

Social Media and Training at Plaza



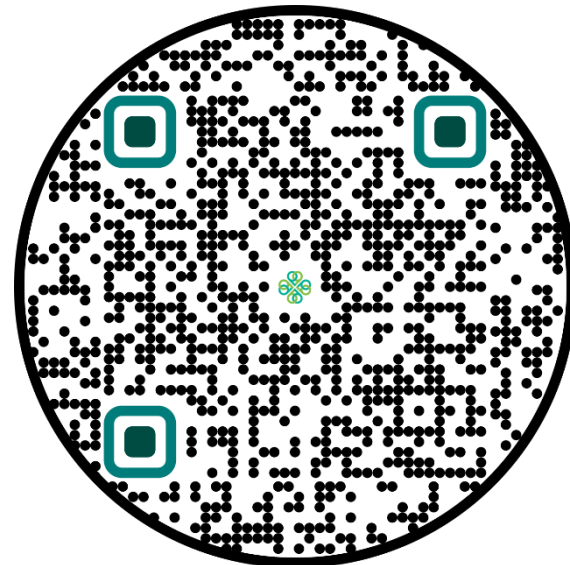
- Follow us on social media to get the latest on Plaza
- Check out our training calendar for our webinar schedule

LinkedIn



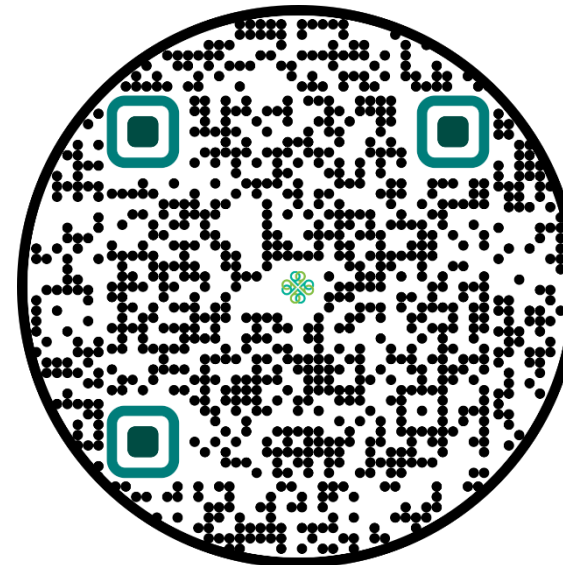
[LinkedIn](#)

facebook



[Facebook](#)

X



[X / Twitter](#)



[Training Calendar](#)



The Impact of a Rising Rate Environment on Reverse Mortgages and Their Loan Amounts

Plaza's Loan Origination Partners

March 2024

Legal Disclaimers

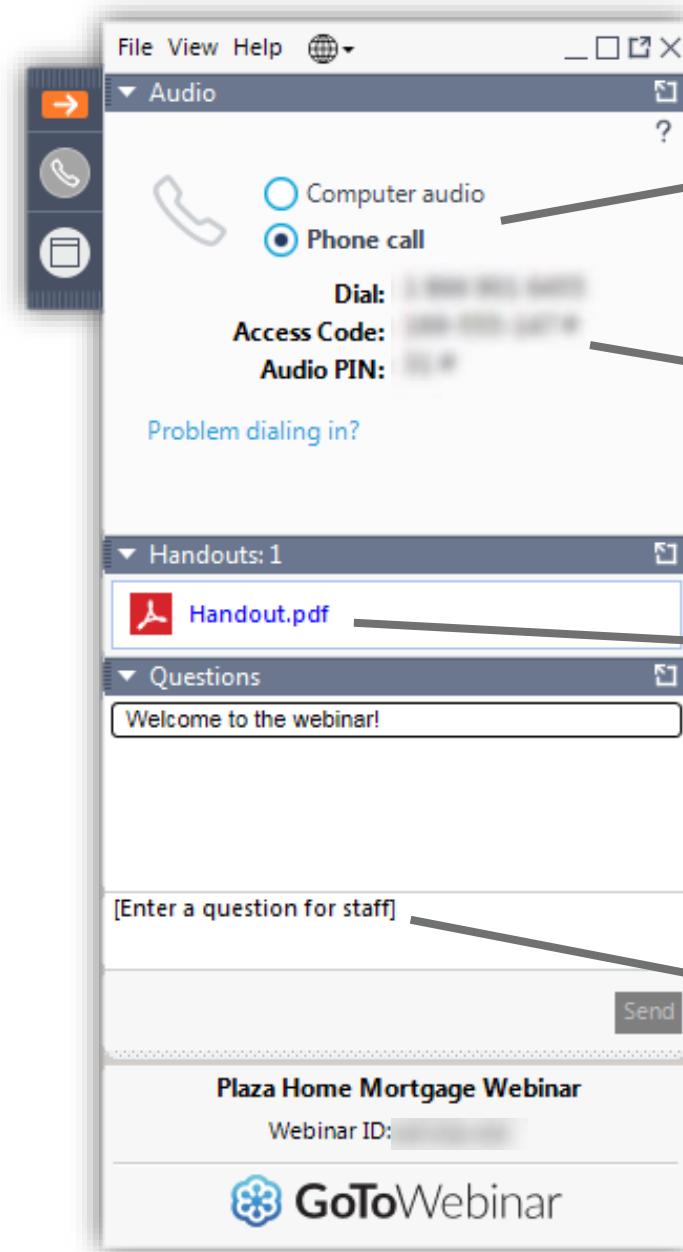


- This information is published and provided by Plaza Home Mortgage, Inc.® and intended for mortgage professionals only, as a courtesy to its clients and select audiences, and is meant for instructional purposes only.
- It is not intended for public use or distribution.
- None of the information provided is intended to be legal advice in any context.
- Plaza does not guarantee, warrant, ensure or promise that information provided is accurate.
- Terms and conditions of programs and guidelines are subject to change at any time without notice.
- This is not a commitment to lend.
- Plaza Home Mortgage, Inc. is an Equal Housing Lender.



© 2024 Plaza Home Mortgage, Inc. Plaza Home Mortgage and the Plaza Home Mortgage logo are registered trademarks of Plaza Home Mortgage, Inc. All other trademarks are the property of their respective owners. All rights reserved. Plaza NMLS 2113

Your GoToWebinar Toolbar



Use **speakers** or a **telephone** to listen to the audio.

Use the information in **your toolbar** to dial in from your telephone.

Click here to download any **handouts**.

If you have any **questions**, please type them in here. All questions will be addressed, time permitting.

