

# 2017 NRMLA WESTERN REGIONAL MEETING



Reverse  
Mortgages  
in a Time of  
Change

# UNDERSTANDING FHA'S REVISED HECM RULES

## Presenters:

- Jim Milano, Weiner Brodsky Kider PC, Washington, DC
- Karin Hill, Senior Policy Advisor, Office of Single Family Housing, U.S. Department of Housing and Urban Development, Washington, DC
- Elly Johnson, United Northern Mortgage Bankers, Ltd., Levittown, NY
- Leslie Flynn, Reverse Mortgage Solutions, Houston, TX

# UNDERSTANDING FHA'S REVISED HECM RULES

## Today's Presentation:

- Quick Overview of Background and History of Proposed Rule
  - The Housing and Economic Recovery Act of 2008
  - The Reverse Mortgage Stabilization Act
  - Related Mortgagee Letters
  - Other Mortgagee Letters
- Publication of the Proposed HECM Rule and the Comment Process

# UNDERSTANDING FHA'S REVISED HECM RULES

Today's Presentation (cont'd):

- The HUD Perspective
- Deeper Dive into the Final (New) HECM Rule
  - Origination Related Rules
  - Servicing Related Rules
- Implications from Regulatory Reform

# UNDERSTANDING FHA'S REVISED HECM RULES

- The Housing and Economic Recovery Act of 2008 (or the HERA)
- Section 2122 of the HERA made amended several provisions of section 255 of the National Housing Act, including:
  - Added HECM for Purchase
  - Added “McCaskill Provisions”
  - Clarified Loan Limits
  - Codified limits on Origination Fees

# UNDERSTANDING FHA'S REVISED HECM RULES

- The Reverse Mortgage Stabilization Act (August 2013)
- Provided additional administrative authority to HUD under the HECM program
  - The Secretary may ...
  - ... establish, by notice or mortgagee letter, any additional or alternative requirements that the Secretary, in the Secretary's discretion, determines are necessary to improve the fiscal safety and soundness of the program authorized by this section, which requirements shall take effect upon issuance.

# UNDERSTANDING FHA'S REVISED HECM RULES

- Related Mortgagee Letters
  - HERA Related MLs:
    - 2009-11 HECM for Purchase Program
    - 2008-34 HECM Origination Fee - New Limits
    - 2008-33 HECM for Purchase Program
    - 2008-28 Prohibits Mortgagee Funded Counseling
    - 2008-24 Requirements on Mortgage Originators

# UNDERSTANDING FHA'S REVISED HECM RULES

- RMSA Related and Other Mortgagee Letters
- To date - 28 Mortgagee Letters have been issued by HUD since the Enactment of the RMSA in August 2013



# UNDERSTANDING FHA'S REVISED HECM RULES

- Publication of the Proposed HECM Rule and Comment Process
- Proposed Rule Published May 19, 2016
- Comments due July 19, 2016
- NRMLA Commented on behalf of Industry
  - Highlights and Overview of NRMLA Comments
- Supplemental Request Published by HUD in August 2016 re:  
Request for Feedback on Mandatory Assignment of HECMs –  
NRMLA suggested further study by HUD



# FHA's Office of Single Family Housing

National Reverse Mortgage Lenders Association  
2017 Western Regional Meeting & Expo

## Understanding FHA's Revised HECM Rules

Huntington Beach, California

April 3, 2017

Presented by:

**Karin Hill**

Senior Policy Advisor

Federal Housing Administration

Office of Single Family Housing

Department of Housing and Urban Development



# Today's Presentation

- 241 public comments were received; HUD responded to 83 “unique” comments
- Codifies existing policies issued under the Reverse Mortgage Stability Act and HERA
- Incorporates regulatory language related to the National Housing Act and Public Laws 111-22 and 111-229
- Corrects and clarifies certain regulatory language in CFR Part 206
- Numerous changes to definitions – review Section 206.3
- Replaces references to 24 Part 203 (Forward Mortgage Regulations) – transfers them to 24 CFR Part 206 (HECM regulations)
- Announces several new regulatory changes

