

QUICK REFERENCE



Product Support

FirstREX educates and supports the client. Introduce the client to the Basic Facts then refer them to us.

- **SUPPORT FOR CLIENTS > 800-588-7600 Local Client Consultant**
- **SUPPORT FOR YOU > 800-365-3901 Business Support Group**

Marketing Tools

- **Portal.1rex.com** - Your one-stop shop for everything REX HomeBuyer related.
- Custom Co-branded Collateral
- Property Pre-Qualification Tool
- Marketing Presentation
- And much more

How We Help

- **Reduce loan amount and monthly payment.** A smaller loan can help buyers income qualify.
- **Supplement cash for down payment.** Buyers that have the income to qualify but need additional cash to put down.
- **Reserve cash.** Buyers that have the income to qualify and sufficient cash to put down but prefer not to invest all of their own cash in a home purchase.
- **Lower LTV.** High LTV homeowners trapped in high interest rate loans can lower their LTV and refinance.

Intro Script *(A concise introduction of REX HomeBuyer to a client.)*

“REX HomeBuyer can help you buy a home by **increasing your down payment cash**. The cash from FirstREX is an **equity investment**, not a loan. **You don't pay interest and you make no monthly payments to FirstREX**. Instead, FirstREX will earn a return on investment based on the future value of your home, typically when you sell, at a time of your choosing. If your home increases in value, FirstREX will earn a profit. If your home decreases in value, FirstREX will typically incur a loss.

For more information **call a Local Client Consultant at 800-588-7600**. They can explain in more detail and show you what REX HomeBuyer can do in your specific situation.”

Basic Facts

- **REX HomeBuyer not a loan.**
It is an equity investment in the home.
- **There are no interest charges or monthly payments** on the money we provide. Does not increase DTI ratio.
- **As an equity investor, we don't receive any cash back until the homeowner decides to sell their home.** Our return on investment comes from sharing a portion of the change in value of the home, up or down. Typically, we earn a profit on our investment if the home value rises, and incur a loss if the home value falls.
- **FirstREX doesn't share in all of the home equity, only the change in value.** Our payment when the home is sold equals our original investment +/- our share of the change in value. Equity created by paying down the first mortgage and from home improvements belongs entirely to the homeowner.
- **We do not become a co-owner in the home.** We are just an investor.
- **Not intended as short term funding.** If the client sells the home within the first 3 years, special terms apply which may result in increased costs to the client.
- **Common Deal Structures:**
 - 80/10/10 with the future change in value of the home shared 60/40. Our payment when the home is sold equals our original investment +/- our 40% share of the change in value.
 - 75/12.5/12.5 with the future change in value of the home shared 50/50. Our payment when the home is sold equals our original investment plus or minus our 50% share of the change in value.
- **Minimum combined down payment is 20%** (between FirstREX and the client) because the maximum loan amount is 80%.
- **The buyer must typically provide at least 50% of the down payment**, and can choose to provide more.
- **FirstREX will provide up to 50% of the down payment**, but typically not more than 50% and not more than 12.5% of the home value.
- **The client makes the monthly payments to the mortgage lender**, and pays the property taxes and insurance, just as they would if they bought the home without REX HomeBuyer.