Presenter



Mark Reeve

VP, Reverse Mortgage Division

Plaza Home Mortgage

Agenda

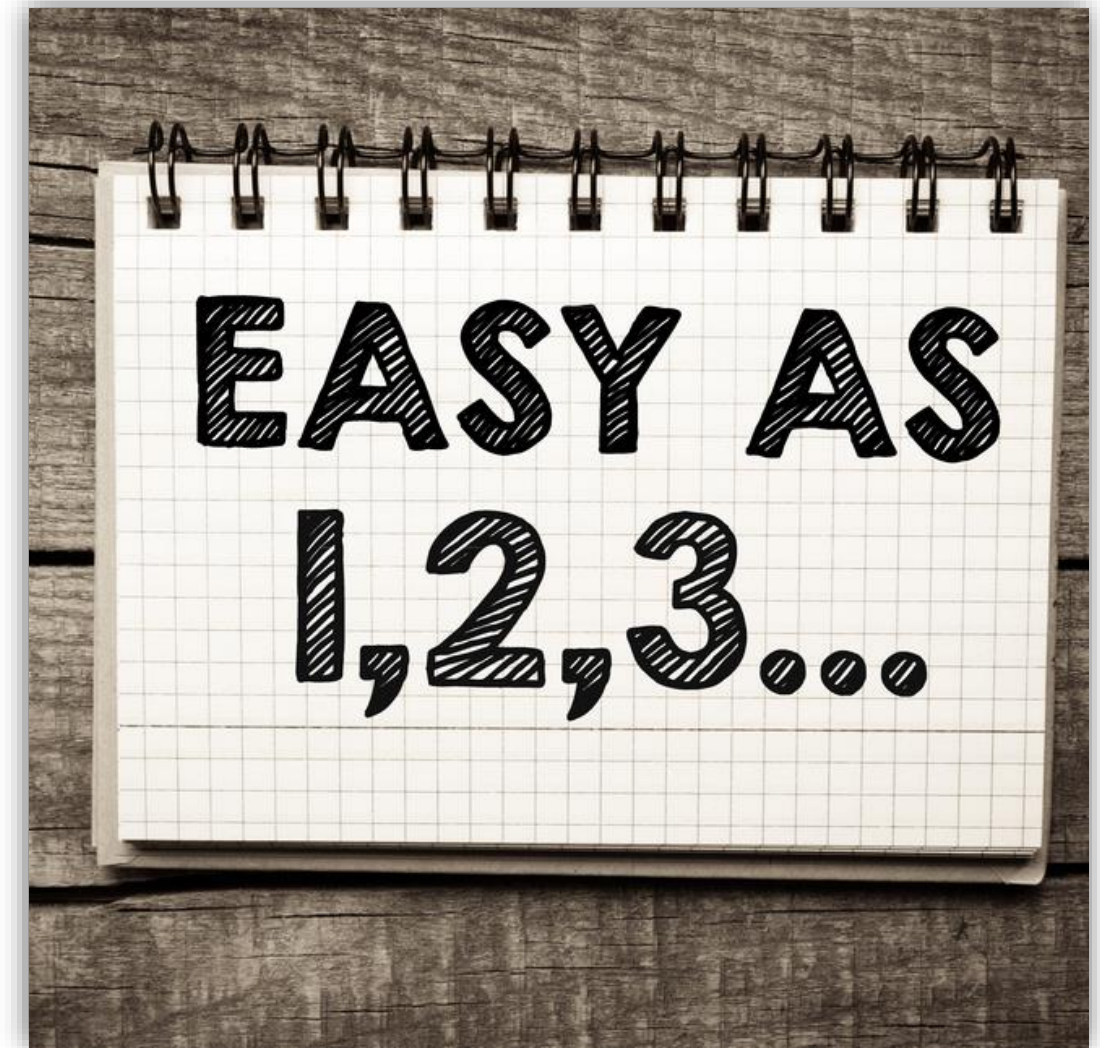


We will be giving a brief overview of how to quickly determine a prospect's LTV and how the LTV fluctuates with age, subject property value, and the prevailing rate.

Three Items You Must Have To Determine LTV



1. Age of the youngest Borrower or Spouse is always used to determine the LTV
 - Future birthday is credited if within six months of signing loan closing docs
 - Referred to as qualifying age vs. actual age
2. Qualifying Rate - referred to as the Expected Rate
 - Fixed HECM = Note Rate
 - ARM HECM = Margin being used + 10 Year SWAP Rate
 - Both are on the Plaza Reverse Mortgage Rate Sheet
3. Maximum Claim Amount - The Lesser of the appraised value, purchase price or FHA Lending Limit (\$1,149,825)



Qualifying Rate = Expected Rate



FHA Sponsor ID : 171-0100-241

Plaza Fees:

Broker Rate Sheet

Rates for: 03/31/2023

Doc Prep \$125.00
 Doc Prep (TX only) \$225.00

Program	Margin	Expected Rate	Note Rate	*MI (Mtg.Ins.)	Total Loan Rate	Pricing
HECM 1YR CMT	3.000	6.460	7.460	0.500	7.960	103.500
HECM 1YR CMT	2.875	6.335	7.335	0.500	7.835	103.250
HECM 1YR CMT	2.750	6.210	7.210	0.500	7.710	103.000
HECM 1YR CMT	2.625	6.085	7.085	0.500	7.585	102.750
HECM 1YR CMT	2.500	5.960	6.960	0.500	7.460	102.500
HECM 1YR CMT	2.375	5.835	6.835	0.500	7.335	102.250
HECM 1YR CMT	2.250	5.710	6.710	0.500	7.210	102.000
HECM 1YR CMT	2.125	5.585	6.585	0.500	7.085	101.750
HECM 1YR CMT	2.000	5.460	6.460	0.500	6.960	101.500
HECM 1YR CMT	1.875	5.335	6.335	0.500	6.835	101.000
HECM 1YR CMT	1.750	5.210	6.210	0.500	6.710	100.500
HECM 1YR CMT	1.625	5.085	6.085	0.500	6.585	100.250
HECM 1YR CMT	1.500	4.960	5.960	0.500	6.460	100.125
HECM 1YR CMT	1.375	4.835	5.835	0.500	6.335	100.000

Index is the 1 Year CMT 4.46 Monthly Adjustment 5% Life Cap (above start ra ARM Cap 5 10yr CMT Rate 3.46	Expected Rate: This is the qualifying rate used to determine the LTV for your borrower. It is calculated by adding the margin + 10 Year CMT Rate.
--	--

Program	Expected Rate	Note Rate	*MI (Mtg.Ins.)	Total Loan Rate	Pricing
HECM FIXED	8.500	8.500	0.500	9.000	100.000

10-Year SWAP Rate Historical Index



The index is published in the Federal Reserve Board’s Data Download Program (DDP) and is made available by the Board of Governors of the Federal Reserve System in Statistical Release H.15.

- https://www.federalreserve.gov/datadownload/Preview.aspx?pi=400&rel=H15&preview=H15/H15/RIFLGFCY10_N.WF
- Rates Change Every Tuesday! Industry wide Guideline.
- Plaza Reverse receives a forecast on the previous Friday, prior to the Tuesday change.

Description	Market yield on U.S. Treasury securities at 10-year constant maturity, quoted on investment basis
Unit	Percent_Per_Year
Unit Multiplier	1
Time Period	Value
2023-12-22	3.91
2023-12-15	4.06
2023-12-08	4.19
2023-12-01	4.32
2023-11-24	4.43
2023-11-17	4.50
2023-11-10	4.59
2023-11-03	4.75
2023-10-27	4.87
2023-10-20	4.87
2023-10-13	4.64
2023-10-06	4.75
2023-09-29	4.58

Use the LTV Matrix on Page 2 of the Rate Sheet



- FHA Floor rate goes all the way down to a 3% Expected Rate
 - Provided for informational use
- Most Reverse Mortgages, due to current market conditions, run around 4.875- 6.50%.

Rule of Thumb:

- The lower the Expected Rate - the higher the LTV
 - Results in a higher Principal Limit (Loan Amount)
- The higher the Expected Rate – the lower the LTV
 - Results in a lower Principal Limit (Loan Amount)



I am Looking at the Rate Sheet, Now What?



