



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL HOUSING ADMINISTRATION

SINGLE FAMILY HOUSING



National Reverse Mortgage Lending Association 2020 Annual Meeting

Home Equity Conversion Mortgage Update

November 12, 2020

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OFFICE OF SINGLE FAMILY HOUSING



Agenda

Opening Remarks

COVID-19 / FHA Catalyst

Originations

Endorsements

Servicing



COVID-19 / *FHA Catalyst*



Fiscal Year 2020 Accomplishments

- In response to the Presidentially-Declared COVID-19 National Emergency, FHA issued the following Mortgage Letters (MLs):
 - ML 2020-05 Re-verification of Employment and Exterior-Only and Desktop-Only Appraisal Scope of Work Options for FHA Single Family Programs Impacted by COVID-19
 - Extended in ML 2020-14, ML 2020-20, ML 2020-28, and ML 2020-37
 - ML 2020-07 *FHA Catalyst*: Case Binder Module - Single Family Forward and Home Equity Conversion Mortgage (HECM) Electronic *Submission*
 - ML 2020-24 Revision of Effective Date for COVID-19 Multisubject: Updated Temporary Guidance for Verification of Self-Employment; Rental Income; 203(k) Rehabilitation Escrow Account
 - ML 2020-29 *FHA Catalyst*: Case Binder Module – Expanded Functionality and Updated Case Binder Submission Requirements for Federal Housing Administration (FHA) Post-Endorsement Loan Reviews



Mitigating the Effects of COVID-19

- Instituting a foreclosure and eviction moratorium for all homeowners with FHA-insured mortgages. This moratorium, consistent with Coronavirus Aid, Relief, and Economic Security (CARES) Act, is currently in place through December 31, 2020.
- Providing up to 12 months of mortgage payment forbearance for homeowners with FHA-insured mortgages who request this assistance from their mortgage servicer.
- Instituting pandemic specific loss mitigation home retention options to assist homeowners post-forbearance to bring their mortgage payments current and avoid future foreclosure.
- Instituting temporary waivers to multiple policies that require lenders, servicers, appraisers, and other program participants to have in-person contact with borrowers. These measures were designed to ensure that FHA-insured lending would continue despite social distancing and remote work.



FHA Catalyst

- We could not have endorsed HECM loans without *FHA Catalyst*
- Over 23,000 initial HECM submissions
- Estimated that endorsement of loans are about 20 percent faster with *FHA Catalyst*
- More improvements planned
- Notice of Return (NOR) – Incomplete files are returned



Fiscal Year 2021 HECM Origination Priorities

- LIBOR Transition
- HECM Section of *Single-Family Housing Policy Handbook* 4000.1
- Portfolio Performance Monitoring
- System Updates



LIBOR Index Replacement

- Over 275,00 active adjustable-rate, LIBOR-indexed HECMs
- Over 95 percent of new endorsements use the LIBOR index
- 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)



LIBOR Index Replacement

- 2/5/20 – Fannie Mae LL - *all LIBOR ARMs must be purchased as whole loans on or before Dec. 31, 2020, or in MBS pools with issue dates on or before Dec. 1, 2020.*
- 2/5/20 - *Freddie Mac will not purchase any LIBOR-indexed ARM with an Application Received Date on and after October 1, 2020.*
- 9/20/20 – Ginnie Mae APM - Restrictions on LIBOR-Based Adjustable Rate Reverse Mortgages [HECM/HMBS]



