



National Reverse Mortgage Lenders Association  
1400 16<sup>th</sup> Street, N.W.  
Washington, DC 20036

**VIA E-MAIL**

June 30, 2019

U.S. Department of Housing & Urban Development  
Federal Housing Administration  
451 7th Street, SW  
Washington, DC 20410

**Re: Proposed Revisions to the Addendum to Uniform Residential Loan Application  
(Form 92900-A)**

The National Reverse Mortgage Lenders Association (“NRMLA”) is the national voice of the reverse mortgage industry. With over 300 member companies and over 2,100 member delegates, NRMLA serves as an educational resource, policy advocate and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage industry. Our mission includes educating industry participants on best practices, regulatory requirements and market dynamics; providing helpful information to consumers about reverse mortgages; enforcing our Code of Ethics and Professional Responsibility;<sup>1</sup> and offering insight to policymakers working on reverse mortgage matters and related issues. NRMLA members make over 90% of the reverse mortgages originated today.

**Background**

On May 9, 2019, HUD issued FHA INFO #19-18 requesting comments on its proposed revisions to the Addendum to Uniform Residential Loan Application (“Form 92900-A”). As noted in FHA INFO #19-18, HUD is proposing significant revisions to Form 92900-A which are intended to:

- Reorganize the form in a logical, easy to read, and understandable format; and
- Eliminate duplicative information collected elsewhere.

Comments on the proposed changes to Form 92900-A were originally due by June 8, 2019. However, on May 30, 2019, HUD issued FHA INFO #19-27 extending the deadline to submit comments until June 30, 2019.

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<sup>1</sup> Code of Ethics & Professional Responsibility, NRMLA, <http://www.nrmlaonline.org/nrmla/ethics/conduct.aspx>.

### Comments

We respectfully request, as described in more detail below, that HUD clarify or revise its guidance to provide that Home Equity Conversion Mortgage (“HECM”) mortgagees are not required to certify to FHA requirements and sections of the Single Family Housing Policy Handbook 4000.1 (“SF Handbook”) that are not applicable to FHA-insured HECM loans. In addition, we request that Part II of Form 92900-A be revised to allow non-borrowing spouses of HECM borrowers to provide their consent for the Social Security Administration (“SSA”) to verify their Social Security Number (“SSN”) since HECM mortgagees are required to verify the SSN of non-borrowing spouses. Further, in order to provide accurate information to HECM borrowers, we request that the “Caution: Delinquencies, Defaults, Foreclosures and Abuses” section in Part III of Form 92900-A be revised because certain statements provided in that section do not apply to HECM borrowers and could potentially mislead seniors.

### *Certifications*

As highlighted below, most of the FHA requirements and sections of the SF Handbook referenced in Part IV and Part V of Form 92900-A do not apply to FHA-insured HECM loans. HECM mortgagees should not be forced to certify that the underlying HECM loan complies with requirements that are not applicable to HECM loans.

In Part IV of Form 92900-A, the mortgagee’s representative and Direct Endorsement Underwriter must certify that:

- “This mortgage was rated as an “accept” or “approve” by FHA’s TOTAL Mortgage Scorecard;
- The information submitted to TOTAL was documented in accordance with Single Family Housing Policy Handbook 4000.1 (SF Handbook) and accurately represents information obtained by the mortgagee; and
- This mortgage complies with SF Handbook 4000.1 Section II.A.4.e Final Underwriting Decision (TOTAL).<sup>2</sup>

Additionally, in Part V of Form 92900-A, the mortgagee’s representative must certify that it has “personally reviewed the mortgage documents, and the application for insurance endorsement, and that the mortgage complies with the requirements and certifications set forth in SF Handbook 4000.1 Section II.A.7 Post-Closing and Endorsement and all conditions of approval have been satisfied.”<sup>3</sup>

Note that FHA’s TOTAL Mortgage Scorecard does not apply to HECM loans. In Section 1.6 of the HECM Financial Assessment and Property Charge Guide, HUD expressly states that “[m]ortgagees must not use FHA’s Technology Open To Approved Lenders (TOTAL) Scorecard

<sup>2</sup> (Emphasis added). We also note that Part IV provides a similar certification for a mortgage that was rated as a “refer” by FHA’s TOTAL Mortgage Scorecard, or was manually underwritten by a Direct Endorsement underwriter.