1. Must know your borrower's age
 - Choose the youngest borrower's age
2. Choose the lowest Expected rate on the Rate Sheet
 - Line up the Expected Rate and round up to the nearest .125 (1/8)
3. Go to page two of the rate sheet and line up the youngest borrower(s) age and the rounded up Expected Rate
 - That is your Max LTV!
 - By choosing a higher rate, your LTV (PL) will decrease.
4. Calculate that LTV (PL) by **the lower of:**
 - Appraised value
 - Purchase Price
 - Or FHA Max Claim: 1,149,825

You now have an approximate loan amount!

Repeat for other pricing, LTV options.

Principal Limit Tables Are Set By FHA



HECM Principal Limit Factor Tables - Effective October 2, 2017

HECM Principal Limit Factors (PLFs) provide the percent of Maximum Claim Amount (MCA) allowable in total cash draws, given the age of the borrower(s) and the "expected" interest rate of the loan.

The General Table provides PLFs for eligible borrowers by age and interest rate. Each row represents one single age, and provides a series of PLFs for interest rates within a given percentage-point range, in one-eighth-percent increments. The PLFs presented here are in decimal form (e.g., 0.562 equals 56.2%).

The PLFs vary by age and interest rate across the full ranges of ages (18 – 99) and interest rates (3% - 18%) covered by the tables. Additional rates may be published as market conditions change.

On the General Table, each rate and PLF series is noted by R_n and PLF_n, where *n* is a number between 0 and 7, and represents how many eighth percents (0.125%) should be added to the base rate. For example R₀ and PLF₀ denote the rate and PLF combination for whole interest rates (e.g., 3.000%), and R₁ and PLF₁ represent combinations at the base rate plus one-eighth percent (e.g., 3.125%).

The Special Table provides PLFs for eligible borrowers with non-borrowing spouses who are below the age of 62 years. Because the due-and-payable clause in HECM loans can be deferred for non-borrowing spouses of record at the time of initial loan closing, the PLF for the HECM may be determined by the age of the non-borrowing spouse.

For borrowers with non-borrowing spouses aged 62 years or older, the General Table should be used. Again, the PLF is determined by the age of the youngest spouse, regardless of whether they are a mortgagor of record or not.

Where FHA's collateral risk assessment does not require a second appraisal, the MCA for a HECM loan will be determined using the lesser of the property appraised value, sales price, or the applicable FHA national mortgage limit. Where a second appraisal is required by FHA and provides a lower value, the MCA will be determined using the lower value of the two appraisals, sales price, or applicable FHA national mortgage limit.

For fixed-rate loans, the expected rate that determines the PLF is the actual note (coupon) rate on the mortgage loan. For adjustable-rate mortgages, the expected rate is calculated as the sum of the mortgagee's margin plus the weekly average yield for U.S. Treasury securities adjusted to a constant maturity of 10 years.

For more information on the HECM program, and guidance on HUD policy for participating lenders, please see the [hud.gov](http://www.hud.gov) web site:

<http://www.hud.gov/offices/hsg/sfh/hecm/hecmhomelenders.cfm>

Revised 6/2022

This is How You Start

Scenario: House is worth approximately \$700,000 and my borrower is 69 years old. What is my loan amount?


Step 1: Rate Sheet / Expected Rate. Ranges from 4.835 (4.875) to 6.460 (6.500)

Step 2: Line up 69-year-old borrower with rates from 4.875 to 6.500

Step 3: LTV (PL) tables range from 46.7% (4.875) to 38.7% (6.500)

Max Loan Amount: \$700,000 @ .467 = 326,900

Other Options: \$700,000 @ .387 = 270,900

		FHA Sponsor ID : 171-0100-241				
Broker Rate Sheet		Plaza Fees:				
Rates for: 03/31/2023		Doc Prep		\$125.00		
		Doc Prep (TX only)		\$225.00		
Program	Margin	Expected Rate	Note Rate	*MI (Mtg.Ins.)	Total Loan Rate	Pricing
HECM 1YR CMT	3.000	6.460	7.460	0.500	7.960	103.500
HECM 1YR CMT	2.875	6.335	7.335	0.500	7.835	103.250
HECM 1YR CMT	2.750	6.210	7.210	0.500	7.710	103.000
HECM 1YR CMT	2.625	6.085	7.085	0.500	7.585	102.750
HECM 1YR CMT	2.500	5.960	6.960	0.500	7.460	102.500
HECM 1YR CMT	2.375	5.835	6.835	0.500	7.335	102.250
HECM 1YR CMT	2.250	5.710	6.710	0.500	7.210	102.000
HECM 1YR CMT	2.125	5.585	6.585	0.500	7.085	101.750
HECM 1YR CMT	2.000	5.460	6.460	0.500	6.960	101.500
HECM 1YR CMT	1.875	5.335	6.335	0.500	6.835	101.000
HECM 1YR CMT	1.750	5.210	6.210	0.500	6.710	100.500
HECM 1YR CMT	1.625	5.085	6.085	0.500	6.585	100.250
HECM 1YR CMT	1.500	4.960	5.960	0.500	6.460	100.125
HECM 1YR CMT	1.375	4.835	5.835	0.500	6.335	100.000
Index is the 1 Year CMT		4.46	Expected Rate: This is the qualifying rate used to determine the LTV for your borrower. It is calculated by adding the margin + 10 Year CMT Rate.			
Monthly Adjustment						
5% Life Cap (above start ra						
ARM Cap		5				
10yr CMT Rate		3.46				
Program	Expected Rate	Note Rate	*MI (Mtg.Ins.)	Total Loan Rate	Pricing	
HECM FIXED	8.500	8.500	0.500	9.000	100.000	

***You can see by looking at the LTV (PL) tables that an increase or decrease in rate can have a meaningful impact on the loan amount.

Now you have a “basic” idea if you have a loan scenario that may be a candidate for a reverse mortgage and worth the short effort to complete the pre-qual.

Here is Our LTV Table (a.k.a. Principal Limit Table)



Expected Rate (Rate Used to Determine the Principal Limit / LTV)
Margin + 10 Year Swap = the Expected Rate Below

FHA Max Claim: 1,089,300 (Jan. 2023)