Origination



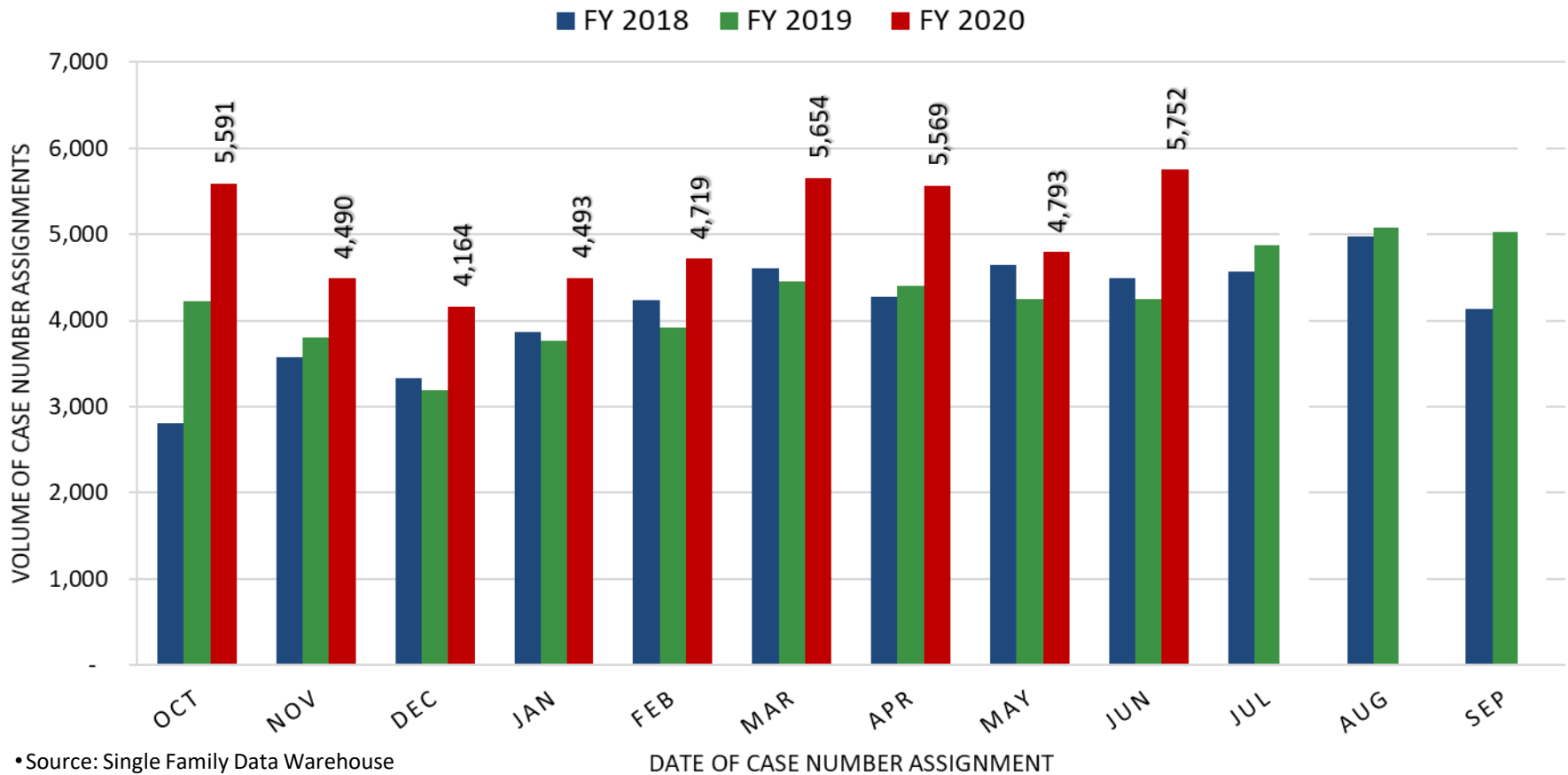
HECM Counseling Activity Levels Update

	FY18	FY19	FY20 3Q
Certificates Issued	61,258	60,082	50,489

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 to pursue a HECM.

