



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION

SINGLE FAMILY HOUSING



National Reverse Mortgage Lending Association 2019 Annual Meeting

Home Equity Conversion Mortgage Update

November 19, 2019

Presented by:

Joshua Miller

Senior Advisor

Office of the Deputy Assistant
Secretary for Single Family

Housing

Erica Jessup

Acting Director

Home Valuation Policy Division
Single Family Housing

Kasey Watson

Program Director

National Servicing Center
Single Family Housing



OFFICE OF SINGLE FAMILY HOUSING



Agenda

By the Numbers

Origination

Housing Counseling

Servicing



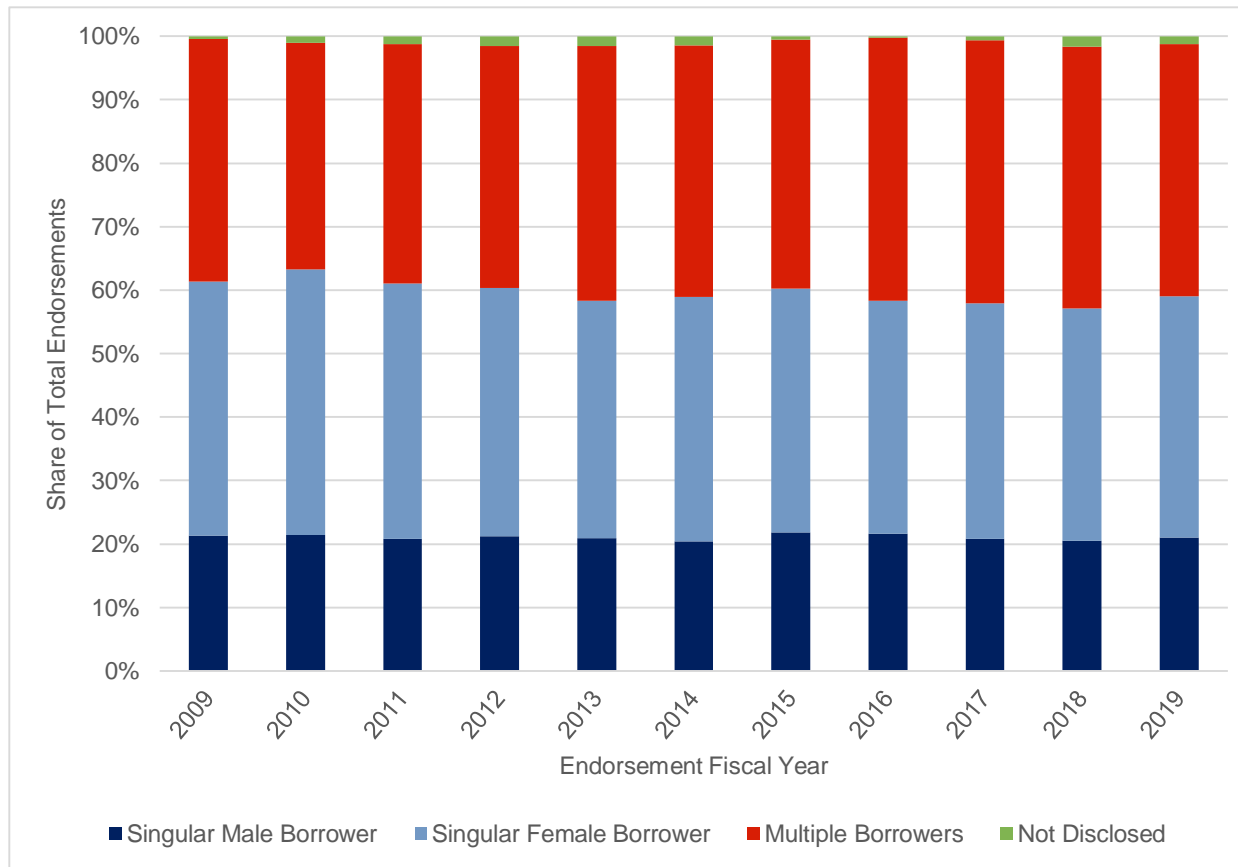
By the Numbers



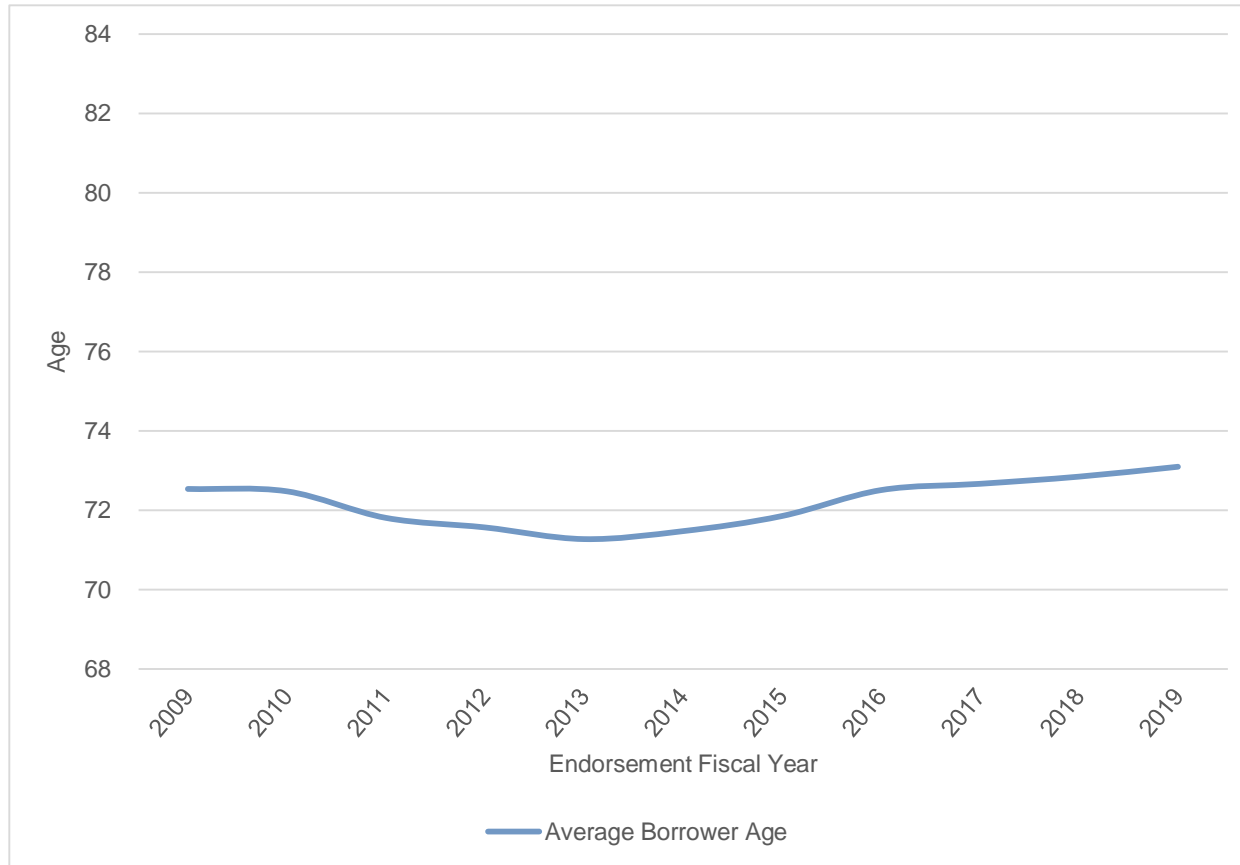
HECM Endorsements



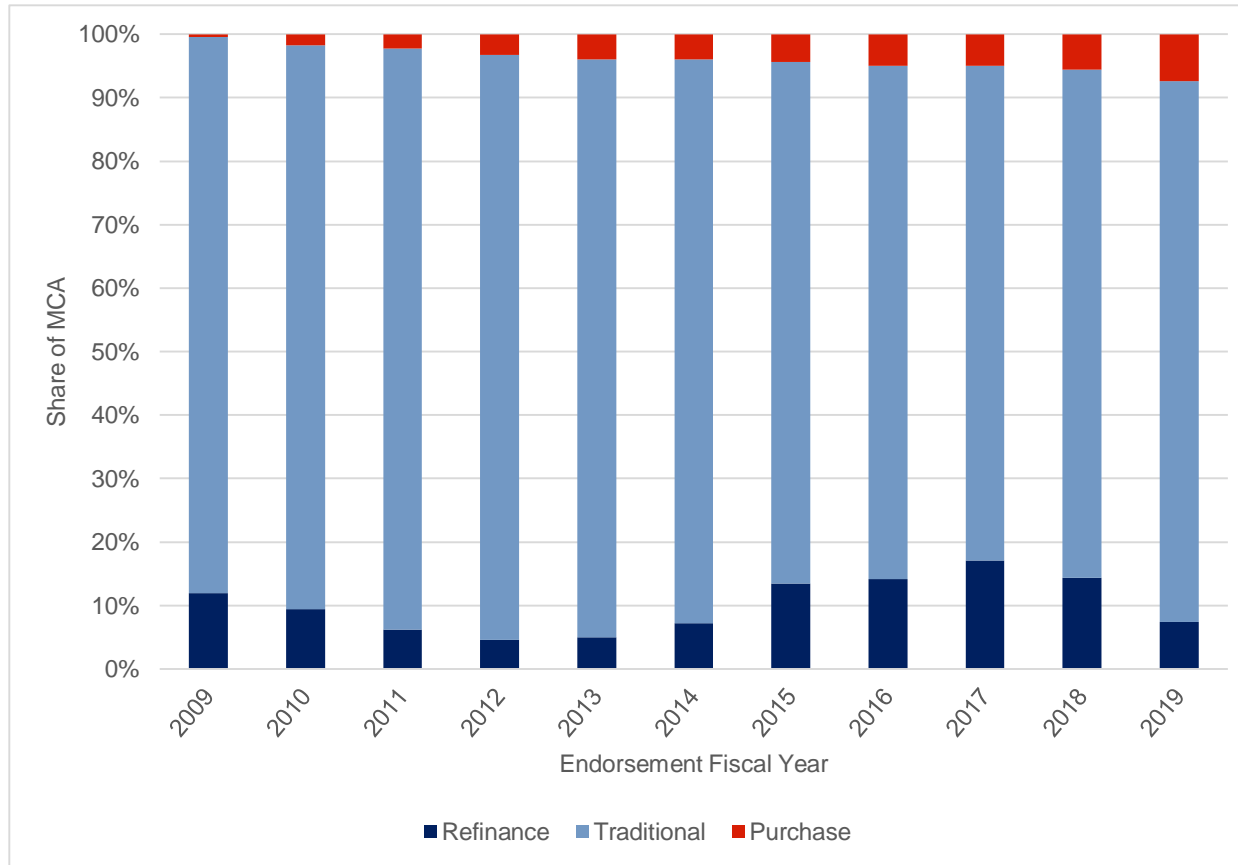
Composition of FHA HECM Borrowers



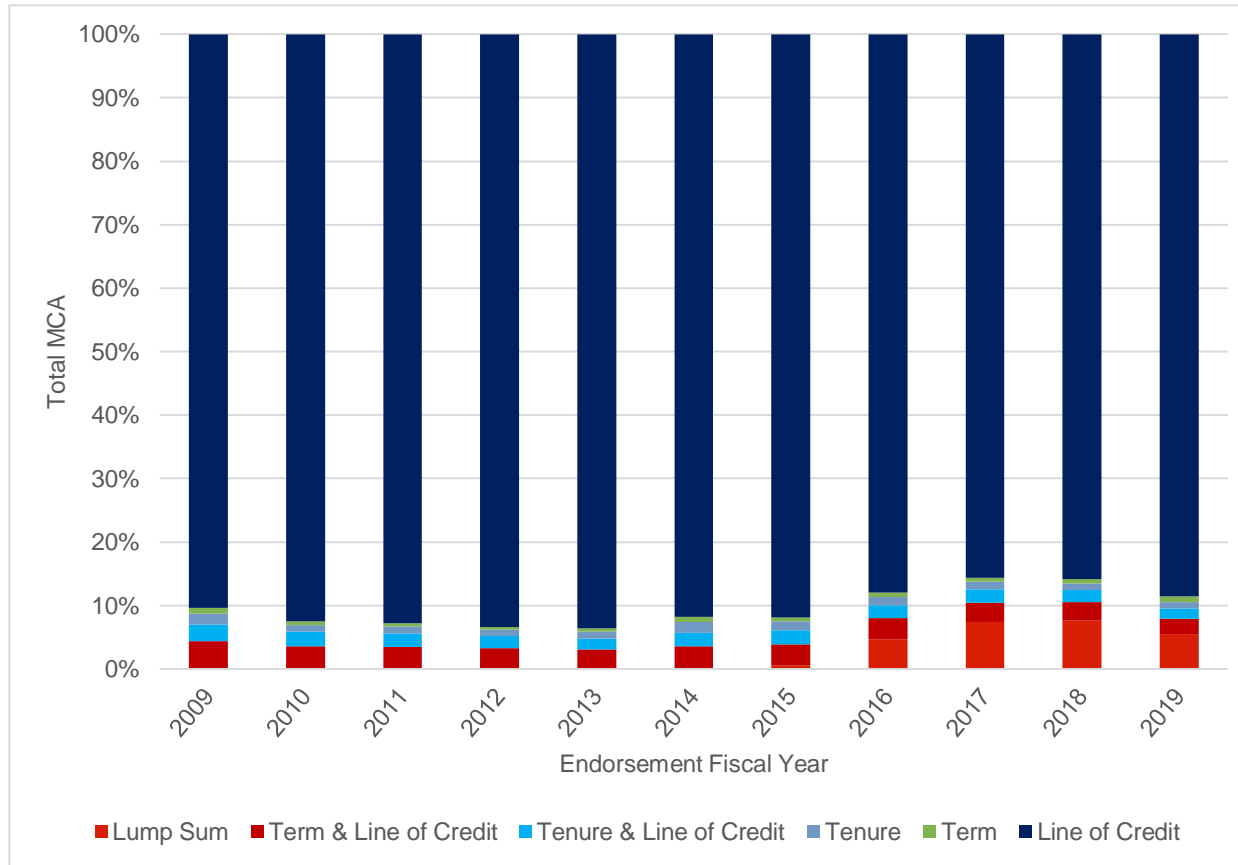
HECM Borrower Average Age at Endorsement