## Commissioner Authority – Future Changes

- The Final Rule provides the Commissioner with authority to make future changes on specific items via posting a Federal Register Notice and request for Comments
  - Reduce the maximum Initial Disbursement Limit from 60 percent to not less than 50 percent
  - Use of HECM Equity funds at close – pay-off of unsecured debt to meet Financial Assessment Residual Income Standard
  - Lower the amount the property can be sold for to less than 95 percent of appraised value as necessary to adapt to market conditions and other factors
  - Fixed dollar amount for Maximum Closing Costs for Sale of Property by Borrower, Estate or Mortgagee as determined by the Commissioner
  - Incentive for borrower voluntarily electing a Life Expectancy Set Aside



# Key Policy Changes - Origination

- Seasoning Requirement for Existing Non-HECM Line of Credit – allow pay-off of Line of Credit that does not meet seasoning requirements if Initial Disbursement Limit is 60 percent or less of Principal Limit
- HECM for Purchase – Seller ability to pay certain closing costs and purchase a Home Warranty Policy
- Requirement to disclose all FHA HECM Available Product Options
- Interest Rate Lock-In can be made prior to date of loan closing or on the date of loan closing



# Key Policy Changes - Servicing

- Designation of Alternate Individual for Servicer Contact
- Maximum Closing Costs for Sale of Property by Borrower, Estate or Mortgagee — 11 percent of the sale price or a fixed dollar amount as determined by the Commissioner
- Appraisal Requirements and Timelines
- Cash for Keys
- Shortened Foreclosure Timelines
- Payment of Claim
- Borrower Election to Have Mortgagee Pay Property Charges

# Effective Dates

- All Origination Policy Changes, regulatory language, definitions, etc. are effective for case numbers assigned on, or after, September 19, 2017
- Servicing Policy Changes for the following are effective for case numbers assigned on, or after, September 29, 2017
  - 206.113(a) – Change in Annual MIP remission time frame and late fee
  - 206.113(b) – Change in monthly MIP remission requirements
  - 206.129(b)(2) – Interest on claims will be limited by the MCA
  - 206.129(d)(3) – Reimbursement of property charges limited to 2/3 of the advances made by the mortgagee on such expenses
  - 206.129(d)(3)(xi) – Reimbursement to mortgagees for cash for keys paid under 206.125(f) or (g)(4) for deed in Lieu or pre-eviction in Foreclosure
  - 206.129(f) - New policy for Short Sales when interest converts from note rate to debenture rate
  - 206.133(f) – All rights of mortgagee will terminate when insurance contract is terminated
  - 206.135(c) – Cost for obtaining a copy of an assignment is not reimbursable
  - 206.205(e)(2)(ii) – If Borrower elects to have servicer pay property charges, election cannot be cancelled



# Deferred Policies

- The proposed Cap on Annual and Lifetime Interest Rate Adjustments for ARM products
- The proposed policy requiring HECM Purchase borrowers to complete counseling prior to signing a sales contract and/or making an earnest money deposit
- The proposed policy that expanded property charges to include utilities because of risk of utility liens taking first lien position to the HECM mortgage
- Proposal to allow an exception to the Initial Disbursement Limit during the initial 12-month period for extenuating circumstances such as medical, death, etc. events





## Deferred Policies (cont.)

- The Proposal to require lenders to perform Period Property Inspections
- The proposed policy that would have required that, in order to be eligible for assignment to HUD, the HECM mortgage must be in priority lien position in relation to HOA and Condo Association liens of record
- The proposal to require assignment that was contained in the Supplemental Notice of rule making

# Key Changes to the HECM Program: A Timeline

(Effective Date means policy applies to case numbers assigned on or after the date)

