

Date: December 1, 2017
Announcement Number: 2017121A

HECM TO HECM COUNSELING REQUIREMENT CHANGES

Overview:

Per the latest CFR, HECM to HECM loans with an FHA Case Number assignment on or after September 19th, 2017, are subject to changes in the counseling waiver requirements. In order to qualify for a counseling waiver for their proposed HECM to HECM loan, the following criteria must be met:

1. The Borrower has received their Anti-Churning Disclosure
2. The increase in the Borrower's principal limit exceeds the total cost of the refinancing by 5 times or more (as shown in the Anti-Churning Disclosure)
3. The time between the Closing Date of the original HECM and the Application Date of the proposed HECM refinance does not exceed 5 years (even if less than 5 years have passed since a previous HECM to HECM loan)
4. On original HECMs with Case Numbers assigned on or after August 4, 2014, the Borrower and NBS, if applicable, received counseling
 - a. On original HECMs with Case Numbers assigned prior to August 4, 2014, the Borrower received counseling and there is no NBS

In order to ensure compliance with these requirements, LHFS will require a copy of the Counseling Certificate or proof that all 4 criteria points have been met. Since HUD will be directly reviewing the Criteria documents if a waiver is being provided, it is imperative that all documents are accurate.

Note:

This alert is not applicable to specific states that prohibit the waiver of counseling. Borrowers must still be counseled in the states that do not allow for counseling to be waived.

For more information, contact your Account Executive