HECM Case Number Assignments

Year-Over-Year Monthly Comparison

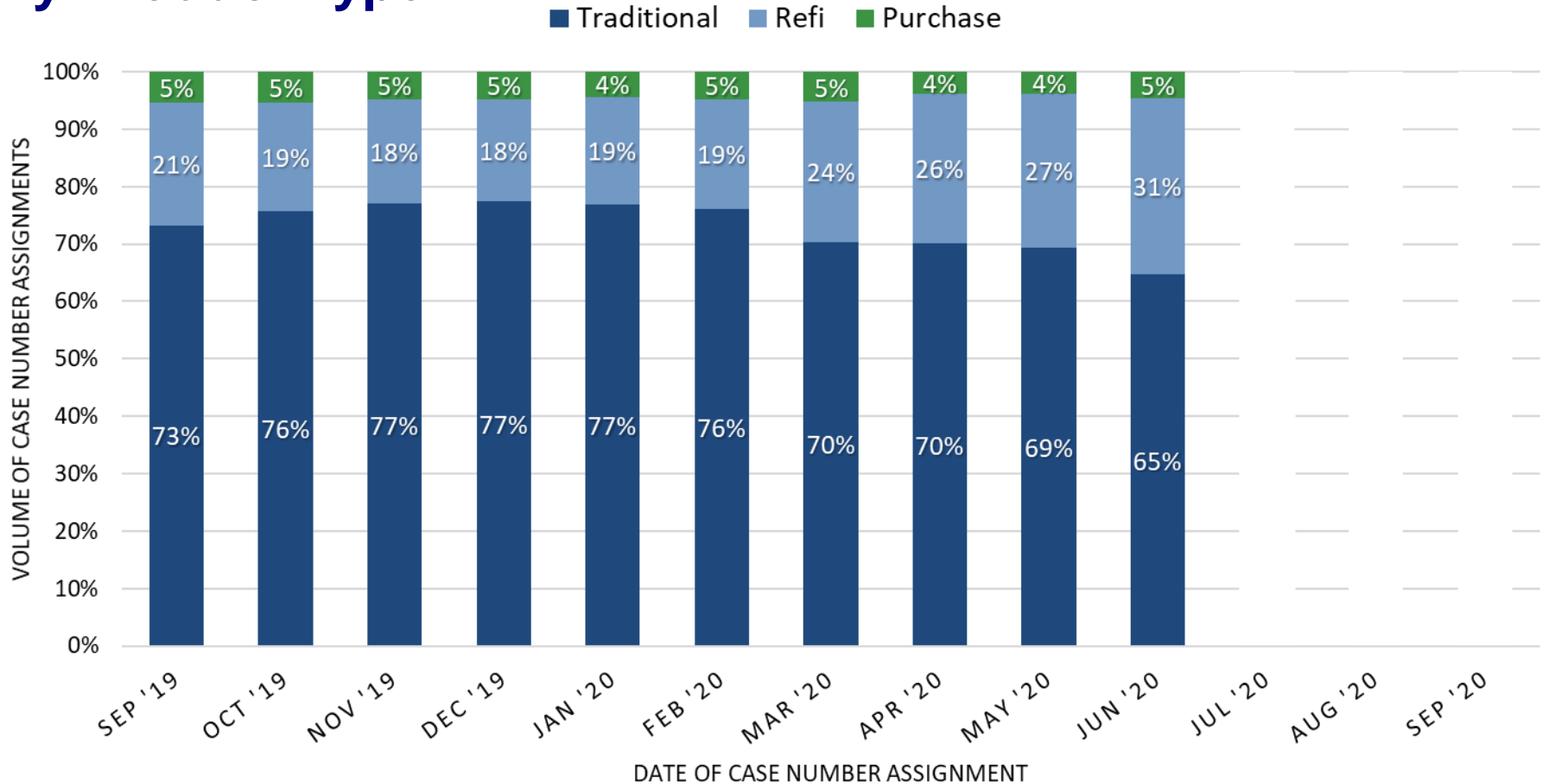


- Source: Single Family Data Warehouse
- Data as of September 30, 2020



HECM Case Number Assignments

By Product Type



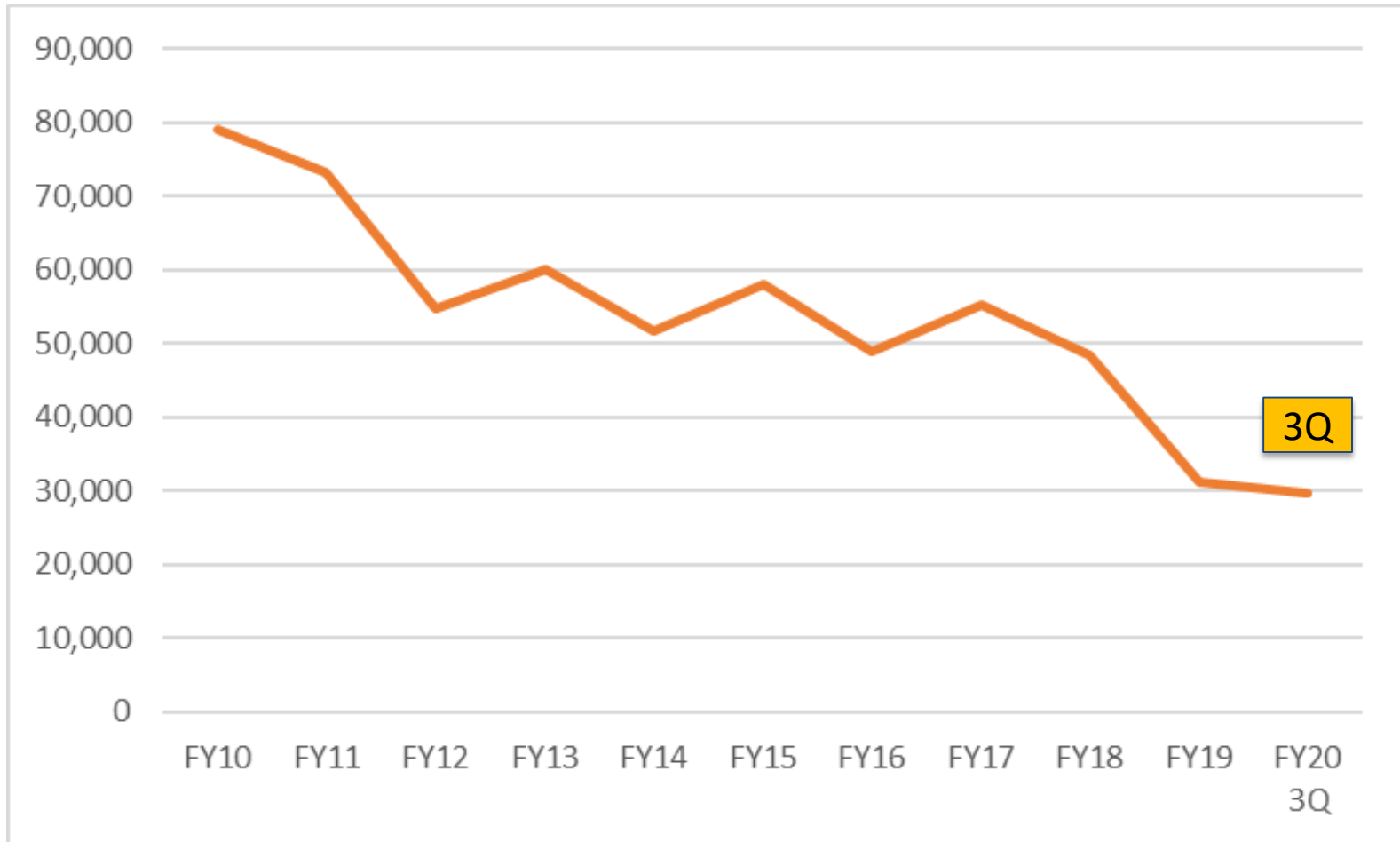
- Source: Single Family Data Warehouse
- Data as of September 30, 2020