October 2010 Eff. 10/4/10	April 2013 Eff. 4/1/13	August 2013	September 2013 Eff. 9/30/13	September 2013 Eff. 9/30/13	September 2013 Eff. 9/30/13	September 2013 Eff. 9/30/13	September 2013 Eff. 9/30/13
ML 10-34 Introduced HECM Saver (Lower Upfront MIP with Lower PLF)	ML 2013-01 Eliminated HECM Standard Fixed Rate Option	Reverse Mortgage Stabilization Act of 2013 Enacted	ML 2013-27 Eliminated Standard and Saver Product Structure	ML 2013-27 Reduced Principal Limit Factors	ML 2013-27 New MIP Structure Based on Draw Percentage	ML 2013-27 Initial Disbursement Limit (first 12 months)	ML 2013-27 Single Disbursement Lump Sum Payment
September 2013 Eff. 1/13/14	September 2013	December 2013 Eff. No less than 90 days from publication of new	April 2014 Eff. 8/4/14	June 2014 Eff. 6/18/14	June 2014 Eff. 6/25/14	June 2014 Eff. 8/4/14	November 2014 Eff. 03/02/14
ML 2013-27 & ML 2013-28 Financial Assessment & Property Charge Set Aside Policy and Guide	Published FR Notice R-5735-N-01; Financial Assessment	ML 2013-45 Financial Assessment & Property Charge Set Aside effective date delayed	ML 2014-07 Eligible Non- Borrowing Spouse Policy	ML 2014-10 Misleading/ Deceptive Advertising	ML 2014-11 Limited Insurability —Fixed Rate HECM	ML 2014-12 New Principal Limit Factors (NBS)	MLs 2014-21 & 2014-22 Revised Financial Assessment & Property Charge Set Aside Policy and Guide

# Key Changes to the HECM Program: A Timeline (cont.)

(Effective Date means policy applies to case numbers assigned on or after the date)

January 2015 Eff. 01/12/15	February 2015 Eff. 4/27/15	March 2015 Eff. 4/27/15	April 2015 Eff. 2/19/15	April 2015 Eff. 4/23/15	June 2015 Eff. For Case Numbers < 8/4/14	October 2015 Eff. 10/1/15	October 2015 Eff. 1/1/16
ML 2015-02 Ineligible Non- Borrowing Spouse Policy	ML 2015-06 New effective Date for Financial Assessment and Property Charge Set Acidic	ML 2015-09 LESA Growth Rate & Revised Financial Assessment Worksheet	ML 2015-10 HECM Due and Payable Policy <i>Effective Date Extended to 10/20/15</i>	ML 2015-11 HECM Loss Mitigation —T&I Defaults <i>Effective Date Extended to 1/18/16</i>	ML 2015-15 Revised Mortgagee Optional Election for NBS	ML 2015-23 New Single Family Mortgagee Compliance Manager	ML 2015-24 Single Family Policy and Procedural Changes for HUD Title II Forward/ Reverse Mortgages
October 2015 Eff. 1/18/16	January 2016 Eff. 1/12/16	February 2016 Eff. 2/12/16	March 2016 Eff. 3/30/16	July 2016 Tax Ver. Fee Eff. 7/13/16 SFSA Growth Rate Delayed			
ML 2015-26 Extension of Certain Timeframes for Loss Mitigation Guidance	ML 2016-01 Extension of Certain Timeframes in Connection with ML 2015- 11 & ML 2015- 26 (Loss Mitigation)	ML 2016-05 Additional Guidance for ML 2015-15, Mortgage Optional Election	ML 2016-07 Expanded Permissive Loss Mitigation and Optional Extension- Due and Payable Request	ML 2016-10 SFSA Growth Rate, Tax Verification Fees, and Financial Assessment and Property Charge Requirements			



# Key Changes to the HECM Program: A Timeline (cont.)

(Effective Date means policy applies to case numbers assigned on or after the date)

October 2016 Eff. 10/31/16	November 2016 Eff. Immediately	December 2016 Eff. 1/1/17	January 2017 Eff. No later than 90 days after publication
ML 2016-16 Home Equity Conversion Mortgage Program: Source for 10-Year LIBOR Swap Rate	ML 2016-17 National Servicing Center Address Change for the Tulsa, Oklahoma Office	ML 2016-19 2017 Nationwide Home Equity Conversion Mortgage (HECM) Limits	ML 2017-05 HECM Claim Type 22 (CT- 22) Assignments Requests

