale of personal property (i.e., such as a car, recreational vehicle, coins, card collections, etc.) is an acceptable source of funds to close.
	
	Required documentation includes all of the following:
	• Acceptable documentation from an uninterested third-party expert that provides a satisfactory estimate of worth from a published value estimate. The estimated worth of the items being sold may be in the form of:
	  • A published value estimate issued by an organization, such as an automobile dealer.
	  OR
	  • A separate written appraisal by a qualified appraiser with no financial interest in the loan transaction.
	
	  Note: The lesser of the estimated value or actual sale price is the amount considered as accepting funds to close.
	• Conclusive evidence the item or items were sold.

Life Insurance Policies (Funds to Close ONLY)	Life insurance policies can be accepted as a source of funds for closing, provided the borrower submits the following: • Policy valuation (also referred to as net worth) at time of liquidation. • Proof of the withdrawal from the source account and that funds were not borrowed; and • Deposit into the borrower's own account; or • Deposit (via wire) directly to title with evidence of transfer.

Borrowed Funds Secured by an Asset	Borrowed funds secured by an asset are an acceptable source of funds for the down payment, closing costs, and reserves, since borrowed funds secured by an asset represent a return of equity. Examples of assets that can be used to secure funds include: • Automobiles • Artwork • Collectibles • Real Estate • Financial assets, such as savings accounts, CD stocks, bonds, and 401(k) accounts. Required documentation includes all of the following: • Terms of the secured loan • Proof of ownership & estimated value • Evidence of receipt of the funds Required calculation of debt to be included in residual income is as follows; • When a monthly payment is shown, this number is to be included in financial obligations tied to RI. If there is no payment shown, use the terms of the debt or 5% of the outstanding balanced to establish the monthly payment. • When loans are secured by the borrower's financed assets, in which repayment may be obtained by liquidating the asset, monthly payments for the loan can be excluded from the RI. If the borrower uses the same financial asset that is used to qualify the borrower on the same loan, the value of the asset must be reduced by the amount of proceeds and related fees for the secured loan.

Large Balance Increases

If the borrower's account balance reflects large increases / deposits within the provided statement period, the UW may require information about the source of the funds to verify that they are not borrowed.

Bank statement printouts or print screens from an online resource are acceptable only if a bank representative acknowledges the statement with a date, stamp, and signature.

Bank statement printouts must display the bank name, borrower name, and account number. If an account activity is provided, a URL must be present on the bottom of each page.

Cash On Hand

Borrowers who have saved cash at home and are able to adequately demonstrate how they were able to do this can include this money as an acceptable source of funds to close. To include cash saved at home when assessing the borrower's cash assets, Mutual must complete all of the following:

- Verify that the Borrower's Cash on Hand is deposited in a financial institution or held by the escrow/title company; and
- Determine if the accumulation was feasible.

Borrower Explanation

Required documentation includes a written explanation from the borrower stating:

- How the funds were accumulated; and
- How long it took to accumulate the funds.

Underwriter Determination

The underwriter must determine that the accumulation of funds is reasonable based on:

- The time period during which funds were saved; and
- The borrower's:
    - Income stream;
    - Spending habits;

- Documented expenses; and
- History of using financial institutions.

Guardianship or Conservator: Application & Closing

Overview

A guardian or conservator is court-appointed to protect an incapacitated borrower's interest. A guardianship or conservatorship may be required because the borrower has become incompetent and either has no durable Power of Attorney (POA), cannot locate the original POA and it was never recorded or the POA is void because it was not signed before the date of incapacity.

While generally the appointed agent may be same individual, in any situation there may be more than one representative identified – an individual for the person and an individual for the estate. When this occurs, please note that both (personal and estate) or all (if more than 2 and it is specified they must act jointly vs severally) representatives must be present at Closing as both have requirements they must execute.

Permanent guardianships or conservatorships are allowed for SecureEquity℠ following the below guidelines.

Guardianship/ Conservatorship	Application	Closing
Temporary Guardianship**	**Contact Senior Management ONLY**	No, only full letters of Conservatorship/Guardianship are permitted prior to final approval.
Document Signing aka Signature Lines	**[Borrower's full name] by [guardian's full name] as [Guardian/Conservator]** "Jane Doe by John Smith as Guardian" or "John Jones by Jane Smith as Conservator"	**[Borrower's full name] by [guardian's full name] as [Guardian/Conservator]** "Jane Doe by John Smith as Guardian" or "John Jones by Jane Smith as Conservator"
Counseling	Not required in advance of application (excluding UT, TN)	Must be done prior to Closing
Title Approval Required	No	Yes
Held in a Trust	Trustee of the trust does not need to sign or execute documents at time of application.	Can close in the trust, but if the Trustee is separate from the Guardian/Conservator of the Estate or Individual, court order required to authorize the trustee to proceed.
Court Approval Required	No	Yes
Witnesses Required?	No	No

Documentation

If the borrower has a guardian, the file must contain the following documents:

- Government-issued photo ID or Conservator / Guardian as well as for the incapacitated borrower; and
- Court order appointing the person as guardian or conservator – also referred to as "Letters of Guardianship" or "Letters of Conservatorship"; and
- Letter/Email from title that the guardianship or conservatorship is acceptable to insure.

A court order stating that the court approves the loan transaction for a reverse mortgage. The words "reverse mortgage" and "adjustable rate, negative amortized loan" must be included in the court order, as applicable and must be:

- Signed by a judge.
- Should not include any interest amount. If an interest rate does appear, the court order must state that it is an "initial rate" and note that it is an adjustable rate for a negative amortized loan, if applicable.
- Should not include a loan amount. If a loan amount is stated, it must not be less than the recorded deed amount, which equals 150% of the max claim amount.
- Must authorize the trustee to act on behalf of the trust if the property is in trust.

Face-to-Face Requirement

Borrowers must meet the face-to-face requirement at application, counseling or closing. Face-to-face requirements may be met by one of the following:

- The borrower is present when the application is being signed, and the loan officer marks that the meeting was face-to-face on the 1009.
- The counseling session was performed face-to-face and is reflected on the counseling certificate.
- The borrower attends closing, and the Face-to-Face Certification is completed by the closing agent and notarized by the closing notary.

Note: if any situation where the borrower is being represented by a Power of Attorney, Guardian, or Conservatorship must have a living attestation completed at closing.

Temporary Guardianship or Conservatorship

Temporary guardianships or conservatorships are not allowed, however, there are examples of when a process may begin with a temporary guardian or conservator appointed. Prior to application an exception must be reviewed and approved.

Please note, regardless of the court order, a guardianship or conservatorship must be valid, and in force with no expiration date so the borrower has a legal representative for the life of the loan.

Insurance: Hazard & Flood

Hazard Insurance Overview

Hazard insurance is a specific form or insurance that provides coverage against property damage caused by natural occurrences and specific perils. Lenders require hazard insurance on properties with financing to protect their interests, and the amounts and endorsements vary based on insurer, location, and property type.

While used interchangeably with homeowner's insurance, each type of policy can be customized under specific property owner needs/concerns. If homeowners require protection beyond property damage and seek coverage for personal belongings and liability, homeowner's insurance is the better option. While we are focused on the specifics of hazard insurance, each submitted policy requires Mutual to confirm coverage amounts and specific exclusions to confirm coverage is acceptable.

General Coverage Requirements: Hazard

Each policy is required to show the following:

- All borrower names
- Correct property address (must match loan file documents)
- Mailing address (if other than the subject – supporting documentation required)
- Effective date and Expiration date should cover 12 months and must have 45 days remaining at time of funding
- Dwelling coverage amounts
- Deductible
- Annual premium
- Mortgagee clause
- Loan Number

The hazard insurance dwelling coverage must be greater than or equal to the lesser of one of the following replacement amounts:

- 100% of the insurable value of the improvements or contains a "Guaranteed Replacement Cost" endorsement; or
- Total Estimate of Cost New (Page 3 of Appraisal); or
- Appraised Value minus the excess Value / Site Value (Page 3 of Appraisal); or
- Replacement cost estimator (RCE) provided by insurance agent provided it meets Mutual's RCE requirements.

Coverage Type

Hazard/Homeowner policies must include protection against loss or damage from fire and other hazards covered by the standard extended coverage endorsement.

Policies that limit or exclude coverage, in whole or in part, from windstorm, hurricane, hail damages, or any other perils normally in an extended coverage endorsement **are not acceptable** without confirmation from the agent that it's not traditionally included in the extended coverage and/or the borrower has a separate policy for that specific coverage.

Deductible

Unless a higher maximum deductible amount is required by state law, the maximum allowable deductible is 5% of the face amount of the insurance policy.

