



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION

SINGLE FAMILY HOUSING



2018 National Reverse Mortgage Lending Association (NRMLA)
Annual Convention & Expo

HECM Update

October 29, 2018

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OFFICE OF SINGLE FAMILY HOUSING



Agenda

Program Development

Financial Assessment

MIP Rates and PLFs

Appraisals

Asset Management/Servicing

Counseling

For More Information



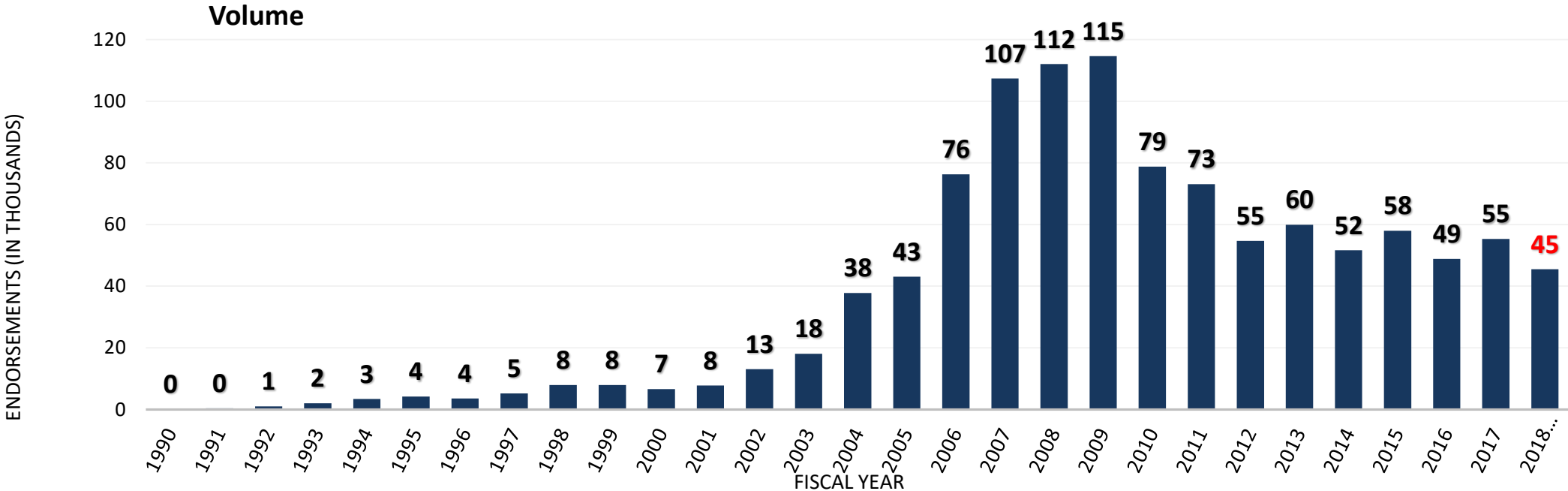
Cheryl Walker
Director, Home Valuation Policy Division
Office of Single Family Housing



Program Development



HECM Endorsement Portfolio Snapshot



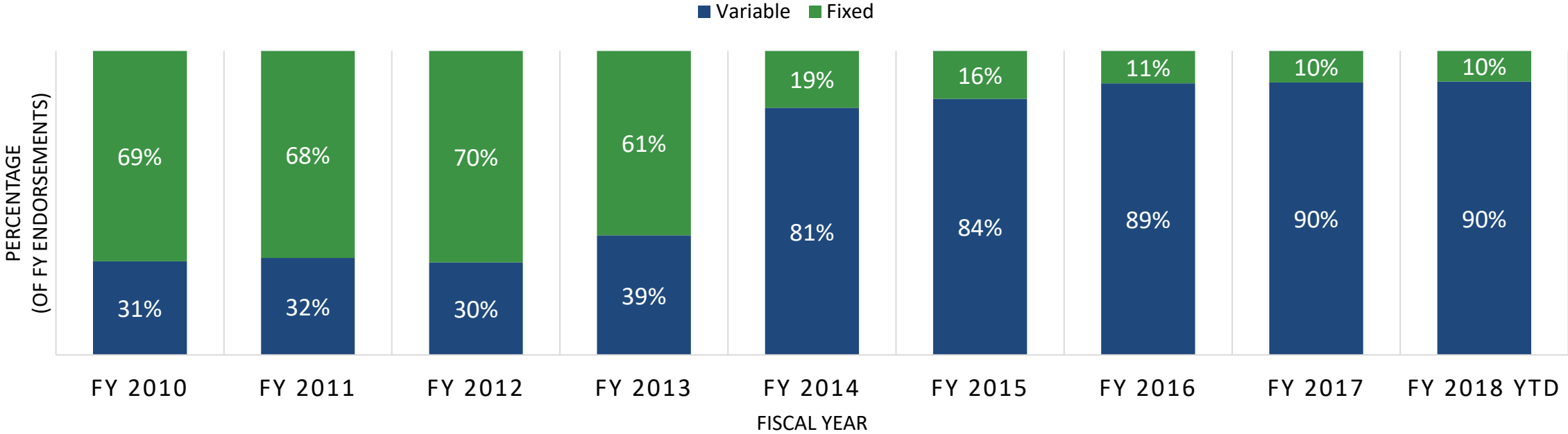
Maximum Claim Amount (in billions)												
FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 YTD
\$ 17.9	\$ 24.6	\$ 24.2	\$ 30.1	\$ 21.1	\$ 18.2	\$ 13.2	\$ 14.7	\$ 13.5	\$ 16.1	\$ 14.7	\$ 17.7	\$ 15.2