# ELLY JOHNSON UNITED NORTHERN MORTGAGE BANKERS LTD.

Final HUD Rule  
Federal Housing Administration:  
Strengthening the Home Equity  
Conversion Mortgage Program



# SUMMARY OF FINAL RULE CHANGES

## HECM ORIGINATIONS

- *Seasoning requirements for existing non-HECM liens*
- *Pay-Off of Debt Not Secured by the Property*
- *HECM for Purchase Program*
- *Disclosure of Available HECM Program Options*
  - *Disclosure of Cost*
- *Limitations on number of mortgages*
- *Title of Property which is security for HECM*
- *Allowable Loan Origination Fees and Charges*
- *Calculation of Disbursement*
- *Amount of MIP*
- *Deferred Final Determination*
- *Final Rule*

# SEASONING REQUIREMENTS FOR EXISTING NON-HECM LIENS

- Seasoning of non-HECM liens is now based on the date of HECM closing rather than application, meaning if the non-HECM lien was taken out 11 month ago, the borrower can take application but wait until 12 months have passed to close.  
and
- allow the pay-off, at closing, of Home Equity Lines of Credit (HELOCs) that do not meet seasoning requirements from borrower funds, the HECM funds, or a combination of HECM funds and borrower funds, as long as the draw from HECM funds does not exceed the draw limits during the first 12 months of the HECM.
- The new policy allows borrowers to use their own funds or HECM funds to pay off the unseasoned HELOC at closing as long as the total HECM draw does not exceed the allowable Initial Disbursement percentage at closing as approved by the Commissioner (currently 60%). If the HECM funds are insufficient to satisfy the HELOC, the borrower may use a combination of HECM funds and borrower funds.
- This policy will specifically benefit borrowers who are using the HECM to replace the unseasoned HELOC by eliminating the 12 month waiting period.
- (See § 206.36.)

# PAY-OFF OF DEBT NOT SECURED BY THE PROPERTY

- The final rule has been revised to give the Commissioner authority to define and implement a new policy that would allow use of HECM funds to pay-off certain types of unsecured debt at close.
- This new policy will only apply when the availability of HECM funds to reduce debt enables the mortgagor to meet the Financial Assessment Residual income standards. ***The Commissioner shall define the types of unsecured debt allowed and issue additional policy guidance through a Federal Register Notice.***
- The Commissioner's authority to issue this policy will be effective September 19, 2017, but the actual policy will be defined and published in the Federal Register at a future date.
- *This policy is an example of what Karin mentioned earlier regarding items that provide the Commissioner with authority to implement future policy so the actual policy allowing pay-off of certain types of unsecured debt at close is not available under the Regulation.*
- (See § 206.25(b) (c))



# ***HECM FOR PURCHASE PROGRAM SELLER CONCESSIONS***

- The rule permits the seller to pay fees required to be paid by the seller under state or local law and fees that are customarily paid by a seller in the locality of the subject property and to purchase the Home Warranty policy.
- The final rule also grants the Commissioner the power to determine what other types of interested party contributions will be allowed through Federal Register notice for comment
- HUD will provide additional guidance in the Handbook however fees customarily paid by the seller will be limited to those required under state and local law, for example Title report.
- (See § 206.44(c).)

# ***DISCLOSURE OF AVAILABLE HECM PROGRAM OPTIONS***

- Lenders must fully disclose all HECM loan features and options, even if this includes products that it does not offer.
- At the time of initial contact, the mortgagee shall inform the prospective HECM borrower of all products, features, and options of the HECM program that FHA will insure under this part, including: fixed interest rate mortgages with the Single Lump Sum payment option; adjustable interest rate mortgages with tenure, term, and line of credit disbursement options, or a combination of these; any other FHA insurable disbursement options; and initial mortgage insurance premium options, and how those affect the availability of other mortgage and disbursement options. FHA intends to create a model disclosure.
- This new policy is designed to better equip borrowers with the information needed to determine which options will best meet their short-and long-term goals, as well as their financial capacity.
- Refer to ML 2014-10 –Prohibition on Misleading Product Descriptions
- Prohibition on the Mortgagor's Restriction of Freedom of Choice
- **§ 206.13**



