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# Retirement Mortgage Opportunity Playbook

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**Over the last three decades, the number of people over the age of 60 burdened by traditional mortgage debt has doubled to more than 40%.<sup>\*</sup>**

**There's a better retirement mortgage solution.**

<sup>\*</sup> Airgood-Obrycki, Whitney et al. "Housing America's Older Adults" (2018). Joint Center for Housing Studies of Harvard University

# Introducing the <sup>FAR</sup>EquityAvail<sup>®</sup> Retirement Mortgage

EquityAvail is **a new, revolutionary solution that combines aspects of forward and reverse mortgages** to deliver a new world of options for homeowners at or near retirement.

This hybrid product lowers monthly mortgage payments for 10 years – then eliminates them altogether – drastically improving cash flow and easing the transition into retirement.

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**Playbook Tip:** Use the hyperlinks found throughout this book to get more EquityAvail information. Example: [FARwholesale.com](https://FARwholesale.com)

Many links require your Xcelerate login for access. If you need a login, [click here](#).



## State Availability

**AZ, CA, CT, FL, GA, NJ, NV,  
SC, TX, VA**

**More states coming soon. [Click here](#) for full product line availability.**





# How it Works

## With a borrower age 55+ looking to refinance



### Start of Loan

#### Borrower Responsibilities

- ✓ Pays **reduced monthly mortgage payments** for only 10 years
- ✓ Escrow required for 5 years and optional thereafter, provided certain requirements are met
- ✓ Taxes and insurance on the home must always be paid
- ✓ Must maintain the home, use it as primary residence, and fulfill other occupancy requirements

### Throughout the Loan

- ✓ For the first 10 years, payments cover partial interest only
- ✓ Remaining interest is added to the loan balance
- ✓ After payments end, interest on the balance accrues faster
- ✓ A higher loan balance may affect refinancing or obtaining cash upon the sale of the home

### At the End of the Loan

- ✓ Loan is repaid after the borrower moves, passes away, or refinances
- ✓ This is a lien on the home, and title still passes to heirs. Heirs will have the option to pay off the lien and keep the home.
- ✓ Borrower has enjoyed retirement free of work and financial stress
- ✓ The loan is a nonrecourse loan, meaning the lender may enforce the payment obligation only against the property.



#### Borrower's Lifestyle

- ✓ **Unlocks life's most valuable asset – time** – from working less or not at all
- ✓ Greater ability to travel, pursue passions, and make memories with loved ones
- ✓ Gets a retirement full of happiness, enjoyment, and love



#### Borrower's Financial Situation

- ✓ Potential to receive a cash lump sum at closing to be used as desired
- ✓ Money can be put toward needs, goals, and savings that grow
- ✓ Reduced, then eliminated monthly mortgage payments instantly boost cash flow
- ✓ Any further income from working becomes extra cash

\*Except Texas, where the minimum age is 62.

**Important Information About this Loan Product.** The borrower is required to make non-amortizing payments for the first ten years (120 months) of the loan term. The interest and fees continue to be added to the loan balance over time. The loan balance after negative amortization depends on the loan term, which varies by borrower. It may be difficult to refinance the loan or to obtain cash upon the sale of the home. By refinancing an existing loan, the borrower's total finance charges may be higher over the life of the loan.

The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, and insurance. The loan must be repaid when the last borrower passes away or sells the home.



# Finance their forward mortgage\*

## s Traditional 30-Year Fixed

### Start of Loan

#### Borrower Responsibilities

- Makes **higher monthly mortgage payments** for 30 years, since payments cover both principal and interest
- Pays all taxes and insurance on the home
- Must maintain the home and use it as their primary residence

### Throughout the Loan

- Borrower may need to work longer and harder into retirement years
- Payments are fully amortizing, building home equity over time
- There may be more options to refinance/obtain cash upon the sale of the home

### At the End of the Loan

- Borrower owns the home free and clear, but is now 90+
- All equity remains locked in their home, unused near the end of life
- Borrower may have had to work longer than they would have liked
- Borrower may not have been able to save as much for retirement due to higher mortgage payments



#### Borrower's Lifestyle

- **May continue to work longer into their retirement years** to cover expenses
- Limited time to travel, pursue hobbies, and spend time with loved ones
- Battles burn-out from working and increased financial stress
- Risks missing out on once-in-a-lifetime experiences



