



FHA INFO 2023-69

August 23, 2023

Reminder Guidance for FHA-Approved Mortgages Regarding Home Equity Conversion Mortgage Borrower and Mortgage Insurance Payments

Today, the Federal Housing Administration (FHA) issued a set of Frequently Asked Questions that address [Mortgagee Letter 2023-15](#), *Modifications to FHA Home Equity Conversion Mortgage (HECM) Requirements Related to Secretary Payment of Borrower Disbursements Due to Mortgagee Default*, and regarding late payment of mortgage insurance premiums (MIP) for HECMs.

Questions regarding Home Equity Conversion Mortgage (HECM) Monthly Mortgage Premiums (MIP)

Monthly MIP is due to FHA on the first business day of the month. MIP is remitted through the Home Equity Reverse Mortgage Information Technology ([HERMIT](#)) system. Late payment of MIP incurs a penalty and interest on late payments.

Q1: When can monthly MIP be added to a HECM balance?

A1: Monthly MIP can only be added to the HECM balance when the monthly MIP is paid to FHA. The payment of funds to the servicer, who will forward the funds to FHA, does not constitute payment to FHA.

Q2: Is monthly MIP added to a HECM balance on the first day of the month if the funds are remitted to FHA late?

A2: No. A mortgagee may only add the monthly MIP to the loan balance when MIP is paid to FHA. The payment of funds to the servicer, who will forward the funds to FHA, does not constitute payment to FHA.

Q3: Will I be charged any penalties or interest if MIP is remitted late on a HECM?

A3: Yes. Any monthly MIP remitted to the FHA Commissioner more than five days after the due date incurs a penalty of four percent of the amount owed and accrues interest at a rate set in conformity with the [Treasury Financial Manual](#). Any late charge and interest owed may not be added to the outstanding loan balance and must be paid by the mortgagee.

Q4: Can a mortgagee file a HECM claim for insurance benefits while MIPs are outstanding?

A4: No. FHA claims for insurance benefits may only be paid if all MIP payments are current and any outstanding penalties have been paid.

Questions Regarding Home Equity Conversion Mortgage (HECM) Borrower Payments

FHA will ensure that payments owed to HECM borrowers are made when a mortgagee is unable or unwilling to make these payments. Mortgagees that are unable to make borrower payments should contact FHA as soon as possible to reduce delays in borrowers' receipt of payments.

Q1. What should a mortgagee do if they cannot make payments to HECM borrowers?

A1: If a mortgagee cannot make borrower payments, they should immediately notify FHA by emailing answers@hud.gov. FHA will ensure that any borrower payments that are not made by the mortgagee are paid to the borrower. FHA's payment of any amounts due to the borrower does not alleviate the mortgagee's default for failure to make the payments when due. FHA will require the mortgagee to take steps to cure its default, consistent with [ML 2023-15](#) and [24 CFR 206.121](#).

Q2: How does a mortgagee provide borrower payment information to FHA when the mortgagee is unable or unwilling to make payments owed to the borrower under a HECM and needs FHA to make these payments to the borrower?

A2: When FHA must make HECM borrower payments due to a mortgagee being unable or unwilling to make those payments, the mortgagee must, within one business day of the date the borrower payment should have been made, provide the following information to FHA in the [HERMIT](#) system:

- FHA case number;
- payment plan type;
- disbursement type (scheduled or unscheduled);
- payment amount;
- payment method – check or Automated Clearing House (ACH) transfer;
- bank routing number and account number for ACH transfers;
- account type (checking or savings); and
- mailing address.

A mortgagee must provide the above referenced information to the [HERMIT system](#) via the HERMIT Secure File Transfer Protocol (SFTP) Server in an Excel spreadsheet or Comma Separated Values (.csv) file.

Mortgagees must also send an email to: servicingsupport@hermitsp.com and answers@hud.gov notifying FHA that a file has been uploaded. Mortgagees **must not** send the file directly through email.

In the event this process needs to be initiated and a mortgagee does not know how to access the HERMIT SFTP site, please contact servicingsupport@hermitsp.com for instructions.

Q3: If FHA makes HECM borrower payments because a mortgagee was unable or unwilling to make the payments, how does the mortgagee repay FHA for these payments?

A3: FHA will require the mortgagee to take steps to cure its default, consistent with [ML 2023-15](#) and [24 CFR 206.121](#), which may include issuance of a Demand Letter to the mortgagee. The mortgagee should contact FHA to establish a repayment receivable. Once a receivable is established, the mortgagee will remit the repayment to FHA through [www.pay.gov](#). This repayment must include all amounts paid by FHA and interest in accordance with the [Treasury Financial Manual](#).

Q4: If FHA makes HECM borrower payments because a mortgagee was unable or unwilling to make the payments, will interest be added to the amount that the mortgagee must repay to FHA?

A4: Yes. FHA will require the mortgagee to repay all the amounts advanced, plus interest, in accordance with the [Treasury Financial Manual](#).

Q5. What happens if a mortgagee fails to repay FHA or assign the HECM within 30 days of a Demand Letter?

A5: If a mortgagee fails to repay FHA or assign the HECM within 30 days of a Demand Letter, FHA's contract of mortgage insurance will terminate.

A mortgagee may also face administrative actions by the Mortgagee Review Board -- including possible termination of FHA mortgagee approval -- for any material violation of FHA program requirements.

Need Support? Contact the FHA Resource Center.

- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at [www.hud.gov/answers](#).
- E-mail 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.

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