



UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-0001

TEMPORARY PARTIAL WAIVER OF 24 CFR §§ 291.609(a) and 291.615(a)

Pursuant to § 7(q) of the Department of Housing and Urban Development Act (codified at 42 U.S.C. § 3535(q)) and the waiver authority contained in 24 CFR § 5.110, I hereby temporarily waive parts of 24 CFR §§ 291.609(a) and 291.615(a), relating to certain publication and post-sale provisions, for two upcoming HECM HUD-Held Vacant Loan Sales (HVLS) as provided in more detail below.

BACKGROUND

On December 11, 2024, HUD published a final rule codifying the Federal Housing Administration (FHA)’s Single Family Loan Sale Program in 24 CFR Part 291. The rule formalized one way HUD implements its broad statutory authority to dispose of loans acquired under FHA’s single family mortgage insurance programs, including Home Equity Conversion Mortgage (HECM) loans, and introduced new requirements for both sale structure and post-sale performance standards.

The regulation was designed around the structure and policy priorities of sales conducted prior to its publication. That structure combines the flexibility to prescribe terms and conditions as appropriate for each loan sale with some preset requirements. As relevant here, § 291.609(a) provides that HUD “will publish” sale-specific transactional documents on HUD’s website and § 291.615(a) provides that HUD “will include” certain post-sale requirements. The pertinent language from each regulation is as follows:

24 CFR § 291.609(a)

... For each Single Family Sale, HUD will publish the PSA Addendum, Desk Guide, ISA Addendum, CAA Addendum, and Sale Notices on HUD's public website.

24 CFR § 291.615(a)

... Post-sale requirements will include a requirement that any Single Family Loan that converts to real estate owned property via foreclosure or deed-in-lieu of foreclosure be offered for sale through a first look program, providing an

exclusive listing period for owner occupant, nonprofit organization, governmental entities, and other prospective buyers as permitted by HUD. Post-sale requirements will also include requirements that Purchasers offer borrowers loss mitigation options that are as or more generous than the FHA loss mitigation options, a prohibition on reselling real estate owned property through a contract for deed or similar financing mechanism, a requirement that the Purchaser obtain prior approval from HUD before entering into a lease-purchase agreement with a prospective purchaser, and a prohibition on releasing liens on particular categories of properties, including vacant properties.

In July and September 2025, HUD plans to carry out sales of HUD-held HECM loans that are secured by vacant properties. Applying those regulatory requirements may adversely affect these sales. A recent HUD review of a “first look” requirement for some single-family insurance claims found that the results achieved were not commensurate with increased costs in the form of compliance expenses and lower bid prices. Regarding the publication provision, the essential features of the upcoming loan sales will be published, as always, by notice in the Federal Register. However, administrative processes for publishing the transactional documents in the context of protocols such as confidential bidding are not yet in place. For these reasons, HUD is temporarily waiving application of the provisions to the upcoming vacant HVLS.

FINDINGS AND DETERMINATIONS

Pursuant to § 7(q) of the Department of Housing and Urban Development Act (codified at 42 U.S.C. § 3535(q)) and the waiver authority contained in 24 CFR § 5.110, I hereby make the following findings and determinations; and find good cause to waive application of the portions of 24 CFR §§ 291.615(a) and 291.609(a) described below to the upcoming HECM Vacant Loan Sales planned for July and September 2025.

Findings: Post-Sale Requirements

1. FHA’s statutory obligation includes ensuring the soundness of the Mutual Mortgage Insurance Fund (Fund), which enables HUD to provide access to mortgage credit. And an essential purpose of HUD’s single family loan sales is replenish the Fund through recoveries. In this context, maximizing proceeds is a public interest imperative.
2. Feedback received from prior and potential purchasers of HECM assets has indicated that the regulatory requirements imposed under § 291.615, such as the first-look resale program and duplicative or burdensome servicing restrictions, create operational and compliance costs that directly depress bid prices.
3. The requirements under § 291.615(a) were primarily designed with traditional forward mortgage assets in mind. HECM assets, by contrast, differ in key ways: they are reverse mortgage loans that are highly specialized and sensitive to investor pricing assumptions; they often have different occupancy and title characteristics;

and they involve distinct foreclosure timelines and liquidation paths. As such, a one-size-fits-all regulatory framework does not serve the policy objectives equally across loan types. Indeed, applying the same post-sale restrictions to HECM purchasers as to forward-loan purchasers may not yield proportionate benefits and may in fact create barriers to effective participation by qualified bidders. Additionally, the properties subject to mortgages in the upcoming sales are vacant and lacking a surviving borrower.

4. Given the nature of these assets, additional post-sale obligations can suppress investor interest and result in materially lower bids while adding little or no borrower protection benefit.
5. HUD recently analyzed data about HUD's use of a "first look" and determined that the data showed, at best, mixed results in terms of increasing sales to owner-occupants, nonprofits, or government entities. Further, HUD found that low sales during exclusive listing periods leads to continued deterioration of the Properties, as well as additional holding costs, which leads to lower sales prices, greater losses to HUD, and an increase in time before Properties are returned to the market.
6. Temporarily waiving the post-sale requirements in § 291.615(a) for the upcoming two HECM vacant loan sales will allow the Office of Asset Sales to conduct those sales in a manner more closely aligned with investor expectations and commercial best practices. This will ensure higher recoveries to the Fund to be funneled back into new mortgage credit to first-time and underserved homebuyers without material loss in benefits originally intended to flow from the restrictions, and while also protecting taxpayer resources. At the same time, a temporary partial waiver will allow FHA to gather sale performance data and stakeholder feedback that can inform future program refinements.

Findings: Publishing transactional documentation

7. The essential features of the upcoming HECM asset sales will, as always, be published by notice in the Federal Register. That notice is called the "Sales Notice" in 24 CFR § 291.609(a), which will thus be published notwithstanding this waiver, thereby providing public knowledge of the essential terms and features of these asset sales.
8. Historically, HUD has restricted access to these legal documents to qualified bidders who have successfully completed a prequalification process, thereby protecting the integrity of the transaction and minimizing legal and reputational risk to the Department.
9. Immediate implementation of this provision for publishing specific transactional documentation—without sufficient administrative infrastructure to manage broad

public access—may result in premature disclosure of sensitive information, increased litigation risk, and bidder confusion.

10. By contrast, the transactional documents in these HECM sales are technical and complex, and the absence of these documents on HUD's website has not, to date, disadvantaged public understanding of the sale objectives or process.
11. Waiving publication of the technical documentation for these sales will permit these sales to proceed without material impact on public information and awareness.

Determinations

1. Pursuant to the authority in 24 CFR § 5.110, the above findings constitute good cause for waiving the application of parts of 24 CFR §§ 291.615(a) and 291.609(a) to the HECM vacant loan sales planned for July and September 2025.
2. This temporary waiver shall apply to the two upcoming HECM vacant loan sales, which are currently planned to occur in July and September 2025.

WAIVER:

A regulatory waiver is hereby issued waiving the application of parts of 24 CFR §§ 291.615(a) and 291.609(a) to the two upcoming HECM vacant loan sales, which are currently planned to occur in July and September 2025.







Issued June , 2025
Washington, DC

Signed by:

Frank Cassidy

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Frank Cassidy
Principal Deputy Assistant Secretary for Housing

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Determinations

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WAIVER:

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Issued June , 2025
Washington, DC

Frank Cassidy
Principal Deputy Assistant Secretary for Housing

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