#### Borrower's Financial Situation

- Lower cash flow puts them only a few paychecks away from being in a pinch
- Reduced capacity for investing and retirement saving
- Unexpected medical expenses and home repairs can potentially create money problems

These payments will not cover the full amount of interest accruing and interest will be added to the principal balance of the loan. When the payment period ends, the loan balance continues to grow over time as interest is added to the loan. This loan will reduce the borrower's equity in the home which may make it more difficult to refinance. The loan balance continues to grow over time as interest is added to the loan. This loan will reduce the borrower's equity in the home which may make it more difficult to refinance. Primary occupancy only. Not available in all states. Additional terms and conditions apply. Ask a licensed loan officer for more details.

The borrower must maintain the home. If the borrower does not meet these loan obligations, then the loan will need to be repaid. Otherwise, the borrower must maintain the home. If the borrower does not meet these loan obligations, then the loan will need to be repaid. Otherwise, the borrower must maintain the home.

# The *Perfect* EquityAvail Candidate

## Keywords to listen for

### Who They Are

- ✓ Homeowners **ages 55+** that are at or near retirement†
- ✓ Looking to **reduce their monthly mortgage payments** and improve cash flow
- ✓ Want to **stay in current home**, does not qualify for a reverse mortgage

### What They Need

- ✓ A way to get off the grind and **retire on their terms**
- ✓ The ability to **increase cash flow**
- ✓ The **comfort** of knowing their future is secure

### How They Feel

- ✓ **Stressed** about their finances
- ✓ Burnt out from **years of working**
- ✓ **Excited to retire** but anxious about the future

### What They Say

- ✓ “**I want to retire**, but there won’t be enough income.”
- ✓ “I’ll never be able to **stop working**.”
- ✓ “I want to **stay in my home** forever.”\*

### What They Want

- ✓ Time to relax and **spend with loved ones**
- ✓ **Better cash flow** to address needs and goals
- ✓ **Peace of mind** about their financial future

### What They Ask For

- ✓ Advice on how to **transition into retirement**
- ✓ **Alternatives to working** several hours
- ✓ **Solutions** beyond traditional 30-year mortgage commitments

†Except Texas, where the minimum age is 62.

\*The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, and hazard insurance. The borrower must maintain the home. If the borrower does not meet these loan obligations, then the loan will need to be repaid. Otherwise, the loan must be repaid when the last borrower passes away or sells the home.



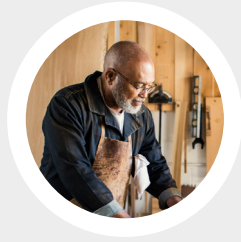
# Helping People Navigate "Pretirement"

EquityAvail is the perfect solution for a wide range of borrowers, especially those looking to smooth the transition away from work and into retirement – aka “pretirement.”



## Patricia (age 64)

Patricia loves her kids, grandkids, and extended family at the hospital where she works and can't imagine life without any of them. Work isn't slowing down, and neither is Patti, but she would like to spend more time in her happy place - her home. With retirement a few years off, she's looking for the financial flexibility to fix up the house now while she's in pretirement so she can relax and travel later, starting with installing a new outdoor patio, fireplace, and spa.



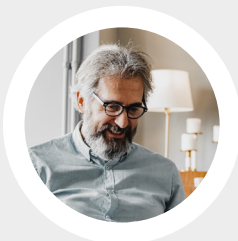
## Marshall (age 66)

Marshall wants to enjoy the life he's worked so hard to achieve yet continues at his job so he can keep paying down the home he's leaving to his children. However, Marshall's children have no plans for the house when he's gone and prefer their father pursue his happiness instead. After having “the talk” to align on the home's legacy, Marshall realizes that it's time to live for himself, work less, and take his first step into pretirement.



## Doug and Jody (ages 60)

Doug and Jody saved money aggressively all their lives in hopes of retiring early and living out their days at home and on the golf course. However, Jody got sick, and the expenses that ensued cut into their savings, forcing Doug to work later than planned to ensure the family's stability. Now that Jody's recovered, the two are looking for ways to keep their early retirement dreams alive without sacrificing their financial footing in pretirement.