Additional Requirements for Condo & PUD "Master" Policies

The "Master" Policy must cover all the general and limited common elements that are normally included in coverage including fixtures, building service equipment, and common personal property and supplies belonging to the homeowner's association.

Commercial and general liability coverage for condominiums must be at least $1 million for bodily injury and property damage per single occurrence. Policies must be active at time of signing and be in effect for 45 days past the funding date or a renewal policy will be required.

Condo & PUD "Walls In" Coverage

When the master policy does not provide for coverage on the interior walls, improvements, and betterments and/or for personal property within the dwelling – Mutual requires a borrower to obtain an HO-6 policy with the following coverage amounts:

Master Policy Includes	Coverage Amount
Does NOT Cover "Walls In"	20% of the appraised value
Covers "Walls In" but does NOT cover "Betterments & Improvements"	10% of the appraised value
Covers "Walls In" and covers "Betterments & Improvements"	HO-6 not required

Other Insurance Options

Mutual may accepts the following insurance policies with management approval:

- Policies written by a state's Fair Access to Insurance Requirements (FAIR), if it is the only coverage the borrower can obtain.
- Policies through state insurance plans, such as Hawaii Property Insurance Association (HPIA), Florida's Citizens Property Insurance Corporation, or other state-mandated windstorm and beach erosion insurance pools, if it is the only coverage available.
- A separate hurricane insurance policy issued by the Hawaiian Hurricane Relief Fund for properties in Hawaii, provided the companion non-catastrophic fire and extended coverage, or homeowner's, policy is from an insurer that meets Fannie Mae's rating criteria.

Flood Insurance Overview

For properties located in a Special Flood Hazard Area (SFHA), the borrower must maintain adequate flood insurance coverage. Flood insurance should be a standard policy issued by National Flood Insurance Program (NFIP) or a Private Flood Insurance (PFI) that meets Fannie Mae requirements.

General Coverage Requirements: Flood

Flood insurance policies are required to have the same specific requirements as hazard/homeowners – tied to minimum requirements on the data:

- All borrower names
- Correct property address (must match loan file documents)
- Mailing address (if other than the subject – supporting documentation required)
- Effective date and Expiration date should cover 12 months and must have 45 days remaining at time of funding
- Dwelling coverage amounts
- Deductible
- Annual premium
- Mortgagee clause
- Loan Number

The flood coverage amount must be at least equal to the lowest of the following:

- 100% of the replacement cost of the insurable value of the improvements (excluding land); or
- The maximum amount of NFIP insurance available for the property type
    - $250,000 for 1-4 unit residential properties

Deductible

Deductibles must be reasonable and may not exceed the lesser of $10,000 or 5% of the coverage amount, unless a higher amount is required by state law.

NFIP vs PFI

The borrower has the right to select the insurer of their choice to provide their insurance requirements – for flood insurance, Mutual will accept Private Flood Insurance (PFI) provided the following:

- The terms and conditions of any flood insurance coverage must at least be equal to the coverage terms and conditions

under the standard NFIP policy.

- The amount of flood insurance coverage must meet Fannie Mae's minimum coverage requirements for that property type.
- Private insurers must meet Fannie Mae's minimum rating requirements for insurance underwriters:

Rating Agency	Rating Category
AM Best Company	"B" or better Financial Strength Rating
Demotech, Inc	"A" or better Insurance Financial Stability Rating
Kroll Bond Rating Agency	"BBB" or better Insurance Financial Strength Rating (IFSR)
S&P Global	"BBB" or better Insurer Financial Strength Rating

Closing Requirements (Required Collection / Disbursement at Closing)

The applicable policy must be effective at time of signing and be in effect for 45 days past the Funding date or a renewal policy will be required.

Policy Type	Renewal Date	SecureEquity℠ Closing Requirement
Existing Policy Auto-Draft (No LESA)	Less than (<) 45 days after closing	Exception needed from Closing Management, with the following confirmed: • Renewal released? Y/N • Any changes to coverage – either elective or other? Y/N
	More than (>) 45 days after closing	Do not collect at Closing.
Existing Policy Paid Monthly/Quarterly or Yearly (No LESA)	Less than (<) 45 days after closing	Collect premium in accordance with current payment type: • Monthly = Collect 60 Days • Quarterly = Collect Next Quarter • Annually = Collect the Full Premium If renewal is not out – an exception is needed from Closing Management, with the following confirmed: • Renewal released? Y/N • Any changes to coverage – either elective or other? Y/N
	More than (>) 45 days after closing	Collect only what is needed to ensure the policy is paid in accordance with the proposed schedule: • Monthly = Collect 60 Days • Quarterly / Annually = n/a
Brand New Policy (Refi/Purchase) (No LESA)	n/a	Collect for a full year and disburse at Closing.
Closing in a LESA	Less than (<) 45 days after closing	Remaining balance on current policy must be paid. Exception needed from Closing Management, with the following confirmed: • Renewal released? Y/N • Any changes to coverage – either elective or other? Y/N • Agent will accept payment? Y/N
	More than (>) 45 days after closing	Collect as many months as there are up until the next renewal.

Mortgagee or Loss Payee Clause

If the loan is closing in the name of MoOM, all declaration pages must contain the following mortgagee clause prior to closing:

Mutual of Omaha Mortgage, Inc. ISAOA
PO BOX 39457
Solon, OH 44139
Loan: ########

Occupancy

Occupancy is defined by the length of time the borrowers have resided in the subject property, regardless of when it was purchased.

Years at Current Address vs Years Owned

One of the easiest ways to prevent occupancy questions is to answer the "Years at Current Address" accurately at time of application. On the 1009 and in QR, the question is specific to the time the borrower(s) have been living in the subject property as their primary residence, not how long they have owned it.

Occupancy Requirements

SecureEquity℠ loans require that borrowers occupy the subject property as their primary residence for more than 6 months per calendar year or 183 days.

Examples of discrepancies that can indicate an occupancy include but are not limited to:

- Property address on 1009 does not match address history on credit report
- Driver's License does not agree with the property address on the 1009
- Borrower owns more than one property
- Mailing address discrepancy throughout loan file
- Borrower owns other property that is listed as homestead
- Subject property recently listed for sale
- Interior appraisal photos appear to reflect a vacant home

Note: Mailing addresses that differ are more than acceptable when routed to a PO Box (or mailing service) due to postal limitations (i.e. rural, busy road, new construction, etc.) or personal / privacy concerns. QR permits the mailing address to be different from the subject and is helpful for ensuring statements are routed correctly.

Acceptable Occupancy Documentation

When occupancy is in question, the Underwriter will require the Borrowers to provide three or more of the following items, with the subject property address:

- Recent Social Security Benefits Awards Letter
- 1099-SSA, 1099-R or any other form of a 1099
- Most recent Tax Returns
- Mortgage Statement
- Two (2) months bank statements covering the most recent 60-day period showing transaction history.
- Paystubs
- Statements, reflecting service and billing address covering the most recent 60-day period for one of the following:
    - Utility statement that shows the mailing address in addition to the service address such as: Cable, Telephone / Cellular, Auto, Health, or Life Insurance Policy Statements
    - Delivery Service Billing – such as DoorDash, UberEATS, Amazon Prime, etc.
    - Telehealth or Mobile Medical Billing Statement (do not send medical bills)
    - Prescriptions or eScripts
- Proof of Homestead for subject property
- Vehicle registration
- Voter registration

Note: Additional documentation reflecting addresses other than the subject will require additional documentation.

Purchase Transactions

Please see the "Purchase" Section.

Power of Attorney

Overview

A Power of Attorney (POA) is a legal document that allows one (or more than one person) to act as an agent on behalf of another as specified in the instrument itself. A POA can cover many different areas, including financial, legal, and healthcare.

Below is a list of general requirements when reviewing the power of attorney:

- Durable
- Gives the right to encumber the property
- Executed by a competent borrower
- Executed by the borrower prior to the date of counseling and application
- Must meet the state requirements based on the state of the subject property, although most states have reciprocity for POA's that were originally drafted in a different state
- Title must provide POA approval

Roles

Each POA has specific roles:

Principal

The individual granting the Power of Attorney. In most cases, this would be the borrower or borrowers in the SecureEquity℠ transaction.

Agent

The individual who is identified as having the authority to make decisions on behalf of the "principal". This individual is referred to as the "attorney-in-fact" and what specific rights are granted to them are identified in the document itself.

Successor Agent

Not all POA's have successor agents identified, but when structured to permit a successor, this is an individual or individuals that are identified should the original identified "agent" become incapacitated or need to recuse themselves based on a conflict of interest (e.g. POA is the borrower and in removing the NBS from title, it would be considered a self-serving deed – so only the successor agent would have the ability.)