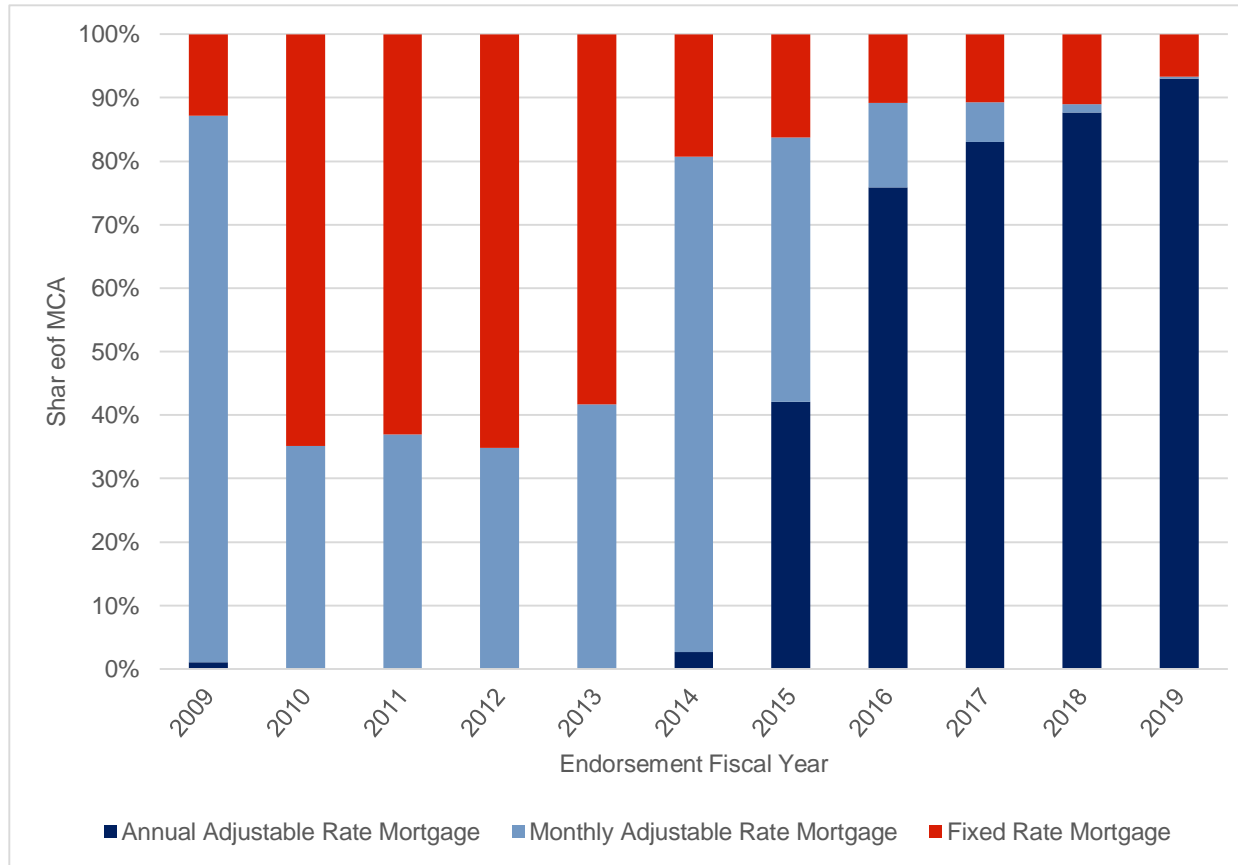
HECM Endorsements by Purpose



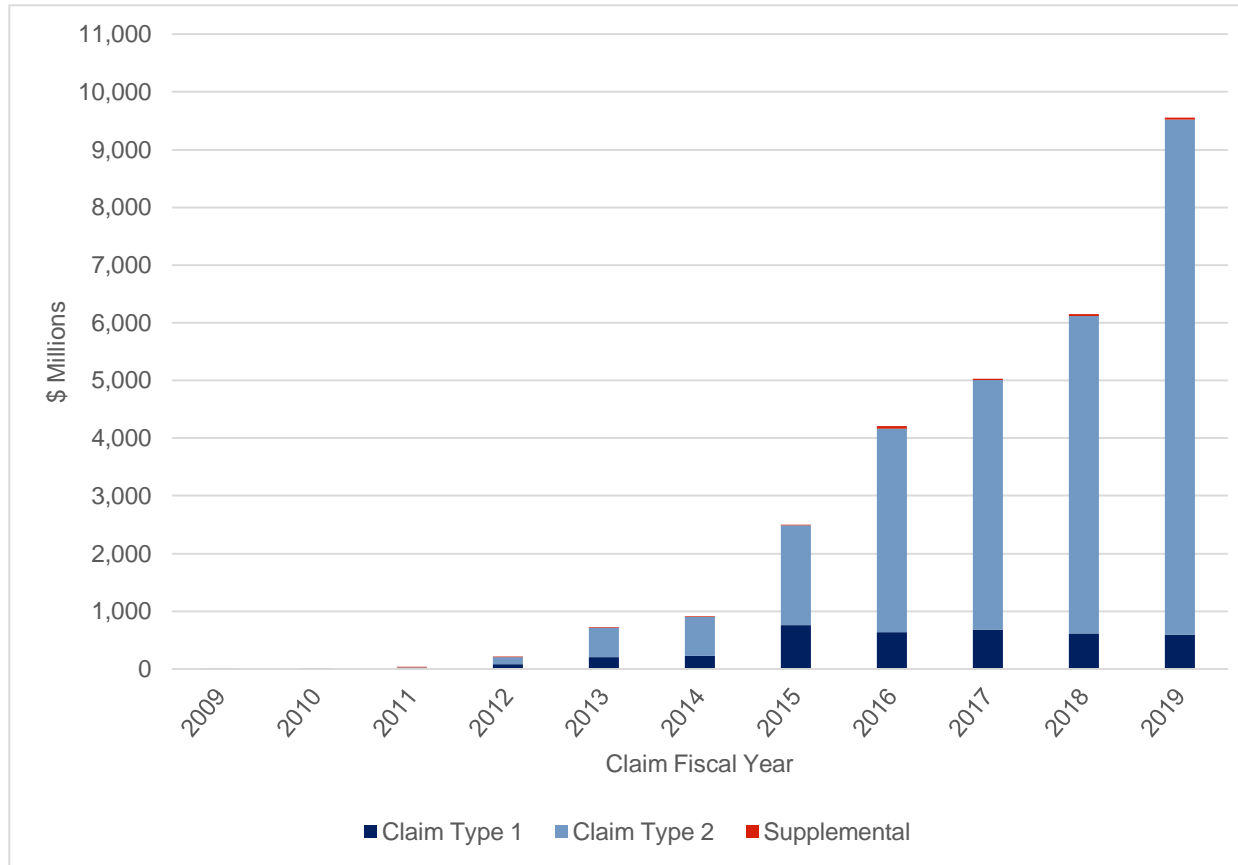
HECM Loans by Payment Plan Option



HECM Endorsements by Mortgage Type Option



HECM Claims by Type



LIBOR Index Replacement

- As of September 30, 2019, there were 267,487 active HECM adjustable rate LIBOR indexed mortgages.
- From October 1, 2018 through September 30, 2019, 29,367 loans or 93.9% of new endorsements were adjustable rate LIBOR indexed mortgages.
- HUD Working Group
 - External engagement (Alternative Reference Rates Committee, Consumer Financial Protection Bureau, NRMLA)
 - Internal engagement (Ginnie Mae, Office of Housing Counseling, Office of Risk Management and Regulatory Affairs, Office of Policy Development and Research)



Collateral Risk Assessment Results

- The 6-month and 9-month policy reviews evaluated specific measurable costs to HECM borrowers, American taxpayers, and mortgagees.
- Results from the evaluations found lower expected losses to the Mutual Mortgage Insurance (MMI) Fund and the American taxpayer.
- Mortgagee Letter (ML) 2019-16 was issued September 23, 2019 which eliminated the termination date of ML 2018-06, *Home Equity Conversion Mortgage (HECM) Program – Changes to Appraisal Submission and Assessment for all HECM Originations.*

Origination



Fiscal Year 2019 Accomplishments

- HECM Collateral Risk Assessment (CRA)
 - Mortgagee Letter 2018-06, effective October 1, 2018, required a collateral risk assessment of the appraisal submitted for use in the HECM origination, and the Maximum Claim Amount based on the lower appraised value of the two appraisals.
 - Mortgagee Letter 2019-16, was published on September 23, 2019 eliminated the September 30, 2019 sunset date.
- Third Party Verification Services
 - Mortgagee Letter 2019-01, published on February 19, 2019, permitted the use of a third-party service to verify employment, income and asset information of prospective borrowers.

