



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date: December 15, 2022**

**Mortgagee Letter 2022-23**

**To:** All FHA-Approved Mortgagees  
All Direct Endorsement Underwriters  
All Eligible Submission Sources for Condominium Project Approvals  
All FHA Roster Appraisers  
All FHA-Approved 203(k) Consultants  
All HUD-Approved Housing Counselors  
All HUD-Approved Nonprofit Organizations  
All Governmental Entity Participants  
All Real Estate Brokers  
All Closing Agents

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**Subject** COVID-19 Home Equity Conversion Mortgage (HECM) Property Charge Repayment Plan

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**Purpose** This Mortgagee Letter (ML) establishes the COVID-19 HECM Property Charge Repayment Plan.

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**Effective Date** The provisions of this ML are effective immediately.

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**Public Feedback** HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at [answers@hud.gov](mailto:answers@hud.gov). HUD will consider the feedback in determining the need for future updates.

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**Affected Programs** The provisions of this ML apply to the HECM program.

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**Background**

HECM borrowers are required to pay their property charges as a condition of their HECM and if they cannot meet that requirement, the Mortgagee must advance funds to pay those property charges. To remedy the default, Mortgagees may offer the borrower the ability to enter into a repayment plan.

HECM borrowers are a particularly vulnerable population and continue to experience difficulties due to the lingering effects of the COVID-19 pandemic. The federal government has taken significant actions to help facilitate economic recovery from the pandemic. One such action is the creation of the Homeowner Assistance Fund (HAF), which provides financial assistance to eligible homeowners who have suffered financial hardships during the COVID-19 National Emergency. HAF funds have been provided to states, the District of Columbia, U.S. territories, Tribes or Tribal entities, and the Department of Hawaiian Home Lands, and are distributed by the respective jurisdiction's HAF programs. In many cases, HAF programs include assistance to HECM Borrowers in need of funds to repay obligations under the HECM.

Due to the depth and breadth of the impacts of the pandemic, many HECM borrowers may need additional time to repay those property charge advances. Given these circumstances, HUD is establishing a repayment plan option for HECM borrowers impacted by COVID-19. This additional time to repay delinquent property charges will increase the likelihood that affected borrowers will be able to cure property charge delinquencies and avoid foreclosure.

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**Summary of Changes**

This ML:

- modifies ML 15-11, as amended by ML 16-07, to establish a COVID-19 HECM Property Charge Repayment Plan.
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**COVID-19 HECM Property Charge Repayment Plan**

Mortgagees may provide a borrower a COVID-19 HECM Property Charge Repayment Plan if the borrower has been impacted by the COVID-19 pandemic.

Borrowers currently on a standard repayment plan may be considered for a COVID-19 HECM Property Charge Repayment Plan.

The maximum length of a COVID-19 HECM Property Charge Repayment Plan is 60 months. This 60-month time period is not reduced by any time that a borrower utilized a standard HECM repayment plan.

## Mortgagee Letter 2022-23, Continued

Borrower attestation that they have been impacted by COVID-19 is sufficient for documenting that a borrower has been impacted by COVID-19. A verbal statement to the Mortgagee will suffice to document that the borrower is impacted by COVID-19. The Mortgagee must document the borrower's attestation in their servicing file.

The COVID-19 HECM Property Charge Repayment Plan is calculated using the requirements for a standard HECM repayment plan found in ML 15-11, as amended by ML 16-07. The Borrower is eligible for a COVID-19 HECM Property Charge Repayment Plan even if they have been unsuccessful on a prior repayment plan, the total outstanding arrearage is greater than \$5,000, or both. All other requirements with respect to HECM Property Charge Repayment Plans apply to a COVID-19 HECM Property Charge Repayment Plan.

If the borrower is unsuccessful in completing a COVID-19 HECM Property Charge Repayment Plan, the Mortgagee may evaluate the borrower for the standard HECM loss mitigation options.

Mortgagees may initiate COVID-19 HECM Property Charge Repayment Plans no later than one year following the expiration of the COVID-19 National Emergency. The property charge default does not need to occur during the National Emergency.

### **COVID-19 HECM Property Charge Repayment Plans and the Homeowner Assistance Fund (HAF)**

If the borrower will not be able to repay the Corporate Advances for Property Charge Defaults within the permissible time, the Mortgagee may offer a COVID-19 HECM Property Charge Repayment Plan if:

- the borrower has submitted an application for Homeowner Assistance Funds (HAF) as evidenced by an "A" or "I" code, and
- the actual HAF assistance awarded, or if no HAF assistance is awarded then up to the maximum amount available under the jurisdiction's HAF program (provided HECM is part of the HAF program in that jurisdiction), combined with the borrower's ability to repay will result in full repayment of the outstanding Corporate Advances for Property Charge Defaults.

**Reporting a COVID-19 HECM Property Charge Repayment Plan**

Mortgagees must submit a Property Charge Loss Mitigation Extension Request in HERMIT and designate the request “COVID-19 Repayment Plan”.

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**Paperwork Reduction Act**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0059; 2502-0189; 2502-0524; and 2502-0611. In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

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**Questions**

Any questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALL-FHA, [answers@hud.gov](mailto:answers@hud.gov), or [www.hud.gov/answers](http://www.hud.gov/answers). The FHA Resource Center is prepared to accept calls from persons who are deaf or hard of hearing, as well as individuals with speech and communication disabilities. Information on how to make an accessible phone call is available at <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

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**Signature**

Julia R. Gordon  
Assistant Secretary for Housing -  
FHA Commissioner

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