



TO: All FHA-Approved Mortgagees Originating Home Equity Conversion Mortgages; All Other Stakeholders in FHA Transactions

NEWS AND UPDATES

Ensuring the Viability of the HECM Program: Policy Changes Issued Today

To ensure the continued viability of the Home Equity Conversion Mortgage (HECM) program, the Federal Housing Administration (FHA) is making changes that are necessary to enable it to continue to endorse HECM loans in Fiscal Year 2018. The changes protect the program for seniors and balance serving FHA's mission with taxpayer protection.

[Mortgagee Letter 2017-12](#), *Home Equity Conversion Mortgage (HECM) Program: Mortgage Insurance Premium Rate and Principal Limit Factors*, published today, announces revisions to both the HECM initial and annual Mortgage Insurance Premium (MIP) rates, and the HECM Principal Limit Factors (PLFs). The revisions described below are necessary to help stabilize the HECM program, improve its financial health, and ensure that it remains a resource for senior borrowers.

- **Initial and Annual MIP Rates:** The *initial* MIP rate is changed to two percent (2.00%) of the Maximum Claim Amount (MCA) and the *annual* MIP rate is changed to one-half of one percent (0.50%) of the outstanding mortgage balance.
- **PLF Table:** Revisions have been made to the PLF table to reduce the potential for future defaults when economic drivers—such as house price appreciation or interest rates—change. Updated PLF tables have been posted and may be uploaded or copied from HUD's website directly into any reverse mortgage technology system used to support the HECM program.

The MIP rates and PLF revisions are effective for all HECMs with FHA case numbers assigned on or after October 2, 2017.

System Changes

To accommodate the implementation of the policy revisions contained in Mortgagee Letter 2017-12, operational and functional changes will be made to FHA systems, including FHA Connection and the HECM calculator software. FHA will communicate more details about the specific systems changes, and their implementation date, in the upcoming weeks.

Quick Links

- View Mortgagee Letter 2017-12, *Home Equity Conversion Mortgage Program: Mortgage Insurance Premium Rate and Principal Limit Factors* on HUD.gov at: <https://portal.hud.gov/hudportal/documents/huddoc?id=17-12ml.pdf>
- Access the revised PLF table on the HECM for Lenders page on HUD.gov at: https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm

- Review HUD's media fact sheet at:
<http://portal.hud.gov/hudportal/documents/huddoc?id=HECMReformFactSheet.pdf>

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.
- E-mail the FHA Resource Center at: 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 Relay Service at 1-800-877-8339.

RESOURCE INFORMATION

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