

Senior Freedom Inc.

Conference Call Tuesday, April 21, 2016 at 10am

Call in number **712-832-8310** Code **122150**

- 1) New fiduciary ruling by the Department of Labor regarding financial planners/advisors
 - a) We have received mixed messages about what this means
 - I) Some say this is a landmark ruling which requires all financial planners/advisors to consider a RM in discussing the options for clients
 - II) Others say there is no direct mention in the ruling that financial planners/advisors must consider instruments which add debt when considering all options for clients
 - b) It is a ruling which allows us a talking point in trying to engage financial planners/advisors in conversation
- 2) HECM-for-Purchase (H4P)
 - a) FAR requiring 45 day contracts, minimum
 - b) An Escape Clause must be a part of the contract, often as an addendum
 - c) Suggestion: Do not require an inspection on the contract
 - I) This will require underwriting to peruse the inspection and might require many more repairs than the appraiser will request
 - d) Borrower must occupy home within 60 days of closing
 - e) Loan funds day of closing
 - f) No seller concessions, though seller can pay normal seller's costs
 - g) Seller pays for repairs, and they must be completed prior to closing
 - h) Newly built homes must have a Certificate of Occupancy before application takes place
 - I) Counseling certificate can have the current home of the borrower listed, or TBD, and the loan can close without a change in the certificate
 - j) Owner's title insurance is optional
 - k) The figure used to compute the PL is the lower of sales price, appraisal value, lending limit
 - l) No POA or Guardianships accepted
- 3) Marketing the H4P
 - a) Partner with real estate CE teachers
 - b) www.nahb.org
 - I) Home Builders Association
 - c) www.farwholesale.com
 - I) Materials are available
 - II) Pre-Qualification Letter can be downloaded
- 4) Explanation of the GFE and HUD1's
 - a) The current HUD1's mirror the GFE that was redesigned by HUD about 4 years ago
 - b) HUD has mingled several of the required fees (document prep and MERS registration) into the "Origination Charge", Line 801, which includes Origination fee (if present) and Broker comp
 - I) Doc prep and MERS are still detailed on the HUD, lines 806 and 808 but they are not detailed anywhere on the GFE
 - II) The "Origination Fee" is detailed on line 801, but is lumped into the "Origination Charge"
 - III) Document Prep and MERS fees are allowable expenses owed to 3rd parties and are withheld from the funding wire by the lender and paid on behalf of the payee shown on line 803.
- 5) Why lowering or removing an origination fee may not increase borrower cash at close (if already over 60%)
- 6) Notes section Know How