Power of Attorney Types

Power of Attorney Types	Definition	Acceptable for SecureEquity℠
General	Broad authority provided in one, or many ways as specified in the document. Does not remain in effect when the principal becomes incapacitated.	No, unless submitted for an exception and the following is understood: • Principal is not incapacitated; and • Principal will attend the Closing to execute specific documents; and • Title has approved the use; and • Attorney Opinion Letter (AOL) reflects approval.
Durable	Broad authority provided in one, or many ways as specified in the document, however, a durable POA remains in effect after the mental incapacitation of the principal.	Yes, provided the borrower's capacity to enter at the time of execution is confirmed and that it meets the requirements of the instrument title and is approved by Mutual's attorney opinion letter.
Limited / Specific	Typically, specific to a point-in-time or transaction, limited / specific POA's are also referred to as "ad hoc" or for this purpose.	No, unless submitted for an exception and the following is understood: • Principal is not incapacitated; and • Principal will attend the Closing to execute specific documents; and • Title has approved the use; and

		• Attorney Opinion Letter (AOL) reflects approval.
Springing	Triggered by a specific event, commonly incapacitation but typically has specific requirements that the instrument requires to demonstrate the required event has happened (i.e. 2 Physician Letters, etc.)	Yes, provided the borrower's capacity to enter at the time of execution is confirmed and that it meets the requirements of the instrument, title has approved and is approved by Mutual's attorney opinion letter.
Healthcare	This is a specific type of POA that permits the agent to make Healthcare decisions however does not grant them rights to make financial decisions.	No

Jointly vs Severally

When more than one agent is authorized to act at the same time, the instrument should notate if they are required to act together or "jointly" – which requires each party to attend and execute documents – or act "severally" – which permits an agent to act individually or without the other agent providing their opinion or approval.

As a POA can specify instructions or qualifiers on specific topics/items, it is also possible for a POA to notate specific items to be handled jointly and other items to be handled severally. During the attorney and title's specific review, both should call attention to any specific requirements.

When a POA does not specify and it is not clear in the state legislation how the state may or may not interpret language, then Mutual will interpret as jointly.

Revocable & When Original Required

All POA documents are revocable by the principal, however, what is required to revoke them may be specified in the instrument itself.

Where recorded in county or locality of the principal, revocation occurs by the principal executing a revocation document (which may require notarization).

Where not recorded (more common) the agent will demonstrate their approval by providing the original instrument at Closing to the title company to be recorded with the security instrument. This is the primary reason Mutual must verify that the borrower has the original POA when not recorded.

Note: Mutual does not recommend that agents send or ship original Power of Attorneys to Mutual or to Loan Officers/Processors directly. At time of settlement, where the original is required, the notary will collect and return with the original signed closing documents. At time of application, processing and underwriting only a legible and complete copy is required.

POA	Application	Closing
Document Signing aka Signature Lines	**[Borrower's full name] by [POA's full name], as attorney-in-fact** "Jane Smith by John Doe, as Attorney in Fact"	**[Borrower's full name] by [POA's full name], as attorney-in-fact** "Jane Smith by John Doe, as Attorney in Fact"
Courtesy POA Permitted	Yes LOE identifying why a Courtesy POA was utilized may be required.	Yes LOE identifying why a Courtesy POA was utilized may be required.
Counseling Required Physical Limitation Only	Borrower/Principal competency does not change the requirements of counseling prior to Application. See Counseling.	Yes* – Borrower and POA must be counseled. *Must have a letter from the primary care physician identifying the nature of the incapacity but confirming mentally capable of making financial decisions.

Counseling Required Mentally Incompetent	When Borrower/Principal is deemed mentally incompetent, the POA must meet the counseling requirements. See Counseling.	Yes* - Only POA is required to be counseled. *Must have a letter from the primary care physician confirming the following: • Initial date of incompetency (when the borrower was no longer able to make complex financial decisions). This date must be after the POA was executed. * If the POA was executed shortly before being declared incompetent- Underwriting may require additional information from the physician. *
Title Approval Required	No	Yes
Attorney Opinion Letter (from Mutual)	No	No
Property Held in a Trust	Trustee of the trust does not need to sign or execute documents at time of application.	Can close in the trust, but the Trust will identify if it is permitted and both the attorney reviewing the trust as well as the POA will need to confirm. Additionally, Title will need to review and approve both the Trust and POA.
Court Approval Required	No	No
Witnesses Required?	No	No
Original Required	No, only a legible copy of all pages of the executed POA.	Unless recorded, and title and Mutual's attorney have reviewed and approved, title must receive the original Power of Attorney (wet ink signatures) to record with our transaction. Following recording, title will return the POA back to the authorized agent.
Documentation Needed	POA ID and Evidence of SSN	Attorney Opinion Letter Trust Approval POA must execute Alive & Well Affidavit

Mental Capacity

In evaluating what will be required from the borrower and/or their authorized agent, the primary deciding factor is if the principal or our borrower is mentally competent.

Mentally competent borrowers that are electing **to use a POA as a courtesy or to address a physical incapacitation only are required to attend counseling and Closing**. If the borrower is unable to attend the closing, an exception request to Senior Management is required.

Mentally incompetent **borrowers are not required to attend counseling, but their "living" status will be verified at time of Closing in the "Alive and Well" Affidavit.**

Required Documentation for Power of Attorney "Agent"

We require the following documents for POA loans:

- Photo Identification
- Evidence that the Power of Attorney has been counseled

Self-Serving Deed Restrictions

A POA can only be used to change vesting when the appointed Power of Attorney is not transferring title from the borrower's name into their own name or removing an individual's interest in favor of their own. This type of transfer is called "self-serving," and is a conflict of interest, with the POA benefiting from their authority over another person.

Mutual does not allow self-serving transactions. If the change to vesting would benefit the POA, the instrument may permit for a successor agent to be utilized, or the POA would need to obtain a court order authorizing the transfer to remove the individual from the title.

Purchase Transactions

Overview

The following requirements apply to purchase transactions.

Closing Costs

Closing costs may be paid by the buyer or seller as specified in the contract and/or are confirmed as common and customary for the market area.

Funds to Close

Funds brought to closing and/or used for earnest money (and meeting the stated threshold) must be documented according to the Funds to Close section. Earnest money more than two percent (2%) must be sourced.

IMPORTANT: Borrowed funds, that are not secured by an asset, are NOT an acceptable source of funds for SecureEquity℠ Borrower(s).

Principal Limit (Loan Amount)

The principal limit factors are set based on the following criteria:

- Age of the youngest borrower;
- Product (Fixed / Adjustable) and Selected Rate;
- The lowest of the following:
    - Appraised Value
    - Sales Price
    - Mutual Adjusted Value

Non-Arm's Length Transactions

Non-Arms-Length Transactions require escalation to Senior Management for review.

Occupancy Requirement

The borrower must occupy the property within 60 days of closing. Seller rent-banks of a maximum 30 days are allowed.

PACE Liens

Mutual requires the Seller to satisfy any outstanding PACE lien at Closing. PACE Liens may not be subordinated in a Purchase transaction.

Repairs

Required repairs must be completed prior to closing and paid by the seller.

Sales Price

The sales price can exceed the appraised value. In those cases, the borrower must write a letter acknowledging that the appraised value is less than the sales price, and express intent to proceed with the transaction.

Interested Party Contributions (IPC) aka Seller Concession/Contribution

Interested party contributions (aka concessions or credits), excluding Mutual and/or Mortgage Brokers, may contribute up to 6% of the sales price but may only be applied toward the Borrower's origination fees, other closing costs including any items Paid Outside Closing (POC) or prepaid items.
Fees that are considered normal and customary for the seller to pay are not included in the 6%, provided they are either:

- Home Warranty; or
- Owner's Title Policy; or
- Transfer Taxes; or
- Fees required to be paid by the Seller under state or local law provided a confirmation from title is included or the

statute/ordinance is identified.

Interested parties to a transaction include, but are not limited to:

- Seller or Builder/Developer
- Real Estate Agent/Broker (Listing/Seller or Buyer)

Additional requirements tied to Interested Party Credits include, but are not limited to:

- Appraiser to provide either specific or generic commentary tied to the presence or potential presence of interested party credits;
- Purchase contract addendum removing personal property or identified inducements from the purchase contract;
- Email / confirmation in writing from Title or Real Estate Agent that a fee is normal or customary for the seller to pay in the market area.

Refinances

IMPORTANT: Loans currently in a LESA cannot be refinanced to only remove the LESA requirement.

If the original LESA was for credit or residual income, the loan will be reviewed for a LESA decision based on the merits of the file at the time of the new application.

If the original LESA was for property charges, we generally do not allow the removal of the LESA.

