



FHA INFO 2023-25

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FHA Seeks Feedback on Draft Mortgagee Letter Proposing Earlier Claim Submissions for Home Equity Conversion Mortgage Assignment Claims

Proposal will allow for additional expedience in processing and disbursing eligible HECM assignment claim funds to mortgage servicers.

Today, the Federal Housing Administration (FHA) posted a draft Mortgagee Letter (ML) proposing changes to the Home Equity Conversion Mortgage (HECM) program and documentation requirements for the HECM Assignment Claim Type 22 submission criteria. The proposal would allow servicers to begin submitting required claim documentation for review by FHA when the mortgage reaches 97 percent of the Maximum Claim Amount (MCA), versus 97.5 percent of MCA allowed today. FHA is proposing this change to expedite the payment of claim funds when the mortgage reaches 98 percent of the MCA, to mortgage servicers in light of current market liquidity considerations.

Specifically, the draft ML, *Modifications to the Home Equity Conversion Mortgage (HECM) Assignment Claim Type 22 (CT-22) Submission Criteria* proposes modifying the HECM CT-22 submission criteria as follows:

- Lowering the threshold for submitting assignment claims for preliminary review from 97.5 percent to 97 percent of the MCA. This will support the timely payment of assignment claims and provide additional flexibility for mortgagees in managing their HECM portfolios.
- Establishing that the deadline for the mortgagee's delivery of original notes and mortgages to FHA will be no later than 90 days after the assignment claim payment date. This will eliminate delays for servicers in filing assignment claims, and is intended to reduce the overall timeframe from initial submission through claim payment. Copies of the original loan documents will still be required as part of the documentation submitted with the assignment claim application.
- Aligning the deadline for delivering recorded assignments of mortgage for all HECMS. The current policy provides two different dates depending on the date of FHA case number assignment. The new deadline creates uniformity by increasing the timeline to 12 months for HECMs with FHA case numbers assigned before September 19, 2017.

The HECM Assignment Claim Type 22 is an option that allows a HECM servicer to assign a mortgage that is in good standing to FHA in exchange for payment of the loan balance, up to

the maximum claim amount. For a HECM loan to be eligible for assignment to HUD, both the lender and the borrower must be in compliance with all program terms. Once a HECM loan is assigned to HUD, HUD becomes the administrator of the loan and will continue with the servicing duties for the remainder of the HECM loan term.

Interested stakeholders are encouraged to thoroughly review the draft ML and provide feedback through April 11, 2023. Instructions for viewing and providing feedback are available on the [FHA Single Family Housing Drafting Table](#). FHA will carefully consider all feedback received before publishing a final ML with requirements.

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- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
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- 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.

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