Fiscal Year 2019 Accomplishments (cont.)

- Condominium Requirements
 - Mortgagee Letters 2019-13 & 2019-17, effective October 15, 2019:
 - New Single-Unit Approval Borrower Eligibility requirements
 - Limitations: 10 percent of the total units within a Condominium Project and not to exceed 2 units within a Condominium Project with fewer than 10 Units.
 - SF Policy Handbook 4000.1, Condominium Project Approval requirements, Section II.C. Project Approval



Fiscal Year 2019 Accomplishments (cont.)

Condominium Requirements (cont.)

- Single-Unit Approval Processing Reminders:
 - Mortgagees are not required to use Form HUD-9991, FHA Condominium Loan Level/Single-Unit Approval Questionnaire but must provide the information contained on this form.
 - Case numbers will not be issued until the Mortgagee submits the following information to the FHA Resource Center:
 - Section 1a. Mortgagee Information
 - Section 2a. Condominium Project Information
 - Section 2b. Condominium Association Information
 - Section 3.1.a. Total Number of Units in the Condominium Project (only)

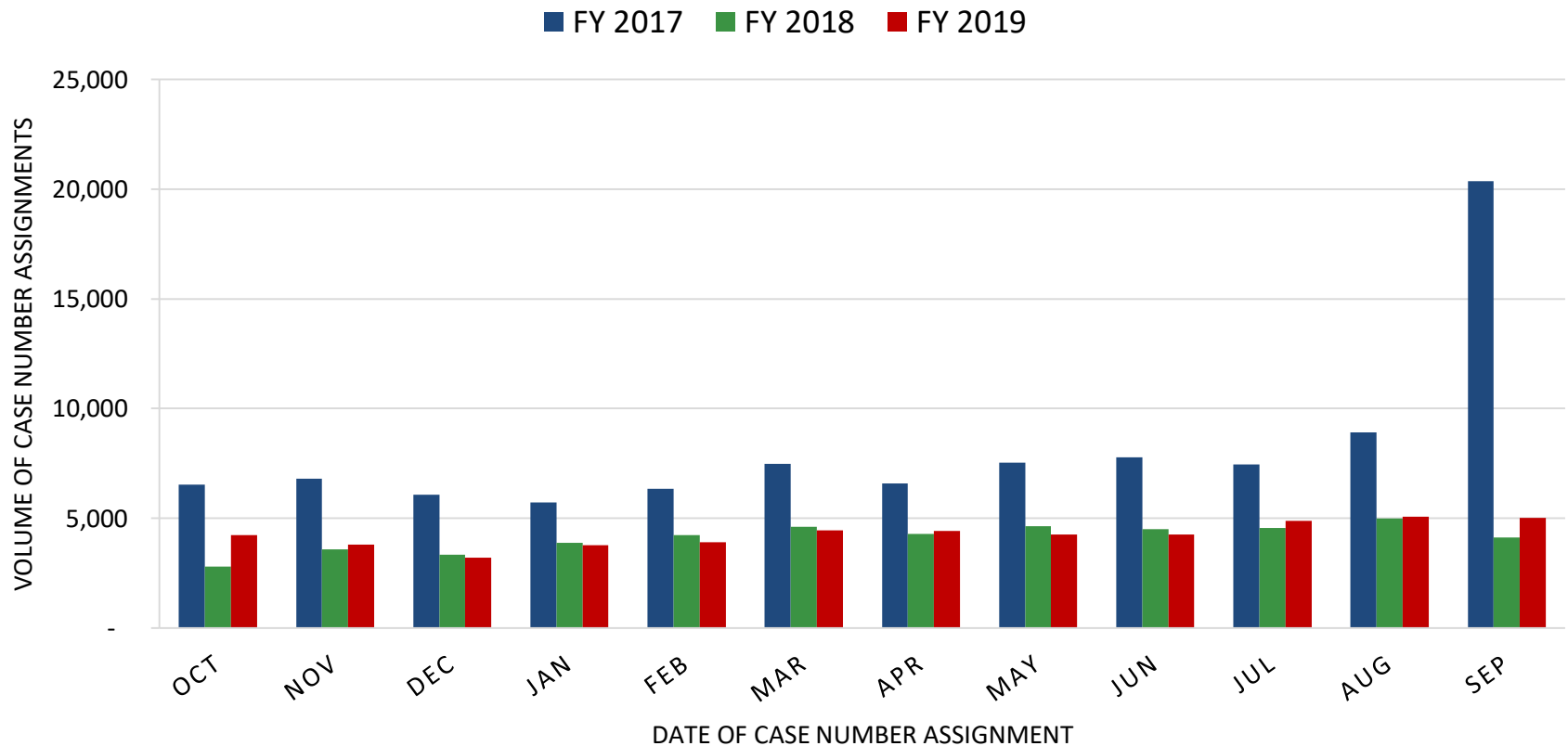
HECM Counseling Activity Levels Update

	FY17	FY 18	FY 19
Certificates Issued	103,960	61,258	60,082
Endorsements	55,291	48,327	31,260

The difference between the figures above is primarily due to lag time between receipt of the certificate, potential eligibility issues, and the client's decision not to pursue a HECM.