LESA	Age	EXPECTED RATE																
		3.000	4.750	4.875	5.000	5.125	5.250	5.375	5.500	5.625	5.750	5.875	6.000	6.125	6.250	6.375	6.500	8.5
21	62	0.524	0.424	0.417	0.410	0.403	0.396	0.389	0.382	0.376	0.370	0.363	0.357	0.351	0.345	0.339	0.334	0.255
20	63	0.530	0.431	0.423	0.416	0.409	0.403	0.396	0.389	0.383	0.376	0.370	0.364	0.358	0.352	0.346	0.341	0.262
19	64	0.536	0.438	0.430	0.423	0.416	0.410	0.403	0.396	0.390	0.384	0.377	0.371	0.365	0.359	0.353	0.348	0.269
18	65	0.542	0.444	0.437	0.430	0.423	0.417	0.410	0.403	0.397	0.391	0.384	0.378	0.372	0.366	0.361	0.355	0.276
18	66	0.549	0.452	0.445	0.438	0.431	0.424	0.417	0.411	0.405	0.398	0.392	0.386	0.380	0.374	0.368	0.363	0.283
17	67	0.556	0.459	0.452	0.445	0.438	0.432	0.425	0.419	0.412	0.406	0.400	0.394	0.388	0.382	0.376	0.370	0.291
16	68	0.562	0.467	0.460	0.453	0.446	0.439	0.433	0.426	0.420	0.414	0.408	0.402	0.396	0.390	0.384	0.379	0.299
16	69	0.569	0.471	0.467	0.461	0.454	0.447	0.441	0.434	0.428	0.422	0.416	0.410	0.404	0.398	0.392	0.387	0.308
15	70	0.576	0.479	0.472	0.465	0.458	0.452	0.445	0.439	0.433	0.427	0.420	0.415	0.409	0.403	0.397	0.392	0.312
14	71	0.583	0.475	0.472	0.465	0.458	0.452	0.445	0.439	0.433	0.427	0.421	0.415	0.409	0.403	0.397	0.392	0.313
13	72	0.588	0.480	0.474	0.467	0.460	0.454	0.447	0.441	0.435	0.428	0.422	0.416	0.411	0.405	0.399	0.393	0.314
13	73	0.595	0.489	0.482	0.475	0.469	0.462	0.456	0.449	0.443	0.437	0.431	0.425	0.419	0.414	0.408	0.402	0.324
12	74	0.602	0.498	0.490	0.483	0.477	0.470	0.464	0.458	0.451	0.445	0.439	0.434	0.428	0.422	0.416	0.411	0.332
12	75	0.609	0.505	0.499	0.492	0.486	0.479	0.473	0.467	0.461	0.455	0.449	0.443	0.438	0.432	0.426	0.421	0.343
11	76	0.614	0.511	0.505	0.498	0.492	0.486	0.479	0.473	0.467	0.461	0.455	0.450	0.444	0.438	0.433	0.427	0.349
10	77	0.621	0.521	0.514	0.508	0.502	0.495	0.489	0.483	0.477	0.471	0.466	0.460	0.454	0.449	0.443	0.438	0.360
10	78	0.629	0.531	0.524	0.518	0.512	0.506	0.500	0.494	0.488	0.482	0.476	0.471	0.465	0.459	0.454	0.449	0.372
9	79	0.633	0.536	0.530	0.523	0.517	0.511	0.505	0.499	0.494	0.488	0.482	0.477	0.471	0.466	0.460	0.455	0.378
9	80	0.642	0.548	0.540	0.534	0.528	0.522	0.516	0.510	0.505	0.499	0.493	0.488	0.482	0.477	0.472	0.466	0.390
8	81	0.650	0.557	0.551	0.545	0.539	0.533	0.527	0.522	0.516	0.510	0.505	0.499	0.494	0.489	0.483	0.478	0.403
8	82	0.658	0.568	0.562	0.556	0.550	0.544	0.539	0.533	0.528	0.522	0.517	0.511	0.506	0.501	0.496	0.491	0.417
7	83	0.667	0.579	0.573	0.567	0.562	0.556	0.550	0.545	0.540	0.534	0.529	0.524	0.518	0.513	0.508	0.503	0.430
7	84	0.676	0.590	0.584	0.579	0.573	0.568	0.562	0.557	0.552	0.547	0.541	0.536	0.531	0.526	0.521	0.516	0.445
6	85	0.685	0.602	0.596	0.591	0.585	0.580	0.575	0.570	0.564	0.559	0.554	0.549	0.544	0.540	0.535	0.530	0.459
6	86	0.694	0.614	0.608	0.603	0.598	0.593	0.588	0.582	0.577	0.573	0.568	0.563	0.558	0.553	0.548	0.544	0.475
6	87	0.703	0.628	0.621	0.616	0.611	0.606	0.601	0.596	0.591	0.586	0.581	0.577	0.572	0.567	0.563	0.558	0.491
5	88	0.711	0.636	0.631	0.626	0.621	0.617	0.612	0.607	0.602	0.598	0.593	0.589	0.584	0.579	0.575	0.571	0.505
5	89	0.721	0.649	0.644	0.640	0.635	0.630	0.626	0.621	0.617	0.612	0.608	0.603	0.599	0.595	0.590	0.586	0.522
5	90	0.730	0.662	0.658	0.653	0.649	0.644	0.640	0.636	0.631	0.627	0.623	0.618	0.614	0.610	0.606	0.602	0.540
4	91	0.740	0.678	0.672	0.667	0.663	0.659	0.655	0.651	0.646	0.642	0.638	0.634	0.630	0.626	0.622	0.618	0.559
4	92	0.750	0.690	0.686	0.682	0.678	0.674	0.670	0.666	0.662	0.658	0.654	0.650	0.646	0.643	0.639	0.635	0.579
4	93	0.750	0.704	0.701	0.697	0.693	0.689	0.685	0.682	0.678	0.674	0.671	0.667	0.663	0.660	0.656	0.653	0.599
4	94	0.750	0.719	0.715	0.712	0.708	0.705	0.701	0.698	0.694	0.691	0.688	0.684	0.681	0.677	0.674	0.671	0.620
3	95	0.750	0.733	0.730	0.727	0.723	0.720	0.717	0.714	0.710	0.707	0.704	0.701	0.698	0.695	0.691	0.688	0.641
3	96	0.750	0.741	0.737	0.734	0.731	0.728	0.725	0.722	0.719	0.716	0.713	0.710	0.706	0.703	0.700	0.698	0.652
3	97	0.750	0.748	0.743	0.740	0.737	0.734	0.731	0.728	0.725	0.722	0.719	0.716	0.713	0.710	0.707	0.704	0.660
3	98	0.750	0.748	0.743	0.740	0.737	0.734	0.731	0.728	0.725	0.722	0.719	0.716	0.713	0.710	0.707	0.704	0.660
3	99	0.750	0.748	0.743	0.740	0.737	0.734	0.731	0.728	0.725	0.722	0.719	0.716	0.713	0.710	0.707	0.704	0.660

This information is for the use of approved mortgage lenders only and is not intended for distribution to consumers. This is not an advertisement to extend customer credit as defined by part 226.2 of Regulation Z. Interest rate, program terms and conditions are subject to change without notice. Not all products are available in all states and for all loan amounts. Other restrictions and limitations may apply. Granting of loan is subject to the credit and policy requirements of Plaza Home Mortgage, Inc.

What Have We Learned So Far?



- The older the HECM borrowers are, the higher their home value and the lower the Expected (qualifying) rate; then the higher the Principal Limit (Loan Amount).
- Youngest Borrower (Spouse) is always used in qualifying. Cannot exclude spouse to get a higher LTV.
- The Expected Rate is the same as the Note Rate on the Fixed HECM. On the ARM HECM it is the chosen margin + 10 Year SWAP Rate. **These are on the Plaza Reverse Mortgage Rate Sheet.**
- The property value used to calculate will ALWAYS be the lesser of \$1,149,825 (FHA Limit), appraised value, or the purchase price.
 - This is called the Maximum Claim Amount (MCA).



Example 1



Age: 74 & 69

Home Value: \$650,000

**Always use youngest borrower's age.

What are my options?

