



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Behind the HECM: Our Partners at FHA Explain Their Roles

November 4, 2010



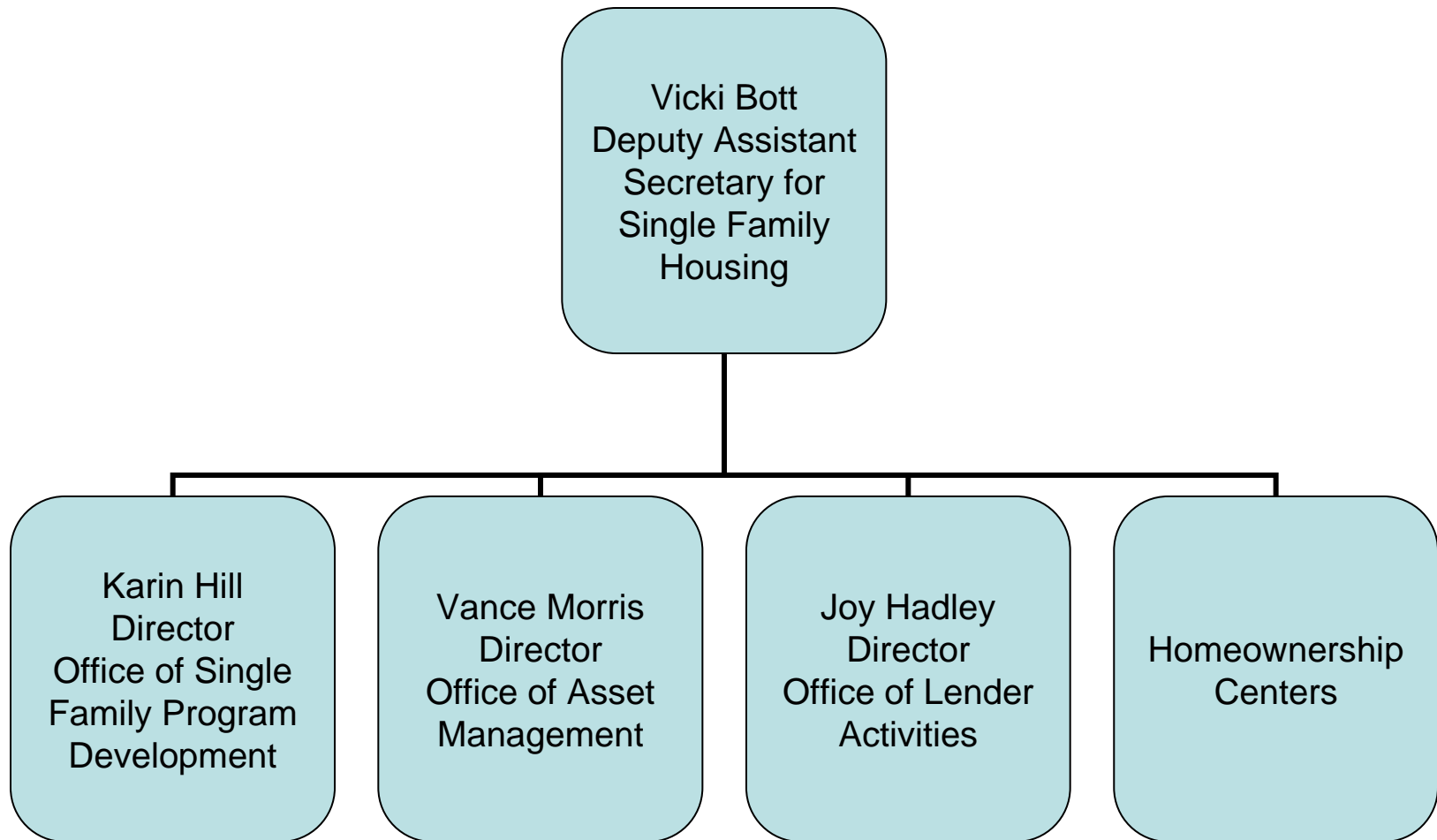
FEDERAL HOUSING ADMINISTRATION

**OFFICE OF THE
DEPUTY ASSISTANT SECRETARY
FOR SINGLE FAMILY HOUSING**

Single Family Housing Mission Statement

To expand and maintain affordable homeownership opportunities, on an actuarially sound basis, for those that are unserved or underserved by the traditional markets and to provide a consistent, stabilizing force in the home financing market.