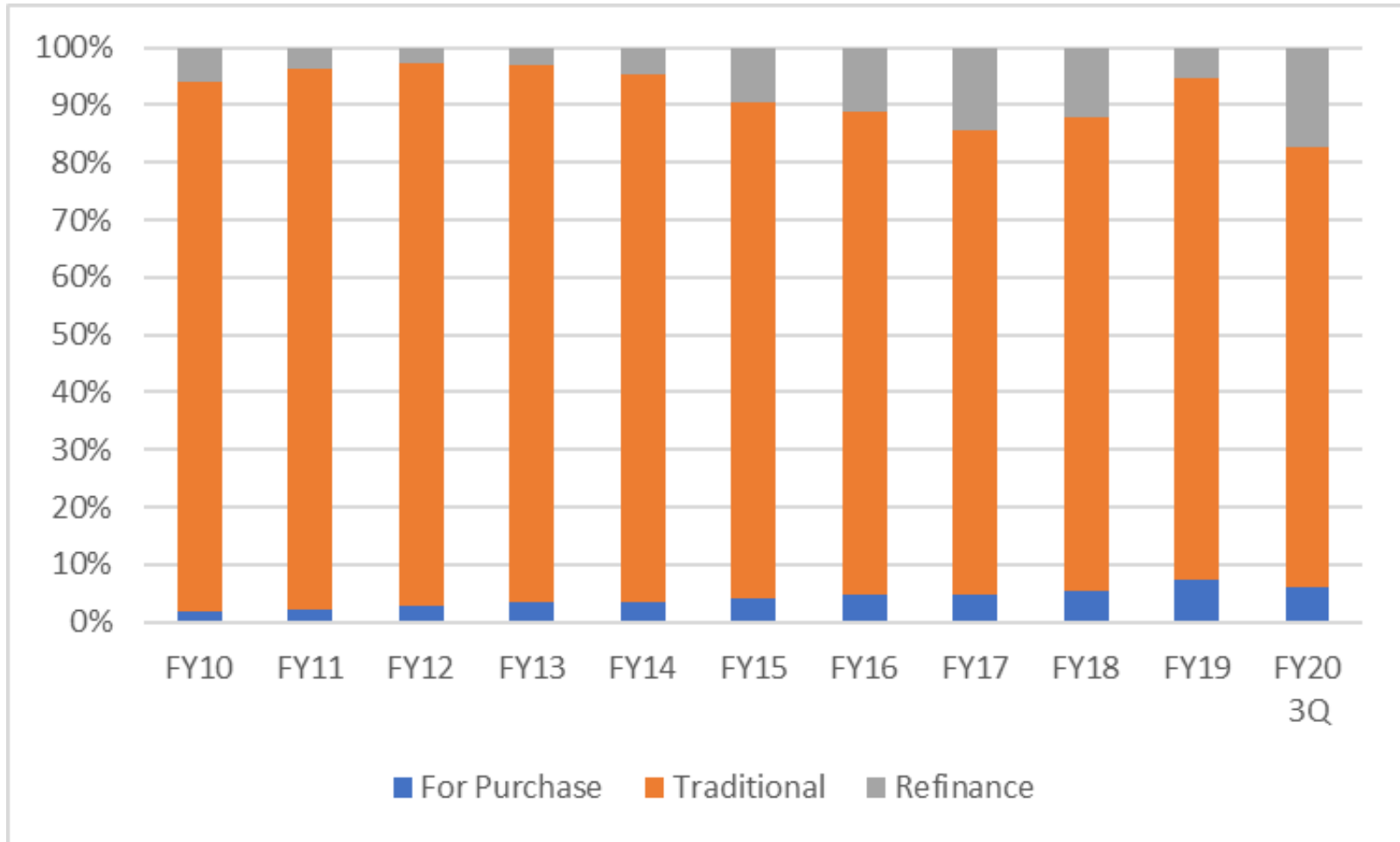
Endorsement



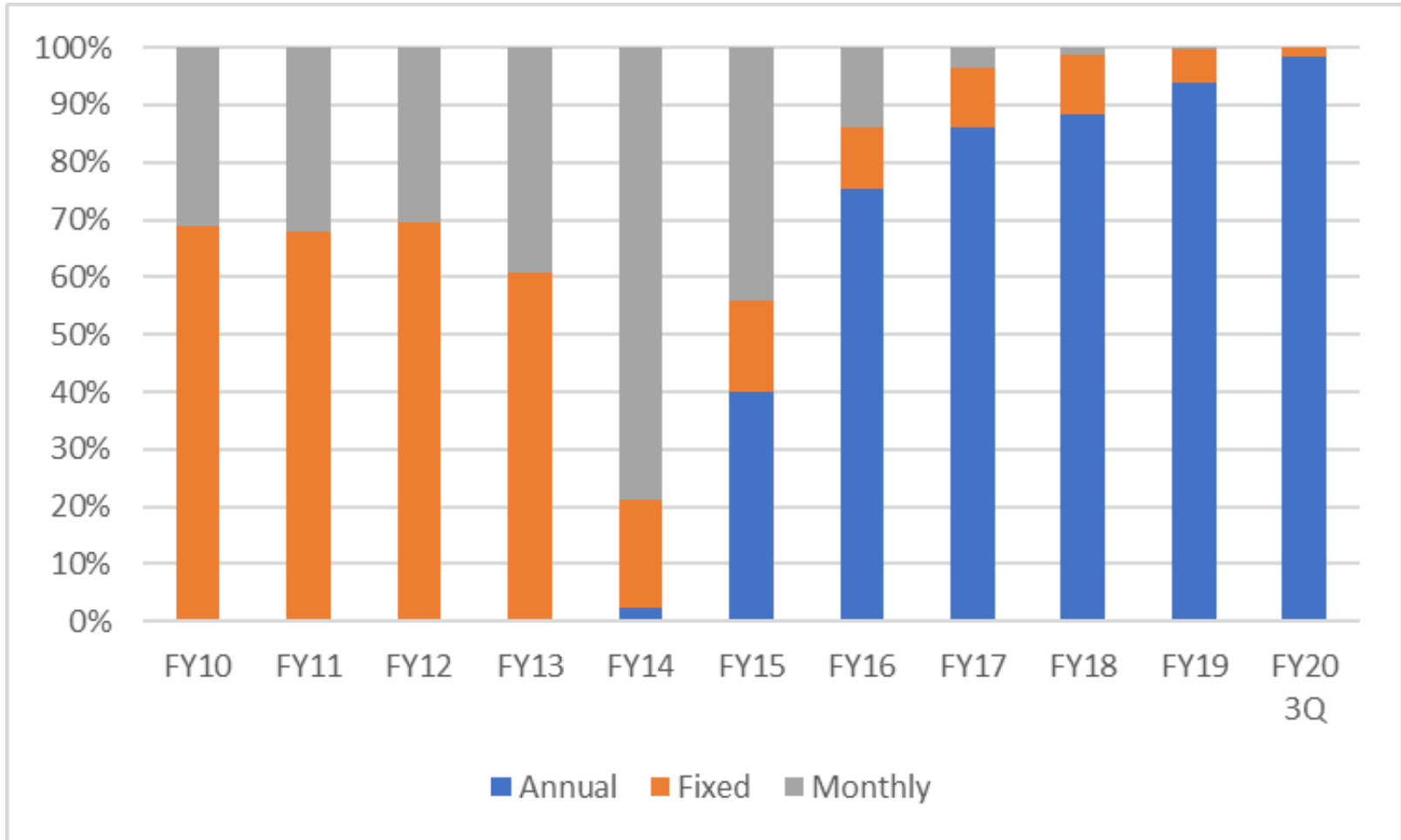
HECM Endorsements – Volume



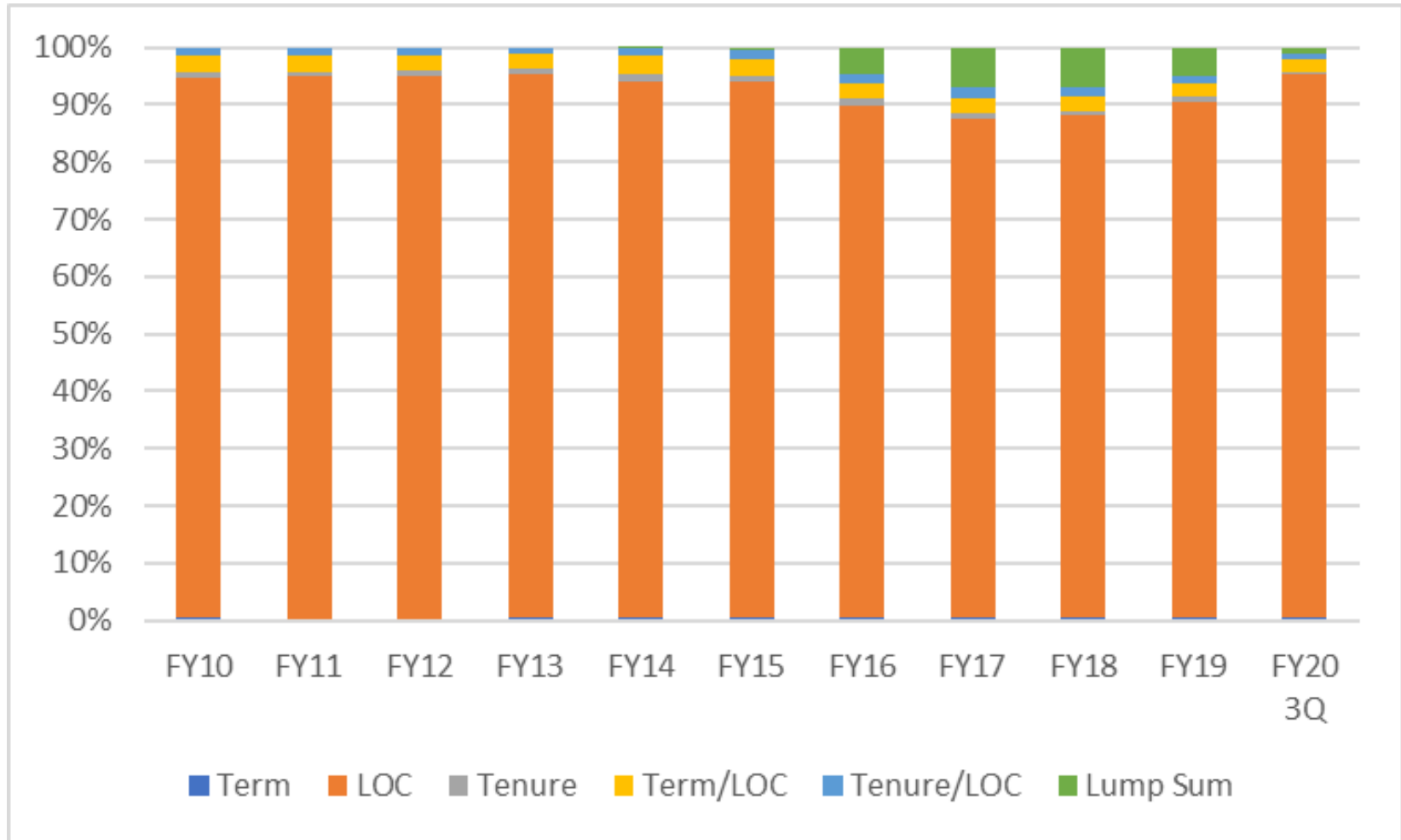
HECM Endorsements - By Product Type



HECM Endorsements - By Rate Type



HECM Endorsements - By Plan Option and Fiscal Year



Servicing



Fiscal Year 2020 Accomplishments

