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Mortgagee Letter 2013-33 Home Equity Conversion Mortgage (HECM) Program's Mandatory Obligations, Life-Expectancy Set-Aside calculation, and Purchase Transactions

FHA Mortgagee Letter 2013-33

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On September 3, 2013, the Federal Housing Administration (FHA) published Mortgagee Letters (ML) 2013-27 and 2013-28, Changes to the HECM Program Requirements and HECM Financial Assessment and Property Charge Guide respectively, which provides HECM policy guidance on new initiatives that will strengthen the Mutual Mortgage Insurance Fund and preserve the financial soundness of the HECM program.

This new ML 2013-33 clarifies policy and makes technical corrections to ML 2013-27. The affected policies include:

- Mandatory Obligation definition;
- Mandatory Obligations for traditional and refinance transactions;
- Mandatory Obligations for purchase transactions;
- Disbursements included in the First 12-Month Disbursement Limit and Initial MIP Calculations;
- Principal Limit future year increase calculation;
- Life Expectancy (LE) Set-Aside calculation;
- Purchase transaction pipeline loans; and
- Repayments from Insurance and Condemnation Proceeds.

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