Option One: Highest LTV = Lowest Rate / Margin

1.375 Margin / 4.835 Expected Rate
 from the rate sheet round up to 4.875
 line up 4.875 to 69-years-old = .467

\$650,000 @ .467 = \$303,555 (Loan Amount) / PL

Is \$303,555 enough to cover the existing mortgage pay-off and closing costs?

Program		Margin	Expected Rate	Note Rate	*MI (Mtg.Ins.)	Total Loan Rate	Pricing
HECM 1YR CMT		3.000	6.460	7.460	0.500	7.960	103.500
HECM 1YR CMT		2.875	6.335	7.335	0.500	7.835	103.250
HECM 1YR CMT		2.750	6.210	7.210	0.500	7.710	103.000
HECM 1YR CMT		2.625	6.085	7.085	0.500	7.585	102.750
HECM 1YR CMT		2.500	5.960	6.960	0.500	7.460	102.500
HECM 1YR CMT		2.375	5.835	6.835	0.500	7.335	102.250
HECM 1YR CMT		2.250	5.710	6.710	0.500	7.210	102.000
HECM 1YR CMT		2.125	5.585	6.585	0.500	7.085	101.750
HECM 1YR CMT		2.000	5.460	6.460	0.500	6.960	101.500
HECM 1YR CMT		1.875	5.335	6.335	0.500	6.835	101.000
HECM 1YR CMT		1.750	5.210	6.210	0.500	6.710	100.500
HECM 1YR CMT		1.625	5.085	6.085	0.500	6.585	100.250
HECM 1YR CMT		1.500	4.960	5.960	0.500	6.460	100.125
HECM 1YR CMT		1.375	4.835	5.835	0.500	6.335	100.000
Index is the 1 Year CMT		4.46	Expected Rate: This is the qualifying rate used to determine the LTV for your borrower. It is calculated by adding the margin + 10 Year CMT Rate.				
Monthly Adjustment							
5% Life Cap (above start ra							
ARM Cap		5					
10yr CMT Rate		3.46					
Program	Expected Rate	Note Rate	*MI (Mtg.Ins.)	Total Loan Rate	Pricing		
HECM FIXED	8.500	8.500	0.500	9.000	100.000		



FHA Sponsor ID : 171-0100-241

Plaza Fees:

Doc Prep \$125.00
 Doc Prep (TX only) \$225.00

Broker Rate Sheet

Rates for: 03/31/2023

Here is Our LTV Table (a.k.a. Principal Limit Table)



		Expected Rate (Rate Used to Determine the Principal Limit / LTV) Margin + 10 Year Swap = the Expected Rate Below																
		EXPECTED RATE																
LESA	Age	3.000	4.750	4.875	5.000	5.125	5.250	5.375	5.500	5.625	5.750	5.875	6.000	6.125	6.250	6.375	6.500	8.5
21	62	0.524	0.424	0.417	0.410	0.403	0.396	0.389	0.382	0.376	0.370	0.363	0.357	0.351	0.345	0.339	0.334	0.255
20	63	0.530	0.431	0.423	0.416	0.409	0.403	0.396	0.389	0.383	0.376	0.370	0.364	0.358	0.352	0.346	0.341	0.262
19	64	0.536	0.438	0.430	0.423	0.416	0.410	0.403	0.396	0.390	0.384	0.377	0.371	0.365	0.359	0.353	0.348	0.269
18	65	0.542	0.444	0.437	0.430	0.423	0.417	0.410	0.403	0.397	0.391	0.384	0.378	0.372	0.366	0.361	0.355	0.276
18	66	0.549	0.452	0.445	0.438	0.431	0.424	0.417	0.411	0.405	0.398	0.392	0.386	0.380	0.374	0.368	0.363	0.283
17	67	0.556	0.459	0.452	0.445	0.438	0.432	0.425	0.419	0.412	0.406	0.400	0.394	0.388	0.382	0.376	0.370	0.291
16	68	0.562	0.467	0.460	0.453	0.446	0.439	0.433	0.426	0.420	0.414	0.408	0.402	0.396	0.390	0.384	0.379	0.299
16	69	0.569	0.471	0.467	0.461	0.454	0.447	0.441	0.434	0.428	0.422	0.416	0.410	0.404	0.398	0.392	0.387	0.308
15	70	0.576	0.479	0.472	0.465	0.458	0.452	0.445	0.439	0.433	0.427	0.420	0.415	0.409	0.403	0.397	0.392	0.312
14	71	0.583	0.475	0.472	0.465	0.458	0.452	0.445	0.439	0.433	0.427	0.421	0.415	0.409	0.403	0.397	0.392	0.313
13	72	0.588	0.480	0.474	0.467	0.460	0.454	0.447	0.441	0.435	0.428	0.422	0.416	0.411	0.405	0.399	0.393	0.314
13	73	0.595	0.489	0.482	0.475	0.469	0.462	0.456	0.449	0.443	0.437	0.431	0.425	0.419	0.414	0.408	0.402	0.324
12	74	0.602	0.498	0.490	0.483	0.477	0.470	0.464	0.458	0.451	0.445	0.439	0.434	0.428	0.422	0.416	0.411	0.332
12	75	0.609	0.505	0.499	0.492	0.486	0.479	0.473	0.467	0.461	0.455	0.449	0.443	0.438	0.432	0.426	0.421	0.343
11	76	0.614	0.511	0.505	0.498	0.492	0.486	0.479	0.473	0.467	0.461	0.455	0.450	0.444	0.438	0.433	0.427	0.349
10	77	0.621	0.521	0.514	0.508	0.502	0.495	0.489	0.483	0.477	0.471	0.466	0.460	0.454	0.449	0.443	0.438	0.360
10	78	0.629	0.531	0.524	0.518	0.512	0.506	0.500	0.494	0.488	0.482	0.476	0.471	0.465	0.459	0.454	0.449	0.372
9	79	0.633	0.536	0.530	0.523	0.517	0.511	0.505	0.499	0.494	0.488	0.482	0.477	0.471	0.466	0.460	0.455	0.378
9	80	0.642	0.546	0.540	0.534	0.528	0.522	0.516	0.510	0.505	0.499	0.493	0.488	0.482	0.477	0.472	0.466	0.390
8	81	0.650	0.557	0.551	0.545	0.539	0.533	0.527	0.522	0.516	0.510	0.505	0.499	0.494	0.489	0.483	0.478	0.403
8	82	0.658	0.568	0.562	0.556	0.550	0.544	0.539	0.533	0.528	0.522	0.517	0.511	0.506	0.501	0.496	0.491	0.417
7	83	0.667	0.579	0.573	0.567	0.562	0.556	0.550	0.545	0.540	0.534	0.529	0.524	0.518	0.513	0.508	0.503	0.430
7	84	0.676	0.590	0.584	0.579	0.573	0.568	0.562	0.557	0.552	0.547	0.541	0.536	0.531	0.526	0.521	0.516	0.445
6	85	0.685	0.602	0.596	0.591	0.585	0.580	0.575	0.570	0.564	0.559	0.554	0.549	0.544	0.540	0.535	0.530	0.459
6	86	0.694	0.614	0.608	0.603	0.598	0.593	0.588	0.582	0.577	0.573	0.568	0.563	0.558	0.553	0.548	0.544	0.475
6	87	0.703	0.626	0.621	0.616	0.611	0.606	0.601	0.596	0.591	0.586	0.581	0.577	0.572	0.567	0.563	0.558	0.491
5	88	0.711	0.636	0.631	0.626	0.621	0.617	0.612	0.607	0.602	0.598	0.593	0.589	0.584	0.579	0.575	0.571	0.505
5	89	0.721	0.649	0.644	0.640	0.635	0.630	0.626	0.621	0.617	0.612	0.608	0.603	0.599	0.595	0.590	0.586	0.522
5	90	0.730	0.662	0.658	0.653	0.649	0.644	0.640	0.636	0.631	0.627	0.623	0.618	0.614	0.610	0.606	0.602	0.540
4	91	0.740	0.676	0.672	0.667	0.663	0.659	0.655	0.651	0.646	0.642	0.638	0.634	0.630	0.626	0.622	0.618	0.559
4	92	0.750	0.690	0.686	0.682	0.678	0.674	0.670	0.666	0.662	0.658	0.654	0.650	0.646	0.643	0.639	0.635	0.579
4	93	0.750	0.704	0.701	0.697	0.693	0.689	0.685	0.682	0.678	0.674	0.671	0.667	0.663	0.660	0.656	0.653	0.599
4	94	0.750	0.719	0.715	0.712	0.708	0.705	0.701	0.698	0.694	0.691	0.688	0.684	0.681	0.677	0.674	0.671	0.620
3	95	0.750	0.733	0.730	0.727	0.723	0.720	0.717	0.714	0.710	0.707	0.704	0.701	0.698	0.695	0.691	0.688	0.641
3	96	0.750	0.741	0.737	0.734	0.731	0.728	0.725	0.722	0.719	0.716	0.713	0.710	0.706	0.703	0.700	0.698	0.652
3	97	0.750	0.746	0.743	0.740	0.737	0.734	0.731	0.728	0.725	0.722	0.719	0.716	0.713	0.710	0.707	0.704	0.660
3	98	0.750	0.746	0.743	0.740	0.737	0.734	0.731	0.728	0.725	0.722	0.719	0.716	0.713	0.710	0.707	0.704	0.660
3	99	0.750	0.746	0.743	0.740	0.737	0.734	0.731	0.728	0.725	0.722	0.719	0.716	0.713	0.710	0.707	0.704	0.660