# ***DISCLOSURE OF COST***

- The mortgagee shall ensure that the borrower has received full disclosure of all costs of obtaining the mortgage.
- The mortgagee shall ask the borrower about any costs or other obligations that the borrower has incurred to obtain the mortgage, as defined by the Commissioner, in addition to providing any disclosures required by law. If the borrower requests that at least 25 percent of the principal limit amount be disbursed at closing to the borrower, the mortgagee must make sufficient inquiry at closing to confirm that the borrower will not use any part of the amount disbursed for payments to or on behalf of an estate planning service firm.

(See § 206.43(a).)

# ***LIMITATIONS ON NUMBER OF MORTGAGES***

- This change provides additional guidance for HECM borrowers who may have an existing HECM but may need a new HECM because of a divorce or separation. The borrower would have to satisfy the existing HECM at the closing of the new HECM or the borrower could provide legal documentation, in a manner acceptable to the Commissioner, evidencing release of the borrower's financial obligation to satisfy the existing HECM. Additional guidance will also be provided in the HECM Handbook prior to the effective date of the final rule.
- This provision now allows the borrowers to provide legal documentation evidencing the release of the borrower's financial obligation to satisfy the existing HECM rather than requiring the borrower to demonstrate a final divorce decree.

(See § 206.34.)

# ***TITLE OF PROPERTY WHICH IS SECURITY FOR HECM***

- By redefining “borrower,” HUD will now allow non-borrowing spouses (NBS) to remain on title even if they do not qualify for the loan.
- A mortgagor is not required to be a borrower; however, any borrower is required to be on title to the property which serves as collateral for the HECM, and is therefore, by definition, also a mortgagor.
- The codification of existing Non-Borrowing Spouse and Deferral Period requirements which are defined in mortgagee letter 2014-07 and 2015-02, the final rule also includes a new requirement that states, “if Non-Borrowing Spouses and non-borrowing owners of the property will continue to hold title to the property which serves as collateral for the HECM, such Non-Borrowing Spouses and non-borrowing owners must sign the mortgage as mortgagors, evidencing their commitment of the property as security for the mortgage.”
- **§ 206.35**

# ***ALLOWABLE LOAN ORIGINATION FEES AND CHARGES***

- In this rule, FHA clarifies that the loan origination fee includes expenses incurred in originating, processing, and closing the HECM. It also clarifies lenders may pay fees for services performed by a sponsored third-party originator and that these fees may be included as part of the loan origination fee.
- Third party closing costs or fees such as an appraisal fee, MIP, transfer fees, etc., are the responsibility of the borrower. The practice of the lender using the loan origination fee to cover the full amount or a portion of those fees and charges to reduce the borrower's out-of-pocket expenses may continue.
- Mortgagees may pay fees for services performed by a sponsored third-party originator and these fees may be included as part of the loan origination fee. The total amount of the loan origination fee may not exceed \$6,000
- § 206.31

# ***CALCULATION OF DISBURSEMENTS***

- The final rule also amends the current calculation that is used to determine the Initial Disbursement Limit for ARM loans and the Borrower's Advance for fixed interest rate HECMs, by taking into account the sum of the funds in the LESA needed for payment beyond the First 12-Month Disbursement Period and the Servicing Fee Set Aside, if applicable.
- Model Documents and system changes will be updated to reflect this change.
- **§ 206.25**

# *AMOUNT OF MIP*

- This rule amends the allowable initial and monthly MIP charges to reflect that HECMs are now obligations of the Mutual Mortgage Insurance Fund(MMI) instead of the General Insurance Fund (GIF)and to reflect statutory maximum amounts providing FHA with a wider range of acceptable MIP charges.
- FHA is not changing actual MIP charges, this change allows them to set the amount outside of the rulemaking process by mortgagee letter or other similar administrative issuance.
- § 206.105



