

FHA INFO #19-48
September 23, 2019



**TO: All FHA-Approved Mortgagees Originating and Servicing
Home Equity Conversion Mortgages;
All FHA-Approved Mortgagees;
All Other Interested Stakeholders in FHA Transactions**

NEWS AND UPDATES

The Federal Housing Administration today published multiple policy updates to its Home Equity Conversion Mortgage (HECM) program. Today's updates include the HECM Mortgagee Optional Election (MOE) Assignment Options for non-borrowing spouses and the continuation of the HECM collateral risk assignment requirements. See below for details.

FHA Issues Updated Guidance on Home Equity Conversion Mortgage (HECM) Mortgagee Optional Election Assignment Options

Today, under the Reverse Mortgage Stabilization Act (RMSA) authority, the Federal Housing Administration (FHA) issued [Mortgagee Letter \(ML\) 2019-15](#), *Updates to Mortgagee Optional Election (MOE) Assignment for Home Equity Conversion Mortgages (HECMs) with FHA case numbers assigned prior to August 4, 2014*. This ML — in addition to providing updated guidance — eliminates all interim deadlines for MOE Assignments that were outlined in [ML 2015-15](#) for HECM case numbers issued prior to August 4, 2014.

Since implementation of the MOE Assignment process outlined in ML 2015-15, FHA has found that several of its requirements obstructed mortgagees' election of the assignment option. To address these issues, and to improve the fiscal safety and soundness of the HECM program, FHA is modifying the requirements for HECM MOE Assignment claims by:

- Eliminating the interim MOE Assignment election and assessment deadlines, along with associated notification requirements;
- Eliminating the 120-day timeframe for bringing current all property charges on a HECM loan that is subject to a pre-existing loss mitigation repayment plan;
- Establishing a 180-day reasonable diligence timeframe to initiate an MOE Assignment;
- Eliminating the requirement for an eligible surviving non-borrowing spouse to obtain good and marketable title to the property that secured the HECM or demonstrate the legal right to reside in the property for life, and modification of related certifications and assignment criteria;
- Updating the definition of eligible non-borrowing spouse; and
- Requiring mortgagees to request information from borrowers to attempt to identify non-borrowing spouses.

This set of changes is designed to facilitate a more streamlined HECM MOE process for mortgagees, which in turn will allow them to more effectively assist eligible HECM non-borrowing spouses avoid foreclosure.

Today's modifications, which are effective immediately, are applicable to all HECM loans with FHA case numbers assigned prior to August 4, 2014, that comprise a valid first lien security interest in real property under applicable state law at the time of the MOE Assignment.

Non-Borrowing Spouse Marketing Materials

FHA has developed new informational materials and new web pages to help mortgagees, housing counselors, and consumers better understand the components and considerations involved with a HECM where there is a non-borrowing spouse. These materials are posted on the new [Home Equity Conversion Mortgage \(HECM\) Information Regarding Surviving Non-Borrowing Spouses](https://www.hud.gov/program_offices/housing/sfh/hecm/hecmhome) webpage on hud.gov.

Quick Links

- View current and archived Mortgagee Letters at: https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee
- View the Home Equity Conversion Mortgage for Seniors webpage at: https://www.hud.gov/program_offices/housing/sfh/hecm/hecmhome
- View the Home Equity Conversion Mortgage (HECM) *Information Regarding Surviving Non-Borrowing Spouses* webpage at: https://www.hud.gov/program_offices/housing/sfh/hecm/surviving_non_borrowing_spouse

FHA Announces the Continuation of Home Equity Conversion Mortgage Collateral Risk Assessment Requirements

In [FHA INFO #18-41](#), dated September 28, 2018, FHA announced the issuance of [Mortgagee Letter \(ML\) 2018-06](#), that outlined changes to the appraisal requirements for its Home Equity Conversion Mortgage (HECM) program. FHA made these changes to enhance the credibility of the appraised values for properties secured by a HECM to protect both the borrower and the Mutual Mortgage Insurance Fund (MMIF). As part of its September 28, 2018 announcement, FHA indicated that it would periodically review the impact of the new appraisal requirements throughout fiscal year 2019 to determine whether they should be extended beyond September 30, 2019.

As a result of periodic reviews, FHA has determined that the collateral risk assessment requirements announced in ML 2018-06 are having the desired effect in mitigating collateral risk valuations and will remain in effect.

Today, FHA published [ML 2019-16](#), *Home Equity Conversion Mortgage (HECM) Program – Continuation of HECM Collateral Risk Assessment Requirements*, that eliminates the termination date in ML 2018-06; these requirements will remain in effect after September 30, 2019.

Quick Links

- View the FHA INFO Announcement Archives at: https://www.hud.gov/program_offices/housing/sfh/FHA_info_messages
 - View current and archived Mortgagee Letters at: https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee
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Resources

Contact the FHA Resource Center:

- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at: www.hud.gov/answers.
- E-mail the FHA Resource Center at: answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

FHA INFO Archives:	Visit the FHA INFO Archives to access FHA INFO messages issued from 2012 to the present.														
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