- In response to the Presidentially-Declared COVID-19 National Emergency, FHA issued the following Mortgagee Letters (MLs):
 - 2020-04 Foreclosure and Eviction Moratorium in connection with the Presidentially-Declared COVID-19 National Emergency
 - Extended in ML 2020-13 and ML 2020-19
 - ML 2020-06 FHA's Loss Mitigation Options for Single Family Borrowers Affected by the Presidentially-Declared COVID-19 National Emergency in Accordance with the CARES Act
 - Extended in ML 2020-34
 - ML 2020-12 Updated Guidance for Home Equity Conversion Mortgage (HECM) Claim Type 22 (CT-22) Assignment Claims during the COVID-19 National Emergency
- HUD also published key HECM regulatory and policy waivers to address Borrower and Mortgagee impacts

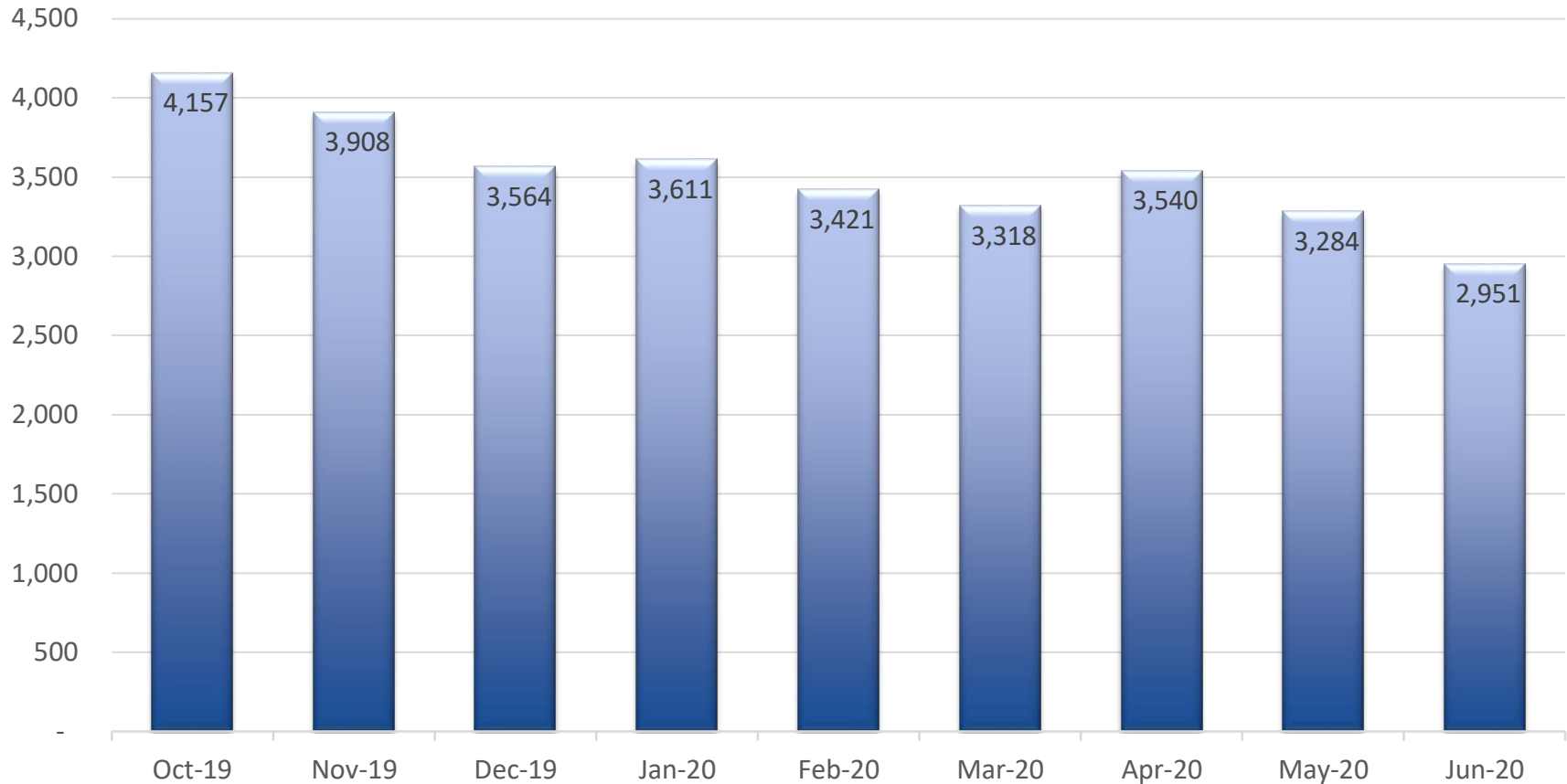
Fiscal Year 2021 HECM Servicing Priorities