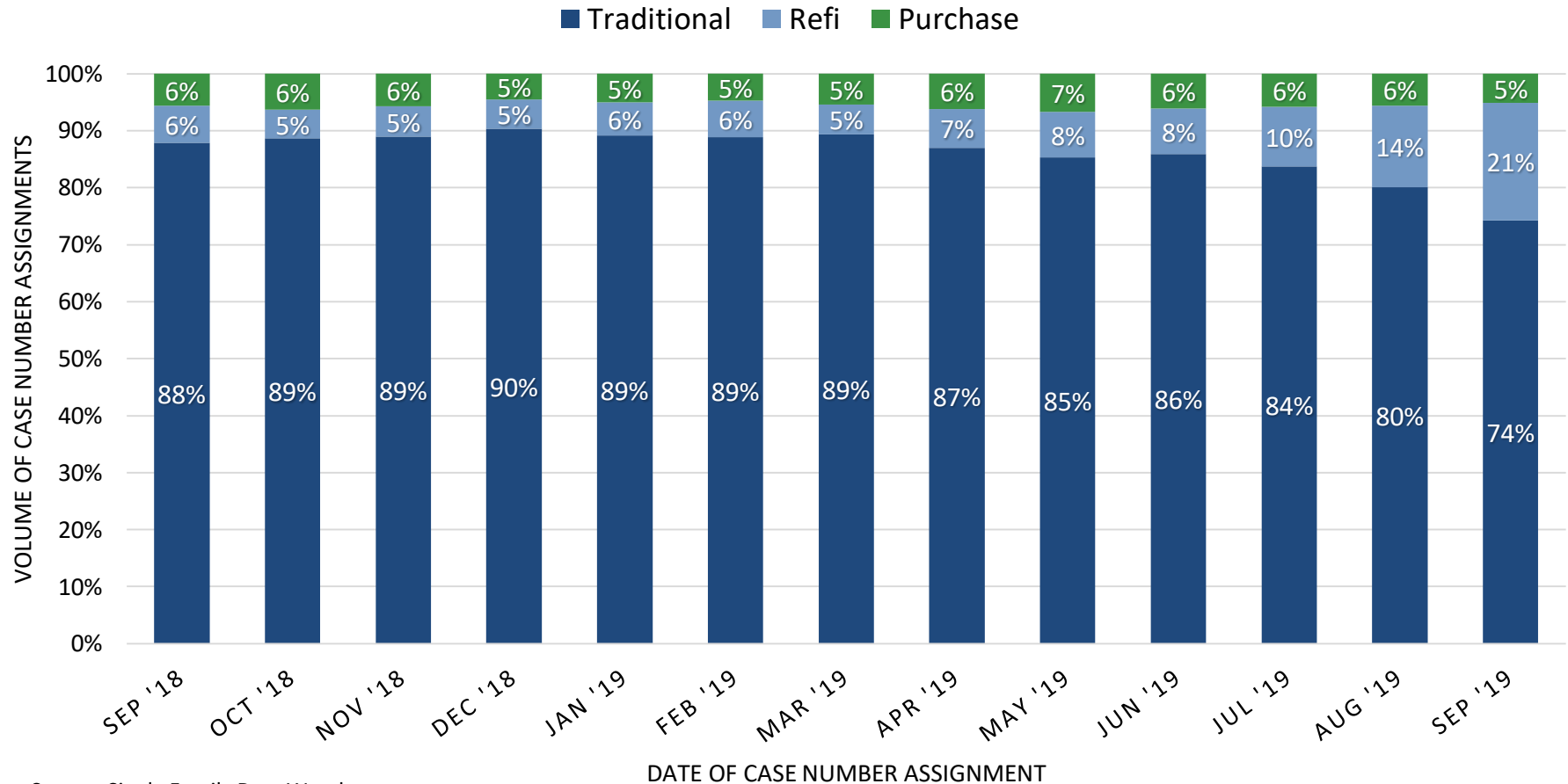
HECM Case Number Assignments

Year-Over-Year Monthly Comparison



HECM Case Number Assignments

By Product Type



- Source: Single Family Data Warehouse
- Data as of September 30, 2019



Fiscal Year 2020 HECM Origination Priorities

Theme: Implement, Monitor, and Measure

- HECM Section of Single-Family Housing Policy Handbook 4000.1
- Housing Counseling: New Certification Requirements Final Rule
- LIBOR Index Replacement
- System Updates
- Portfolio Performance Monitoring



Housing Counseling



HECM Counseling

HECM Default Counseling

- HUD permits agencies to provide nationwide HECM default counseling (similar to the current process for HECM origination counseling) if it is part of the agency's current HUD-approved work plan for HECM default and if the agencies choose to do so. Default counseling for HECM loans can be provided by non-HECM Roster counselors.
- HUD and their partners will provide HECM default counseling training opportunities for all agencies currently providing, planning to provide, or building the capacity to provide this type of counseling. For training opportunities, visit:
 - <https://www.hudexchange.info/programs/housing-counseling/training-digest/>
 - <https://www.hudexchange.info/programs/housing-counseling/hecm/default/#agency-participation-in-hecm-default-counseling>

HECM Counseling Final Rule FAQs

Housing Counseling: New Certification Requirements Final Rule

Q. Must HUD-approved HECM counselors currently on the HECM Counselor Roster also become HUD certified counselors under the Final Rule?

A. Yes, as of August 1, 2020, the Final Compliance Date for the rule, all HUD-approved Home Equity Conversion Mortgage (HECM) counselors must meet the counselor certification requirements in the Final Rule. The HECM counselor must pass the certification examination and work for a Participating Agency. In addition, the HECM Roster requirements continue to apply to all HECM counselors. The HECM Roster requirements are pursuant to the statutory requirements of National Housing Act section 255 as implemented at 24 CFR part 206, subpart E.



HECM Counseling Final Rule FAQs (cont.)

Q. Does having a HUD Certified Housing Counselor certification satisfy HUD's HECM counselor continuing education requirements?

A. No. The Final Rule does not change the current continuing education requirements for HUD-approved HECM counselors on the HECM Counselor Roster.

Q. Who must be certified in an agency approved to participate in HUD's Housing Counseling Program?

A. As of August 1, 2020, the Final Compliance Date, all individuals working for a Participating Agency who provide Housing Counseling services, or oversee group education, or both, must be HUD certified. This includes HECM counselors. Staff who do not directly provide Housing Counseling, do not oversee group education, and whose roles are limited to other tasks such as management or administrative support of a housing counseling program are not required to become HUD certified housing counselors.