•Data as of August 31, 2018



HECM Endorsement Portfolio Snapshot

FY 2009 – FY 2018 YTD HECM Interest Rate Type



•Data as of August 31, 2018



HECM Program Priorities

- **Implement, Monitor, and Measure the Impact of Policy Changes**
 - HECM Final Rule
 - Revisions to Mortgage Insurance Premium (MIP) Rates and Principal Limit Factors (PLF) as announced in ML 2017-12
 - Financial Assessment and Life Expectancy Set Aside (LESA)
 - Appraisals
 - Systems enhancements



Financial Assessment



Financial Assessment Update

- Financial Assessment requirements became effective for HECMs with case numbers issued on or after April 27, 2015.
- In FY 2018 through August , FHA endorsed 45,453 HECMs. Only 13.65 percent had a fully funded LESA, 0.03 percent had a partially funded LESA, and 1.03 percent opted for a voluntary LESA.



MIP Rates and PLFs



MIP Rates and PLFs

- ML 2017-12 announced revisions to the initial and annual MIP rates and PLFs for cases numbers assigned on or after October 2, 2017.
 - Initial rate changed to two percent of the Maximum Claim Amount
 - Annual rate changed to one-half of one percent (0.50 percent) of the outstanding mortgage balance
- In FY 2018 as of August 31st, FHA endorsed 45,453 HECMs of which 20,704 (45.6%) were originated under the post October 2, 2017 MIP rate structure and PLFs.
- Average Principal Limit was 55 percent; down from 59.7 percent in FY 2017.



Appraisals



FHA Appraisal Submission and Assessment

- Mortgagee Letter 2018-06 published September 28, 2018 applicable to all HECM originations with FHA case numbers assigned on or after October 1, 2018.
- A second appraisal is required when FHA's collateral risk assessment of the initial appraisal submitted determines a need for additional support for the collateral value.
- Mortgagee is not prohibited from using the same Appraisal Management Company for the second appraisal.
- Changes to FHAC are in process to fully automate the collateral risk assessment and lender feedback on or before December 1, 2018.
- FHA may renew the requirements beyond FY 2019 pending evaluation of the program changes.



Kasey Watson
Program Director, Branch 3 – HECM Servicing
National Servicing Center



Asset Management/Servicing



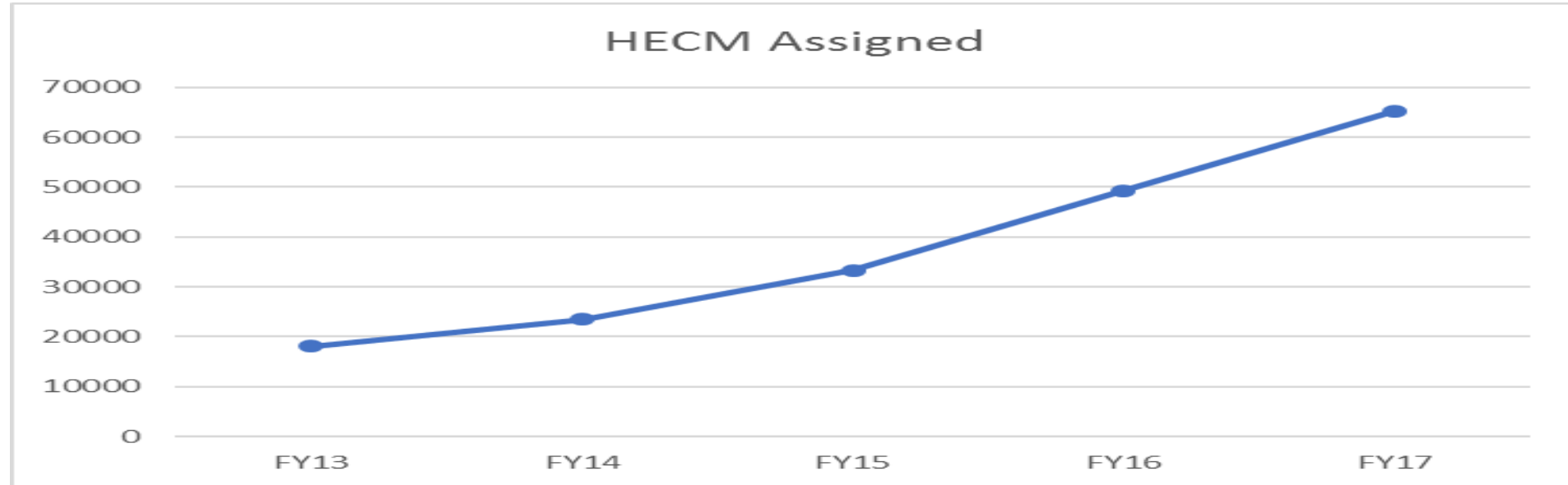
HECM Servicing Mortgagee Letters Issued

ML 2018-08: Updated Guidance on Home Equity Conversion Mortgage (HECM) Claim Type 22 (CT-22) Assignment Requests