Reverse Mortgage Refinance - HECM to SecureEquity℠

When a SecureEquity℠ is used to refinance an existing HECM borrower, the benefit to borrower will typically be tied to the proceeds available but requires the borrower to identify their intended benefit at time of application.

Reverse Mortgage Refinance – Proprietary Reverse to SecureEquity℠

When a SecureEquity℠ is used to refinance a borrower that is currently in a proprietary reverse mortgage (could be an existing SecureEquity℠ or another investors product), the benefit to borrower may vary based on the terms of the proprietary reverse being paid off but requires the borrower to identify their intended benefit at time of application.

Reverse Mortgage Refinance – Required Items

In these transactions, Mutual requires the following:

- Borrower written/worded LOE identifying primary benefit;
- Current mortgage statement;
- Acknowledgement of any increasing interest rate; and
- SecureEquity℠ Refinance Calculator

Type	Seasoning	Closing Cost	Proceeds	Bonafide Benefit
HECM to SecureEquity℠	12 months	≥ 5:1	≥ 5%	Rate Reduction Financing Type – ARM to Fixed Add a Borrower or Convert NBS to Borrower Remove a Borrower (Divorce / Separation) LESA Correction or Addition Home Improvement or Home Retrofitting
Proprietary Reverse to SecureEquity℠	12 months	≥ 5:1	≥ 5%	

Seasoning Requirement

Seasoning is measured from the date of Closing of the existing reverse (HECM or Proprietary) to the Closing date of the SecureEquity℠.

An application may not be generated less than 6 months from the previous reverse mortgage Closing date and will require an exception to close until the seasoning time-period has passed.

Closing Cost Requirement

The increase in available loan proceeds must meet or exceed five (5) times the total closing cost amount. Also referred to as the "benefit factor" – the goal is to ensure that any refinance meets or exceeds 5:1 (or "five to one") but, Mutual has provided some additional guidance on what is required when a refinance is less than 5:1 but the benefit to borrower is still tangible.

At no point may only Mutual or its partners benefit from a transaction without ensuring that the borrower has a benefit.

To calculate the benefit factor, please use the SecureEquity℠ Refinance Calculator.

Loan Proceeds Requirement

At closing, the proceeds test requires that the funds available to the borrower must equal or exceed 5% of the proposed principal limit.

To calculate the Proceeds test, please use the SecureEquity℠ Refinance Calculator.

Bonafide Benefit Test

If the borrower does not pass the Seasoning, Closing Cost or Loan Proceeds tests, they may still have a demonstrable benefit identified as a Bonafide benefit. Types of Bonafide benefits include but are not limited to:

- Rate Reductions
  - 0.5% - 0.99% - Full lender or broker credit for all closing costs (no cost loan).
  - 1.00% and Greater - No origination fee may be charged but no additional credit is required.
- Financing Type (Fixed vs Adjustable)
  - Must be paired with an additional benefit tied to Rate or Closing Cost Test
- Add a Borrower or Convert an existing NBS to a Borrower
- Remove a Borrower (Divorce or Separation)
- LESA Correction or Updating (including Adding a LESA)
- Home Improvement or Home Retrofitting

Exception Requests

All SecureEquity℠ refinances that do not meet the required criteria must be approved, in writing, by Senior Management and must be documented in the file.

Title

Overview

Title companies play an integral role in mortgage transactions in determining the owner of record, what liens or issues are associated with the subject property as well as ensuring at Closing, that Mutual and their SecureEquity℠ security instrument are able to take the first (1st) lien position.

Title Seasoning (Ownership)

Mutual requires at least one of the borrowers to have an interest in title at time of application – excluding a Purchase transaction. While vested owners – who are non-borrowers – may add or remove themselves at time of Closing, Borrowers, Non-Borrowing Spouses and Non-Borrowing Owners must be identified prior to submitting for UW review.

The seasoning calculation is based on the recorded date of the deed that vests the borrower in title to the subject property to the date of application.

Properties Purchased within 12 Months

Arm's Length Transactions

For any property purchased in an arm's length transaction within 12 months of the date of application, the following is required:

- Settlement Statement or Final CD from the closing of the purchase.

Non-Arm's Length Transactions

For any property purchased in a non-arm's length transaction within 12 months of the date of application, the following is required:

- Identify the relationship between the Seller and our borrower and confirm if the transaction had a component of financing or was handled with a deed transfer.
- Title must be in the borrower's name.

If the deed has not been executed OR has been executed but not recorded, it must be recorded prior to Closing – if the reason is tied to the seller pending a final payout or payoff, please provide any supporting documentation regarding the terms.

- Borrower to provide an LOE with an explanation for why they were not vested prior to the deed transfer or why the deed transfer occurred at that point in time.

If the current mortgage on the property is not in the borrower's name, please provide the following for review:

- Executed Borrower's Authorization from the mortgage holder for the mortgage attached to the subject property;
- Title to include the recorded security instrument;
- Current mortgage statement;
- Preliminary title report with any exceptions identified.

Business Transfers

If the borrower has transferred the property from a business name or commercial entity to their own name within the past 12 months, the following is required:

- Evidence that the Borrower was sole owner of the organization/business – including but not limited to:
  - Articles of incorporation
  - General partnership or limited partnership agreement
  - Proof from the state that the borrower is the sole owner
- Borrower to provide an LOE with an explanation why the property was held under the business and not the individual.

Land Contracts

If the borrower has held the property in a land contract for over 12 months, but the borrower has not been added to vesting or a deed has been executed and is being held by a third party – the following is required:

- Land Contract & All Addenda
- Title must be in the borrower's name.
- If the deed has not been executed OR has been executed but not recorded, it must be recorded prior to Closing.
- Payment history for 12 months showing the borrower has made payments to the land contract holder.

Liens on Title

Existing Liens & Subordinations

Existing liens against the subject property, including mortgage liens in first position, may be subordinated provided they meet all the following requirements:

- Any lien that can be paid-in-full from proceeds, is paid in full, unless it is structured to be forgiven based on the passage of time and/or borrower's occupancy as a primary residence; and
- The lien that is being subordinated did not come from borrowing funds needed to either purchase or refinance the property in the current SecureEquity℠ transaction; and
- The lien that is being subordinated is a revolving line of credit and the lien holder will not prevent future draws (effectively freezing the remaining available LOC); and
- When loans are subordinated, the subordinating lender cannot place any restrictions on the reverse mortgage lender, the investor, or the terms of the mortgage agreement; and
- Judgments (including federal) on title and/or on FraudGuard, as well as tax liens or other liens associated to the subject property are required to be paid in full prior to or at Closing. If a debt cannot be fully satisfied and there is a request to subordinate, this will require Senior Management approval.
- Subordination amount must show 150% of the maximum claim amount for a SecureEquity℠ loan and 300% of the principal limit for a SecureEquity℠ ARM loan.

Subordination Process - General

Mutual requires any request to subordinate to the SecureEquity℠ be reviewed and approved by a designated attorney. For review the following is required:

- Copy of the Security Instrument that will be subordinated;
- Current Comparison from QR identifying the available proceeds in the current SecureEquity℠ loan;
- Copy of the subordination request – if provided by the current lien holder (preferred to ensure the instrument meets their requirements) – if not, at a minimum provide an email from the existing lien holder confirming they will subordinate to a proprietary reverse mortgage.

Upon receipt, the information will be sent for a legal review, and a subordination agreement will be drafted for the existing lien holder.

Insuring Over Liens

Mutual requires all liens on title to be paid in full or otherwise satisfied or subordinated and the SecureEquity℠ to be in first lien position. If a lien cannot be satisfied, released, or subordinated and title chooses to "insure over" the lien by removing it from the commitment and final title policy, Mutual requires evidence that the title company has performed due diligence to ensure the lien has been paid in full previously but not released and is subject to review and approval from UW.

Multiple Loans - Borrower

The borrower may have only one reverse mortgage (proprietary or federally insured) outstanding at any given time.

Multiple Loans – Non-Borrowing Spouse

If the non-borrowing spouse has an additional reverse mortgage loan (proprietary or federally insured), the following documentation must be provided to qualify the additional reverse mortgage:

- The legal separation agreement or final divorce decree; and/or
- If the NBS's reverse mortgage is a HECM (federally insured), evidence that the SecureEquity℠ borrower was identified as an ineligible non-borrowing spouse on the HECM (i.e. ineligible non-borrowing spouse closing disclosure and case query) on the non-borrowing spouse's reverse mortgage; and/or
- UW may request additional documentation to verify that our SecureEquity℠ borrower occupies the subject property.

Multiple Owned Properties

The underwriter must take into consideration the number of properties the borrower owns & for what length of time.

- Borrowers may not own more than four (4) financed properties.
- Borrowers may not have more than one (1) proprietary reverse mortgage at any time.