Roles and Responsibilities



Roles and Responsibilities – *Cont'd*

SF Asset Management

- Responsible for FHA servicing requirements
 - loss mitigation
 - foreclosure
 - property preservation requirements
- Monitor FHA servicers for compliance with FHA requirements
- Manage FHA's REO portfolio
- Provide Consumer Call Center to resolve issues with loan servicers
- Manage long-term maintenance of Reverse mortgages that have been assigned to HUD

Roles and Responsibilities – *Cont'd*

SF Lender Activities

- Approve and Monitor activities of all FHA approved mortgagees
- Responsible for coordination of Quality Assurance reviews of mortgagee's origination and servicer quality
- Mortgagee Review Board activity

Roles and Responsibilities – *Cont'd*

SF Homeownership Centers

- All day to day operations
 - Endorsements
 - Post Endorsement reviews
 - Underwriting Clarification
- Coordinate with Lender Activities, SF Program Development and Asset Management
 - Housing counselor oversight
 - Quality Assurance Reviews
 - Servicing Reviews

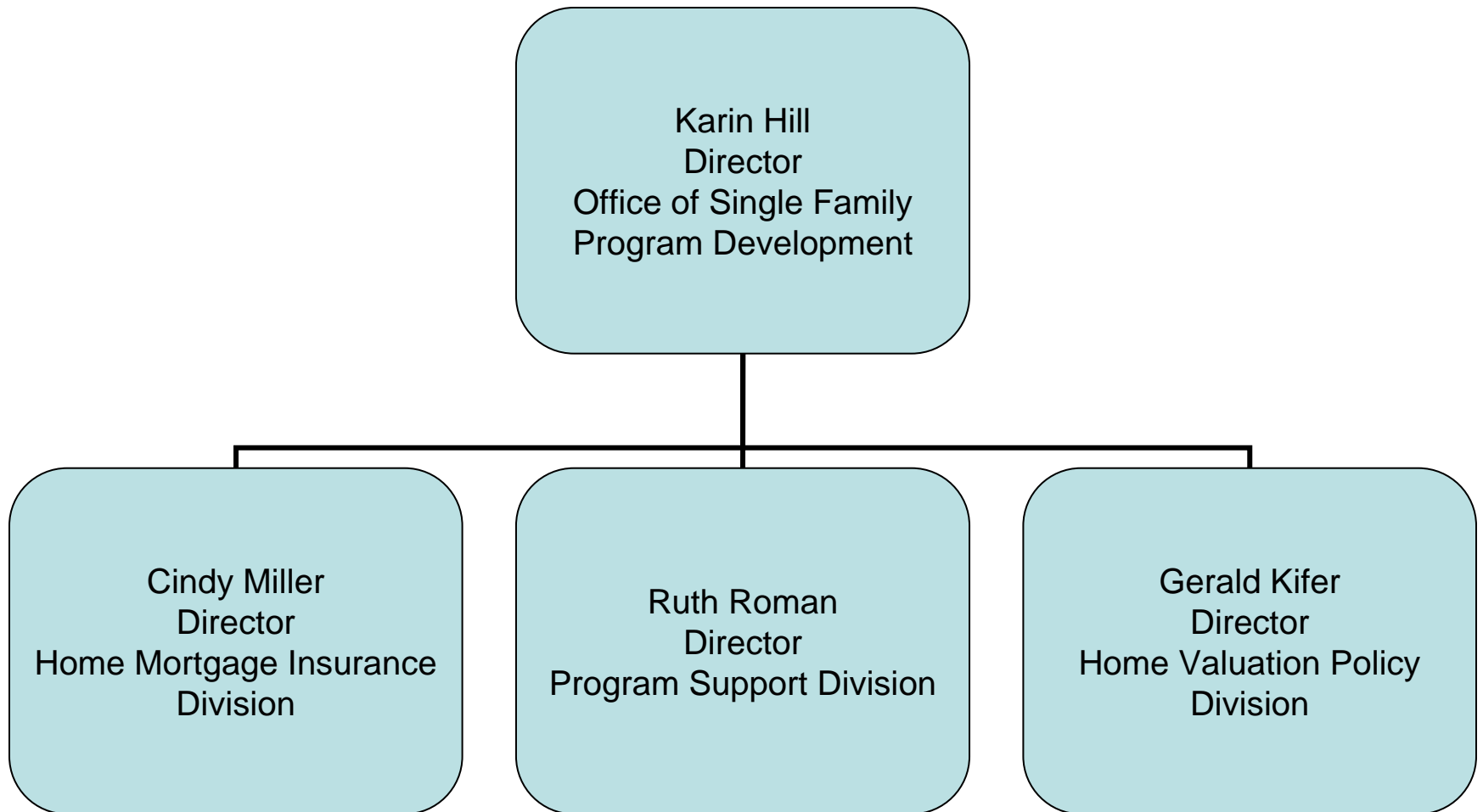
Roles and Responsibilities – *Cont'd*

SF Homeownership Centers

- Operations & Customer Support Division
 - Responds to requests for assistance from customers
 - Provides case status information
- Processing & Underwriting Division
 - Provides advice and guidance on FHA underwriting guidelines
 - Issues mortgage insurance certificates
- Program Support Division
 - Promotes homebuyer education initiatives
 - Negotiates partnership agreements with state and local governments, nonprofit organizations
- Quality Assurance Division
 - Monitors lender performance
 - Administers sanctions against program participants