HECM Counseling Resources

- <https://www.hudexchange.info/programs/housing-counseling/hecm/origination/#resources-for-hecm-counselors>
- <https://www.hudexchange.info/programs/housing-counseling/hecm/default/#agency-participation-in-hecm-default-counseling>



Servicing



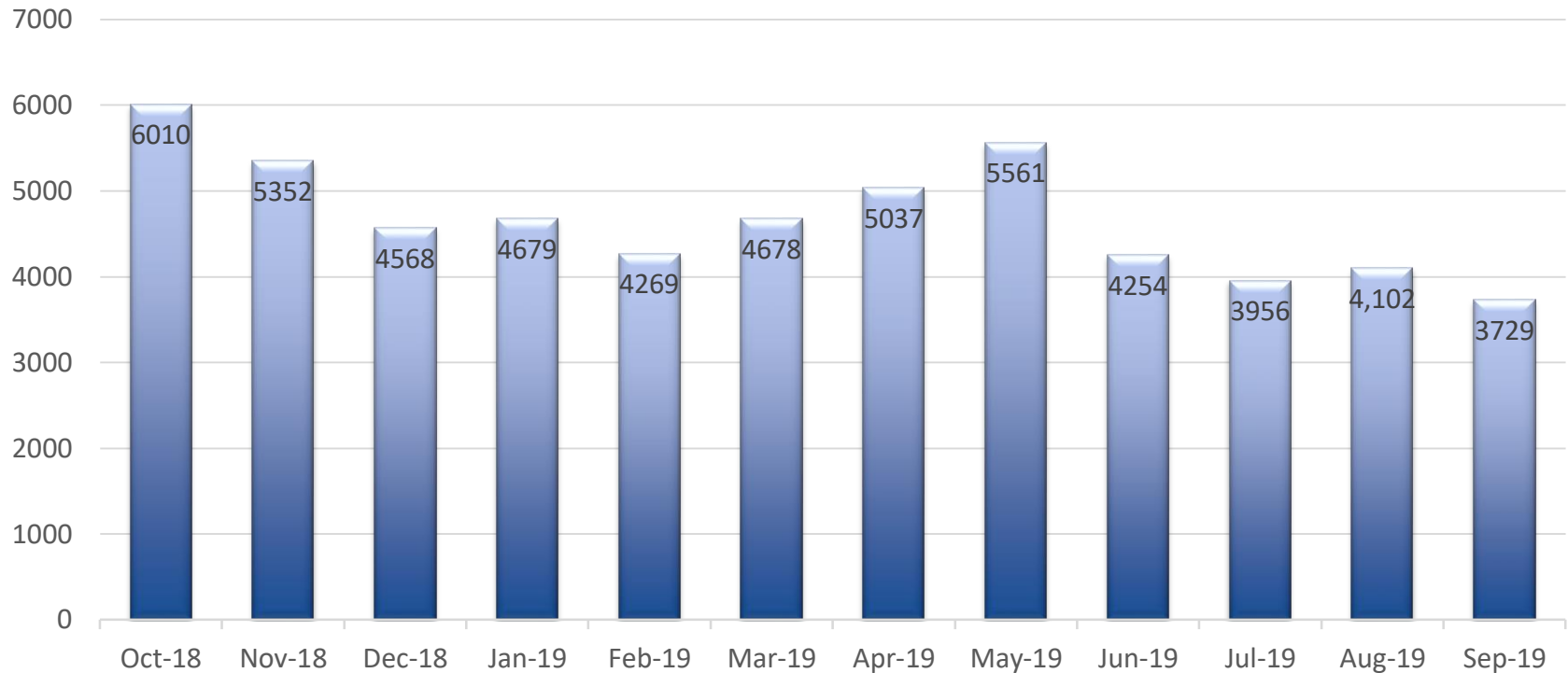
Mortgagee Optional Election (MOE) Policy Updates

Mortgagee Letter 2019-15

- Effective for loans with FHA case numbers assigned before August 4, 2014
- Reduced the requirements for a Non-Borrowing Spouse to be eligible for an MOE assignment
 - Removed requirement for establishing the legal right to remain in the property or good and marketable title
 - Removed interim deadlines
 - Requires servicers to request information on potential Non-Borrowing Spouses during annual occupancy certification