- Borrower may have one (1) additional forward FHA-insured loan that is secured by a property if the borrower can prove it is no longer their primary residence & for refinances have established the current subject as their primary residence for more than six months.

Any file that has more than four (4) financed properties must be escalated to Senior Management to be considered for a possible exception.

MV Realty and Similar "Homeowner Benefit Agreement" Programs

Certain companies offer homeowners small upfront cash payments, typically between $300 and $5,000 in exchange for signing a long-term contract known as a Homeowner Benefit Agreement (HBA). Under these agreements, the homeowner grants the company the exclusive right to act as their listing agent if the property is sold during the term of the agreement.

In exchange for the payment, the homeowner becomes contractually obligated to use that company as their agent in any future sale or transfer of the property. If the homeowner sells, refinances, or otherwise conveys the property without using that company, the agreement may require the homeowner (or their successors) to pay a penalty fee, often around 3% of the home's value.

These agreements are recorded and run with title as a Memorandum of Agreement, Notice of Homeowner Benefit Agreement, or similar instruments. The recording serves as a lien-like encumbrance against the property and can create a cloud on title that **must** be cleared prior to closing.

Mutual must address these agreements as follows:

- The agreement must be obtained and reviewed by Underwriting
- If the homeowner borrowed $500 or less, payoff may be included in loan proceeds with lender approval.
- Payoff may be permitted only after all reasonable efforts to obtain a release without payment have been made and documented.
    - If negotiations fail, the matter may be escalated for senior management review to determine if payoff from loan proceeds is acceptable.
- The borrower must acknowledge and agree to the payoff prior to closing.

Seasoning for Existing Liens

For SecureEquity℠, there are no minimum seasoning requirements for liens on title unless the existing lien is a SecureEquity℠ or other reverse mortgage loan.

PACE Liens

Overview

A Property Assessed Clean Energy (PACE) lien finances energy efficient upgrades, such as attic insulation or the installation of renewable energy, such as rooftop solar panels. These liens are attached to the property as special assessments and added to the property tax bill increasing the property tax calculation and impacting financial assessment. PACE liens, like the HERO loan in California, are normally identified on the preliminary title report, but may also be identified by reviewing the property tax statement/bill from the county.

Mutual requires that all PACE liens be paid off at closing unless the following are met:

- Refinance Transaction (Purchases are not eligible – see Purchases)
- Loan is not closing with a LESA; and
- Language in PACE instrument does not permit the lien to take a priority position over the SecureEquity℠ transaction; and
- PACE lien holder executes a subordination that meets Mutual's legal review.

Mutual requires that all PACE liens be paid off in full, either prior to, or at closing – unless the lien has been qualified and approved for subordination (from both Mutual and the PACE lien holder). When satisfying a PACE lien at Closing from proceeds, title may require a Hold Harmless or equivalent disclosure to be executed confirming all known improvements have been completed.

On a SecureEquity℠ for Purchase, PACE liens are addressed in the sales contract. The contract must state that the seller will pay the

lien in full prior to, or at closing.

Required Documents

If there is a PACE lien against the subject property, provide all the following for initial review:

- The executed and recorded Special Assessment Agreement.
- A copy of the payoff statement for the PACE portion of the tax assessment.
- If subordinating, please see the subordination section above.

Solar Power Systems – Leases, Liens, and Power Purchase Agreements

Overview

Solar Power Systems can be complex as they include owned, financed, and leased systems – each requiring a different type of review and assessment.

The most common type of solar ends up being leased or financed. A solar lease is an energy system the borrower does not fully own. It is part of the property but is not included in the property value. Financed systems, while considered owned, can only be treated as owned if the panels themselves (regardless of where they are affixed) are the collateral.

When ordering an appraisal, it is helpful to note (provided it is known) if Solar Power Systems are owned or not – as typically, when the appraiser asks during the appraisal process the borrower may not provide accurate information.

Valuation of Solar Leases

Appraisers can include the value of the solar power system when the borrower owns it free and clear or when the panels are not collateral for the lien and the power system can be considered legally part of the property. The appraiser may not include the value of leased mechanical systems and components in the market value of the subject property. The appraiser must identify such systems in the appraisal report.

Solar Power Systems	Qualifiers	UW Requirements

Owned – Free & Clear	Panels may have been originally financed, but the lien is satisfied.	• When owned and paid off, the following is required:
		  ○ No identified liability or outstanding liability on credit.
		  ○ No lien listed on title.
		  ○ No UCC-1 filed on the preliminary title report
		  ○ Appraiser to provide commentary on the inclusion of the Solar Power System and that it is owned.

Owned – Financed	Panels are considered the collateral for the financing and can be repossessed in event of default.	• Obtain copy of current Financing Contract • Lien/Financing is reflected on credit, or a manual liability has been added with the monthly payment amount • If being included in the value, mark the Solar Power System liability as "To be paid at Closing" and obtain a payoff or obtain a satisfactory subordination
	Panels are not considered collateral for the loan.	• Obtain copy of current Financing Contract • Lien/Financing is reflected on credit, or a manual liability has been added with the monthly payment amount • Solar Power System is not required to be paid off for inclusion in value, the borrower must be able to document the panels are not subject to repossession and include for the appraiser to review (can be done after the original report has been received.) • Appraiser to provide commentary (which may require the section or clause from the agreement) identifying that value was given to the system, but, as the panels are not considered collateral, it is being included.
Leased or Power Purchase Agreement / PPA	Panels are owned by a third-party and are not considered real property.	• Obtain copy of Lease / Power Purchase Agreement • Enter the payment amount identified in the final year of the lease – or the year that matches the life expectancy of the youngest borrower (as evidenced by the TALC). • Any filed UCC will need to be removed or subordinated prior to or at Closing • Attorney review to confirm that leases are acceptable and do not contain restrictions to the conveyance of the home (including first right of refusal or preapproving potential buyers.)

		• Appraiser to identify the leased system and confirm it was not given value.

Testamentary "Death" Deeds: Life Estate & Transfer on Death (TOD)

Overview

A Life Estate is a type of vesting where one or more individuals has an interest in the property during their lifetime and a designated individual or individuals have a remainderman interest that may or may not be effective at time of deed execution but are always effective when the life tenant passes.

There is a critical distinction between types of Life Estates and other Testamentary Deeds which requires title to confirm the properties of the testamentary deed to ensure all appropriate parties are counseled (as well as prepared for any Closing involvement.)

Traditional Life Estate

Remainderman has the power of ownership effective on the date the Grantor executes the deed amending vesting to include their interest.

Note: In a Traditional Life Estate, as the remainderman interest is effective at deed execution, it is also critical to note that should a remainderman predecease a life tenant their identified ownership would require probate.

A Traditional Life Estate requires all remainderman to be counseled and to participate at Closing (there are no exceptions). Remainderman must also execute the proprietary security agreements, riders to the security instruments, notice of right to cancel, and the Truth in Lending (TIL) for SecureEquity℠.

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. Holders of future interest do not execute the loan agreement.

When the borrower holds title to the subject property in a Traditional Life Estate, the preliminary title and final title policy must reflect the Life Estate of the borrower(s).

*Enhanced Life Estate aka Ladybird Deed**

An enhanced life estate, which is commonly referred to as a Ladybird or Death Deed is a life estate where the remainderman does not have power of ownership until the life tenant is deceased.

*Transfer on Death (TOD) or Beneficiary Deed**

Similar to an enhanced life estate, a Transfer on Death (TOD) Deed or Beneficiary Deed does not provide any ownership to the death beneficiary until the passing of the owner of record.

*A critical aspect of the Enhanced Life Estate (Lady Bird), Transfer on Death (TOD) and/or Beneficiary Deed is that the remainderman or death beneficiary has no interest or right to the property (or asset) until the life tenant / current owner passes, it is also critical to note, that should a remainderman or death beneficiary predecease a life tenant or current owner, their future interest is eliminated completely – there is no probate or succession.

Determining the Type of Testamentary Deed

Mutual requires that title confirm how the beneficiary, death benefit and remainderman interest is interpreted by each state. Please note that states have similar language, but varying interpretations and confirmation from title is required to understand which parties must be counseled and must sign the security instruments. In rare instances, where the Remaindermen is a minor, the Remaindermen legal guardian will receive counseling and sign the cert.

Trusts

Overview

SecureEquity℠ allows for properties to be held in either a revocable or inter vivo or "living" trust as well as an irrevocable trust. Each trust agreement – regardless of type - outlines the responsibilities of the trustee, who has a fiduciary responsibility to hold and manage the trust assets for the "beneficiary". In a reverse mortgage, proprietary or federally insured, the primary beneficiary / beneficiaries may only be a Borrower on the loan.

