

INFORMATION CONCERNING OPTIONS AVAILABLE ON YOUR FEDERALLY INSURED HOME EQUITY CONVERSION MORTGAGE

Contact Us:

Reverse Mortgage Solutions understands that people sometimes face personal and financial difficulties. Whether you have received a letter informing you that your loan is in default, you are facing foreclosure or you are just interested in obtaining information about what foreclosure alternatives are available to you with a reverse mortgage, we urge you to contact us at 866-799-7724 during regular business hours.

We have representatives ready to take your call Monday-Friday between the hours of 8:00 a.m. to 5:00 p.m..

Other Assistance That Might Be Available to You:

You may be eligible for homeownership counseling. These services are provided by non-profit organizations approved by the United States Department of Housing and Urban Development (HUD) and experienced in the provision of Homeownership Counseling. You can obtain a list of HUD approved counseling agencies in your area by calling toll-free 1-800-569-4287 or online at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>.

You can also review the HUD approved Home Equity Conversion Mortgage (HECM) Counselor Roster at https://entp.hud.gov/idapp/html/hecm_agency_look.cfm.

You may also find the following link to the Fannie Mae Assistance Program helpful: www.knowyouroptions.com.

New York State – You may obtain a list of government approved not-for-profit housing counselors in your geographic area by visiting the below websites:

Department of Financial Services – www.dfs.ny.gov

Division of Housing and Community Renewals -- www.nyshcr.org

What does HECM mean?

HECM means Home Equity Conversion Mortgage. The HECM program is the Federal Housing Administration's (FHA) federally insured reverse mortgage program.

Am I personally liable for amounts owed on the HECM?

HECM's are non-recourse loans and you, and your heirs, will not be personally liable for the amounts owed. You and your heirs will not be pursued for any deficiency after foreclosure or after any short sale or 95% payoff that is completed in accordance with the rules, regulations and guidelines of the United States Department of Housing and Urban Development ("HUD").

What Options Are Available When the HECM loan becomes due and payable?

Once a HECM has become due and payable, the following options may be available to the borrower or the borrower's estate:

- (1) **Payoff Loan.** The reverse mortgage loan can be paid off by paying the full amount of the debt owed on the loan via wire transfer or certified funds (cashier's check or money order). Please do not send cash. A payoff statement may be obtained by faxing a request from the borrower or authorized person on the loan to the following: 866-790-3451. You can call to discuss this option and receive further instructions. Please note that when the last borrower is deceased, an heir or the borrower's estate may be entitled to a 95% Payoff described below.
- (2) **Non-Borrowing Spouse.** If the borrower has passed away and there is a surviving spouse who was not a borrower on the reverse mortgage note, please contact us to discuss whether there may be any other options available. HUD has provided guidance that permits a surviving non-borrowing spouse to remain in the home, but only if very specific requirements are met. However, the servicer must be contacted immediately as the timeframe for pursuing this option is limited. Please note that additional documentation and information will be required to determine whether the loan and non-borrowing spouse are eligible to be considered for the option and the non-borrowing spouse must continue to meet all obligations of the loan.
- (3) **Rights of Borrower's Estate's or Heirs to a 95% Payoff.** This option is only available when the last borrower on the reverse mortgage loan is deceased. When a HECM loan becomes due and payable as a result of the borrower's death and the property is conveyed by will or operation of law to the borrower's estate or heirs (including a surviving spouse who is not obligated on the HECM note) that party (or parties if there are multiple heirs) may satisfy the HECM debt by paying the lesser of (1) the full amount of the debt owed on the loan or (2) 95% of the current appraised value of the property. You must contact us immediately and inform us of your intent to pursue this option and obtain all necessary documents. It will be necessary for us to order an appraisal of the property through a HUD approved appraiser to determine the current appraised value. It is important that you provide us with the contact information (name and telephone number) of someone who will grant an appraiser access to the property so that the required interior appraisal can be conducted. Please note that if you are using a lender to finance the amounts necessary to pay off the loan, they may have additional requirements.