## Todd (age 62)

With a global pandemic and the resulting economic uncertainty, Todd wanted to stay in his current home but faced the challenge of meeting income demands. Based on his home value and current mortgage situation, Todd refinanced with EquityAvail to reduce his monthly mortgage payment for 10 years and then eliminate it for the remainder of the loan.

## THE RESULT

HOME VALUE: **\$950,000** (OWED: \$443,048 ON TRADITIONAL MORTGAGE)

30-YEAR MORTGAGE MONTHLY PAYMENT: **\$3,675**

EquityAvail freed up Todd's monthly cash flow, giving him better stability while living off part-time work, retirement savings, and Social Security.

- ✓ His monthly mortgage payment dropped **from \$3,675 to \$1,327**.
- ✓ Years 1-10: he frees up \$2,348 per month.
- ✓ Years 11+: he frees up \$3,675 per month

And with the \$25,080 lump sum paid at closing, Todd can:

- ✓ Help out his family
- ✓ Take the trip of a lifetime
- ✓ Remodel his home

Even though Todd's loan balance is growing over time, with estimated appreciation levels, he'll still maintain equity in the house. As long as Todd upholds his loan obligations, he can stay in the home as long as he chooses. And because this is simply a lien on the house, title still passes to his estate. His heirs would have the option to pay off the loan and keep the house.

DISCLAIMER: The monthly mortgage payments listed here do not include taxes and insurance, which must also be paid, and any actual monthly payment will be higher. Illustration is for educational purposes only and assumes a borrower age 62 who resides in California with a home value of \$950,000, a non-jumbo loan with a fixed interest rate of 7.050% (7.068% APR), financed closing costs of approximately \$7,822 (of which \$1,465 are finance charges). Borrower receives a \$25,080 lump sum distribution at closing and has a beginning EquityAvail loan balance of \$475,950. Rate quote generated on 7/27/2022; this rate could change or not be available at commitment or closing. Existing traditional 30-year mortgage being compared assumes a 3.25% interest rate (3.35% APR) with a \$443,048 remaining principal balance and 192 fully amortizing payments remaining on the loan term. For loan assumptions and additional disclosures related to this scenario, [click here](#).



# Starting the Conversation

**Ask these questions to understand your client's needs and get a holistic outlook on their retirement goals.**

- ◆ What are three things that make you happy?
- ◆ What are your retirement goals?
- ◆ What's stopping you from achieving those goals?
- ◆ How do you feel about the future?
- ◆ Would an unexpected home or health expense take you off track?
- ◆ Can you meet your monthly expenses and have money left over?
- ◆ Do you think you'll be able to maintain your current standard of living long-term?
- ◆ Where do you see yourself in 5 years?

## Determining EquityAvail Eligibility

**Answering these five critical questions will help you determine if the client and their property are eligible for EquityAvail.**

- 1 Are all borrowers 55 or older?
- 2 Is the property located in an approved state? (see page 11 for current state eligibility)
- 3 Does the borrower have a median credit score of 680 or higher?
- 4 Is the borrower short to close on both HECM and HomeSafe® products?
- 5 Does the borrower have 10 or more years remaining on their existing forward mortgage?

If the answer is YES to all of the above, EquityAvail could be a great solution.

# The Elevator Pitch

Use this pitch to introduce EquityAvail to clients

You don't need to work forever to pay your bills or lock yourself into a traditional 30-year mortgage loan to improve your monthly finances.

**EquityAvail is a new, innovative retirement mortgage** that combines the benefits of a forward mortgage with a reverse. It's a hybrid solution that helps you turn your hard-earned home equity into available cash, significantly reducing your monthly mortgage payments for 10 years before eliminating them altogether.

Instead of signing up for three more decades of monthly mortgage payments with a traditional mortgage refinance, EquityAvail gives you the cash flow boost you need to start transitioning away from work while still financially supporting your goals, addressing your needs, and making the most of the years ahead.



## Having "The Talk" With Heirs

**ONE SECRET TO SELLING EQUITY PRODUCTS** is to align the borrower with their family about the home's legacy. Often the borrower's children do not want the property and instead prefer their parents to be happy in retirement. Many borrowers don't realize this and refuse to access home equity at the expense of their happiness. Instead of shying away from involving the family, loan originators should encourage clients to talk with children and any other decision-makers when considering their options.