Office of Single Family Program Development

Roles and Responsibilities – *Cont'd*



Roles and Responsibilities – *Cont'd*

SF Program Development Administration

- Oversee 5 major single family systems – FHA Connection, CHUMS, IACS, CAIVRS, Single Family Data Warehouse.
 - Develop business requirements, manage releases, interface with system contractors
- Coordinate with lenders Business to Government systems integration.
- Management of government contracts supporting Office of SF Program Development.
- Coordinate and respond to audits, government agency and congressional studies and reviews.
- Coordinate and support all Office of Single Family Housing web products.

Roles and Responsibilities – *Cont'd*

Home Mortgage Insurance Division

- Develop and implement policies, procedures and guidance for lenders that originate and underwrite FHA insured single family mortgages.
 - Statutory Changes
 - Regulatory Changes
 - Mortgagee Letters
 - Handbooks, Reference Guides, FAQs
- Approve (and remove) delegated authority for approved FHA lenders.
 - Lender Insurance Authority
 - Delegated Endorsement Authority
- Ensure policy standardization and uniformity at operational level through partnership with HOCs.
- Response to Congressional and General Public Inquiries.
- Outreach and Interaction with Lenders and Industry Groups.

Roles and Responsibilities – *Cont'd*

Program Support Division

- Approval of non-profit organizations that participate in single family mortgage insurance programs.
- Oversight and administration of FHA's housing counseling grant program.
- Development and publication of counseling protocols, performance assessment of counseling services.
- HECM counseling standards and execution.
- HECM working Group – coordinating servicer and counseling activities related to proposed Curative Property Charges program.
- Outreach and Interaction with Lenders and Industry Groups.

