



FHA INFO 2023-82

October 24, 2023

FHA Publishes Federal Register Notice Outlining Changes to the Home Equity Conversion Mortgage for Purchase Program

Today, the Federal Housing Administration (FHA) published a Federal Register (FR) Notice, *Home Equity Conversion Mortgage (HECM) for Purchase - Acceptable Monetary Investment Funding Sources and Interested Party Contributions* [[Docket No. FR-6382-N-01](#)], for public comment. This FR Notice serves to inform the public of FHA's changes to the HECM for Purchase program by expanding the list of acceptable funding sources, including premium pricing, and permitting additional interested party contributions to satisfy a HECM borrower's monetary investment requirement.

This FR Notice creates closer alignment between HECM for Purchase and forward mortgages with regard to interested party contributions. This permits HECM for Purchase borrowers to now accept up to six percent of the sales price from an interested party, such as a seller, builder, developer, real estate agent, mortgagee, third-party originator, or other parties with an interest in the transaction. FHA describes an "interested party contribution" as a payment by an interested party or combination of parties toward the borrower's origination fees, and other closing costs, including any items paid outside of closing, prepaid items, and discount points. Under this FR Notice, interested party contributions of up to six percent of the sales price may be used to satisfy the borrower's monetary investment.

This is the first time FHA will permit the use of premium pricing in the HECM program. Under this FR Notice, HECM for Purchase borrowers may be able to take advantage of premium pricing and receive a credit from the mortgagee, or third party originator, to reduce their actual closing costs in exchange for a certain initial mortgage interest rate. Federal disclosures currently require the amount of the credit and the interest rate be disclosed to the borrower through the Good Faith Estimate, Loan Comparison Chart, and other closing documents. FHA will review files to make sure all federal requirements are met with respect to the use of premium pricing.

Interested stakeholders are encouraged to review the FR Notice in its entirety and submit their comments using the methods outlined therein through November 24, 2023. FHA will carefully consider public comments received through this solicitation.

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.

About FHA INFO

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