The trust holds the legal title, while the beneficiary holds equitable title, which means they have the right to use the property or purchase it if the trust fails in some way to manage it properly.

Revocable Living Trusts

Overview

A revocable trust is one that:

- An individual created during their lifetime – this is identified as the Creator / Grantor; and
- Becomes effective during the Grantor's lifetime; and
- Can be changed or cancelled by the Grantor at any time, for any reason, during their lifetime.

Requirements

A property held in a revocable living trust is eligible for a SecureEquity℠ loan if the file contains all the required information and the trust meets the following requirements:

- All beneficiaries of the trust are SecureEquity℠ loan borrowers at the time of loan origination until the mortgage is released.
- The borrowers and beneficiary must occupy the property as a principal residence.
- The beneficiaries sign all documents.
  Note: Contingent beneficiaries receive no benefit from the trust and have no control over access while the beneficiary is alive, so they do NOT need to be eligible loan borrowers.
- The trustee must sign the following:
  - Note
  - Security Instruments and Required Riders
  - Notice of Right to Cancel
  - Truth in Lending (TIL) statement

  Note: The trustee is not required to sign a Loan Agreement. However, the borrowers and beneficiary may issue instructions to the lender permitting the trustee to exercise one or more rights stated in the Loan Agreement on behalf of the beneficiary. These can include the right to receive loan advances, or to request changes in the payment plan.
- Title has provided approval to Close in the Trust and have provided the vesting to identify if any changes are required.
- The file must contain an Attorney Opinion letter from a law firm designated by Mutual confirming that the trust meets all SecureEquity℠ requirements.
- The file must contain a Trust Acknowledgement, prepared by Mutual's selected attorney that confirms the specifics of the Trust to ensure the parties are appropriately identified.
  Note: It is not required to include an Attorney Opinion Letter at submission – but prior to sending, please have title's approval documented and included to eliminate Closing issues or delays.

Irrevocable Living Trusts

Overview

An irrevocable trust cannot be changed or cancelled once it is set up without the consent of the beneficiaries (all as identified). An irrevocable trust is an arrangement in which the grantor permanently departs with the ownership and control of the property.

Note: If the property is vested in a revocable trust portion of an irrevocable trust, follow the guidelines above for a Revocable Trust.

Requirements

A property held in an irrevocable trust is eligible for a loan if the file contains all the required information and the trust meets the

following requirements:

- All beneficiaries of the trust are SecureEquity℠ loan borrowers at the time of loan origination until the mortgage is released.
- The borrowers and beneficiary must occupy the property as a principal residence.
- No new beneficiaries can/may be added to the trust.
- The beneficiaries sign all documents.
  Note: Contingent beneficiaries receive no benefit from the trust and have no control over access while the beneficiary is alive, so they do NOT need to be eligible loan borrowers.
- The trustee must sign the following:
  - Note
  - Security Instruments and Required Riders
  - Notice of Right to Cancel
  - Truth in Lending (TIL) statement

  Note: The trustee is not required to sign the Loan Agreement. However, the borrowers and beneficiary may issue instructions to the lender permitting the trustee to exercise one or more rights stated in the Loan Agreement on behalf of the beneficiary. These can include the right to receive loan advances, or to request changes in the payment plan.
- Provides reasonable means that the Servicer (Mutual) will be notified of any subsequent change of occupancy or transfer of beneficial interest.
- Each borrower and beneficiary have the legal right to occupy the property for the remainder of their life.
- Contain NO trust provisions (also called "spendthrift provisions") that would restrict the borrowers and/or trustees from encumbering the property.
- Title has provided approval to Close in the Trust and have provided the vesting to identify if any changes are required.
- The file must contain an Attorney Opinion Letter from a law firm designated by Mutual confirming that the trust meets all SecureEquity℠ requirements.
- The file must contain a Trust Acknowledgement, prepared by Mutual's selected attorney that confirms the specifics of the Trust to ensure the parties are appropriately identified.
  Note: It is not required to include an Attorney Opinion Letter at submission – but prior to sending, please have title's approval documented and included to eliminate Closing issues or delays.

Loan Proceeds

An irrevocable trust agreement may restrict how proceeds from the SecureEquity℠ loan can be paid or accessed. When the trust requires that all funds must be payable to the name of the trust, the lender follows this process:

- Mutual confirms that all draw requests or scheduled payments will be made to the trustee on behalf of the trust and deposited into an account in the name of and controlled by the trust.
  Note: This requirement must be documented in the Attorney Opinion Letter, and this should be called out to the Closer during the drawing of loan documents.

Land Trusts (Illinois Land Trust)

Overview

An Illinois Land Trust provides a unique form of ownership of real property. In an Illinois Land Trust, the legal and equitable title lies with the trustee, and the beneficiary retains what is referred to as a personal property interest. The beneficiary has the exclusive power to direct or control the trustee in dealing with the title and the exclusive control of the management, operation, renting and selling of the trust property together with exclusive rights to the proceeds from the property.

The only power the trustee has in relation to the land is the power to convey title. The trustee can only use this power when properly authorized by the beneficiary. Land trusts require a Mutual attorney approval, written approval from title and the trustee is required to complete the trust acknowledgement. If the trustee is listed as a company, the representative of that company who will be acting as trustee will be required to provide evidence that they are authorized to sign on behalf of the company.

Requirements

- **Beneficiaries**: The Borrower(s) must be the primary beneficiary(s) of the trust. For more information, consult your legal counsel. Special legal opinions may be required for Illinois Land Trusts.
- **Trust Documents**: The trustee is under fiduciary responsibility to hold and manage the trust assets for the beneficiary. The trustee's responsibilities are set out in the trust agreement. A complete copy of the "Declaration of Trust" or "Trust

Agreement" must be submitted to the underwriter and the title company with all amendments and schedules.

- **Trust Approval**: For all reverse mortgage products, the eligibility of a property held by trust is subject to review and approval of the trust by a qualified attorney and the title company. An Attorney Opinion Letter must be submitted to or obtained by Mutual prior to the loan being approved for final closing documents. Mutual requires one of the following vendors for trust review/approval.

Attorney	Email	Phone Number
Jack Miller, Attorney at Law	jack@htxrealestatelaw.com	(281) 231-8969
Jay Resendez, Attorney at Law	jay@resendezlegal.com	(916) 945-9619
Maria J. Greco, Esq.	INFO@GHSREVIEWS.COM	(845) 380-9960
Paul N. Lovegrove, Esq.	plovegrove@lovegrovelaw.com	(631) 669-4370

Trust Documents Signed at Closing

- The trustee(s) must sign the following at closing: Note, Security Instrument, Riders to the Security Instrument, Right to Cancel, and Truth-in-Lending.
- The Borrower(s) must sign the following at closing: Note, Security Instrument, and all other loan documents. If the Borrower(s) and the trustee(s) are one and the same, they must execute the mortgage deeds as both (trustee and borrower).
- The Trust Acknowledgement must be executed at closing for all loans closing in a trust.

Cannot Locate Trusts Agreements

Where the property is vested in a trust (revocable or irrevocable) at the time of application and the trust agreement cannot be located, the terms of the trust and the ability of the borrowers to mortgage the property cannot be confirmed.

Borrowers must always provide a copy of the trust agreement if the property is vested in a trust. If the full trust cannot be located, the borrowers might be able to obtain a copy from their trust attorney, or from the asset holders if assets were transferred into the trust (e.g. If the trust is the owner of a bank account, the bank might have a copy of the trust retained. Or if a subsequent reverse mortgage transaction (H2H or HECM to Proprietary) title may have a copy on file).

Specific states may allow for a borrower to complete a Lost Trust Affidavit, however, this process has strict criteria and must be reviewed and approved by title and cannot close in the trust's name unless a restated version of the trust is provided.

Where borrowers are unable to locate a copy of the trust or any supporting documentation, Mutual and/or Title will require they obtain court approval for removal.

Closing

AKA Policy

Overview

During the UW's review of the loan file, variations in name will be identified and may require supporting documentation to clear. The common exhibits that contain variations to the borrower's legal name include, but are not limited to:

- Date of birth (DOB) and social security (SSN) verifications
- Vesting on title and deeds
- Credit report
- Trust documentation for name variations
- Name variations on any underwriting supporting documents located throughout the file, such as bank statements, utility bills, insurance statements, and so forth.