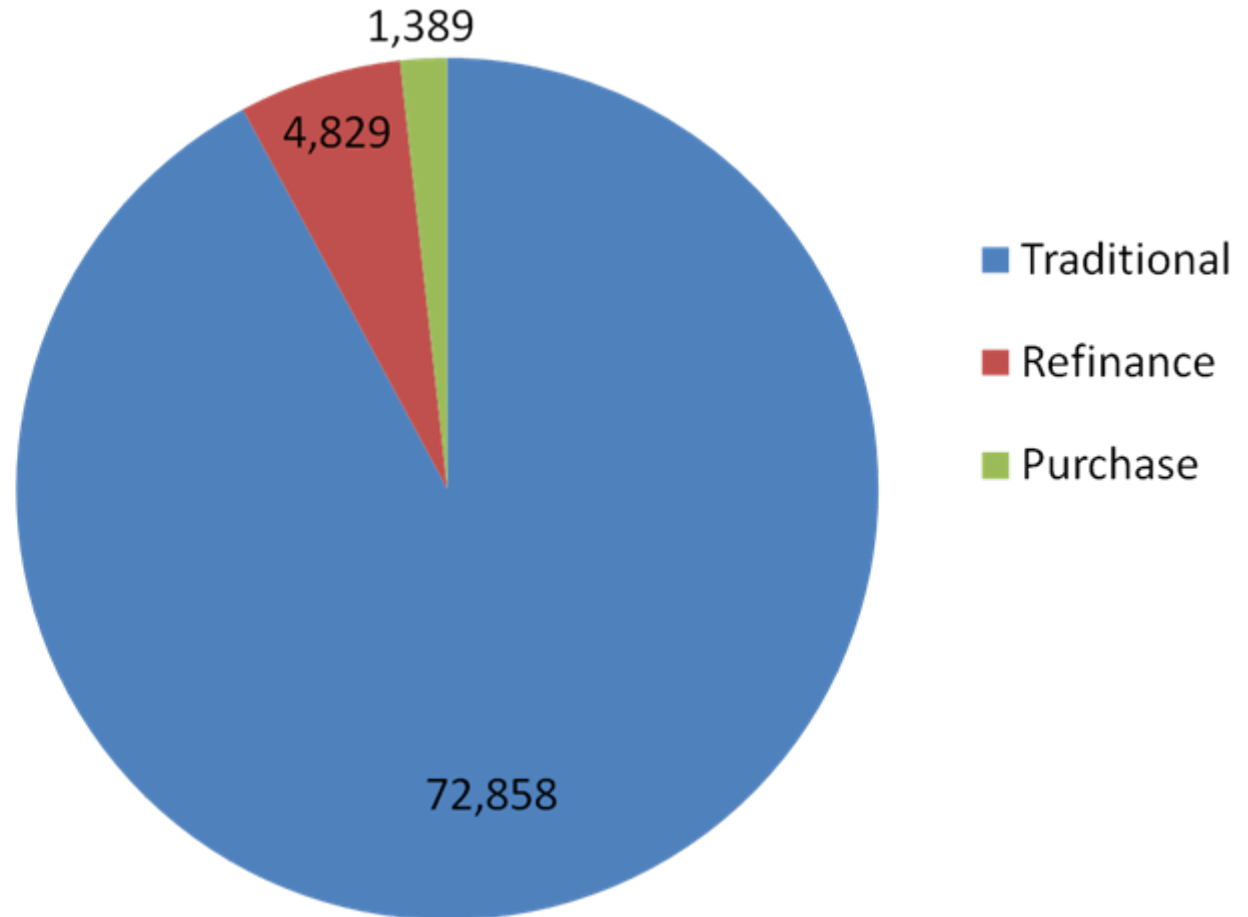
Roles and Responsibilities – *Cont'd*

Home Valuation Policy Division

- Develop and implement appraisal/valuation policy and guidelines.
- Establish protocols for property appraisals and inspections.
- Oversees the licensing and performance of all appraisers, consultants and inspectors on the FHA Roster.
- HECM Program product, policy and guidelines.
- Outreach and Interaction with Lenders and Industry Groups.

HECM Policy Development

FY 2010 HECM Endorsements



FY 2010 HECM Endorsements – *Cont'd*

Fiscal Year (Oct 1 to Sep 30)	Number of Loans	Average Expected Interest Rate *	Average Property Value (000)	Average Maximum Claim** (000)	Average Initial Prin Limit	Average Borrower Age	Borrower(s)			Active Insured Cases	
							Single Female	Single Male	Multiple* **	Count	Average Unpaid Balance
1990	157	9.8	\$108.7	\$84.2	\$39.0	76.7	57.3%	16.6%	26.1%	2	\$98
1991	389	9.3	126.4	97.5	43.5	76.5	56.0%	13.9%	30.1%	1	93
1992	1,019	8.9	124.7	97.4	48.6	76.6	57.7%	15.0%	27.3%	4	156
1993	1,964	7.6	119.7	97.9	52.6	75.7	55.0%	14.4%	30.7%	22	116
1994	3,365	7.6	124.9	103.8	58.0	75.2	54.8%	14.5%	30.8%	31	113
1995	4,166	8.6	124.8	105.4	54.3	76.0	56.5%	13.5%	30.0%	99	124
1996	3,596	6.8	117.2	103.3	57.3	75.9	56.4%	12.5%	31.1%	101	104
1997	5,208	8.1	117.5	105.2	58.0	75.9	56.6%	13.2%	30.2%	263	98
1998	7,895	7.4	118.7	107.0	64.3	75.7	56.0%	14.1%	29.9%	720	90
1999	7,923	6.5	131.9	117.8	81.6	75.3	54.8%	14.5%	30.7%	974	98
2000	6,637	7.3	141.7	124.6	78.6	76.0	56.8%	13.0%	30.2%	1,259	91
2001	7,789	6.7	167.1	140.6	97.4	75.5	54.5%	13.7%	31.9%	1,859	102
2002	13,048	6.4	178.0	151.3	110.0	75.1	51.4%	14.0%	34.7%	4,180	110
2003	18,084	5.4	197.6	165.9	131.3	74.3	48.6%	14.2%	37.2%	7,144	128
2004	37,790	5.8	219.4	182.2	133.9	74.3	48.6%	15.2%	36.2%	18,601	131
2005	43,082	5.7	254.9	206.0	144.4	73.8	46.0%	16.1%	37.9%	28,396	146
2006	76,280	6.0	289.7	235.6	158.9	73.8	44.5%	16.7%	38.8%	60,773	154
2007	107,368	6.0	261.9	229.3	155.7	73.5	44.6%	18.2%	37.2%	94,998	141
2008	112,015	5.4	239.3	216.4	153.7	73.1	43.8%	20.6%	35.6%	104,573	131
2009	114,641	5.5	283.3	263.2	184.0	72.9	41.2%	21.8%	37.0%	109,791	152
2010	79,076	5.7	\$279.9	\$266.3	\$175.5	73.6	42.7%	21.8%	35.4%	79,076	\$147.8