IMPORTANT: Pursuant to HUD guidance, in certain instances the 95% Payoff option may only be available when there is a post-death conveyance. This means that if you owned the property prior to the borrower's death (for instance, if your name was on the deed or title to the property at the time the borrower died), you might not qualify for this option.

- (4) **Third-Party Sale of the Property (Including Third-Party Short Sale).** The reverse mortgage loan can be satisfied by selling the property to a third-party buyer and using the sale proceeds to pay off the loan. The property can be sold for the lesser of (1) the full amount of debt owed on the loan or (2) an amount that is at least 95% of the current appraised value of the property. You must contact us immediately and inform us of your intent to pursue this option and obtain all necessary documents. It will be necessary for us to order an appraisal of the property through a HUD approved appraiser to determine the current appraised value. It is important that you provide us with the contact information (name and telephone number) of someone who will grant an appraiser access to the property so that the required interior appraisal can be conducted.

- (5) **Enter into a Deed in Lieu of Foreclosure.** We may be able to accept a deed in lieu of foreclosure, which avoids the foreclosure process by permitting you to deed the Property to the mortgagee. If the borrower or the borrower's estate is interested in this option, the next steps are to (1) fill out and sign the Important Notice and check the box for deed in lieu of foreclosure or (2) prepare a written request to enter into a deed in lieu of foreclosure and return either the executed Important Notice or the written request to the loan servicer as follows (1) if by mail, send to 14405 Walters Rd., Suite 200, Houston, TX 77014 or (2) if by fax, then fax to 866-790-3451. Please note that to complete a deed in lieu transaction: (1) all parties with an interest in the property may need to execute the deed in lieu or other documents, (2) good marketable title must be conveyed and (3) the property must be vacant and cleared of all personal items, trash and debris.
- (6) **Cure the Default that Caused the Loan to Become Due and Payable.** If the loan has become due and payable for reasons other than death (such as failure to pay property taxes or insurance or failure to occupy the property as a primary residence), then you may be able to cure the default by taking actions to correct the default that resulted in the loan becoming due and payable. Please call immediately to discuss your options.
- (7) **Walk Away.** There is always the option of walking away and permitting the lender to foreclose. This is a non-recourse reverse mortgage loan and the borrower, the borrower's estate and borrower's heirs will not be pursued for a deficiency judgment after a foreclosure.

Appraisal Vendors: HUD requires that an appraisal of the property be performed by a HUD approved appraiser. Once the reverse mortgage loan is due and payable, you may be contacted by an appraiser used by our appraisal vendor to schedule an appointment to visit the property.

Documents Required: Please help us to help you by promptly providing us with the information and documents we need to assist you in pursuing your options. If you desire to sell the property, enter into a third-party short sale transaction, enter into a deed in lieu of foreclosure or the borrower is deceased and you believe you are entitled to the 95% payoff option, there is information we must obtain from you.

- First, fill out and return the form called "Important Notice" and inform us of your intentions with respect to the property.
 - Second, during the sale of the property or the 95% payoff option copies of the following documents must be provided. Please note that the applicability of the documents listed varies based on the reason that the loan has become due and payable and all documents listed will not be applicable to your situation.
- Contact information (name and telephone number) of someone who will grant access to the property so that the required interior appraisal can be conducted.
 - A copy of the borrower's death certificate;
 - A complete copy of the Power of Attorney or Guardianship document;
 - A complete copy of the court appointment of the executor, administrator or personal representative of the deceased borrower's estate;
 - A complete copy of borrower's trust and appointment of trustee;
 - Letters testamentary or letters of administration, if any;
 - If you are planning to refinance, a copy of the loan approval letter from your new lender;
 - If you are selling the property with a realtor, a copy of the listing agreement;
 - If you are selling the home yourself, please provide proof of these attempts;

- When you accept an offer to sell the property, provide a copy of the sales contract;

Depending on your situation, not all of these documents may be necessary.

What if my HECM loan is not yet due and payable?

Contact us to discuss your options. You can pay off the loan or you may have options of entering into a deed-in-lieu of foreclosure or selling the home to a third-party in an approved short sale based on the current appraised value as determined by a HUD-approved appraiser.

What if my reverse mortgage is not a federally insured HECM?

Contact us to discuss your options.