

FHA INFO #14-29
June 16, 2014

FHA SINGLE FAMILY HOUSING



NEWS

NEWS AND UPDATES

TO: All HECM-Approved Mortgagees and Servicers

Update

HECM Reasonable Diligence Timeframe Extensions

FHA is clarifying and replacing the guidance provided in FHA INFO #14-19 issued on April 21, 2014. Up to two 60-day extensions are permissible if deemed appropriate by the servicer based on the criteria listed below— one 60-day extension before the initiation of foreclosure and one 60-day extension during the prosecution of the foreclosure. These extensions are not contingent on the property being listed for sale. Further, a clarification regarding the notation requirements for the HERMIT system is provided below.

Under existing regulatory authority for forward and reverse mortgages, the Secretary has the discretion to grant additional time for mortgagees to comply with reasonable diligence timeframes. As part of its processes, FHA utilizes this discretion on a case-by-case basis. HUD has determined that the granting of requests for extensions from HECM mortgagees of up to sixty (60) days to meet foreclosure timeframes for HECM transactions was reasonable in the circumstances noted below.

Before Initiating Foreclosure:

A 60-day extension will be granted to mortgagees that request an extension to initiate foreclosure under the following criteria:

- The property securing the HECM is the primary residence of a surviving spouse who was married to the borrower at the time the mortgage was endorsed for insurance and was not listed as a borrower on the mortgage;
- The HECM has become due and payable solely because of the death of the HECM borrower; and
- The property securing the HECM has not been sold to a third party.

After Foreclosure Has Been Initiated:

A delay of no more than 60 days beyond the timeframes delineated in Mortgagee Letter 2013-38 is acceptable for cases meeting the above referenced criteria and where the mortgagee has already initiated foreclosure.

Additional Information

These extensions are not contingent on the property being listed for sale. Also, requesting the extension to initiate foreclosure does not preclude mortgagees from requesting an extension to the reasonable diligence timeframes to prosecute foreclosure.

To request either extension related to the aforementioned guidance, mortgagees must:

1. Prepare a detailed Extension Request on their company’s letterhead;
2. Obtain an authorized loan servicing manager’s signature on the Request; and
3. Upload the Request in the HERMIT system to the “Documents’ Tab,” then select the Document Type “Extension.” Include the following description in the Notes field: “Extension authorized under notice FHA INFO #14-29.”

HECM servicers, using their servicing systems, should track these types of Extension Requests in the event that FHA has a need to know the exact volume of such requests in the future.

Learn More

- Call the FHA Resource Center at 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.
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