Explaining to a borrower why the name they use may not be their legal name or may require them to sign differently can be challenging, the below provides some additional explanations as to why there may be multiple variations, even on legal vesting:

- Security Instruments aka Deed of Trust (DOT) or Mortgages do not influence or impact vesting. When vesting does not include marital status, the borrower's state/county may require it to be included in the Security Instrument.
- Not all state-issued driver license or identification cards are Real ID's. The previous requirement for travel was delayed and the ability to renew without providing the supporting documentation is still available.
- Social Security uses the name on record (or the name as originally applied with), which has separate requirements to update, this is a common discrepancy in files. There is not a single source of truth that can be used without supporting documentation or explanations. Social Security does not supersede other documents; it simply provides additional validation or creates additional questions.
- Most borrower-provided documentation will use the name preferred by the borrower at account set-up and only be changed/updated at their request. Examples include but are not limited to: insurance (hazard and flood), credit accounts, bank accounts, employment, email addresses, etc.

At Closing (where the notary/attorney is with your borrower) there are a few things to keep in mind:

- Legal name must match QR, Note and 1009.
- Variations of legal name can be on the Security Instruments – often identified as the Deed of Trust and/or Mortgage depending on the state. <u>If there is an AKA on the Security Instrument, the borrower must sign their legal name and their AKA(s) on the signature line.</u>

Stage	Document(s)	Most Common Issues and/or Questions
Closing ***Preparing Loan Documents for Closing through Funding***	Quit Claim Deed (QCD) or Corrective Deed (may or may not be executed in advance) Letter of Explanation (LOE) Title prepared affidavit (Trust Affidavit, POA Affidavit, Name Affidavit, etc.)	Expired ID (borrower is not mobile) where a name variation exists is more complicated than simply an Expired ID – requires Title <u>*and*</u> Notary to be onboard. Borrower and/or POA/Trustee undersigns or signs something other than their full name as listed on the Signature Line.

Vesting & Signature Lines: SecureEquity℠

Signature lines help identifying how an individual is expected to sign their name – at application and at closing.

As additional documentation is ordered, such as title and the last recorded vesting deed as well as obtaining copies of the borrower's government issued ID's, the signature lines may be updated to address variations between how a borrower is known or identifies themselves and their legal name as well as indicate when the borrower is relying on another party to execute documents on their behalf.

Please note that at Closing the assigned Closer will call out any specific signing requirements, but generally, provided the borrower or their representative follows the signatures lines exactly, there would be no delays at funding – based on requiring the borrower to resign one or more documents.

	Application	Closing
Standard – Individual Signers (Borrowers)	Signature line will automatically populate as the name is input into QR. Signature lines can be modified.	At Closing there are two types of signature lines: • Individual • Vesting (Security Instruments) Individual signature lines will be identified as the borrower's legal name, however, the signature line on the security instrument may carry an AKA to address for nicknames and variations.
Power of Attorney (POA)	**[Borrower's full name] by [POA's full name], as attorney-in-fact** "Jane Smith by John Doe, as Attorney in Fact"	**[Borrower's full name] by [POA's full name], as attorney-in-fact** "Jane Smith by John Doe, as Attorney in Fact" Attorney-in-Fact must execute a POA Affidavit at Closing. POA's signature must follow the guidance issued by the Power of Attorney (POA) – names should match.
Blind Borrower (Disinterested Witnesses ONLY)	Notary not required at application (suggested). Whomever assisted the borrower in executing the package should be identified as at least one of the identified alternate contact(s). Signature Line: Borrower's Name / Legal Name	Borrower will sign & date Closing documents in front of a notary. Either two (2) additional signature lines will be added to the security instruments and loan agreement, or the witnesses and notary will execute original affidavits (not jurats) to be recorded with the instruments. Sign as signature line is input.
Trust / Trustee	Trustee is not required to execute any documents in the application package.	Trustee Signature Line must match BOTH: Mutual's Attorney Opinion Letter **and** Title's Approval Letter
Guardianship / Conservatorship	**[Borrower's full name] by [guardian's full name] as [Guardian/Conservator]** "Jane Doe by John Smith as Guardian" or "John Jones by Jane Smith as Conservator"	**[Borrower's full name] by [guardian's full name] as [Guardian/Conservator]** "Jane Doe by John Smith as Guardian" or "John Jones by Jane Smith as Conservator"
Life Estate: Traditional	Remainderman are not required to sign the initial application.	Borrower will have the life interest and may also be the remainderman or part of the remainderman interest. Vesting should match title's – which will identify all necessary parties and name structure – example is below: **[Borrower's full name], [marital status or vesting confirmation], as to a life estate with remainder to [Remainderman's full name]"** "Howard The Duck, unmarried man, as to a life estate with remainder to Lea Thompson."

Signature lines in QR can be modified to assist a borrower in understanding the signing expectation (outside of the 1009, SSA-89 and

4506C). A borrower signing a name other than what is listed on their Closing documents can result in an undersigning and will require corrections up to requiring a new signing appointment. This is especially true for files using a Power of Attorney, Conservator/Guardian or closing in a Trust.

Legal vesting information appears on the Schedule A of the title commitment, and this is how vesting should appear on the final mortgages or deeds of trust, unless title has provided a Quit Claim Deed (QCD) or Warranty Deed or Corrective Deed to amend or correct vesting.

Notary Requirements

Overview

All reverse mortgage closings (SecureEquity℠ or Other) require a notary to meet with each applicant face-to-face to attest to their identity and provide the sources of identification, obtain original (wet) signatures on all documentation, and ensure that executed instruments meet local requirements for recording.

Notary requirements vary from state to state, including what type of notary may be requested (e.g. SC, GA, etc.). Additional state or local requirements regulate what forms of identification may be used to confirm an individuals' identity or provide additional requirements to notarial attestations (e.g. CA) or restrict the use of Jurats in favor of Affidavits / Attestations.

Prior to scheduling the Closing, it is important to check with the Escrow Officer to confirm that any requirements at Closing are appropriately identified.

Multiple Signers – Counterpart or Split Signings/Mail Away

When there are multiple parties that are required to sign and one or more are not located in or near the subject property, multiple signing appointments may be required.

Mutual permits counterpart closing appointments with multiple borrowers and/or participants, which may include a Trustee, Power of Attorney or Non-Borrowing Owner, to occur at the same time in different locations and for title or closing to marry the multiple packages.

If multiple signers are unable to sign on the same day but instead are split signing/mail away across multiple days, closing documents must be drawn for the date of the latest signing appointment and rescission will begin at that time. Once one party signs the documents with a notary; the same original set of documents must be overnighted to the second notary for the remaining signatures.

Closing Outside of the Country

If the borrower is outside of the country for loan closing, they must make arrangements to close at the closest US Embassy or US Consulate in the country they are in.

State Specific Requirements: Disclosures, Commitments & Cooling Off

Overview

Many states have one or more requirements that may impact how a loan is originated – from restrictions on charging fees to additional disclosure and closing requirements. While not exhaustive, below provides some additional state specific reference points.

Community Property States

The following states are considered Community Property:

- AZ
- CA
- ID
- LA
- NM
- NV
- TX
- WA
- WI

Arizona (AZ)

Disclosure: AZ Disclosure of Loan Terms
Additional State Considerations:

- The borrower shall be provided with the AZ Disclosure of Loan Terms (Arizona Reverse Mortgage Statement) not less than ten (10) calendar days prior to the loan closing. This disclosure is located in the Proposal and Application packages.

California (CA)

Commitment: yes
Additional State Considerations:

- Seven (7) day cooling off prior to ordering services. The appraisal may not be ordered, deposit/payment collected from the borrower, or file submitted for underwriting until the cooling off period has lapsed.

District of Columbia (DC)

Disclosures:

- Financing Agreement
- Loan Commitment
- Cooling-Off Period Disclosure

Commitment: Yes
Additional State Considerations:

- The Financing Agreement must be provided within ten (10) business days of the completion of the application.
- The Cooling-Off Period Disclosure and Loan Commitment must be provided three (3) calendar days prior to settlement.

Florida (FL)

Disclosures:
Commitment: No
Additional State Considerations:

- Survey Affidavit will be required to be fully executed at close
- Insurance company issued RCE:
  o Insurance companies are issuing checklist of coverage in lieu of RCE. To use the checklist of coverage, the insurance provider needs to provide a letter or email specific to the borrower/property that confirms the amount present in the

checklist of coverage is what they determined to be sufficient if the property is 100% destroyed.
o Cost estimator is acceptable to provide evidence of sufficient coverage where current policy does not meet Mutual's requirements for minimum dwelling coverage.

- The state documentary stamp tax is to be calculated by the principal limit (currently based by the MCA)

Hawaii (HI)

Disclosure: Choice of Insurance
Commitment: None
Additional State Considerations:
Land Court

- Properties that are part of the Hawaii Homeland program are ineligible.
- Properties in Lave Zone 1 and 2 are ineligible.
- Security Instruments, riders, and other mortgage related documents may need to be recorded in both the regular and the land court systems. This may result in increased recording fees. Title to confirm in writing for each loan whether this is a requirement.