- **Maximum term of 30 years.** REX HomeBuyer is intended to remain in place until the client decides to sell their home, subject to the maximum term of 30 years.
- **The homeowner may buy FirstREX out of the Agreement IN LIEU OF A SALE** at any time after the 3rd year. An independent appraisal determines the home value and thereby the change in home value. The client pays us the amount of our original investment plus any profit we would have made if they sold their home at the appraised value. The minimum payment to us in a buyout is the amount of our original investment.
- **For home purchases with non-agency loans,** if the REX HomeBuyer Agreement is still in place after the 15th year, FirstREX's share of any gain in value will increase annually beginning in year 16. If FirstREX contributes 10% of the purchase price, the yearly increase is 1%. If FirstREX contributes 12.5%, the yearly increase is 1.25%. This annual increase does not apply when the home is purchased with an agency loan.
- **Mortgage loan must be obtained from a participating lender.** If the client satisfies the lender's credit requirements for the first mortgage (requiring no exceptions to their guidelines), they are likely to satisfy FirstREX's credit requirements.
- **The property must be typical for the area.** Owner-occupied single family detached, condos, townhouses, and planned unit developments are preferred. Some second homes may qualify. No rental properties.
- **Gift Funds approved by exception only.** Discuss with your FirstREX sales director BEFORE providing a pre-approval letter. Minimum FirstREX requirements:
 - Buyer MUST put down at least 5% of their own money (not by borrowing from a retirement account). FirstREX may require more than 5%.
 - Buyer MUST have very strong, documented income including income growth potential.
 - Very good credit with FICO \geq 720.
 - Gift MUST be from parents or grandparents.
 - The file MUST meet all other guidelines (no exceptions)
- **Foreclosures and bankruptcies are subject to specific guidelines.** These require FirstREX pre-approval. Please refer to your Lender-specific Overlays for a complete list and contact your FirstREX Sales Director for pre-approval of exceptions.
- **Additional cash requirements:** Client will need to:
 - Meet cash reserve requirements of the mortgage lender.
 - Pay transaction costs at closing including lender's fees and a FirstREX transaction fee equal to 2% of the funding we provide in conjunction with a non-agency loan or 3% of the funding we provide in conjunction with an agency loan.
- **A second lien position** recorded security instrument secures our equity investment.

Transaction and Processing

- The REX HomeBuyer process has been designed by industry experts to work seamlessly with current customary loan origination and residential real estate sales processes.
- FirstREX uses the lender's underwriting package making the process easier and simpler for the buyer.
- **FirstREX will pre-qualify the property early in the process.** Most homes pre-qualify in less than an hour. The property should always be pre-qualified by FirstREX before the buyer's agent submits an offer.
- The buyer must complete FirstREX's application and education process. The client applies directly to FirstREX and FirstREX always administers client education, never the loan officer or real estate agent.
- REX HomeBuyer Agreement fees will be disclosed directly to the buyer by FirstREX and may also be disclosed by the lender according to TRID requirements.
- FirstREX needs to see all of the property disclosures and inspection reports that the buyer receives (in addition to the appraisal). FirstREX obtains these disclosures and reports directly from the buyer or buyer's agent.
- FirstREX's Closing Package is prepared and delivered to the escrow company for the buyer to sign.
- FirstREX's closing process is very similar to the lender's process and closes simultaneously.
- FirstREX does not require title insurance.

Important Notice: This Quick Reference is provided to REX HomeBuyer Preferred Mortgage Professionals and Preferred Real Estate Professionals only. It is prepared and intended as a summary reference tool only, and neither it nor the materials it contains are intended for redistribution to clients. FirstREX has prepared and approved other general introductory materials, specifically identified as client collateral material, which it can provide to you for distribution to your clients. When you encounter a situation where you think REX HomeBuyer can help your client, you should provide them with the basic introductory information approved by FirstREX and refer them to a REX HomeBuyer Product Specialist. As a REX HomeBuyer Preferred Mortgage Professional or Preferred Real Estate Professional, you agree to use the information contained herein only as intended by FirstREX. REX HomeBuyer Agreements are provided exclusively by FirstREX Agreement Corp., a wholly-owned subsidiary of Real Estate Equity Exchange, Inc., CalBRE#01524819, WA UBI #603-369-488, OR Registry #945688-97, MD DLLR #6027, VA DPOR #0226-025731, DC REC #C098374562 NJ Cert. of Authority #0400758488. Certain restrictions apply.

Loan programs and parameters for mortgage loans combined with REX HomeBuyer must be approved by the lender providing those loans, and by FirstREX, and these may change from time to time. It is the responsibility of the Preferred Mortgage Professional to verify that the loan program he/she is discussing with a client is one that has been approved for use with REX HomeBuyer.

Available loan programs and funding limits will determine how much of a down payment is required. The specific percentage of the future change in value that your client will share with FirstREX depends on the size of the required down payment, how that down payment is shared by your client and FirstREX, program guidelines, and deal-specific characteristics.

Not all properties qualify for REX HomeBuyer down payment funding. You should speak with FirstREX regarding a specific property in order to determine if it qualifies. The amount of REX HomeBuyer down payment funding available varies based on the characteristics of each individual deal. You should always check with FirstREX to see how much funding is available when putting together a deal for a client.