



NEWS AND UPDATES

TO: All FHA-Approved HECM Mortgagees and Servicers

Update

HECM New Principal Limit Factors Use and Other HECM Reminders

Today, the Federal Housing Administration (FHA) is issuing this reminder that Mortgagee Letter 2014-12, regarding Principal Limit Factors (PLFs) and Mortgagee Letter 2014-07, regarding Due and Payable policies for an eligible Non-Borrowing Spouse are effective for FHA Case Numbers assigned on or after August 4, 2014. Mortgagees must permit prospective mortgagors to elect to use the policies announced in these Mortgagee Letters if these mortgagors have not yet closed on their mortgage, have an assigned FHA Case Number, and have requested the change. This applies when:

- there is a Non-Borrowing Spouse;
- the prospective borrower will receive a higher Principal Limit amount based on the new PLFs;
- the FHA Case Number was assigned prior to the effective date of the PLF and Non-Borrowing Spouse policies announced in in the above referenced Mortgagee Letters; and
- the existing FHA Case Number is cancelled and a new Case Number is subsequently assigned on or after August 4, 2014.

Mortgagees must use the Case Number Cancellation process detailed below.

Cancelling an FHA Case Number

Effective immediately, mortgagees may begin submitting HECM Case Number Cancellation Requests to the FHA Resource Center at answers@hud.gov. The request must be attached to this e-mail on company letterhead, and the email must include the subject line, "New HECM Guidelines – ML 2014-07 & 2014-12". In addition, the Case Cancellation Request:

- Must show the name of the company and include contact information.
- May include a listing of multiple, existing HECM Case Numbers to be cancelled, only for purposes outlined in this communication and referenced Mortgagee Letters. Otherwise, usual protocols must be followed as described on the Case Processing Requirements webpage referenced below under Quick Links and Resources.
- For each Case Number listed, the mortgagee must indicate that there is an eligible Non-Borrowing Spouse or there is a financial benefit to using the new PLFs or a combination of both.

The jurisdictional FHA Homeownership Center will process Case Cancellation Requests in the order they are received. We encourage mortgagees to request cancellation of an existing Case Number as soon as possible to facilitate issuance of a new Case Number on or after August 4.

Ordering a New FHA Case Number

Once the case cancellation is processed (the FHA Connection Case Query screen shows the “Last Action: Cancelled”), the new FHA Case Number can be ordered on or after August 4, 2014. Mortgagees will be required to:

1. Enter into FHA Connection the HECM Counseling Certificate number from the previous Case Number. FHA Connection will not accept data from HECM Counseling Certificates that have expired.
2. Certify in the FHA Connection Appraisal Login screen that the previous Case Number was cancelled. All other appraisal processes and requirements from the previous Case Number are applicable to the new Case Number.

When submitting the FHA Case Binder, all loan documents, including the appraisal, must have the new FHA Case Number. Mortgagees may handwrite the new Case Number on the appropriate loan documents.

HECM Principal Limit Lock Transfers

At the time of a case cancellation, mortgagees may transfer the mortgagor’s Principal Limit lock from the existing HECM Case Number to the new HECM Case Number; however, the Principal Limit lock period and lock expiration date do not reset.

Systems Update Reminder

FHA systems will be updated August 2, 2014, to correspond with recent HECM policy changes for Non-Borrowing Spouses and the new PLFs, and will be ready for mortgagee use on August 4, 2014. When implemented, FHA Connection and Home Equity Reverse Mortgage Technology (HERMIT) system users will see new and revised HECM data functionality in these systems. Concurrently, FHA’s HECM Calculation Software will be updated.

Quick Links and Resources

- For additional information about submitting a Case Cancellation Request, visit http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/talk/sfh_case_processing.
- Review Mortgagee Letters 2014-07 and 2014-12 at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee.
- Review the new PLF Tables at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/hecmhomelenders.
- 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.
- Visit our online resource information at www.hud.gov/answers.

RESOURCE INFORMATION

FHA INFO Archives:	Visit the FHA INFO Archives to access FHA INFO messages issued from 2012 to the present.
Have FHA Questions?	For FHA technical support, please search the FHA Frequently Asked Questions site or contact the FHA Resource Center by email at: answers@hud.gov or by telephone toll free between 8:00 AM & 8:00 PM ET at: (800) CALLFHA or (800) 225-5342. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339.

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Resource Links:	<p>Archived Webinars Career Opportunities Contracting Opportunities Events & Training FHA Forms FHA Homeownership Centers FHA Mortgage Letters</p>	<p>Foreclosure Assistance Grant Opportunities HUD Home Property Listings HUD.gov Making Home Affordable Presidentially Declared Disaster Areas Visit our Homepage</p>



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