Idaho (ID)

Disclosure: Reserve Account Disclosure *required for loans with a LESA only
Commitment: None
Additional State Considerations:

- Properties in excess of 80 acres are ineligible.
- Properties with an Agricultural Exemption filed are ineligible*.

*Properties under 40 acres with an Agricultural Exemption where Highest and Best Use is Residential, and property is not used as an income-producing property may be submitted for a possible exception.

Illinois (IL)

Disclosures:

- Reverse Mortgage Counseling Notice
- The Attorney General Disclosure

Commitment/Cooling Off: Yes
Additional State Considerations:

- At the time of loan approval, the underwriter is to provide the below disclosures to the borrower. The "Cooling Off Period" begins the date the borrower signs the Reverse Mortgage Commitment. The Cooling Off Period lasts 3 business days, loan can close on the fourth (4th) business day. The Cooling Off Period cannot be waived.
  - Cooling Off Period Disclosure
  - Reverse Mortgage Commitment

NOTE: Illinois defines "business day" as follows: Any calendar day except Saturday, Sunday, or a State or Federal Holiday.

Iowa (IA)

Additional State Considerations: All spouses of those on title must also execute the mortgage, including the spouse of an NBO.

Kentucky (KY)

Fees:

- Total Net Income for all products is capped at the greater of 4% of the Principal Limit or $2,000.
  - Total Net Income includes the Origination Fee and Lender-paid Broker Compensation (if applicable).

Louisiana (LA)

Disclosures:

- Cooling Off Disclosure

- Commitment Letter
- Notice to Reverse Mortgage Borrower

Commitment/Cooling Off: Yes
Additional State Considerations:

- The borrower shall be provided with the following disclosures not less than seven (7) calendar days prior to the loan closing. These disclosures are located in the Application packages.
    - Cooling Off Period Disclosure
    - Commitment Letter

Mississippi (MS)

Fees:

- Origination fee for all products is capped at 7.95% of the Principal Limit.

Missouri (MO)

Fees:

- Origination fee for all SecureEquity℠ products is capped at 2% of the Principal Limit.

Montana (MT)

Disclosure: N/A
Commitment: None
Additional State Considerations:

- Properties in excess of 40 acres are ineligible.

Nebraska (NE)

Disclosure: Tangible Net Benefits Disclosure
Fees:

- Origination fee is capped at 2% of the Appraised Value.

New Mexico (NM)

Disclosure: N/A
Fees: Broker compensation is capped at 6% of the Principal Limit

Commitment/Cooling Off: None
Additional State Considerations:

- Survey Affidavit required to be fully executed at close.

North Carolina (NC)

Disclosure: NC Disclosure of Loan Terms
Commitment/Cooling Off: Yes
Additional State Considerations:

- Mutual shall provide the borrower with the NC Disclosure of Loan Terms (located in the Proposal and the Application Package) within ten (10) business days of the application, but not less than twenty (20) business days prior to the loan closing.
- NC does not allow Brokers on reverse mortgage transactions. All lenders must be approved to make reverse mortgages by the NC commissioner prior to offering reverse mortgages in accordance with N.C.G.S. 53-258(a).

Ohio (OH)

Disclosure: N/A
Commitment/Cooling Off: None
Additional State Considerations:

- Survey Affidavit required to be fully executed at close.

Rhode Island (RI)

Disclosures:

- Cooling-off Period Disclosure
- Election of Borrower's Policy of Title Insurance
- Notice Regarding Nonrefundability of Fees
- Right to Choose Title Attorney or Title Insurance Company

Commitment: None
Cooling Off: Yes
Additional State Considerations:

- Borrower cannot pay for the counseling. The Lender is ultimately responsible for the cost.
    - Mutual will cover the cost for retail and broker files. The Lender will be responsible for the cost on Principal Agent files.
- The loan must close within 180 days of the date of counseling.
- There is a three (3) business day cooling off period once all the following are met:
    - Applicant has executed and returned the completed application,
    - Applicant has executed and delivered the counseling cert, and
    - Applicant has been provided with all federal and state-mandated disclosures listed above. Note: These disclosures are located in the application package

South Carolina (SC)

Disclosure:

- SC Reverse Mortgage Statement from Regulator- SC State Housing Finance and Development Authority
    - Cannot accept application until received
- Acknowledgement of Receipt of Disclosure of the Advisability and Availability of Independent Information and Counseling Services for Reverse Mortgages
    - Must be signed prior to closing. Document states they received the SC Reverse Mortgage Statement from the Regulator at initial inquiry.
- Attorney and Insurance Preference Form-
    - Must be dated minimum of one day prior to closing
    - Must include Attorney name

Commitment: None
Additional State Considerations:

South Dakota (SD)

Disclosure: N/A
Commitment: None
Additional State Considerations:

- Properties in excess of 40 acres are ineligible.

Tennessee (TN)

Disclosure: TN Disclosure of Loan Terms
Commitment/Cooling Off: Yes
Additional State Considerations:

- Mutual shall provide the borrower with the TN Disclosure of Loan Terms (located in the Application Package) within ten (10) business days of the application, but not less than twenty (20) business days prior to the loan closing.

Texas (TX)

Commitment: None
Cooling Off: Yes
Additional State Considerations:

- No Servicing Fees Allowed.

- The loan must close within 180 days of the date of counseling, and the loan cannot close until at least five (5) days after the date of counseling (original or re-counsel).
- There is a twelve (12) calendar day cooling off period from the date of the Important Notice to Borrower Disclosure.
- Texas Reverse Mortgage Endorsement T-43 (H4P), T-19 & T-30 are required.
- Survey Endorsement Required
- Non-occupying owners may not remain vested on title at closing

Utah (UT)

Disclosure:
Fees: Fixed Rate Only – UT – High Cost Test
Commitment: Yes
Cooling Off: Yes

- There is a five (5) Day Cooling Off Period that begins once the prospective borrower provides the Signed and Dated Commitment Letter. During this period the lender may not require the prospective borrower to close or otherwise proceed with the reverse mortgage.
- The prospective borrower may not waive this Cooling Off period.
- Mutual Combined FORM

Additional State Considerations:

- There is a Commitment letter and Cooling Off Period requirement.
- Prospective borrowers must be provided with a written Commitment Letter.
- There is a five (5) Day Cooling Off Period that begins once the prospective borrower provides the Signed and Dated Commitment Letter. During this period the lender may not require the prospective borrower to close or otherwise proceed with the reverse mortgage.
- The prospective borrower may not waive this Cooling Off period.
- The loan file must pass the Utah High Cost Test.

Washington (WA)

Commitment: No
Cooling Off: No

Additional State Considerations:

Cross-Selling of Ancillary Products

In compliance with WAC 208-620-820(8) Mutual and any other party that participates in the origination of a reverse mortgage loan must not require an applicant for a reverse mortgage to purchase an annuity, insurance, or other financial product as a condition of obtaining a reverse mortgage loan. Mutual or the broker of a reverse mortgage loan must not:

- Offer an annuity, insurance, or other financial product to the borrower prior to the closing of the reverse mortgage or before the expiration of the borrower's right to rescind the reverse mortgage agreement;
- Refer the borrower to anyone for the purchase of an annuity, insurance, or other financial product prior to the closing of the reverse mortgage or before the expiration of the borrower's right to rescind the reverse mortgage agreement;
- Provide marketing information or sales leads to anyone regarding the prospective borrower or receive any compensation for such an annuity, insurance, or other financial product sale or referral; or
- Mutual and all other parties that participate in the origination of a reverse mortgage loan must maintain safeguards, acceptable to the department of financial institutions, to ensure that reverse mortgage borrowers are not provided with any other financial or insurance products and that individuals participating in the origination of a reverse mortgage loan have no ability or incentive to provide the borrower with any other financial or insurance product.

Prohibition of Unfair or Deceptive Practices

It is an unfair or deceptive practice to make a reverse mortgage loan that is unsuitable for a particular borrower. Mutual will not close a reverse mortgage that appears unfair or deceptive. Examples of circumstances which might indicate that an offered reverse mortgage loan is unsuitable include reverse mortgage loans when the applicant:

- Does not intend to reside in the property on a long-term basis.
- Does not want nonborrower residents of the property to be displaced at the maturity of the loan because they will not be

able to pay off the reverse mortgage loan.

- Will use the proceeds of the reverse mortgage loan to purchase a product, such as annuities or other investments, which are not appropriate for the borrower.
- Does not understand the terms and conditions of a reverse mortgage loan or what happens to the collateral when the reverse mortgage loan matures.
- Would receive disbursements from the reverse mortgage loan that are insufficient to meet the applicant's stated needs or is not enough to justify the initial cost of a reverse mortgage loan.