



## Cheat Sheet for Title Companies Closing a HECM (Reverse Mortgage)

[Please do not Assume anything; always check with our closing department]

These are important items that apply to closing a HUD HECM Mortgage that is used for either a Purchase, Refinance or a HECM-to-HECM refinance Transaction:

- A HUD HECM is closed with a HUD-1
- The closing must happen on the date indicated in our Closing Instructions or else a new closing package will be required
- There will be two Mortgages/Deeds of Trust recorded; The First one to be recorded is to The Money House and the second one to be recorded is to HUD. If the closing is for a Fixed Rate, then only one Mortgage/Deed of Trust will be recorded in favor of The Money House.
- HUD requires that the Mortgage/Deed of Trust be recorded with a face amount equal to 1.5 times the lesser of the Value or Purchase Price of the Home so therefore any recording Tax or Stamps will be based on this amount (example: Purchase price/Value is \$200,000 so Mortgage is recorded with a face amount of \$300,000) *PLEASE NOTE that Florida now allows the Documentary Stamps (ONLY) to be based on the Principal Limit instead of the above 1.5 times.* There are no recording Stamps or Tax on the Mortgage in favor of HUD as it is not subject to any State or local recording taxes.
- HUD requires that the Mortgagee Title Policy be in the amount of the lesser of the Value or Purchase Price of the Home so using the above example, the Mortgagee Title Policy would be for \$200,000.
- Title Commitments and Policies are to show: The Money House, Inc. ISAOA/ATIMA, 8751 Commodity Circle, Suite 17, Orlando, FL 32819 as insured with the CPL to match with our Loan #
- There is no interim interest on Reverse Mortgages
- The exact number of pages will be determined by any required Riders but typically the Mortgages will have 13 pages each.
- A HECM used for Purchase cannot close on the same day the buyer/borrower is selling their previous residence; at best it can be as early as the next day.
- If this transaction is a refinance of an existing HUD HECM, when requesting the payoff, a refinance worksheet also must be requested
- Please direct questions to the party ordering the coverage.

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