

Distribution Date: September 3, 2013

**Two New Mortgagee Letters, 13-27 and 13-28 / Industry Conference Call / FHA Systems / Training Opportunities**

**FHA Mortgagee Letters 13-27 and 13-28**

**Published:** September 3, 2013

**Subject: Changes to the Home Equity Conversion Mortgage (HECM) Program**

As part of an ongoing effort to strengthen the Mutual Mortgage Insurance Fund and preserve the financial soundness of the HECM program, the Federal Housing Administration (FHA) announces new HECM program policies. Today, two Mortgagee Letters were published; a Mortgagee Letter announcing changes to the HECM program and a Mortgagee Letter announcing the HECM Financial Assessment and Property Charge Guide as described below.

**Mortgagee Letter 13-27, Changes to the Home Equity Conversion Mortgage Program Requirements**

The policies in this Mortgagee Letter include:

- Revised mortgage insurance premiums and principal limit factors;
- Restrictions on the amount of HECM funds that can be disbursed at closing and over the first twelve months following loan closing;
- Introduction of the new single distribution lump sum payment option;
- A required Financial Assessment for all HECM mortgagors focused on evaluating willingness and capacity to meet their financial obligations and the terms of the HECM;
- Required set aside of a portion of the loan proceeds or withhold of a portion of the Line of Credit or Term/Tenure payments for the payment of property taxes and insurance.

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**Mortgagee Letter 13-28, HECM Financial Assessment and Property Charge Guide**

This Mortgagee Letter and the HECM Financial Assessment and Property Charge Guide attached to this Mortgagee Letter provides parameters for the required financial assessment that mortgagees must complete prior to approval of an FHA-insured HECM as announced in Mortgagee Letter 2013-27.

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**Industry Conference Call**

FHA Single Family Housing will host an industry conference call (general question and answer session) where staff will be available to address questions related to the policy content and implementation of the changes to the HECM program.

**Conference Call Title:** Changes to the Home Equity Conversion Mortgage Program

**Date/Time:** Thursday, September 5, 3:30 pm Eastern.

**Teleconference Number:** (800) 260-0718 **Access Code:** 301803

Please begin dialing into the teleconference meeting 10 minutes early as we will begin promptly at 3:30 pm Eastern.

**Who should attend?** FHA-Approved Mortgagees in the reverse mortgage space

**Special Instructions:** There are a limited number of conference lines. Therefore, where multiple participants are co-located, you are encouraged to call from a single phone line, such as one located in a conference room. If we determine that a number of callers were unable to access the call because of limited lines, we will offer a second session.

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## FHA Systems

Be advised that the Origination Case Processing application in FHA Connection will shut down two hours earlier than usual on Saturday, September 28, 2013. The application will shut down at 6:00 pm Eastern to allow changes relative to the policies noted above be deployed into the production environment. You will not be able to request new case number assignments until the application is back online Monday, September 30, 2013 at 8:00 am Eastern.

Mortgagees are reminded that FHA reserves the right to review case number assignments and revoke any case number assigned that violates FHA regulations and guidance.

To see all FHA Mortgagee Letters visit: <http://bit.ly/HUDml>

## Training Opportunities

**Webinar Title:** Appraisals Requirement (B) - How to Review an FHA Appraisal

**Date/Time:** September 11, 2013 1:30 pm – 3:00 pm Eastern

**Event Location:** On-line Webinar – No Fee

**Registration link:** <http://www.visualwebcaster.com/event.asp?id=94787>

**Description:** HUD's Program Support Division is sponsoring a webinar on How to Review an FHA Appraisal using the FNMA 1004, and how to review appraisals on more difficult property types, e.g., manufactured homes, 2 – 4 Units, Condominiums, and New Construction. We will discuss the condominium approval process, common appraisal deficiencies, and how to spot potential fraud.

This webinar is designed for appraisers, underwriters, loan officers, processors, brokers, agents, any interested parties, and any individuals new to FHA.

**Special Instructions:** Go to the Registration link and complete the form, you will receive a confirmation email immediately from HUD. A copy of the presentation will be available on the day of the event. For additional information call Ms. Matthews at 202-402-3794 or email her at [tawanna.d.matthews@hud.gov](mailto:tawanna.d.matthews@hud.gov).