



FHA INFO 2023-99

November 30, 2023

Newly Finalized Servicing Updates for the Home Equity Conversion Mortgage Program

Today, the Federal Housing Administration (FHA) published [Mortgage Letter \(ML\) 2023-23, Updates to the Home Equity Conversion Mortgage Program](#). This ML updates and streamlines Home Equity Conversion Mortgage (HECM) servicing policy to enhance the program's financial stability and improve overall performance. These changes reinforce FHA's commitment to serving seniors choosing to age in place in their own homes through the HECM program.

The final policies in this ML take into consideration industry feedback received on the draft ML posted on the [Single Family Housing Drafting Table](#) for industry feedback and announced in [FHA INFO 2023-85](#) on November 1, 2023. The updates include, but are not limited to:

- Allowing mortgage servicers to contact borrowers by phone to verify occupancy for the program's required annual occupancy certification;
- Allowing outstanding homeowner's association dues to be included in the calculation of a repayment plan for borrowers who are behind on their HECM financial obligations;
- Expanding the ability of mortgage servicers to work with borrowers who are behind on their property taxes or hazard insurance by an amount up to \$5,000 without calling the mortgage due and payable;
- Allowing mortgage servicers to assign a HECM to the Department of Housing and Urban Development (HUD) after the servicer has funded a cure for a borrower's delinquent financial obligations, so long as the borrower has made all property charge payments for one year and all other assignment eligibility criteria are met;
- Aligning post-Due and Payable appraisal requirements for all HECMs;
- Modifying the maximum arrearage amount for mortgagees when electing to delay requesting approval to call a HECM Due and Payable;
- Expanding and updating the criteria for payment of Cash for Keys;
- Streamlining requirements for executing alternatives to foreclosure and updating existing incentive payments for successful completion of loss mitigation options; and

- Providing a new incentive payment to mortgage servicers for completing these alternatives.

FHA has updated its website to include a consolidated source for accessing the HECM statutory maximum claim amount by year to support the implementation of the payment of incentives permitted by the ML. View the [HECM Statutory Maximum Claim Amount by Year](#) web page to access these amounts.

These policy updates will be incorporated into a future version on the [Single Family Housing Policy Handbook 4000.1](#) (Handbook 4000.1).

The provisions of this ML apply to all FHA-insured HECMs and are effective based on the dates in the ML.

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- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
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- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

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