



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION

SINGLE FAMILY HOUSING



FHA's Updated Guidance for Home Equity Conversion Mortgages (HECMs) during the COVID-19 National Emergency

April 22, 2020



OFFICE OF SINGLE FAMILY HOUSING



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Background and Summary of Changes



Background

HUD is working to provide Mortgagees and Borrowers with additional options due to the COVID-19 National Emergency, clarify requirements around these options, and fully implement the **Coronavirus Aid, Relief, and Economic Security Act (CARES Act)**. The options in ML 2020-06 and 2020-12 are part of this broader effort.

Anticipated financial impacts of COVID-19 for Borrowers include:

- Wage reductions;
- Job losses or interruptions;
- Inability to work for various reasons such as a lack of telework options or childcare; and
- Contracting COVID-19 directly or caring for a family member that contracts the virus.

To alleviate concerns and burdens, as well as relieve additional stress and uncertainty on borrowers and mortgagees impacted by the COVID-19 National Emergency, the U.S. federal government is putting forward special policies and programs.

Background (cont.)

- The Presidentially-Declared COVID-19 National Emergency and associated closures to promote public health have caused difficulties for Mortgagees in gathering necessary documentation to obtain FHA claim payment and in delivering required documents to the Secretary on the standard schedule.
- Because timely claim payment is critical in ensuring that HECM borrowers receive their loan proceeds in accordance with program requirements and guidelines, HUD is issuing this guidance to provide HECM Mortgagees with additional flexibilities during the COVID-19 National Emergency.
- All existing requirements remain in effect except for policies announced in ML 2020-12 offering temporary alternative forms of acceptable documentation and available extensions for delivering physical documents to the Secretary.



Summary of Changes

Key Changes:

- Extension Period for Home Equity Conversion Mortgages Affected by the COVID-19 National Emergency
- Alternative documentation for specific CT-22 Assignment Claim requirements
- Extension of time to deliver original Notes and Mortgages to the Secretary; and
- Extension of time to deliver recorded assignments of Mortgage to the Secretary for HECMs with case numbers assigned before September 19, 2017.

Effective Dates

Effective Immediately:

- The Extension Period issued in Mortgagee Letter 2020-06 for Home Equity Conversion Mortgages Affected by the COVID-19 National Emergency is effective immediately.
- Policy updates issued in Mortgagee Letter 2020-12 are temporary and are in effect for CT-22 Assignment requests submitted on or before October 30, 2020.

Extension Period for HECM Borrowers Affected by the COVID-19 National Emergency



Extension Period for Home Equity Conversion Mortgages

Pursuant to the COVID-19 National Emergency, upon request of the Borrower, the Mortgagee must delay submitting a request to call a loan due and payable.

- The initial extension period may be up to 6 months.
- If needed, an additional period of up to 6 months may be approved by HUD.
- The term of either the initial or the extended extension period may be shortened at the Borrower's request.
- The Mortgagee must waive all late charges, fees, and penalties, if any, as long as the Borrower is in an extension period.

Extension Period for Home Equity Conversion Mortgages (cont.)

- For loans that have become automatically due and payable, entered a deferral period, or became due and payable with HUD approval, the Mortgagee may take an automatic extension for any deadline relating to foreclosure and claim submission for a period of up to 6 months.
 - If needed, an additional period of up to 6 months may be approved by HUD.



FAQs

Can the reasonable diligence deadline for filing a HECM Mortgagee Optional Election Assignment be extended for HECM Borrowers impacted by the COVID-19 National Emergency?

Yes. For any HECM that has entered into a deferral period, a Mortgagee may take an automatic extension for any foreclosure and claim submission for a period of up to six months.



FAQs (cont.)

Must Mortgagees delay requesting due and payable approval for HECMs when the Borrower is no longer occupying the property, if the Borrower so requests, for HECM Borrowers impacted by the COVID-19 National Emergency?

Yes. Mortgagees must delay submitting a request to call the HECM due and payable upon request of the Borrower impacted by the COVID-19 National Emergency.

FAQs (cont.)

Must servicers give HECM Borrowers a forbearance, upon the request of a Borrower, during the COVID-19 National Emergency if the loan has already been called due and payable with HUD approval?

Yes. HECM servicers must follow the provisions of the CARES Act requiring a forbearance upon request of the borrower for all federally insured mortgages. FHA has provided servicers with an extension to all foreclosure and claim deadlines for loans that have become due and payable with HUD approval during the COVID-19 National Emergency.

This extension would cover any required CARES Act forbearance time period and provides servicers with additional time to take certain actions to meet FHA guidelines.



FAQs (cont.)

What evidence does the Mortgagee need to retain to support the Borrower's request to delay submission of a Due and Payable request in accordance with ML 2020-06 for the COVID-19 National Emergency?

There are no documentation requirements for this extension, but FHA encourages Mortgagees to maintain complete servicing notes including information regarding the Borrowers' request.