<sup>3</sup> (Emphasis added).

for HECMs.”<sup>4</sup> Moreover, Section II.A of the SF Handbook also does not apply to FHA-insured HECM loans. Note that in Section II.A of the SF Handbook, HUD states, in part, that Section II.A “provides the origination, underwriting, closing, post-closing, and endorsement standards and procedures applicable to all Single Family (one- to four-units) Mortgages insured under Title II of the National Housing Act, *except for Home Equity Conversion Mortgages (HECM)*.”<sup>5</sup>

For the reasons discussed above, since most of the FHA requirements and sections of the SF Handbook referenced in Part IV and Part V of Form 92900-A do not apply to FHA-insured HECM loans, we respectfully request that HUD clarify that the certifications in Part IV and Part V do not apply to HECM mortgagees making HECM loans. We note that HUD does not need these loan-level certifications to bring an administrative action against a HECM mortgagee that violates FHA requirements. HUD has a broad array of administrative enforcement mechanisms that it can use to hold HECM mortgagees accountable for violating FHA requirements.

#### *Verification of Non-Borrowing Spouse’s SSN*

As proposed, Part II of Form 92900-A only allows the borrower to give his or her consent for the SSA to verify his or her SSN to the mortgagee. However, under the HECM regulations and guidelines, HECM mortgagees are required to verify the SSN of HECM borrowers and their non-borrowing spouses.<sup>6</sup> We request that Part II of Form 92900-A be revised to allow non-borrowing spouses of HECM borrowers to provide their consent for the SSA to verify their SSN to the mortgagee.

We note that HUD has stated that HECM mortgagees may manually revise the current Form 92900-A in order to obtain the non-borrowing spouse’s signature and verify his or her SSN with the SSA. Specifically, in Section 1.8 of the HECM Financial Assessment and Property Charge Guide, HUD states, in part, the following:

*“The mortgagee must obtain a Non-Borrowing Spouse’s signature on Part IV of Form HUD-92900-A to verify the Non-Borrowing Spouse’s SSN with the SSA.*

*Part IV of Form HUD-92900-A refers to ‘Co-borrower’ rather than Non-Borrowing Spouse. Lenders may cross out ‘Co-borrower’ and write in Non-Borrowing Spouse, or attach an addendum signed by the Non-Borrowing Spouse to Form-HUD-92900-A which includes the required language in Part IV of Form HUD-92900-A.”*<sup>7</sup>

Based on the above noted HUD guidance, since HUD already requires mortgagees to use Form HUD-92900-A to verify non-borrowing spouses’ SSN, rather than instructing mortgagees to

<sup>4</sup> Additionally, in Mortgagee Letter 2014-21, HUD states that the “FHA TOTAL Scorecard is designed to evaluate the creditworthiness of Forward Mortgages only.”

<sup>5</sup> (Emphasis added).

<sup>6</sup> 24 C.F.R. § 206.40; HECM Financial Assessment and Property Charge Guide, Section 1.8.

<sup>7</sup> (Emphasis added).

manually modify the language in Form HUD-92900-A (or attach an addendum to Form HUD-92900-A, which the non-borrowing spouse must sign), we simply request that Part II of Form HUD-92900-A be revised to allow non-borrowing spouses of HECM borrowers to provide their consent for the SSA to verify their SSN to the mortgagee.