# ***HUD DEFERRED ISSUES***

- Several issues have been deferred by HUD for a final ruling:
- In order to fully consider the comments received on certain issues, HUD will defer making its final determination of the policies listed below from the proposed rule and HUD will issue its final determination on these issues in a final rule at a later date

# ***DEFERRED ITEMS CONT'D***

- ☐ The change to the cap on interest rate adjustments for annually adjustable interest rate products and the imposition of a five percent cap on interest rate adjustments for monthly adjustable interest rate products;
- ☐ The establishment of extenuating circumstances exceptions for exceeding the Initial Disbursement Limit or Borrower's Advance during the First 12- Month Disbursement Period;
- ☐ Post-closing property inspections
- ☐ The requirement to undergo counseling before signing a HECM for Purchase contract and/or making an earnest money deposit
- ☐ The definition of property charges to include utilities
- ☐ The CO requirement for HECM For Purchase

# ***FEDERAL HOUSING ADMINISTRATION: STRENGTHENING THE HOME EQUITY CONVERSION MORTGAGE PROGRAM***

- **7094 Federal Register / Vol. 82, No. 12 / Thursday, January 19, 2017 / Rules and Regulations**
- **I. Executive Summary**
- **II. Background**
- **III. Overview of Final Rule—Key Changes Made at Final Rule Stage**
- **IV. Public Comments and HUD's Response to Public Comments**
- **V. Findings and Certifications**
- **PART 206—HOME EQUITY CONVERSION MORTGAGE INSURANCE**



# HECM Final Rule Servicing & Claim Changes



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# Designation of Alternate Individual

- Mortgagee is required to ask borrower at closing if they would like to designate an alternate contact person to be able to reach out to if they cannot reach the borrower
- Mortgagee is required to contact the alternate contact person if there are any issues with the loan and they cannot reach the borrower, including after the borrower's death
- The alternate contact person information will be updated annually by the borrower via the occupancy certification process
- This alternate contact is NOT acting as an Agent for the borrower and is not the same as an authorized third-party (such as an attorney-in-fact) with whom a servicer may share account information, or process funds requests. Borrowers can send in a signed letter, or a Power of Attorney, authorizing such a third-party on their account.



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# Maximum Closing Costs for Short Sales

- Closing costs for sales under the following conditions are limited to **11%** of the sales price:
  - By the borrower or their estate;
  - By the mortgagee after a foreclosure or DIL
- Some required seller expenses may exceed the **11%** when the property value is too low. Per the rule, the Commissioner has authority to establish a set dollar amount through Federal Register Notice. No set dollar amount has yet been established.



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# Appraisal Requirements

- **Default (Maturity) Appraisal – Eliminated.** Servicers will no longer be automatically ordering appraisals shortly after the last borrower passes away.
- **Sales/Short Sales - Property must be appraised within 30 days of a request by the borrower or other appropriate party in relation to a short sale;**
- **Foreclosure Sale – The effective date of this appraisal is to be within 30 days of the foreclosure sale.**



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# Cash for Keys

(24 CFR 206.125 f)

- HUD has approved Cash for Keys (the amount still to be determined) for:
  - A deed-in-lieu of foreclosure executed by borrower(s) or other party with legal right to do so within 6 months of the Due Date defined as:
    - In the case of **Death**, the earlier of:
      - the date the Servicer reported the death to HUD, or
      - 60 days after the borrower's date of death
    - For **Non-Death**, the date HUD approves the D&P (i.e., Occupancy, Taxes and Insurance, etc...)
  - Bona fide tenants\* to vacate the property after foreclosure
    - \*A bona fide tenant means a tenant of the property who is not a mortgagor, borrower, a spouse or child of a mortgagor or borrower, or any other member of a mortgagor's or borrower's family.*



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# Deed in Lieu of Foreclosure (“DIL”)

(24 CFR 206.125 f)

