



FHA INFO 2023-41

May 25, 2023

FHA Seeks Feedback on Draft Mortgagee Letter Related to HECM Borrower Payments

Today, the Federal Housing Administration (FHA) posted a draft Mortgagee Letter (Draft ML), *Modifications to FHA Home Equity Conversion Mortgage (HECM) Requirements Related to Secretary Payment of Borrower Disbursements Due to Mortgagee Default* on the [FHA Single Family Housing Drafting Table](#) for public feedback. This draft ML proposes changes to the processes FHA employs for instances of anticipated or actual default of a mortgagee's disbursement obligations to a HECM borrower. The proposed policies are designed to improve FHA's ability to make prompt payments in the event of mortgagee default, ensuring that HECM borrowers receive scheduled or requested funds in a timely fashion.

With this draft ML, FHA proposes to expand the instances when FHA can investigate anticipated or actual mortgagee default on the obligation to make borrower disbursements. This ML also proposes that mortgagees be required to provide FHA with borrower payment information when FHA determines a mortgagee default on its payment obligations is likely in order to minimize delays in borrower receipt of eligible payments under their HECM loan.

Interested stakeholders are encouraged to thoroughly review the draft ML and provide feedback through June 12, 2023. Instructions for viewing and providing feedback are available on the [Drafting Table](#). FHA will carefully consider all feedback received.

As a reminder, this Draft ML is not an official departmental policy and may not be used in connection with any FHA-insured mortgages until finalized. FHA's existing policies remain in effect until amended.

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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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