



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING –  
FEDERAL HOUSING COMMISSIONER

**Date: April 14, 2020**

**Mortgagee Letter 2020-12**

**To:** All FHA-Approved Mortgagees  
All Direct Endorsement Underwriters  
All FHA Roster Appraisers  
All FHA-Approved 203(k) Consultants  
All HUD-Approved Housing Counselors  
All HUD-Approved Nonprofit Organizations  
All Governmental Entity Participants  
All Real Estate Brokers  
All Closing Agents

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**Subject** Updated Guidance for Home Equity Conversion Mortgage (HECM) Claim Type 22 (CT-22) Assignment Claims during the COVID-19 National Emergency

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**Purpose** The purpose of this Mortgagee Letter (ML) is to inform mortgagees of alternative documentation options and delayed documentation delivery deadlines for HECM mortgagees affected by the Presidentially-Declared COVID-19 National Emergency.

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**Effective Date** This ML is effective immediately upon issuance.

Policy updates in this ML are temporary and are in effect for CT-22 Assignment Claim requests submitted on or before October 30, 2020.

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**Public Feedback** HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at [answers@hud.gov](mailto:answers@hud.gov). HUD will consider the feedback in determining the need for future updates.

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**Affected Programs** This guidance applies to the Home Equity Conversion Mortgage (HECM) program.

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## Mortgagee Letter 2020-12, Continued

- Affected Topics** This ML modifies:
- ML 2017-05, *Home Equity Conversion Mortgage (HECM) Claim Type 22 (CT-22) Assignment Requests*
  - ML 2018-08, *Updated Guidance on Home Equity Conversion Mortgage (HECM) Claim Type 22 (CT-22) Assignment Requests*
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**Background** The Presidentially-Declared COVID-19 National Emergency and associated closures to promote public health have caused difficulties for mortgagees in gathering necessary documentation to obtain FHA claim payment and in delivering required documents to the Secretary on the standard schedule. Because timely claim payment is critical in ensuring that HECM borrowers receive their loan proceeds in accordance with program requirements and guidelines, HUD is issuing this guidance to provide HECM mortgagees with additional flexibilities during the COVID-19 National Emergency. All existing requirements remain in effect except for policies announced in this ML offering temporary alternative forms of acceptable documentation and available extensions for delivering physical documents to the Secretary.

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- Summary of Changes** This ML announces the following changes:
- alternative documentation for specific CT-22 Assignment Claim requirements;
  - extension of time to deliver original Notes and Mortgages to the Secretary; and
  - extension of time to deliver recorded assignments of Mortgage to the Secretary for HECMs with case numbers assigned before September 19, 2017.
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- Alternative Documentation for Claim Type 22 Assignment Claim Requests** Some documentation required for payment of a CT-22 Assignment Claim is currently difficult or impossible to obtain given COVID-19 related closures around the country. Therefore, HUD will accept the following alternative documentation, in addition to existing policy, as evidence of eligibility for an assignment claim payment on the following specific items:
- to document that taxes are current, a report from a tax monitoring service indicating that property taxes are not delinquent;
  - to evidence that Homeowners' Association (HOA) /Condominium fees are current, a statement from a Mortgagee that HOA or Condominium dues are not delinquent; and
  - in lieu of the annual occupancy certification signed by the Borrower, an emailed or verbal certification from a Borrower of the Borrower's occupancy of the Property as their Principal Residence.

## Mortgagee Letter 2020-12, Continued

Nothing in this ML modifies eligibility for claim payment at the time of submission of the assignment claim through claim payment. All other assignment claim documentation requirements remain in effect. If at any point, HUD identifies that any assignment criteria were not met at the time of claim payment, the Mortgagee must resolve the issue(s) or repurchase the HECM as described below.

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### **Delayed Delivery of Original Notes, Mortgages and Assignments to the Secretary**

Mortgagees may have an extension of time to deliver the original Note and Mortgage to the Secretary due to issues relating to the COVID-19 National Emergency. To receive claim payment after receiving approval to assign from HUD and filing the assignment for recordation but prior to the Secretary receiving the original Note and Mortgage, Mortgagees must:

- upload a copy of the Note endorsed to the Secretary, with endorsement information visible, into the Home Equity Reverse Mortgage Information Technology (HERMIT) system;
- complete the timeline step in HERMIT “Original Note and Mortgage Sent to HUD”; and
- enter step note “Documents Delayed COVID-19” into the HERMIT timeline.

Mortgagees may utilize this extension of time to deliver the original Note and Mortgage to the Secretary as soon as possible, but no later than 12 months from the date of claim payment.

For HECMs with an FHA case number assigned before September 19, 2017, mortgagees may also utilize an extension of time to deliver recorded assignments of Mortgage to the Secretary as soon as possible but no later than 12 months from the date of claim payment.

Mortgagees are reminded that if the original Note and Mortgage or the recorded assignments are not provided within the time frame, the Mortgagee must repurchase the HECM from the Secretary within 30 days of the notice from HUD of the defect. Failure to comply may result in referral to the Mortgagee Review Board (MRB).

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### **Required Repurchase if HECM Did Not Meet All Criteria at Time of Assignment Claim Payment**

Nothing in this ML modifies the criteria for claim payment. All existing documentation requirements remain in effect, with the addition of the above referenced alternative documentation.

Mortgagees are reminded that if it is determined that a HECM for which a CT-22 Assignment Claim has been paid did not, at the time of assignment request and continually until claim payment, meet all assignment claim

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criteria, the Mortgagee must repurchase the HECM from the Secretary within 30 days of notice from HUD of the defect.

HUD may, in its sole discretion, allow the Mortgagee one 30-day period to cure the defect requiring repurchase. If the Mortgagee refuses or is unable to cure the defect, the Mortgagee must complete the repurchase of the assigned Mortgage from HUD no later than 60 days from the date of the initial notice of defect. Failure to complete a timely repurchase may result in referral to the MRB.

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### **Paperwork Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Numbers 2502-0059, 2502-0524, 2502-0611, and 2502-0189. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

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### **Questions**

Any questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALL-FHA. Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339. For additional information on this Mortgagee Letter, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

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### **Signature**

Brian D. Montgomery  
Assistant Secretary for Housing –  
Federal Housing Commissioner