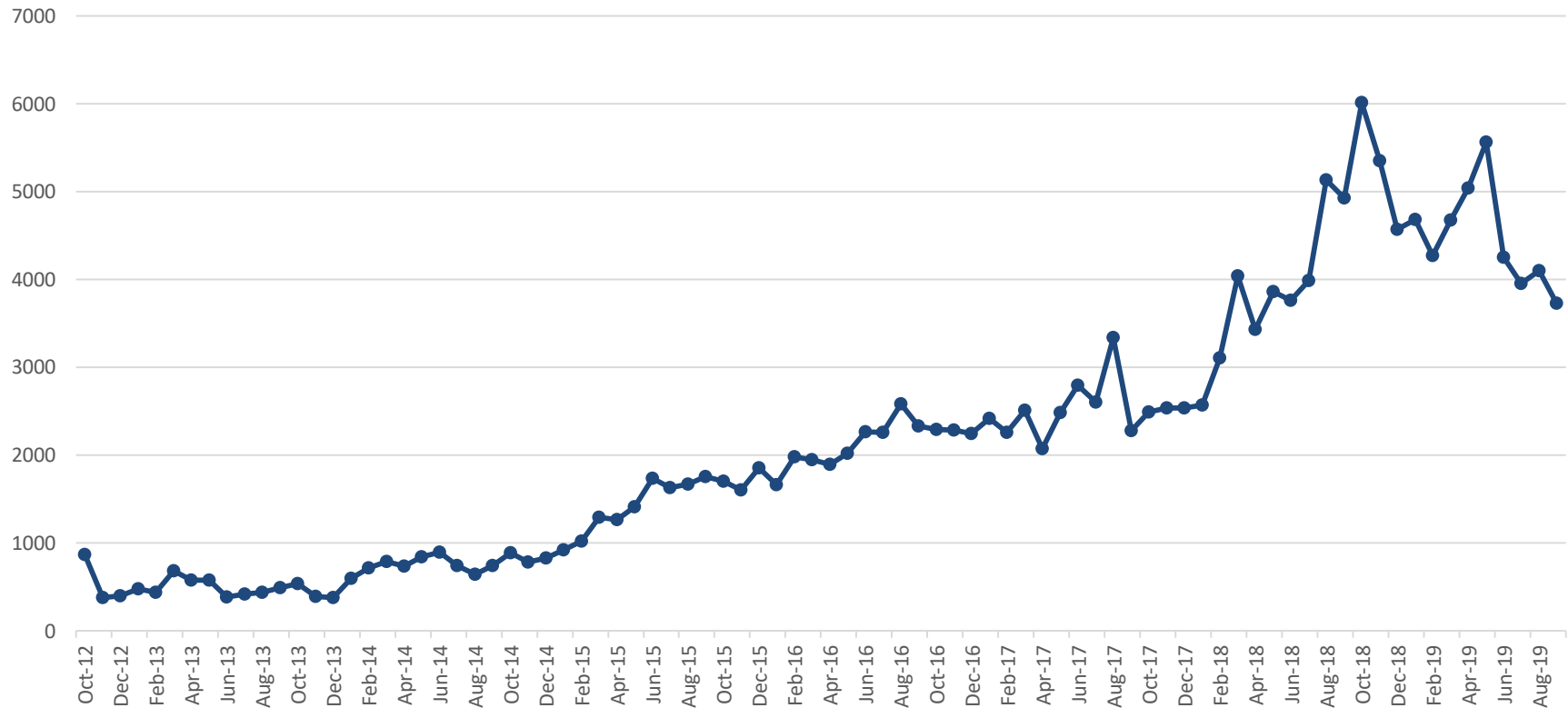
Key Assignment Statistics

Incoming Assignment Requests Fiscal Year 2019



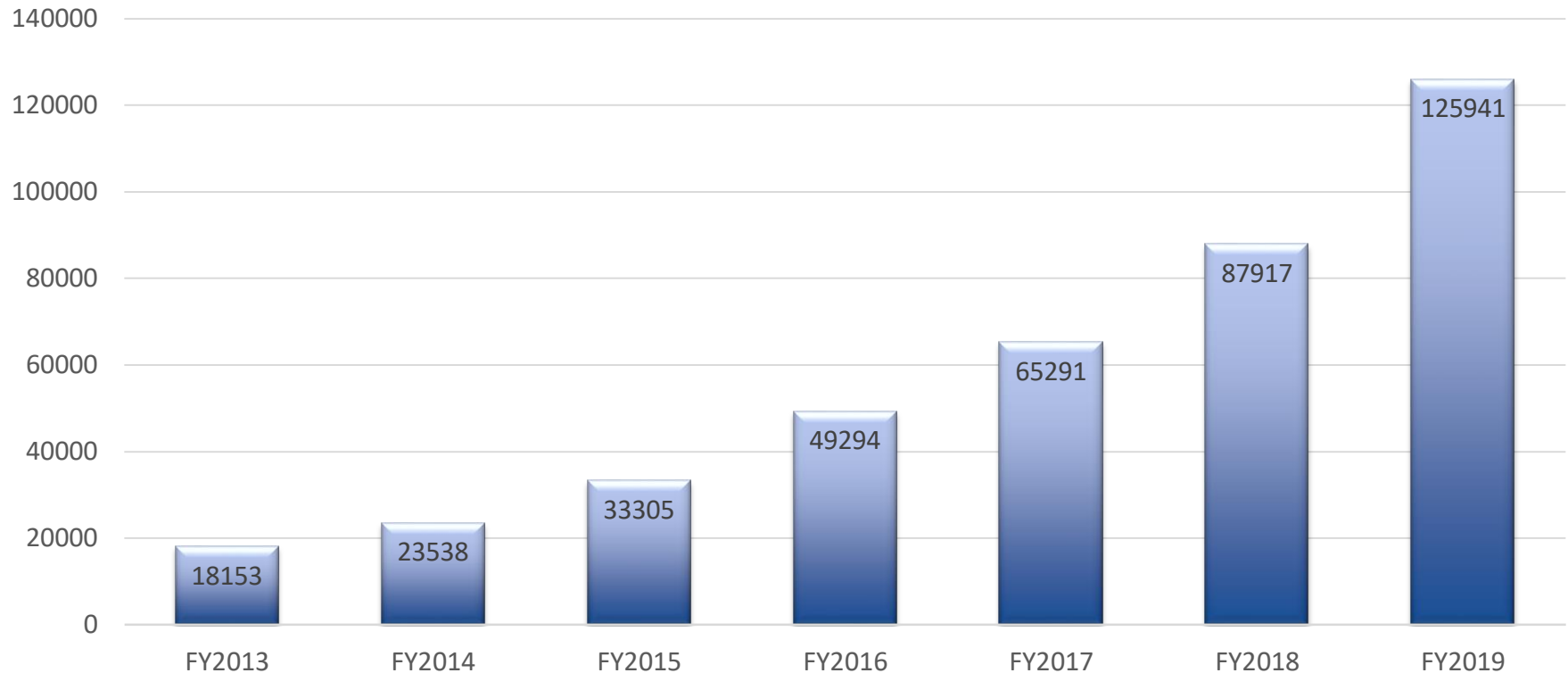
Key Assignment Statistics (cont.)

Incoming Assignment Requests FY2013 – FY2019



Secretary Held Portfolio

Portfolio Size Fiscal Year 2013 – Fiscal Year 2019



Additional Information



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



Thank You

