

Financial Assessment requirements for Home Equity Conversion Mortgages (HECMs) can be confusing at times. Follow these top suggestions to help you successfully navigate financial assessment:

1

Take a complete and accurate 1009 application along with any required addendums.

A complete and accurate application will make the rest of the process much easier. The application addendum will capture assets, liabilities and the household member information, to ensure a complete application submission.

2

Clearly document extenuating circumstances.

Be sure to include a signed Letter of Explanation from the borrower, including the time of the circumstance, cause of the circumstance and resolution of the circumstance. Understanding any extenuating circumstances for credit and income issues and obtaining documentation will save you time and effort.

3

Collect 24 months of property tax and insurance information.

Property tax history is one of the key elements in financial assessment. Documenting the last 24 months will be required on every file.

4

Document all income sources.

Make sure you can provide documentation for all income used to calculate the residual income. The income must be reasonably likely to continue for at least three years.

Hint:

Collect the last 2 month's bank statements that reflect all monthly deposits.

Bank statements may potentially satisfy several documentation requirements. The statements must be from the bank where deposits are being made.

5

Use Liberty's PORTAL to assess the potential need for a Life Expectancy Set Aside (LESA).

Liberty's PORTAL will help you determine if a LESA will likely be required and if so, what type of LESA will be required. There is a simple step-by-step process to follow. The intent is to give an indication of how the loan will need to be structured and what additional information may be required. The results are estimates based on the data entered and final figures will be determined by the Underwriter.

Learn More, Contact:

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Your reverse mortgage experts.



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