- LIBOR Transition
- HECM Section of *Single-Family Housing Policy Handbook 4000.1*
- Procurement of Secretary-Held HECM Servicing contractor
- System Updates



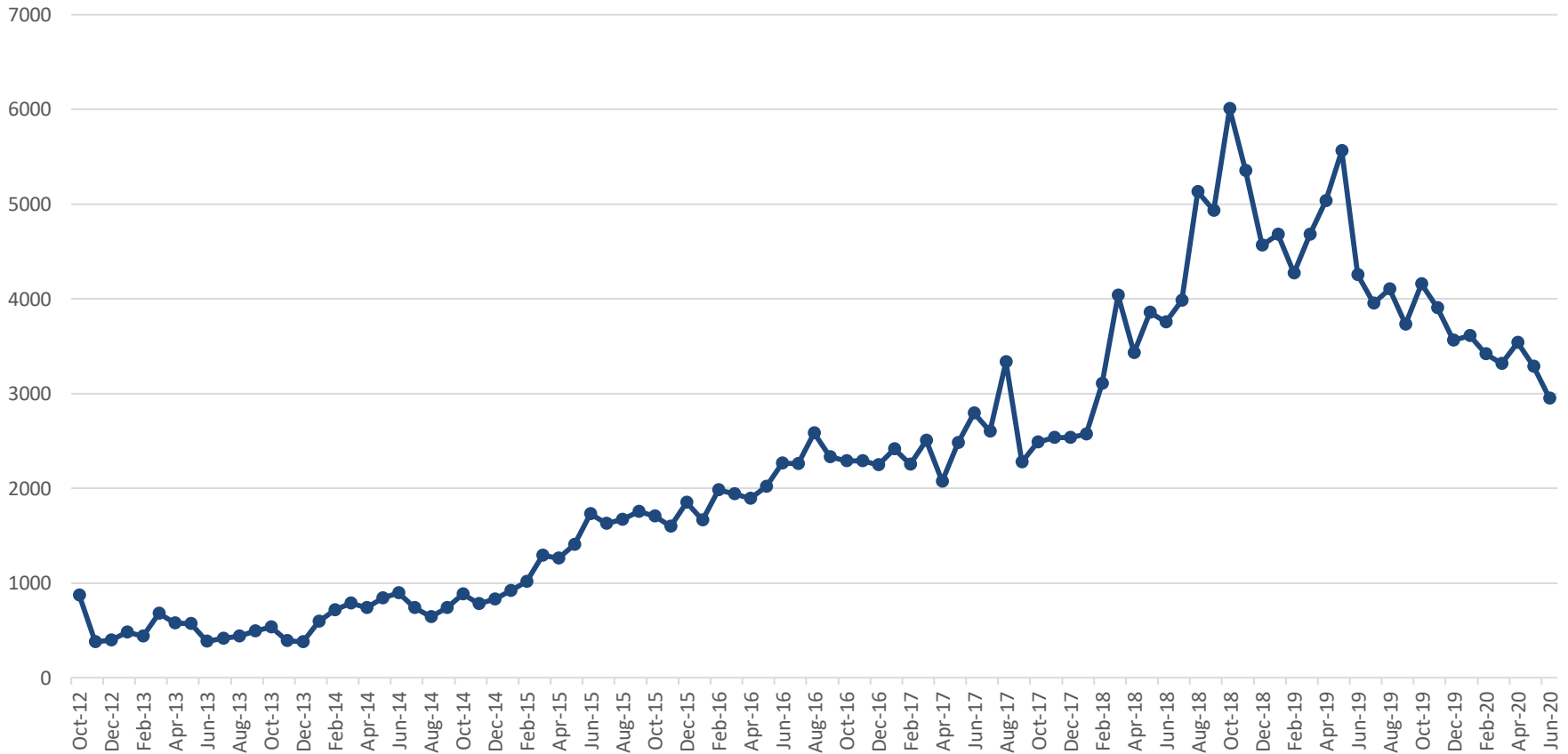
Key Assignment Statistics

Incoming Assignment Requests Fiscal Year 2020 Through Quarter 3



