



FHA INFO #21-27

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Amendments to HECM Non-Borrowing Spouse Requirements

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2021-11](#), *Amendments to HUD's Non-Borrowing Spouse Policy for all Home Equity Conversion Mortgage (HECM) Loans*. This ML implements additional protections for eligible non-borrowing spouses (NBS) on all HECMs.

Specifically, ML 2021-11:

- Expands criteria that will begin a deferral period for HECMs with case numbers assigned on or after August 4, 2014;
- Expands assignment criteria for Mortgagee Optional Election (MOE) Assignments for HECMs with case numbers assigned before August 4, 2014;
- Eliminates the requirement for an eligible NBS to establish marketable title or other legal rights to remain in the property following the death of the HECM borrower; and
- Expands NBS protections to include a borrower residing in a healthcare facility for more than 12 consecutive months.

These program changes should improve the efficiency and long-term viability of the program by aligning all HECMs — regardless of case number assignment date — under the same HECM MOE Assignment policies as previously announced in [ML 2019-15](#). These changes also streamline processes and reduce administrative costs for both mortgagees and HUD by eliminating a disparity in servicing policies based, in part, on FHA case number assignment dates.

The program changes also have a positive impact on HECM borrowers since now all HECM NBS can take advantage of the expanded deferral period and MOE Assignment, which provides non-borrowing spouses with increased options to remain in their homes without having to repay the HECM loan or face foreclosure.

Mortgagees have the option of immediately following the new requirements announced in [ML 2021-11](#); however, mortgagees must begin to comply with the new requirements in this ML no later than 120 days from its publication date.

Quick Links

- Mortgagee Letters:
https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee

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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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