FHA Max Claim: 1,089,300 (Jan. 2023)

This information is for the use of approved mortgage lenders only and is not intended for distribution to consumers. This is not an advertisement to extend customer credit as defined by part 226.2 of Regulation Z. Interest rate, program terms and conditions are subject to change without notice. Not all products are available in all states and for all loan amounts. Other restrictions and limitations may apply. Granting of loan is subject to the credit and policy requirements of Plaza Home Mortgage, Inc.

Example 2



Age: 74 & 69

Home Value: \$650,000

**Always use youngest borrower's age.

What are my options?

Option Two:

2.250 Margin / 5.71, round up to 5.750

line up 5.750 to 69 years old = .422

\$650,000 @ .422 = \$274,300 (Loan Amount) / PL

Is \$274,300 enough to cover the existing mortgage pay-off and closing costs, cash out, etc.?



FHA Sponsor ID : 171-0100-241

Plaza Fees:

Doc Prep \$125.00

Doc Prep (TX only) \$225.00

Broker Rate Sheet

Rates for: 03/31/2023

Program	Margin	Expected Rate	Note Rate	*MI (Mtg.Ins.)	Total Loan Rate	Pricing
HECM 1YR CMT	3.000	6.460	7.460	0.500	7.960	103.500
HECM 1YR CMT	2.875	6.335	7.335	0.500	7.835	103.250
HECM 1YR CMT	2.750	6.210	7.210	0.500	7.710	103.000
HECM 1YR CMT	2.625	6.085	7.085	0.500	7.585	102.750
HECM 1YR CMT	2.500	5.960	6.960	0.500	7.460	102.500
HECM 1YR CMT	2.375	5.835	6.835	0.500	7.335	102.250
HECM 1YR CMT	2.250	5.710	6.710	0.500	7.210	102.000
HECM 1YR CMT	2.125	5.585	6.585	0.500	7.085	101.750
HECM 1YR CMT	2.000	5.460	6.460	0.500	6.960	101.500
HECM 1YR CMT	1.875	5.335	6.335	0.500	6.835	101.000
HECM 1YR CMT	1.750	5.210	6.210	0.500	6.710	100.500
HECM 1YR CMT	1.625	5.085	6.085	0.500	6.585	100.250
HECM 1YR CMT	1.500	4.960	5.960	0.500	6.460	100.125
HECM 1YR CMT	1.375	4.835	5.835	0.500	6.335	100.000

Index is the 1 Year CMT 4.46
 Monthly Adjustment
 5% Life Cap (above start ra
 ARM Cap 5
 10yr CMT Rate 3.46

Expected Rate: This is the qualifying rate used to determine the LTV for your borrower. It is calculated by adding the margin + 10 Year CMT Rate.

Program	Expected Rate	Note Rate	*MI (Mtg.Ins.)	Total Loan Rate	Pricing
HECM FIXED	8.500	8.500	0.500	9.000	100.000

Skip to Content

BORROWER INFO

GUEST LOGIN

BROKER LOGIN

MINI-CORRESPONDENT

Client ID & Password

REVERSE LOGIN



WHOLESALE

MINI-CORRESPONDENT

CORRESPONDENT

REVERSE

ABOUT US

CONTACT US

Why Choose Plaza?

Here's Why



Switch to Reverse



> Log In

> Resources

Welcome Plaza F&F > Log Out  BREEZE Support

> Switch to Reverse

Explore Plaza's Wholesale Products and Programs

Learn More



Bank Statement Calculator >



Client Approval 



Forms 

You May Want to Check Your LTV and Loan Amount First



Welcome Reverse Mortgage > Log Out BREEZE Support



- Reverse Mortgage Pre-Qualification
- Reverse Processing
- Quick Quote Calculator
- Forms
- Program & Guidelines
- Turn Times

Who Needs A Calculator When We Have One For You!



Note: Expected rate is at 6.125

True or False

Based upon the rate sheet in this slide deck, are there Expected rates that are lower and would provide a higher loan amount?

The calculator is used to give you an estimate and a pre-qual will narrow your numbers down.

Reverse Calculator

Estimated Home Value or Purchase value:	<input type="text" value="800,000"/>	CLEAR INPUTS
Age of the Youngest Borrower:	<input type="text" value="74"/>	
Mortgage Balance on Title:	<input type="text" value="0.00"/>	
Principal Limit:	\$ 342,400.00	CLEAR VALUES
Proceeds to Client:	\$ 342,400.00	
<small>**Does Not include Closing Costs!</small>		
Approximate Down Payment:	\$ 457,600.00	
<small>** (Purchase Transactions)</small>		
		CALCULATE VALUES

If your client has positive proceeds please complete the pre-qual by [clicking here](#)

** Please note this is a general estimate based upon an Expected Rate of 6.125% and does not include closing costs

** Any questions, please send us an email to: reverse@plazahomemortgage.com

Questions



Q: How is my HECM Borrower protected from possible rate fluctuation? If rates change upward .25 during the proposal period, that could equal 2% LTV. On a \$700,000 home, that is a swing of \$14,000 to the Principal Limit.