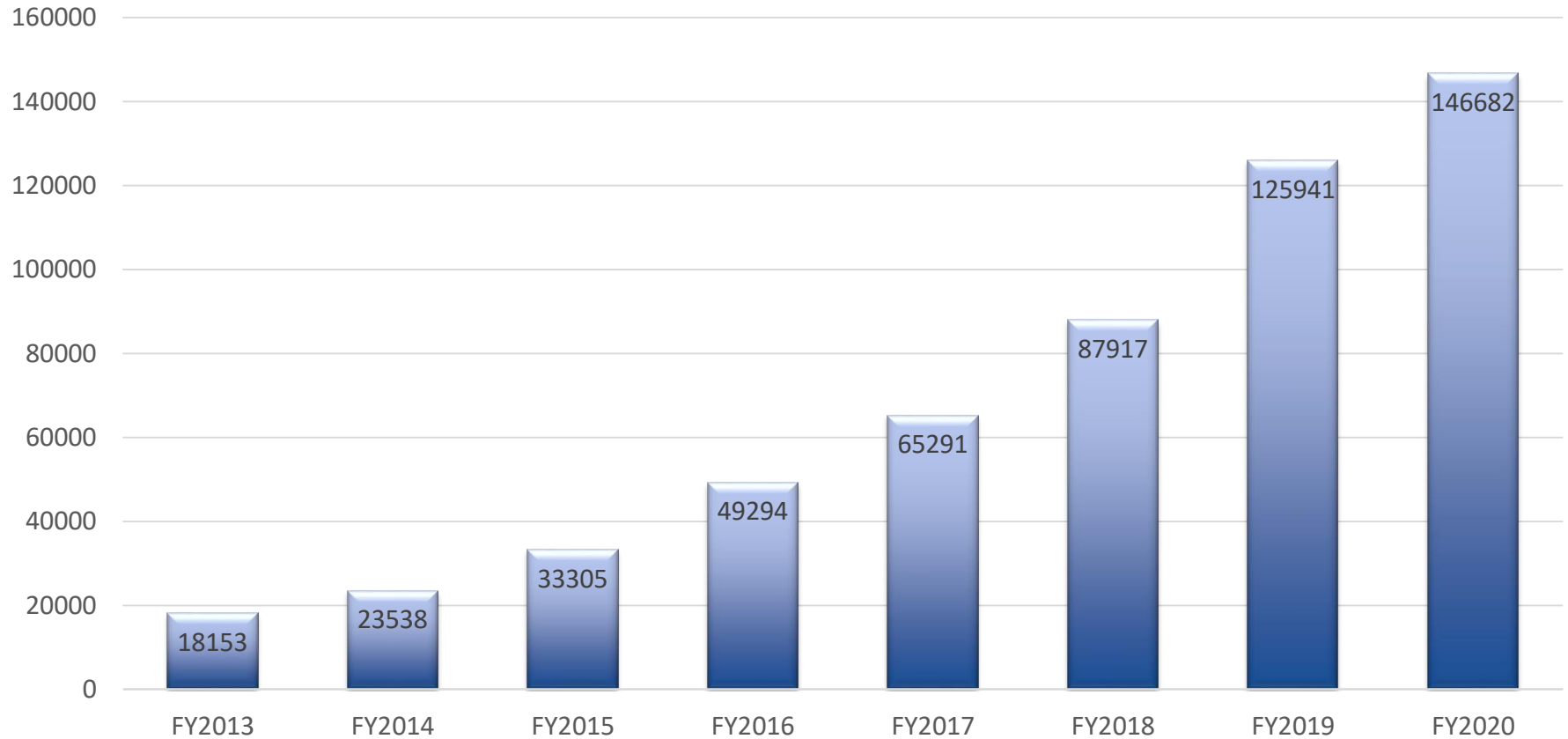
Key Assignment Statistics (cont.)

Incoming Assignment Requests FY2013 – Quarter 3 FY2020



Secretary-Held Portfolio

Portfolio Size Fiscal Year 2013 – Quarter 3 Fiscal Year 2020



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