### *Borrower Disclosures*

Part III of Form HUD-92900-A provides various important disclosures, notices, and information to borrowers. However, we note that certain statements in Part III, under the section entitled “Caution: Delinquencies, Defaults, Foreclosures and Abuses,” do not apply to HECM borrowers and could potentially be misleading to seniors. Specifically, that section provides as follows:

“Delinquencies, defaults, foreclosures and abuses of mortgage loans involving programs of the Federal Government can be costly and detrimental to your credit, now and in the future. The Mortgagee in this transaction, its agents and assigns as well as the Federal Government, its agencies, agents and assigns are authorized to take any and all of the following actions in the event loan payments become delinquent on the mortgage loan described in the attached application: (1) Report your name and account information to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service your account; (4) Offset amounts owed to you under other Federal programs; (5) Refer your account to a private attorney, collection agency or mortgage servicing agency to collect the amount due, foreclose the mortgage, sell the property and seek judgment against you for any deficiency; (6) Refer your account to the Department of Justice for litigation in the courts; (7) If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits; (8) Refer your debt to the Internal Revenue Service for offset against any amount owed to you as an income tax refund; and (9) Report any resulting written off debt of yours to the Internal Revenue Service as your taxable income. All of these actions may be used to recover any debts owed when it is determined to be in the interest of the Mortgagee and/or the Federal Government to do so.

As a home loan borrower, you will be legally obligated to make the mortgage payments called for by your mortgage loan contract. The fact that you dispose of your property after the loan has been made will not relieve you of liability for making these payments. Payment of the loan in full is ordinarily the way liability on a mortgage note is ended. Some home buyers have the mistaken impression that if they sell their homes when they move to another locality, or dispose of it for any other reasons, they are no longer liable for the mortgage payments and that liability for these payments is solely that of the new owners. Even though the new owners may agree in writing to assume liability for your mortgage payments, this assumption agreement will not relieve you from liability to the holder of the

note which you signed when you obtained the loan to buy the property. Unless you are able to sell the property to a buyer who is acceptable to HUD/FHA who will assume the payment of your obligation to the lender, you will not be relieved from liability to repay any claim which HUD/FHA may be required to pay your lender on account of default in your loan payments. The amount of any such claim payment may be a debt owed by you to the Federal Government. This debt will be the object of established collection procedures.<sup>8</sup>

In connection with FHA-insured HECM loans, note that the above highlighted provisions are inaccurate and could be potentially misleading to senior borrowers. For starters, HECM borrowers are not required to make monthly “loan payments.” In addition, unlike forward mortgages, HECM loans are not assumable. Moreover, FHA-insured HECM loans are non-recourse loans. HECM borrowers are not personally liable for the payment of the debt. Further, mortgagees are not permitted to obtain a deficiency judgment against HECM borrowers. Note that these HECM features are described in Paragraph 11 of FHA’s model HECM Mortgage Form, as follows:

**“11. No Deficiency Judgments.** Borrower shall have no personal liability for payment of the debt secured by this Security Instrument. Lender may enforce the debt only through sale of the Property. Lender shall not be permitted to obtain a deficiency judgment against Borrower if the Security Instrument is foreclosed. If this Security Instrument is assigned to the Secretary upon demand by the Secretary, Borrower shall not be liable for any difference between the mortgage insurance benefits paid to Lender and the outstanding indebtedness, including accrued interest, owed by Borrower at the time of the assignment.”

Additionally, in Mortgage Letter 2014-10, HUD states that “[m]ortgagees must ensure that mortgagors are properly informed of all features available to HECM mortgagors and may not mislead or otherwise cause a mortgagor to believe that the HECM product contains any features or limitations that are inconsistent with FHA’s requirements.”<sup>9</sup> Although HECM mortgagees are prohibited from misleading HECM borrowers or providing them with inaccurate information regarding HECM loans, Form HUD-92900-A, which HUD requires to be used with every HECM loan, contains numerous inaccurate statements that may mislead and confuse HECM borrowers.

Based on the foregoing, we request that the above noted statements in Part III of Form HUD-92900-A be revised to accurately reflect the features of FHA-insured HECM loans or, as an alternative, clarified that these statements do not apply to HECM loans.

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<sup>8</sup> (Emphasis added).

<sup>9</sup> (Emphasis added).

**Conclusion**

NRMLA appreciates the opportunity to comment on the proposed changes to Form 92900-A. We trust that you will find our comments herein both helpful and informative. We would also welcome the opportunity to meet with HUD representatives to discuss the proposed revisions to Form 92900-A, as well as the recommendations set forth in this letter, in more detail.

Very truly yours,

A handwritten signature in black ink, appearing to read "S. Irwin", with a long horizontal flourish extending to the right.

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