## Ways to Close the Deal

- ◆ **Assume the sale.** ("What day can you schedule counseling?")
- ◆ **Paint a picture.** ("Are you ready to sit on the beach in Maui?")
- ◆ **Review the benefits with clients,** both financial and emotional
- ◆ **Clear roadblocks.** If clients hesitate, ask what is preventing from moving forward





# Perfect Your Presentation

Use our professionally-designed pitch deck to show leads and referral partners the basics and benefits of EquityAvail in a live or virtual presentation.



## Email Campaign Workflow

Leverage ready-to-go email campaigns to engage cold and warm leads.

### Cold Journey 5 emails, 28-day campaign

**Built for your leads who you haven't reached out to in a while** who may benefit from EquityAvail features like reduced monthly mortgage payments.

### Warm Journey 5 emails, 28-day campaign

**Created for the clients you've gotten to know** or have worked with previously and were short to close on a reverse mortgage in the past.

### Hot Journey 4 emails, 21-day campaign

**Designed for clients already familiar with EquityAvail** who need a few more touch points to make a decision.

# Do's & Don'ts

EquityAvail is an innovative and nontraditionally structured product, so it's crucial to represent its features accurately. Here are some important "do's and don'ts" to guide you when marketing EquityAvail to your borrowers:

## ✓ Do's

**When marketing the EquityAvail product, it is acceptable to highlight and discuss the following:**

- ✓ **The loan can help the borrower free up monthly cash flow** by reducing, then eliminating, their monthly mortgage payment.
- ✓ **The borrower will only have to make monthly mortgage payments for 10 years**, and once the mortgage payment period ends, no more monthly mortgage payments are required.

*Note: Borrowers will have to escrow for T&I for at least the first five years.*

- ✓ **Explain the borrower's monthly mortgage payment will be a partial interest payment**, but will not pay down any principal.
- ✓ **Convey that as with a "traditional" reverse mortgage loan**, the borrower needs to fulfill the loan terms of living in the home as the principal residence, paying taxes and insurance, and maintaining the property, or else the loan will need to be repaid. In addition, during the payment period, the borrower must also make their monthly interest payment, or else the loan will be in default.
- ✓ **Tell the borrower that they required to set up an escrow account for taxes and insurance.**

## ✗ Don'ts

**When marketing the EquityAvail product, it is important to abide by the following parameters:**

- ✗ **Do not tell the borrower that their only monthly obligations will be partial interest obligations**, without also reminding the borrower that they will still need to pay taxes and insurance and maintain the home, even after the monthly mortgage payment period ends.

