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HECM PROPERTY TAX DEFERRALS

OVERVIEW

HUD has allowed reverse mortgage borrowers to participate in tax deferral programs in the past in certain states (such as MA, CA and OR) because the deferral was subordinate to the HECM. However, ML 2017-05 explicitly stipulates the loan is not assignable if the taxes must be paid back upon death or any other maturity event. Unfortunately, LHFS is unaware of any tax deferral programs that meet this criterion and therefore will not accept, originate or purchase a HECM loan in which the borrower is participating in a tax deferral program.

POLICY

LHFS will not accept, originate or purchase a loan in which the HECM borrower is participating in a tax deferral program.

REFERENCES

Mortgage Letter [2017-05](#): HECM Claim Type 22 Assignment Requests

For more information, contact your Account Executive