FY 2010 = Oct 2009 - September 2010

Prepared by OE

Dollar amounts in thousands

* Expected Interest Rate for HECM Is the 10-Yr Constant Maturity Treasury Rate at Closing Plus Lender Margin

** "Maximum Claim" on a HECM loan = lesser of Property Value or FHA National loan limit.

*** Includes all cases with more than one borrower irrespective of gender

Active cases have been endorsed for insurance and neither terminated (either by payment in full or by claim)
nor assigned to HUD

HECM National Mortgage Limit

- Extension of existing FHA national mortgage limit (\$625,500) until September 30, 2011
- Public Law 111-242, Continuing Appropriations Action 2011
- September 30, 2010 Signed by the President

Home Equity Reverse Mortgage IT

- Objective: Develop new platform to service HECM loan portfolio.
 - Replace IACS
 - Automate claims process
- Status: Finalizing implementation strategy and project schedule

FHA's Property Charge Resolution Strategy

Objective 1: Issue Mortgagee Letter

- Working Groups
 - Housing Counseling Intermediaries
 - HECM Servicers
- Comments/Questions: FHAHECM@hud.gov
- Next Steps: Internal Review and Clearance

Objective 2: Amend HUD Regulations

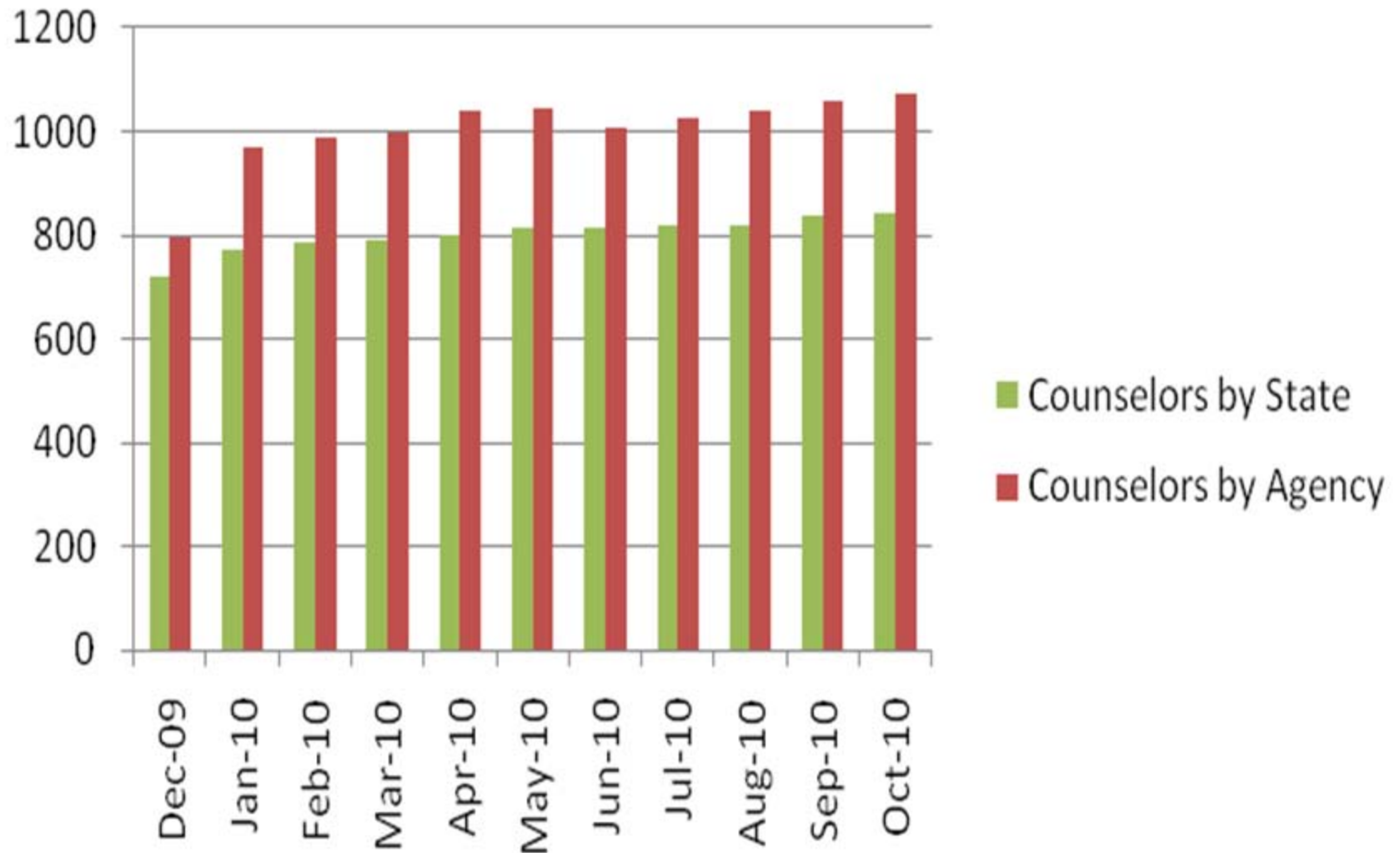
- Rulemaking Process
- Public Comments
- Next Steps: Internal Review and Clearance