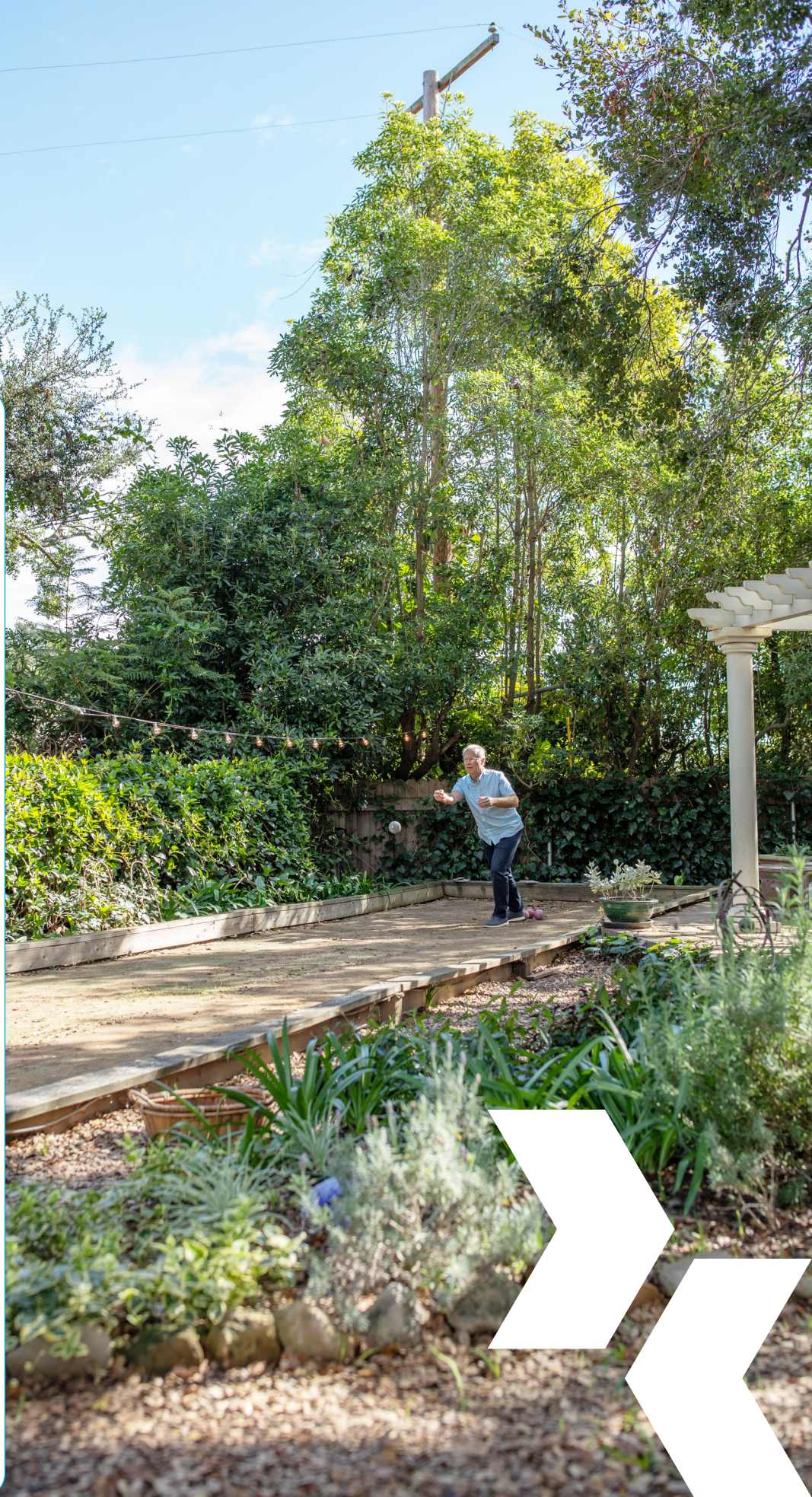
*Note: As noted above, the borrower will be required to make monthly payments into escrow, and this may continue even after the payment period ends.*

- ✗ **Do not tell a borrower that this loan will "save" them money relative to a traditional forward loan.** As noted above, the product will free up cash flow because the borrower makes only partial interest only payments, and then makes no monthly payments. However, freeing up cash flow is a different concept than saving money.
- ✗ **Do not suggest that that the payments during the 10 year payment period will pay down principal on the loan.** The borrower will not be paying down any principal on this loan by making monthly payments. They are only paying part of the interest.



✗ **Do not sell this as a “cash out” product or indicate that the borrower will always get cash out.** The product is not intended to maximize cash out, and cash out may not be available to every borrower. In addition, cash out is not allowed in all states (including Texas).

✗ **Do not run afoul of traditional guidelines around promoting reverse mortgages.** For example, it is not permitted to say that the borrower can never lose their home, that they will eliminate debt with a reverse mortgage, or that the borrower will have no ongoing financial obligations.







## Qualifying for **EquityAvail<sup>®</sup>**

**State availability: AZ, CA, CT, FL, GA, NJ, NV, SC, TX, VA**



### Property Eligibility

- ✓ Must be the borrower's primary residence.
- ✓ Single-family
- ✓ Approved Condominiums
- ✓ 2-4 Unit Properties
- ✓ New Construction with occupancy certification

### Home Appraisal(s)

- ✓ One appraisal required for loans under \$2 million
- ✓ Two appraisals plus CDA for loans over \$2 million



### Borrower Credit & Income

- ✓ Minimum 680 credit score
- ✓ Must have two scores
- ✓ Must pass [financial assessment](#)
- ✓ Debt-to-income must be ratio less than or equal to 43% or meet higher residual income requirements based on loan amount
- ✓ Must meet "Ability to Repay" rule

**NOTE:** [EquityAvail payments](#) are included in calculations



### Default Events

- ✗ Failure to maintain the property
- ✗ Failure to make monthly payments
- ✗ Non-payment of property taxes and insurance, if escrow is not in place
- ✗ Occupancy can not be validated
- ✗ Death of borrower
- ✗ Other events found in loan note

You must be logged in to Xcelerate for access to guidelines.





