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To: 'SF-HOUSING-COUNSELING-L@hudlist.hud.gov'

Subject: Clarification of HECM Protocol Provisions Addressing the "Non-recourse Feature", & Two New HUD Press Releases, & HUD Fair Housing Accessibility FIRST Program Training comes to Greenwood, MS

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Clarification of HECM Protocol Provisions Addressing the "Non-recourse Feature":

This is to clarify and correct the provision of HUD Handbook 7610.1 REV-5, Appendix 4, Section V, page 105, "Non-Recourse Feature" for Home Equity Conversion Mortgage (HECM) loans. The current language in Handbook 7610.1 REV5, page 105 "Non-Recourse Feature" incorrectly states that "if the heirs or the estate wish to keep the property, they are personally liable for the full balance of the loan." However, when a HECM loan becomes due and payable as a result of the mortgagor's death and the property is conveyed by will or operation of law to the mortgagor's estate or heirs (including a surviving spouse who is not obligated on the HECM note) that party (or parties if multiple heirs) may satisfy the HECM debt by paying the lesser of the mortgage balance or 95% of the current appraised value of the property.

HUD's regulations at 24 CFR 206.125(c) state, in part, that "[i]f the mortgage is due and payable at the time the contract for sale is executed, the borrower may sell the property for at least the lesser of the mortgage balance or five percent under the appraised value" (*i.e.*, 95% of the appraised value of the mortgaged property). HUD interprets the word "sale" to include any post death conveyance of the mortgage property (even by operation of law) to the borrower's estate or heirs (including a surviving spouse who is not obligated on the HECM note). A loan payoff that occurs simultaneously with or immediately following such a post-death conveyance will be regarded as a sale transaction for purposes of section 206.125(c).

Counselors are advised that they should be adhering to the provisions of 206.125(c) and all other applicable HUD requirements. This is also addressed in the Frequently Asked Questions (FAQ), question 10, dated April 23, 2013 and posted on HUD's website at the following address:

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm-svg_faqs.pdf HUD will issue a formal revision to the HECM protocol in the future to insure consistency with 24 CFR 206.125(c) in the future. If you have any question regarding this notification, please email housing.counseling@hud.gov

Read this information on-line on HUD's website at:

http://portal.hud.gov/hudportal/documents/huddoc?id=OHC_HECMNR061213.pdf

For more information on HUD's HECM Program, please visit:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/hecmhome

AND

Two New HUD Press Releases:

1. HUD SETTLES CLAIM ALLEGING BANK OF AMERICA AND FANNIE MAE DISCRIMINATED AGAINST LOAN APPLICANT WITH DISABILITIES: The U.S. Department of Housing and Urban Development (HUD) announced on 6/6/13 that it has reached a Conciliation Agreement with Bank of America and Fannie Mae, settling allegations that the Charlotte, NC-based lender and Fannie Mae violated the Fair Housing Act by denying a borrower's application to modify her mortgage loan because she did not provide sufficient information about the nature of her disability. The woman was applying for a loan modification through the Obama Administration's Home Affordable Modification Program (HAMP). Read the entire press release at: http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2013/HUDNo.13-087
2. HUD ANNOUNCES RESOLUTION OF REO ISSUES WITH WELLS FARGO: The U.S. Department of Housing and Urban Development announced on 6/6/13 that Wells Fargo Bank N.A., the National Fair Housing Alliance, 13 private fair housing organizations and Acting Assistant Secretary Bryan Greene have reached an agreement through which Wells Fargo will invest in efforts designed to help improve housing in minority neighborhoods that have been hard hit by the foreclosure crisis. As part of the agreement, Wells Fargo has committed to invest a total of \$39 million in 45 communities across the country through various programs to support homeownership, neighborhood stabilization, property rehabilitation and housing development. Read the entire press release at: http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2013/HUDNo.13-088

AND

HUD Fair Housing Accessibility FIRST Program Training comes to Greenwood, MS:

June 17, 2013 – Greenwood, MS. Fair Housing Accessibility FIRST 2013 program training. FIRST is designed to promote compliance with the Fair Housing Act design and construction requirements. FIRST training typically includes an overview of the accessibility requirements of the Fair Housing Act, the Act's scoping and coverage, a discussion of the seven technical requirements, as well as other resources to aid in compliance. Housing Counselors are encouraged to attend. This training is live, and free. Please see the FIRST training schedule for more info at: <http://www.fairhousingfirst.org/training/calendar.html>

Bulk subscriptions:

Some housing counselors have asked, "How do I sign up my entire agency staff for housing counseling listserv updates?" It is easy... Just list your staff email addresses like this:

aaa@xyz.com

bbb@xyz.com

ccc@xyz.com

You can send in one email address or your entire agency. Email your list to:

jerrold.h.mayer@hud.gov

If you have a housing counseling industry friend who you want to subscribe to this listserv, there are 3 other ways to sign up: 1. send them this link:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/ohc_listserv

they can sign up for the listserv there; or 2: forward them this email; or 3: Visit:

<http://www.usa.gov> and subscribe at:

<http://apps.gsa.gov/FirstGovCommonSubscriptionService.php> To unsubscribe - go to:

<http://portal.hud.gov/portal/page/portal/HUD/subscribe/maillinglist> and click on

"Housing Counseling" and follow the unsubscribe instructions on that page.

Some Helpful Links for Housing Counselors:

HUD Housing Counseling: www.hud.gov/housingcounseling

"The Bridge" is the HUD Office of Housing Counseling Newsletter; read archived issues on-line at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/ohc_bridge

Housing Counseling Listserv archive:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/ohc_msg

Events & Training Calendar:

http://portal.hud.gov/hudportal/HUD?mode=disppage&id=OHC_TRAINING

Contracting Opportunities:

http://portal.hud.gov/portal/page/portal/HUD/program_offices/cpo

Career Opportunities: <http://www.usajobs.gov>

Grant Opportunities:

http://portal.hud.gov/portal/page/portal/HUD/program_offices/administration/grants/fund_savail

Presidentially Declared Disaster Areas:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/disaster

Foreclosure Assistance:

http://portal.hud.gov/hudportal/HUD?src=/i_want_to/talk_to_a_housing_counselor

Making Home Affordable: <http://www.makinghomeaffordable.gov/pages/default.aspx>

Freddie Mac Housing Professionals Resource

Center: <http://www.freddiemac.com/corporate/housingpros/>

This list will often provide training opportunities and event announcements for non-profit and local government HUD Housing Counseling partners. HUD does not endorse the organizations sponsoring linked websites, and we do not endorse the views they express or the products/services they or their community/business partners offer. For more information on HUD's web policies please visit:

<http://www.hud.gov/assist/webpolicies.cfm>

Thank you!!!!