Property Charge Working Groups

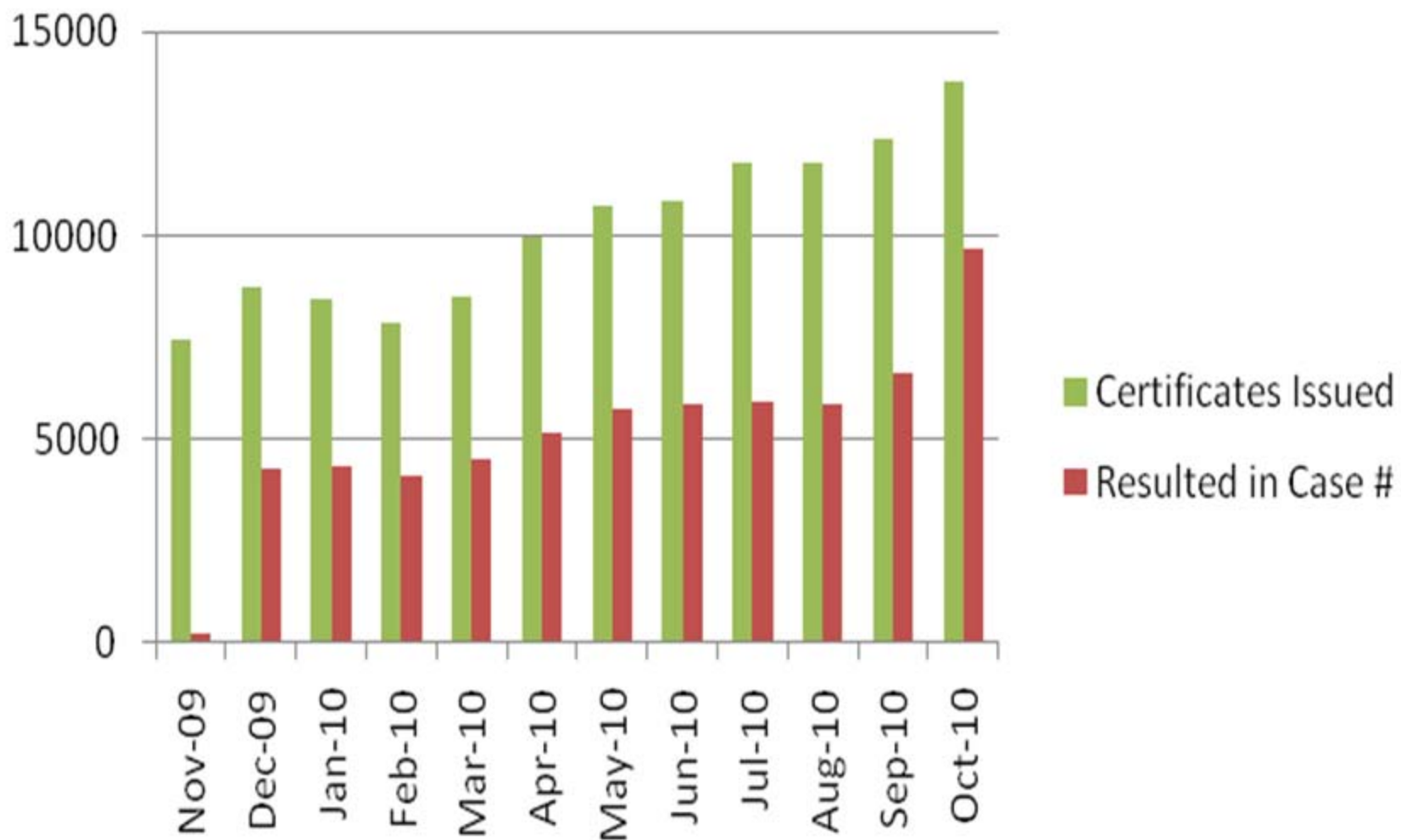
- Priority Issues:
 - Collaboration between counselors and servicers
 - Identifying local support services for HECM borrowers
 - Identify additional loss mitigation actions
 - Share ideas and Best Practices
 - Development of tax and insurance counseling protocol
- Five housing counseling intermediaries will dedicate counselors to the project:
 - CredAbility
 - Money Management International (MMI)
 - National Center on Aging (NCOA)
 - National Foundation for Credit Counseling (NFCC)
 - NeighborWorks America
- 125 counselors from these agencies will participate
- New dedicated toll-free telephone numbers for each agency