## Payment Requirements Timeline



### The first 10 years - monthly mortgage payments required

- ✓ Due on the 1st of each month\*
- ✓ For first 5 years, includes required escrow for property taxes and insurance; thereafter, escrow may remain in place
- ✓ If payment is not made, reminders sent 10 days after delinquency

### After 10 years - no monthly mortgage payment required

- ✓ Must continue to pay taxes and insurance
- ✓ Escrow may remain in place
- ✓ Optional payments can be made to reduce loan balance

### Escrow Payments

Sub-servicer monitors all escrow related charges

Customer may request to remove escrow account after 5 years, requiring

- ✓ No delinquency in previous 12 months
- ✓ No delinquency on previous waiver

\* For loans closing on the 1st-5th of the month, first payment is due on the 1st of the month following 30 days from the closing date.

## We Make it Easy

As your partner, FAR is here to streamline the process so you can focus more time on connecting with clients on EquityAvail and closing the deal. Our help includes:

- ✓ Sending the application on your behalf
- ✓ Processing the loan
- ✓ Providing personalized marketing material and email campaigns



# Sales Tools

As your partner, FAR is here to support you with helpful resources to move you forward faster. Use these calculator tools to educate, illustrate, and sell EquityAvail.

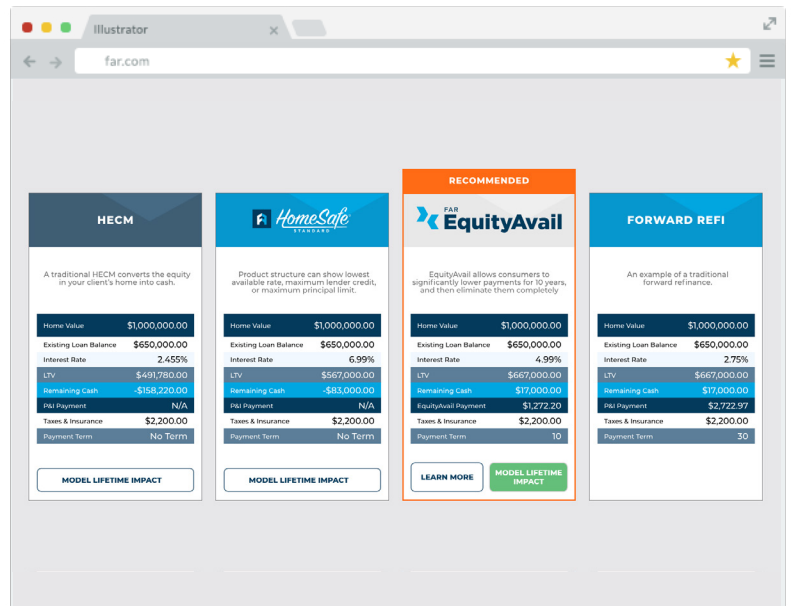


## FAR Illustrator

Quickly and easily obtain personalized client numbers to compare products and illustrate the life of the loan.

- ✓ Get **instant recommendations** based on client needs
- ✓ **Forecast the lifetime impact** of the loan
- ✓ **Adjust for future withdrawals, rate, or payments**
- ✓ See a **side-by-side comparison** of available products
- ✓ **Export results as a PDF** for sharing with clients in-person or online

[Go to Illustrator](#)