- HUD has limited the time in which a borrower or heirs can do a DIL:
  - DIL must be filed for recording within 9 months from the due date
    - Cash for Keys option is only available if DIL is executed by borrower(s) or other party with legal right to do so within 6 months from the Due Date.
  - Due date is defined as;
    - The date HUD approves for Occupancy, Taxes and Insurance
    - The earlier of;
      - the Servicer reported the death to HUD, or
      - 60 days of the date of death of the borrower



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# Payment of Claim

- The claim filing period has been extended to 30 days for claims related to short sale, foreclosures and Deed-in-Lieu
- Claims are to be filed within 30 calendar days of sale of the REO (if property sells within 6 months of foreclosure sale) or within 30 calendar days of the expiration of marketable title or any extension obtained.



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# Borrower Elects to have Mortgagee pay Property Charges

- When the borrower voluntarily elects at closing to have the mortgagee pay their property charges using the HECM proceeds, they cannot later cancel the election
- The Commissioner has the authority to provide incentives to borrowers for making such a voluntary election (i.e. a LESA) through Federal Register Notice



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# UNDERSTANDING FHA'S REVISED HECM RULES

- Implications of Regulatory Reform
- What is a “Trumpublican” and what does it mean for HUD?
- “Regulatory Freeze” - Reince Preibus Memo (Jan. 20, 2017)
  - Pull back regulations sent to, but not yet published in the Federal Register
  - Pause publication of any new regulations, unless approved by an Administration political appointee, and
  - Delay effective date of any pending regulations for 60 days to provide Administration time to reconsider regulations
- Jan. 23, 2017 – Pres. Trump Memo on Federal Agency Hiring Freeze

# UNDERSTANDING FHA'S REVISED HECM RULES

- Implications of Regulatory Reform (cont.'d)
- Controlling and Eliminating Unnecessary Regulations
  - Executive Order 13771 (Jan. 30, 2017), “Reducing Regulation and Controlling Regulatory Costs.”
  - Requires federal agencies eliminate at least two existing regulations for each new regulation issued.
  - Also requires agencies to ensure that for 2017, total incremental cost of new regulations not be greater than \$0.

# UNDERSTANDING FHA'S REVISED HECM RULES

- Implications of Regulatory Reform (cont.'d)
- Enforcing the Regulatory Reform Agenda
- Executive Order 13777 (Feb. 24, 2017), "Enforcing the Regulatory Reform Agenda."
  - Establishes in each agency a Regulatory Reform Officer and a Regulatory Reform Task Force to carry out President's regulatory reform priorities and ensure that Federal agencies comply with Executive Order 13771.

# UNDERSTANDING FHA'S REVISED HECM RULES

- Implications of Regulatory Reform (cont'd)
- Executive Order - Presidential Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch (March 13, 2017)
  - Within 180 days of the date of this order, the head of each agency shall submit to the Director a proposed plan to reorganize the agency, if appropriate, in order to improve the efficiency, effectiveness, and accountability of that agency.
  - Proposed plan shall include, as appropriate, recommendations to eliminate unnecessary agencies, components of agencies, and agency programs, and to merge functions; and, review of private sector capabilities, agencies' redundancy, cost-benefit analysis of programs, and cost of shut down.

# UNDERSTANDING FHA'S REVISED HECM RULES

- Implications of Regulatory Reform (cont.'d)
- Trump Administration's Fiscal Year 2018 Budget Blueprint (Mar. 16, 2017)
  - FY2017 federal operations on a Continuing Resolution (CR) effective through April 28, 2017, which may be extended by Congressional action through end of current fiscal year – Sept. 30, 2017
- For Fiscal Year Beginning Oct. 2017
- Includes cuts to all federal agencies, except Dept. of Defense, the Dept. of Homeland Security, and the VA
- Does not provide detail on funding levels for FHA or Ginnie Mae programs, but notes that funding will support homeownership through provision of FHA mortgage insurance programs
- Beginning of a long process
- \$40.7 billion in gross discretionary funding for HUD - a \$6.2 billion (13.2%) decrease from the FY 2017 annualized level



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