



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

November 19, 2010

Mortgagee Letter 2010-39

**To: ALL APPROVED MORTGAGEES
ALL HECM COUNSELING ROSTER AGENCIES**

**Subject Home Equity Conversion Mortgage (HECM) – HUD-1 Settlement
Statement Closing Certification**

Purpose This Mortgagee Letter introduces a revised HUD-1, Settlement Statement (HUD-1), closing certification. The certification language has been changed to:

1. include new statutory authority to impose penalties for false certifications or fraudulent activities;
2. include new certification language for sellers of a HECM for Purchase transaction; and
3. replace the language found in paragraph 6-9(g) of HUD Handbook 4235.1, REV-1, which is required for HECM traditional and refinance transactions.

Effective Date The new certification language must be used for all HECM case numbers assigned on or after December 1, 2010.

Purpose of Certification On the day of loan closing, the HECM mortgagor must certify the source of cash, or its equivalent, used for the monetary investment or closing costs was not provided by the seller, or any other person or entity that financially benefits from the transaction. Likewise, the seller must certify the HECM mortgagor will not be paid or reimbursed for any part of the monetary investment or closing costs before, during, or after loan closing.

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Issuance of Certification

Consistent with existing policy, mortgagees must provide a copy of the HUD-1 to the prospective HECM mortgagor and seller one business day before loan closing. On the day of closing, the HECM mortgagor, seller and settlement agent must execute the applicable certifications.

Mortgagee Responsibility

Mortgagees are responsible for the accuracy of the HUD-1. Errors reported by the seller or prospective HECM mortgagor must be resolved prior to the date of loan closing.

The certification must be printed at the bottom of the HUD-1 or attached to the HUD-1 as an addendum for all HECM transactions. Mortgagees may not change or alter the certification language; exact wording must be used. A Notice of Rejection will be issued when the certification is missing from the FHA case binder.

The new certification language replaces language found in paragraph 6-9(g) of HUD Handbook 4235.1, REV-1.

Questions

If you have questions regarding this Mortgagee Letter, please call the FHA's Resource Center at 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-2HUD (1-877-833-2483).

Signature

David H. Stevens
Assistant Secretary for Housing-Federal Housing Commissioner

[Attachment](#)

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