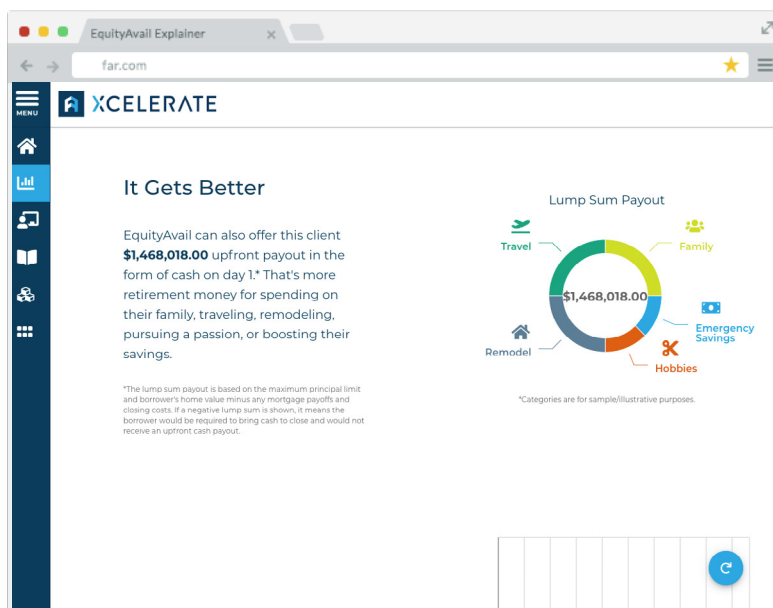


## EquityAvail Explainer

An innovative comparison tool for illustrating the benefits of EquityAvail vs. a traditional 30-year refinance.

- ✓ Get **custom EquityAvail numbers** tailored to client info
- ✓ **Walkthrough detailed differences** between EquityAvail and a traditional 30-year mortgage
- ✓ **Forecast the lifetime benefits** and impact of EquityAvail
- ✓ **Export specific numbers as a PDF** for educating clients

[Go to Explainer](#)



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# The EquityAvail Process: Step-by-Step



## 1 Confirm Client Qualifications & Compare Products

- ◆ Use [FAR Illustrator](#) to compare available products
- ◆ Leverage the [EquityAvail Explainer](#) tool to personalized client numbers
- ◆ Save, print, and share these custom numbers to help sell your client

## 2 Start the Application

- ◆ Follow [TRID guidelines](#) and include these elements:
  - Address
  - Name of borrower(s)
  - Social Security Number
  - Loan Amount
  - Income
  - Estimated Value
- ◆ Complete Application Request Form in [Link](#)
  - Complete your request by entering six elements of [TRID guidelines](#)
  - Three day Loan Estimate period starts once submitted
  - FAR sends the application to the client and provides a copy to the partner

**NOTE: A loan estimate must be provided within 3 business days of application**

## 3 Client attends counseling session

- ◆ Must use a EquityAvail-approved counselor
- ◆ Paid for by borrower
- ◆ Must be completed before any fees are incurred

## 4 Submit loan to FAR for processing

- ◆ FAR will process all EquityAvail loans
- ◆ Use [Submission Checklist](#) to determine required documents
- ◆ FAR will pull credit report or reissue if previously ordered via Credco
- ◆ Appraisal ordered by FAR
- ◆ Two appraisals + CDA required on values over \$2 million

## 5 Loan closes and funds

- ◆ Taxes and insurance paid at closing
- ◆ First payment due the on the 1st of the following month\*

\* For loans closing on the 1st-5th of the month, first payment is due on the 1st of the month following 30 days from the closing date.



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# Frequently Asked Questions

**Q. Why must an applicant have 10+ years remaining to pay on their existing mortgage?**

**A.** EquityAvail has a required payment over the first 10 years of the loan. If their current obligation is less than that, we don't want to extend the duration of a borrower's repayment schedule with this product.

**Q. Will we allow the borrower to bring funds to close if they are short-to-close on EquityAvail?**

**A.** Yes. The borrower may bring funds to close so long as they are less short to close on both the HECM and HomeSafe® products.

**Q. Does FAR allow subordinations on EquityAvail?**

**A.** No. Not at this time.

**Q. Is there a prepayment penalty?**

**A.** No.

**Q. Is the high-cost test considered on first year of the loan or on full loan amount?**

**A.** The high-cost test is considered on the full loan amount.

**Q. Will this loan report to credit? And if it goes into default?**

**A.** EquityAvail will report to the credit bureaus. If there is a default during the first 10 years, this will also report to the credit bureaus.

**Q. Are escrows mandatory with the EquityAvail product?**

**A.** Escrows are mandatory during the first 5 years, first year funded at closing, and remainder included as monthly payments.

**Q. Are taxes and insurance to be paid at closing?**

**A.** Yes.

Want to learn more?

[Visit our website](#)





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**farwholesale.com**

"The biggest adventure  
you can take is to live the  
life of your dreams"

Oprah Winfrey

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