Alternative Documentation for Claim Type 22 Assignment Claim Requests



Alternative Documentation for Claim Type 22 Assignment Claim Requests

HUD will accept the following alternative documentation in addition to existing policy, as evidence of eligibility for an assignment claim payment:

To document that taxes are current:

A Report from a tax monitoring service indicating that property taxes are not delinquent;

To evidence that HOA/Condominium fees are current:

Provide a statement from a Mortgagee that HOA or Condominium dues are not delinquent; and

In lieu of the Annual Occupancy Certification signed by the Borrower:

Provide an emailed or verbal certification from a Borrower of the Borrower's occupancy of the property as their Principal Residence.



Alternative Documentation for Claim Type 22 Assignment Claim Requests (cont.)

- Nothing in Mortgagee Letter 2020-12 modifies eligibility for claim payment at the time of submission of the assignment claim through claim payment.
- **All assignment claim requirements remain in effect. However, this Mortgagee Letter allows alternative documentation to be accepted.**
- If at any point, HUD identifies that all assignment criteria were not met at the time of claim payment, the Mortgagee must resolve the issue(s) or repurchase the loan as described in ML 2020-12.



Delayed Delivery of Original Notes, Mortgages, and Assignments to the Secretary



Delayed Delivery of Original Notes, Mortgages, and Assignments to the Secretary

- Mortgagees may have an extension of time to deliver the original Note and Mortgage to the Secretary due to issues relating to the COVID-19 National Emergency.
- To receive claim payment after receiving approval to assign from HUD and filing the assignment for recordation but prior to the Secretary receiving the original Note and Mortgage, Mortgagees must:
 - Upload a copy of the Note endorsed to the Secretary, with endorsement information visible, into the Home Equity Reverse Mortgage Information Technology (HERMIT) system;
 - Complete the timeline step in HERMIT “Original Note and Mortgage Sent to HUD”;
 - and
 - Enter step note “Documents Delayed COVID-19” into the HERMIT timeline.

Delayed Delivery of Original Notes, Mortgages and Assignments to the Secretary (cont.)

- Mortgagees may utilize this extension of time to deliver the original Note and Mortgage to the Secretary as soon as possible, but no later than 12 months from the date of claim payment.
- For HECMs with an FHA case numbers assigned before September 19, 2017, Mortgagees may also utilize an extension of time to deliver recorded assignments of Mortgage to the Secretary as soon as possible but no later than 12 months from the date of claim payment.
- If the original Note and Mortgage or the recorded assignments are not provided within the time frame, the Mortgagee must repurchase the HECM from the Secretary within 30 days of the notice from HUD of the defect.
 - **Failure to comply may result in referral to HUD's Mortgagee Review Board.**

Required Repurchase if HECM Did Not Meet All Criteria at Time of Assignment Claim Payment

- Nothing in Mortgagee Letter 2020-12 modifies the criteria for claim payment.
 - All existing documentation requirements remain in effect, with the addition of the referenced alternative documentation.
- Mortgagees are reminded that if it is determined that a HECM for which a CT-22 Assignment Claim has been paid did not, at the time of assignment request and continually until claim payment, meet all assignment claim criteria, the Mortgagee must repurchase the HECM from the Secretary within 30 days of notice from HUD of the defect.

Required Repurchase if HECM Did Not Meet All Criteria at Time of Assignment Claim Payment (cont.)

- HUD may, in its sole discretion, allow the Mortgagee one 30-day period to cure the defect requiring repurchase.
 - If the Mortgagee refuses or is unable to cure the defect, the Mortgagee must complete the repurchase of the assigned Mortgage from HUD no later than 60 days from the date of the initial notice of defect.
 - **Failure to complete a timely repurchase may result in referral to HUD's Mortgage Review Board.**

Resources



Online Loss Mitigation Resources

- [HUD COVID-19 Resources and Fact Sheets](#)
- [COVID-19 Questions and Answers \(Q&A\)](#)
- [Consumer COVID-19 Q&A](#)
- [HUD Approved Counseling Agencies](#)
- [FHA Info Announcements Archives](#)
- [HUD's Client Information Policy Systems \(HUDCLIPS\)](#)
- [HERMIT System & Resources](#)



FHA Resource Center

Option	Point of Contact	Hours Available	Comments
<p>1</p> <p>FHA Knowledge Base – FAQs</p>	<p>www.hud.gov/answers</p>	<p>24/7/365</p>	<p>Knowledge Base web page includes option to email questions.</p>
<p>2</p> <p>Email</p>	<p>answers@hud.gov</p>	<p>24/7/365</p>	
<p>3</p> <p>Telephone</p>	<p>1-800-CALL-FHA (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.</p>	<p>8:00 AM to 8:00 PM Eastern M-F</p>	<p>Voicemail is available after hours or during extended wait periods.</p>

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