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HECM FOR PURCHASE FAQ UPDATE

Purpose

The purpose of this bulletin is to provide the update of the FAQ released by FHA regarding HECM for Purchase transactions.

Implementation

The following FAQs were updated:

When can a Mortgagee take the HECM initial loan application on a property that will serve as collateral for a HECM for Purchase transaction?

The Mortgagee may take the initial loan application either prior to or after the completion of HECM counseling.

Must the Mortgagee obtain a copy of the Certificate of Occupancy?

Yes. Properties are eligible for FHA insurance under the HECM for Purchase program when construction is completed and the property is habitable, as evidenced by the issuance of the Certificate of Occupancy, or its equivalent, by the local jurisdiction. The Certificate of Occupancy is required to be included in the case binder. Mortgagees may obtain the Certificate of Occupancy at any time prior to submission for endorsement.

LHFS will release additional guidance as HUD issues further updates to the FAQ's.

Resources

For FHA Update on HECM for Purchase FAQ, [click here](#).

For more information, contact your Account Executive.

