



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: November 10, 2014
To: All Approved Mortgagees
Mortgagee Letter 2014-22

Subject Home Equity Conversion Mortgage (HECM) Financial Assessment and Property Charge Requirements

Purpose This Mortgagee Letter and the HECM Financial Assessment and Property Charge Guide attached to, and incorporated within, this Mortgagee Letter supersede in its entirety Mortgagee Letter 2013-28 and the HECM Financial Assessment and Property Charge Guide attached to that mortgagee letter.

In addition, HUD is providing in this Mortgagee Letter a revised list of the documents required for insurance endorsement.

Background On November 10, 2014, HUD published Mortgagee Letter 2014-21, which established revised financial assessment and property charge set-aside requirements for all HECM mortgagors based on a review of the public comments received in response to a notice published in the Federal Register entitled *Changes to the Home Equity Conversion Mortgage Program Requirements: Financial Assessments – Solicitation of Comment*, Docket No. FR-5735-N-01. This Mortgagee Letter provides revised requirements, and a revised HECM Financial Assessment and Property Charge Guide.

Effective Date The financial assessment requirements of this Mortgagee Letter are effective for all case numbers issued on or after March 2, 2015.

The HECM Required Documents for Endorsement List (Endorsement List, Attachment 1) is effective immediately except as noted on Attachment 1.

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**Affected
Mortgagee
Letters and
Handbooks**

The requirements set forth in this Mortgagee Letter supersede ML 2013-28 in its entirety, and supplement and, where they conflict, replace HUD Handbook 4235.1 REV-1, 4330.1 REV-5 and Mortgagee Letters 2010-22, 2006-25, and 2004-25.

**Submission of
Case Binder
Documents**

Mortgagees must use the HECM Required Documents for Endorsement List (Endorsement List, Attachment 1) to compile the necessary documents required to submit the FHA case binder for FHA insurance endorsement.

Mortgagees must submit complete case binders. Failure to submit a complete case binder will delay endorsement. Further, case binders submitted with inaccurate information are not eligible for FHA insurance until missing or corrected documents are submitted.

**Financial
Assessment of
Mortgagors**

Mortgagees must perform the financial assessment of each prospective HECM mortgagor in accordance with the requirements of Mortgagee Letter 2014-21, this Mortgagee Letter, and the attached, and incorporated, *HECM Financial Assessment and Property Charge Guide*.

The revised *HECM Financial Assessment and Property Charge Guide* is provided as Attachment 2.

**FHA
Connection
Insurance
Application
Updates**

To initiate the insurance endorsement process, mortgagees must complete the Insurance Application screen in FHA Connection (FHAC). The Insurance Application screen is being updated to collect additional information from the financial assessment.

FHAC Changes and Processing Instructions for Lenders on these new requirements will be announced in an FHA Single Family News e-mail, and will also be available through FHA Connection.

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Information Collection

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0524, 2502-0429, and 2505-0059. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Questions

Please address any questions about the topics addressed in this Mortgagee letter to the FHA Call Center at 1-800-CALLFHA. Persons with hearing or speech impairments may reach this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483). For additional information on this Mortgagee Letter please visit www.hud.gov/answers

Signature

Biniam Gebre
Acting Assistant Secretary for Housing-
Federal Housing Commissioner

[Attachment 1](#) - HECM Endorsement List

[Attachment 2](#) - Revised HECM Financial Assessment and Property Charge Guide