

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 > 800-870-7200 Product Specialist Group**
Provides education, processes applications, provides various reports.
- **SUPPORT FOR YOU > 800-365-3901 Business Support Group**
Answers your questions, provides custom collateral, listing flyers and yard signs, supports co-marketing initiatives.

Marketing Tools

- Custom Collateral
- Custom Listing Flyer and Yard Signs
- Marketing Presentation
- Equity Share Estimator (calc.rexhomebuyer.com)
- Print Ads and Social Media Support
- Client Reports
 - Buying Power Estimate
 - Qualifying Income Estimate
 - Payment Reduction Estimate
 - Down Payment Reduction Estimate
 - Sample Outcomes Estimate

How We Help

- **Supplement cash for down payment.** Buyers that have income to qualify but need additional cash to put down.
- **Prefer not to use all of their own cash.** Buyers that have income and credit to qualify and sufficient cash to put down but prefer not to invest it all in a home purchase.
- **Reduce loan amount.** Buyers can reduce amount borrowed, which can help them qualify on income.
- **Lower LTV.** Homeowners locked into 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 REX HomeBuyer Product Specialist at 800-870-7200**. They can create a custom report which will show what REX HomeBuyer can do in your specific situation.”

Basic Facts

- REX HomeBuyer **is an equity investment**. It is not a loan.
- **There are no interest charges or monthly payments.**
Instead, we share in part of the potential appreciation of the home. When the client decides to sell, if the home value has increased, we will make money. If the home value has decreased, we will typically lose money.
- **Minimum combined down payment is 20%** (between FirstREX and the client) because the maximum loan amount is 80%. We can provide up to 50% of the down payment, but never more than 50%.
- **The buyer must provide at least 50% of the down payment**, and can choose to provide more.
- The maximum down payment available from FirstREX is typically 12.5% of the home value.
- **FirstREX doesn't share in the entire 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 belongs entirely to the homeowner.
- **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.
- **We do not become a co-owner in the home.** We are just an investor.

- **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.
- **Not intended as short term funding.** If the client sells the home within the first 3 years, an additional cost applies typically equal to 10% of the amount of our investment.
- **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 client can also buy FirstREX out after three years.** When this occurs, an independent third-party appraisal determines the current 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.
- **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.
- **Gift Funds approved by exception only.** Discuss with your FirstREX sales director BEFORE providing a pre-approval letter.
- **Minimum FirstREX requirements for Gift Funds:**
 - Buyer MUST put down at least 5% of their own money (retirement account funds may be acceptable).
 - Minimum 720 middle FICO score on primary wage earner.
 - Gift MUST be from parents or grandparents.
 - No history of short sale, deed-in-lieu or foreclosure.
 - The file must otherwise be clean.
- **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.
- **The property must be typical for the area.** Single family detached, owner-occupied is preferred, but some condos, townhouses and second homes can qualify. No rental properties.
- **Additional cash requirements:** Client will also need to:
 - Satisfy any 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.
- **A second lien position** recorded security instrument secures our equity investment.

Transaction and Processing

- The buyer must complete an application and FirstREX's comprehensive education process.
- **Introduce the client to FirstREX as early as possible** in the transaction. The buyer should complete the FirstREX application as soon as they are interested in the product.
- **Involve FirstREX early in the transaction** to avoid the potential issues that can arise.
- **FirstREX will disclose the REX HomeBuyer Agreement fees directly to the buyer.** The lender will disclose their fees separately.
- **FirstREX will pre-qualify the property early in the transaction.** Final approval of the property is dependent on multiple factors and is usually given after FirstREX has received the lender's appraisal, purchase contract, and disclosures and inspection reports.
- As an equity investor, FirstREX needs to know the condition of the property at the time of origination in detail. FirstREX relies on the disclosures and inspection reports that the buyer receives in addition to the appraisal to help this understanding.
- FirstREX's approval is made in the Offer Package.
- Once the buyer has accepted the Offer, the FirstREX 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 closing process. The escrow officer will return the executed Closing Package to FirstREX along with any closing conditions and will keep the documents that need to be recorded.
- 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., California BRE#01524819. 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 and how that down payment is shared by your client and FirstREX.

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.