

From: Housing.Counseling  
Sent: Friday, February 20, 2009 2:38 PM  
To: 'SF-HOUSING-COUNSELING-L@hudlist.hud.gov'  
Subject: HUD HECM Refinancing

To All HUD Approved HECM Counseling Agencies:

With the recent increase in HECM loan limits, HUD has been made aware that some lenders have essentially been churning loans and refinancing HECMs. Lenders are calling existing HECM borrowers and offering them opportunities to refinance their existing HECM loans with the expectation that the homeowner will have access to more equity in their home. The result in some of these situations is that the homeowner is left with little or no increase in available funds after all loan costs are added in. In HECM counseling sessions involving refinancing of existing HECMs, please make sure you assess the client's financial situation and discuss the pros and cons of refinancing his/her HECM loan as they relate to the client's goals.

This message has gone out to the email addresses provided by all active HECM Counseling agencies in HUD's Housing Counseling Program. All Parent Agencies should make sure their sub-agencies have received this information.

Sincerely,

Director, Program Support Division  
Office of Single Family Housing  
Department of Housing and Urban Development