A: The principal Limit Lock Disclosure protects your HECM borrower once the Application / Disclosure package is generated from Plaza's Reverse Mortgage Software (Bay Docs / REX) and signed by the borrower(s). This lock is good for 120 days from the FHA case number assignment. After the 120 days of case assignment the HECM borrower automatically goes to the rates of the closing. Basically, "live" pricing.

Q: What happens if rates go down after my client has an application / disclosure package produced from Plaza's Reverse Software (Bay Docs / REX)?

A: FHA has created the principal Limit Lock to enhance the HECM borrower should the qualifying rates fall during the processing of the reverse mortgage loan. The HECM borrower's qualifying rate will automatically be used from either the application / disclosure execution date or final closing date. Whichever is lowest!



Why is Creating a Sense of Urgency Important?



- Explain to your borrower (s) the rate volatility will impact that Loan Amount
- The LTV (PL) lock happens once they sign the application / disclosure package
- Counseling must be completed first
- If your client is unsure and still trying to decide, they can still do the following with no commitment
 - Complete the Counseling
 - Sign the Application and disclosure package
- CA 7 Day Cooling period is based on the Counseling date to the FHA Case Assignment date. California Originators can Counsel and execute the Application / disclosure package within the 7-day period.

A Copy of the Disclosure from 1/14/2019



EXPECTED PRINCIPAL LIMIT ESTABLISHMENT DISCLOSURE

Home Equity Conversion Mortgage

(Projecting the Maximum Amount You May Borrow)

Issuing Originator (We): Plaza Home Mortgage, Inc.

Date: April 05, 2023

Applicant(s) (You): [REDACTED]

Address: 12345 Main Street, San Diego, CA 92121

This Expected Principal Limit Disclosure describes the terms and conditions under which we, as your Lender, will set the maximum amount you may borrow under your HECM Loan. Lender calculates the maximum amount you may borrow under your HECM Loan based upon the Expected Interest Rate. If the Expected Interest Rate on your Establishment Date is lower than the Expected Interest Rate on the Final Loan Closing Date, and so long as no more than 120 days have elapsed between the Case Assignment Date and the Final Loan Closing Date, Lender will use the Expected Interest Rate as of the Establishment Date which will result in a higher maximum amount you may borrow under your HECM Loan. If more than 120 days have elapsed between the Case Assignment Date, or if the Expected Interest Rate on the Final Closing Date is lower than the Expected Interest Rate as of the Establishment Date, Lender will use the Expected Interest Rate as of the Final Closing Date to set the Principal Limit for your HECM Loan. The closing of your HECM Loan within this 120-day period will only be possible if you cooperate fully in providing all necessary documents and information to Lender when requested.

The Lender will not charge you lock-in or commitment fees in connection with this Principal Limit Lock. However, the Principal Limit, Net principal Limit and/or Line of Credit of your HECM Loan disclosed in this Principal Limit Establishment Disclosure is merely estimates and could change based upon several factors, including but not limited to the appraised value of your property.

Definitions:

1. **Expected Interest Rate:** The Expected Interest Rate of your HECM Loan (along with other factors such as the age of the youngest borrower, and the allowed value of your home) is used to help determine the maximum amount you may borrow (i.e., Principal Limit) under your HECM Loan. The Expected Interest Rate is based upon an index published by the U. S. Treasury or the Intercontinental Exchange (ICE) Benchmark Administration, and it varies from time to time.

Note that the Expected Interest Rate is used to establish certain terms of your HECM Loan, as described above, but it is not the same as the initial interest rate or variable rate of your HECM Loan. Lender will provide you with information on the initial interest rate and variable rate of your HECM Loan in a separate disclosure.

The Expected Interest Rate of your HECM Loan, as of the Establishment Date, is: **5.665%**.

2. **HECM Principal Limit:** The maximum amount you may borrow under your HECM Loan, with the Expected Interest Rate disclosed above, at your age or the age of the youngest borrower, and based on the estimated appraised value of your home or the maximum dollar amount for the area in which your home is located as established by HUD, is called your HECM Loan Principal Limit. After closing and other costs for your HECM Loan are taken into consideration, the amount of your Principal Limit may be reduced to a Net Principal Limit. The Net Principal Limit and Line of Credit amounts have been disclosed to you in the HECM Payment Plan Disclosure also provided to you along with this and other application disclosures. You may borrow the maximum amount under your HECM Loan, described below, if your loan is closed on or before 120 days following the Case Number Assignment Date, assigned by Lender. Lender is not able to assign a Case Number Assignment Date until it receives your original Counseling Certificate.
3. **The Principal Limit** is the estimated maximum amount you may borrow under your HECM Loan. The Principal Limit of your HECM Loan as of the Establishment Date is: **\$366,000.00**
4. **Final Loan Closing Date:** The date on which your final HECM Loan closing documents are signed by you, the Borrower. Lender will inform you of the Final Loan Closing Date.
5. **Case Number Assignment Date:** The date upon which Lender receives the case number assigned by HUD for your loan.
6. **Lock Period:** The period beginning on the Establishment Date and ending on the Final Loan Closing Date, not to exceed a period of 120 days from the Case Number Assignment Date.

Plaza Home Mortgage, Inc.
Company - NMLS #: 2113

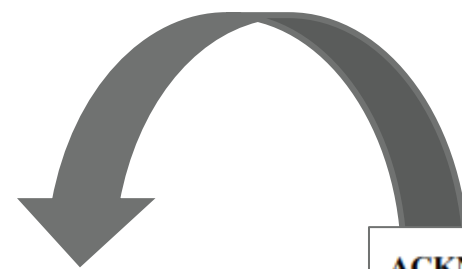
Loan Originator: Mark Reeve
Loan Originator NMLS #: 26972

Expected Principal Limit Disclosure

Page 1 of 2

ID:1962 / Revised 09/18/2017

Disclosure Cont.



7. **Establishment Date:** The date upon which the Expected Interest Rate is set, which date will either be the Establishment Date or Final Loan Closing Date (which Final Loan Closing Date will not exceed a period of 120 days from the Case Number Assignment Date). The Establishment Date is **04/05/2023**.

Calculation of proceeds: If the Loan Closing Date of your HECM Loan is within 120 days from the Case Number Assignment Date, then Lender will calculate the maximum amount you may borrow based upon the Expected Interest Rate on the Establishment Date, or on the Loan Closing Date, whichever results in a higher maximum amount you may borrow under your HECM Loan. That will protect your maximum borrowing power under your HECM Loan even if interest rates and the index increase between the Establishment Date and the Loan Closing Date—as long as your Loan Closing Date occurs within 120 calendar days from the Case Number Assignment date. If the last day of your 120-day period falls on a Saturday, Sunday or legal holiday, the 120-day period automatically will be extended until the close of business on the next succeeding business day.

For example, if you applied for a HECM Loan on May 15th and the Expected Interest Rate was established on the same date, and a Case Number were issued to the Lender on June 15th, the 120-day period would expire on October 13th. If your HECM Loan closed within that 120-day period (on or prior to October 13th), the principal limit of your HECM Loan would be calculated based on the lower of the Expected Rates on either the Establishment Date (May 15th) or the day you signed your final HECM Loan closing documents. If you did not sign your final HECM Loan documents within the 120-day period, but instead signed your final HECM Loan documents after October 13th, the principal limit of your HECM Loan would be calculated based on the Expected Rate on the Loan Closing Date without regard to the Expected Rate on the Establishment Date.

