

**FHA INFO #15-21**

**March 27, 2015**

FHA Single Family Housing



NEWS

## NEWS AND UPDATES

### **TO: All FHA-Approved Mortgagees Originating and Processing Home Equity Conversion Mortgages (HECMs)**

#### **In this Announcement:**

- Home Equity Conversion Mortgage (HECM) Program — Life Expectancy Set-Aside Growth Rate and Clarification to Section 3.98 of HECM Financial Assessment and Property Charge Guide
- Revised HECM Financial Assessment Worksheet

See below for details.

### **Home Equity Conversion Mortgage (HECM) Program — Life Expectancy Set-Aside Growth Rate and Clarification to Financial Assessment and Property Charge Guide**

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter 2015-09](#), *Home Equity Conversion Mortgage (HECM) Program — Life Expectancy Set-Aside Growth Rate and Clarification to Section 3.98 of HECM Financial Assessment and Property Charge Guide*.

This Mortgagee Letter establishes a monthly growth rate for Life Expectancy Set-Aside (LESA) as well as clarifies a discrepancy between the HECM Financial Assessment and Property Charge Guide and the model HECM Financial Assessment Worksheet that was transmitted with [Mortgagee Letter 2014-22](#), dated November 10, 2014. The requirements defined in today's Mortgagee Letter are effective for all HECM case numbers assigned **on or after April 27, 2015**.

#### **HECM Life Expectancy Set-Aside and Guide Clarifications**

The Life Expectancy Set-Aside Growth Rate information introduced in today's Mortgagee Letter establishes the mortgage interest rate (Note Rate) plus Mortgage Interest Premium as the monthly growth rate for the LESA. It clarifies and replaces the existing guidance in Section 3.98 of the HECM Financial Assessment and Property Charge Guide that requires mortgagees to calculate property **taxes**—rather than property **charges**—as a percentage of gross income and then enter this figure on the HECM Financial Assessment Worksheet.

#### **Revised HECM Financial Assessment Worksheet**

The model [HECM Financial Assessment Worksheet](#), which is referenced earlier in this email, has been updated to enhance content and use of the form. As a reminder, mortgagees may use the revised HECM Financial Assessment Worksheet or develop their own worksheet, provided all required information is captured on it.

Also note that the model HECM Financial Assessment Worksheet that was part of the Guide attachment to Mortgagee Letter 2014-22 is no longer applicable; it is superseded by today's revised HECM Financial Assessment Worksheet. Mortgagees can download a copy of the revised Worksheet from the Single Family Housing Model Documents page at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/model\\_documents](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/model_documents).

### Quick Links

- View current and past Mortgagee Letters, including today's Mortgagee Letter 15-09 at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/letters/mortgagee](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee)
- View the HECM Financial Assessment and Property Charge Guide at: <http://portal.hud.gov/hudportal/documents/huddoc?id=14-22ml-atc2.pdf>
- View all Single Family Mortgages Model Documents, including today's revised HECM Financial Assessment Worksheet at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/model\\_documents](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/model_documents)

### *Resources*

Contact the FHA Resource Center:

- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at [www.hud.gov/answers](http://www.hud.gov/answers).
- E-mail the FHA Resource Center at [answers@hud.gov](mailto: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 Information Relay Service at 1-800-877-8339.

## RESOURCE INFORMATION

<b>FHA INFO Archives:</b>	Visit the <a href="#">FHA INFO Archives</a> to access FHA INFO messages issued from 2012 to the present.														
<b>Subscribe/Unsubscribe Instructions:</b>	To subscribe to the Single Family FHA INFO mailing list you can use this link: <a href="#">FHA INFO</a> or send a request by email to: <a href="mailto:answers@hud.gov">answers@hud.gov</a> Bulk subscriptions: To sign up your entire office or a large group, send the list of email addresses (in the format below) to: <a href="mailto:answers@hud.gov">answers@hud.gov</a> <a href="mailto:aaa@xyz.com">aaa@xyz.com</a> <a href="mailto:bbb@xyz.com">bbb@xyz.com</a> <a href="mailto:ccc@xyz.com">ccc@xyz.com</a> <a href="#">To Unsubscribe</a> follow the unsubscribe instructions on that page.														
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