- Published on October 22, 2018
- Expands documentation accepted to validate Assignment criteria is met
- Clarifies explanation necessary for Pre-Due and Payable Corporate Advances
- Provides a timeframe for filing an Assignment claim following issuance of Preliminary Title Approval



Growth in Secretary-Held Portfolio



Fiscal Year	FY13	FY14	FY15	FY16	FY17
HECM Assigned	18,153	23,538	33,305	49,294	65,291



Appraisals

Evaluating Soundness of Servicing Appraisals

- Reviewing appraisals completed
- Leveraging origination insights to improve servicing efficiency
- Reducing losses to the program through improved recoveries



John R. Olmstead
Senior Housing Program Officer
Office of Housing Counseling



Counseling



HECM Certificates Data

FY 2017

Certificates	103,960
Endorsements	55,290
Percentage of Conversation Rate Certificates to Endorsements	53 percent

FY 2018 to Date

Certificates	61,258
Endorsements	48,327
Percentage of Conversation Rate	78 percent



HECM Counseling Network

- 270 agencies provide HECM counseling. This includes the eight National Intermediaries and their affiliates/sub-grantees.
- An average of 60 percent of the counseling is carried out by 10 agencies.
- An average of 54 percent of the counseling is done by four agencies.



General Counseling Reminders

- Prohibition against lender steering client to specific counseling agencies
- Encourage clients to seek out thorough and robust counseling
- Refer clients to HUD-approved counseling agencies for Budget and Debt counseling to overcome underwriting barriers
- NRMLA HECM courses utilized for meeting HECM counselor Continuing Education (CE) requirements with advance approval by HUD



General Counseling Reminders (cont.)

- Proprietary/Jumbo Reverse Mortgage
- Counseling requirements governed by the investor, not HUD
 - Agencies choice to provide counseling
 - Agencies may charge a separate fee for this counseling
 - Fees for proprietary products not subject to HUD guidelines
- HECM Counseling session only provide “information” on proprietary and other alternatives
- Does not cover alternatives at the same level of detail
- Certificate of HECM Counseling 92902 does not cover propriety products and cannot be altered to do so (OMB approved form)



HECM Default Counseling

- Servicers may make direct referrals and communicate with HUD Participating HECM Default Counseling agencies
- Encourage Servicers to utilize Loss Mitigation Options
- Communicate repayment plan option calculations with default counselors
- Share surplus income data and calculations
- Make sure client and counselor are aware that HOA fees have a 30-day deadline and cannot be included as part of a repayment



HECM Default Counseling (cont.)

Current HECM Counseling Default Counseling Agencies

GreenPath	(888) 860-4167
Money Management International	(866) 765-3328
National Foundation for Credit Counseling	(866) 363-2227
NeighborWorks America	(888) 990-4326
Housing Option Provided for the Elderly	(773) 262-7801



For More Information



HECM Counseling Information

- HECM Counseling information on the HECM web pages at: <https://www.hudexchange.info/programs/housing-counseling/hecm/#resources-for-hecm-counselors>
 - Resources include:
 - Counseling Handbooks;
 - Mortgagee Letters and Notices;
 - Other policy guidance; and
 - Archived training presentations.
 - Any Question regarding HECM Counseling can be sent to: Housing.Counseling@hud.gov (Please put HECM counseling in the subject line)
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General HECM-related Information

- Topics discussed today, as well as other HECM-related resources, are available on the HECM web pages at:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm
- Resources include:
 - Handbooks, Mortgagee Letters, and other policy guidance;
 - PLF tables;
 - Archived training presentations; and
 - Information on installing or upgrading the HECM calculation software on FHA Connection and HERMIT.



Helpful Links

- SF Handbook Information:

https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1

- Upcoming Single Family Housing Events and Training :

https://www.hud.gov/program_offices/housing/sfh/events

- Subscribe to FHA INFO:

https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/FHA_INFO_subscribe



FHA Resource Center

Option	Point of Contact	Hours Available	Comments
1 FHA Knowledge Base – FAQs	www.hud.gov/answers	24/7/365	Knowledge Base web page includes option to email questions.
2 Email	answers@hud.gov	24/7/365	
3 Telephone	1-800-CALL-FHA (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.	8:00 AM to 8:00 PM Eastern M-F	Voicemail is available after hours or during extended wait periods.

FHA INFO emails: Frequent email notifications of new policies and training opportunities for anyone who signs up. Subscribe at: https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/FHA_INFO_subscribe



Questions?