No Guaranties: Lender is not able to, and does not, guarantee that a HECM Loan will be made to you or that, if a HECM Loan is made to you, it will close within the 120-day period. Even if you cooperate fully with Lender, your HECM Loan still may not close within the 120-day period.

If for any reason your HECM Loan does not close within the 120-day period, the Expected Interest Rate disclosed and the estimate of the Principal Limit provided in this Expected Principal Limit Disclosure may not be used and it will be necessary for Lender to re-disclose the terms of your HECM loan. This could result in a lower (or higher) Principal Limit, Net Principal Limit and Line of Credit on your HECM Loan.

This Expected Principal Limit Disclosure is not a commitment by Lender to make or close a HECM Loan for you, at the Expected Interest Rate or in any Principal or Net Principal Limit or Line of Credit Amount. It simply describes the terms under which the Principal Limit of your HECM Loan will be set.

ACKNOWLEDGMENT

By signing below, I/we, Borrower(s), acknowledge receipt of this Expected Principal Limit Disclosure.

It is understood and agreed that if this HECM Loan transaction is not closed and consummated in accordance with the terms and conditions of this Expected Principal Limit Disclosure and the closing instructions on or before the final Loan Closing Date, this Expected Principal Limit Disclosure will be null and void and of no further effect.

- I/we hereby accept to participate in the Principal Limit Establishment option made available to all HECM applicants.
- I/we hereby decline to participate in the Principal Limit Establishment option made to all HECM applicants.

Signature(s):

_____ (Borrower)

_____ Date

EXPECTED PRINCIPAL LIMIT DISCLOSURE ISSUED BY:

_____ **Mark Reeve (Authorized Signature for Lender)**

_____ Date

What I Know!



- How the LTV is determined and my expected Principal Limit (loan amount)
- I now can quickly determine if I have a prospect for a reverse loan
- I have a viable prospect!
- I need to create urgency to complete counseling so we can then lock the PL!!



HECMWORLD.COM

Reverse mortgage news, commentary, and analysis for serious reverse mortgage professionals

FREE Weekly Content: No Paywall!

SUBSCRIBE

Weekly videos, podcasts, and blog articles



DON'T MISS OUT!

Subscribe To Our Newsletter

Be the first to get latest Reverse Industry updates and exclusive [HECMWorld.com](https://www.hecmworld.com) content straight to your email inbox.

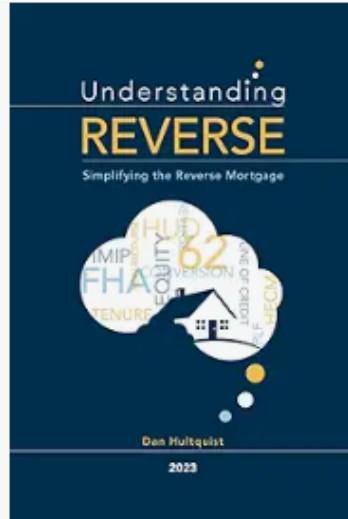
First Name*

Last Name

Email*

SUBSCRIBE

Suggested Resources



Understanding Reverse - 2023: Simplifying the Reverse Mortgage

by Dan Hultquist | Dec 3, 2022

★★★★☆ ~ 16

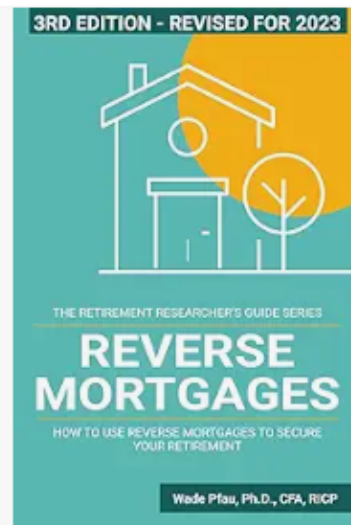
Paperback

\$15⁹⁵

FREE delivery on \$35 shipped by Amazon.

Kindle

\$9⁹⁹ Print List Price: \$15.95



Reverse Mortgages: How to use Reverse Mortgages to Secure Your Retirement (The Retirement Researcher Guide Series)

Part of: The Retirement Researcher Guide Series (4 books) | by Wade D. Pfau Ph.D. | Feb 24, 2022

★★★★☆ ~ 191

Paperback

\$19⁹⁵

FREE delivery on \$35 shipped by Amazon.

More Buying Choices

\$17.00 (17 used & new offers)

Kindle

\$9⁹⁹

*Plaza is not endorsing any third-party products or services.

Don't Miss Our Other Reverse Trainings!

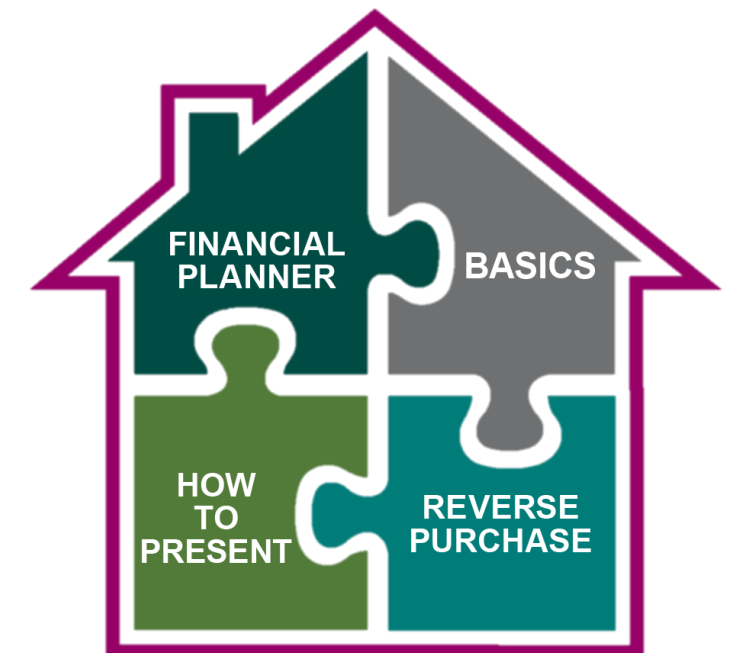


Plaza is pleased to offer additional on-demand Reverse training on topics including:

- How to Explain the Reverse Mortgage Pre-Qual Borrower Counseling Package
- Reverse Mortgage Basics
- Originating a Reverse Mortgage with Plaza: File Flow from Start to Finish
- Using Reverse to Purchase a Home
- Financial Planners Guide to Reverse Mortgages
- The Kitchen Table Approach: How to Present a Reverse Mortgage
- The Impact of a Rising Rate Environment on Reverse Mortgages and Their Loan Amounts
- What is the Reverse Mortgage LESA?

Upcoming Webinars: plazahomemortgage.com/calendar

Recorded Webinars: plazahomemortgage.com/training



Thank You for Attending!



Webinar recording, slide deck, and other resources will be emailed to you within the next 24 hours. Check your junk/spam folder if you do not receive the email.

Please let us know your thoughts on the survey form when you exit the webinar. We value your feedback!

If you have any questions or comments, please feel free to contact your Plaza Account Executive or mark.reeve@plazahomemortgage.com.