HECM Counseling

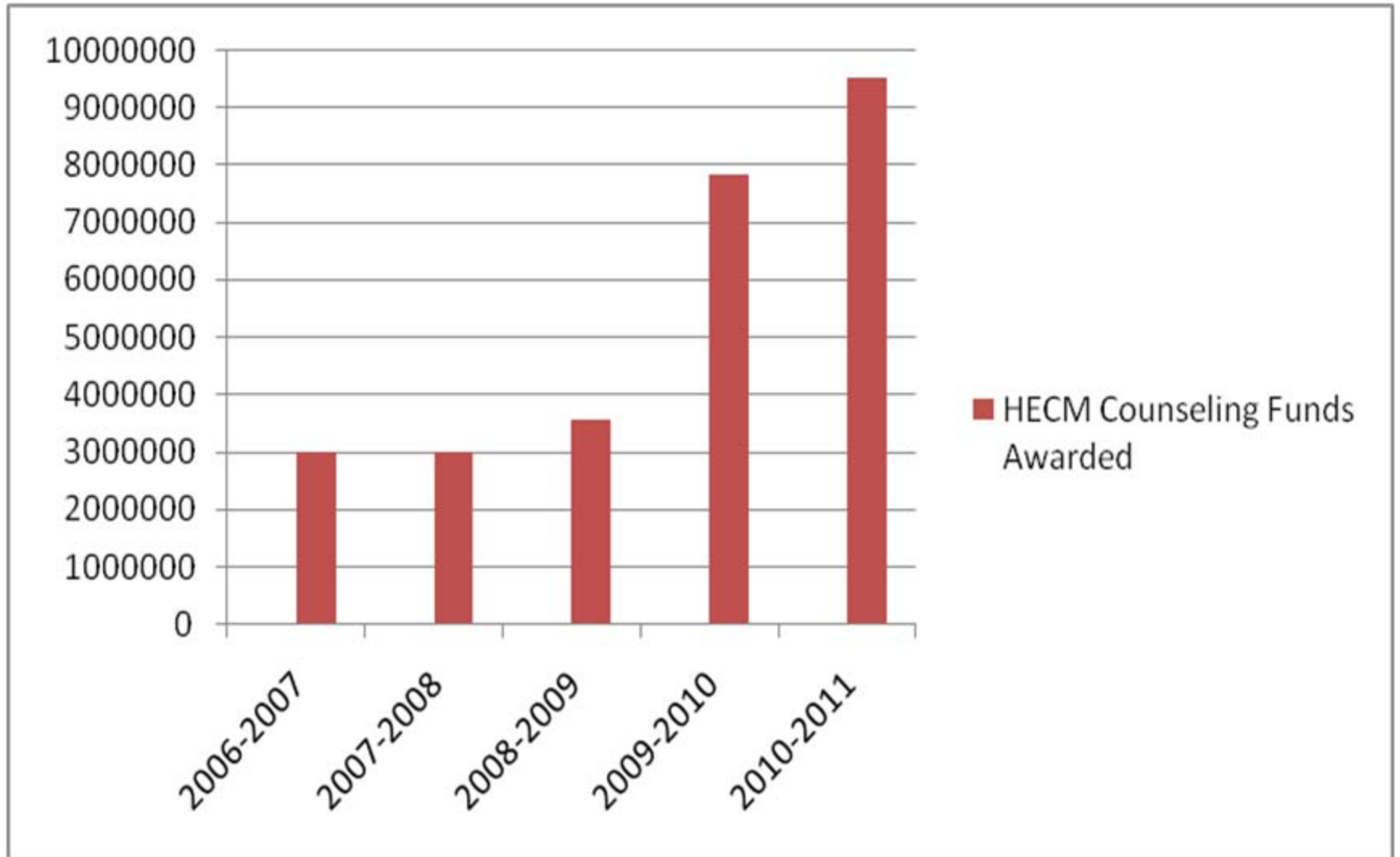
HECM Roster Counselors



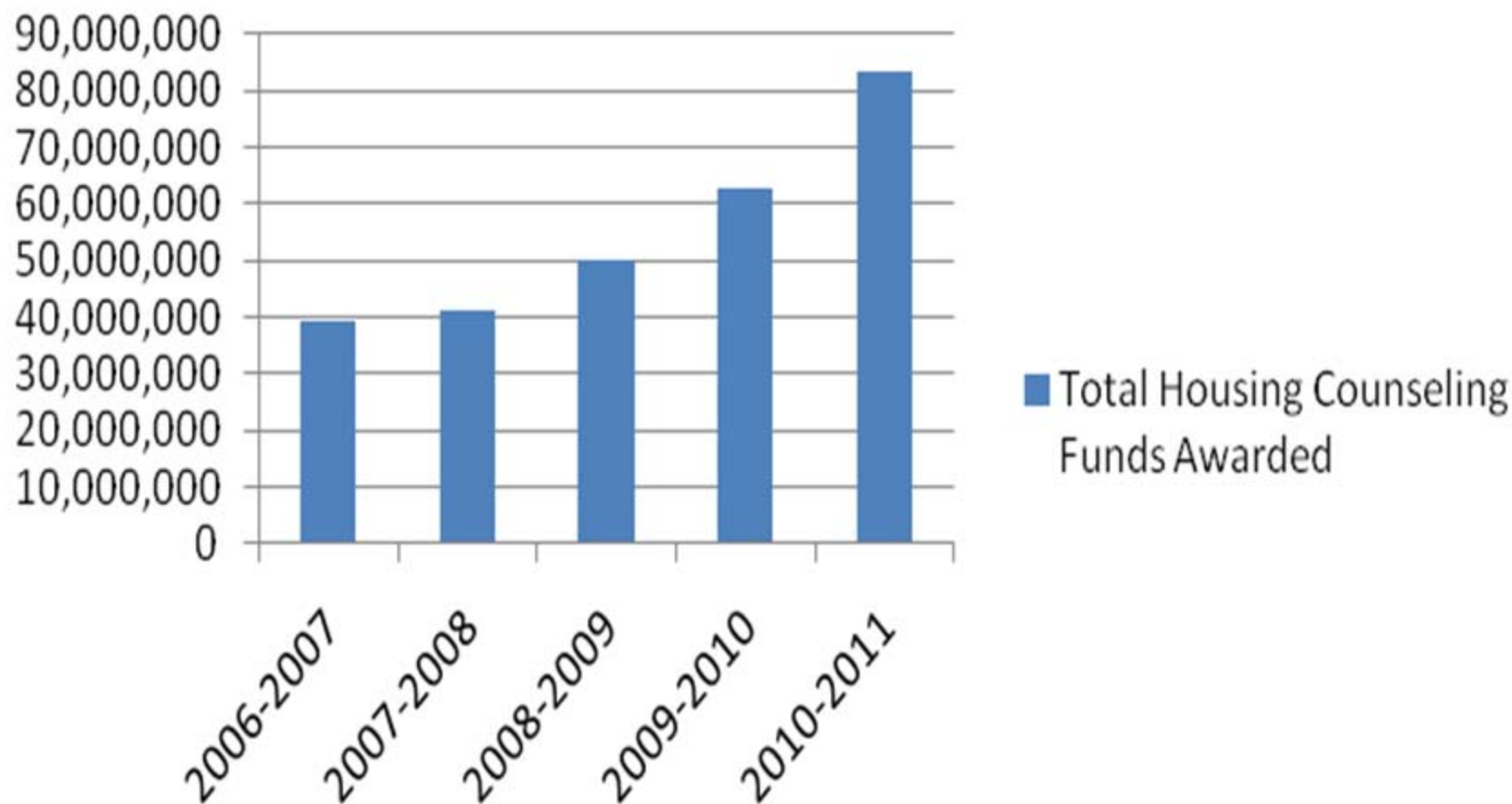
HECM Counseling Results



Increase In HECM Counseling Funding



Increase in Total Housing Counseling Funds Awarded



Housing Counseling

- Other counseling activities
 - Pre-purchase education and counseling
 - Loss Mitigation
 - Homeless
 - Rental
 - Fair housing issues education and counseling
- Notice of Funding Availability Update
- Comments/Questions:
HousingCounseling@hud.gov

Counseling Consumer Protections

- FHA Connection HECM Counseling Referral Screen
- HECM Mystery Shopping
 - 106 sessions completed – half before protocol
 - Average length of session – 61 – 65 minutes
 - 99% discussed property taxes, 85% discussed insurance
- ML in clearance which standardizes how “ability to pay” defined for HECM counseling fee waiver

QUESTIONS ?