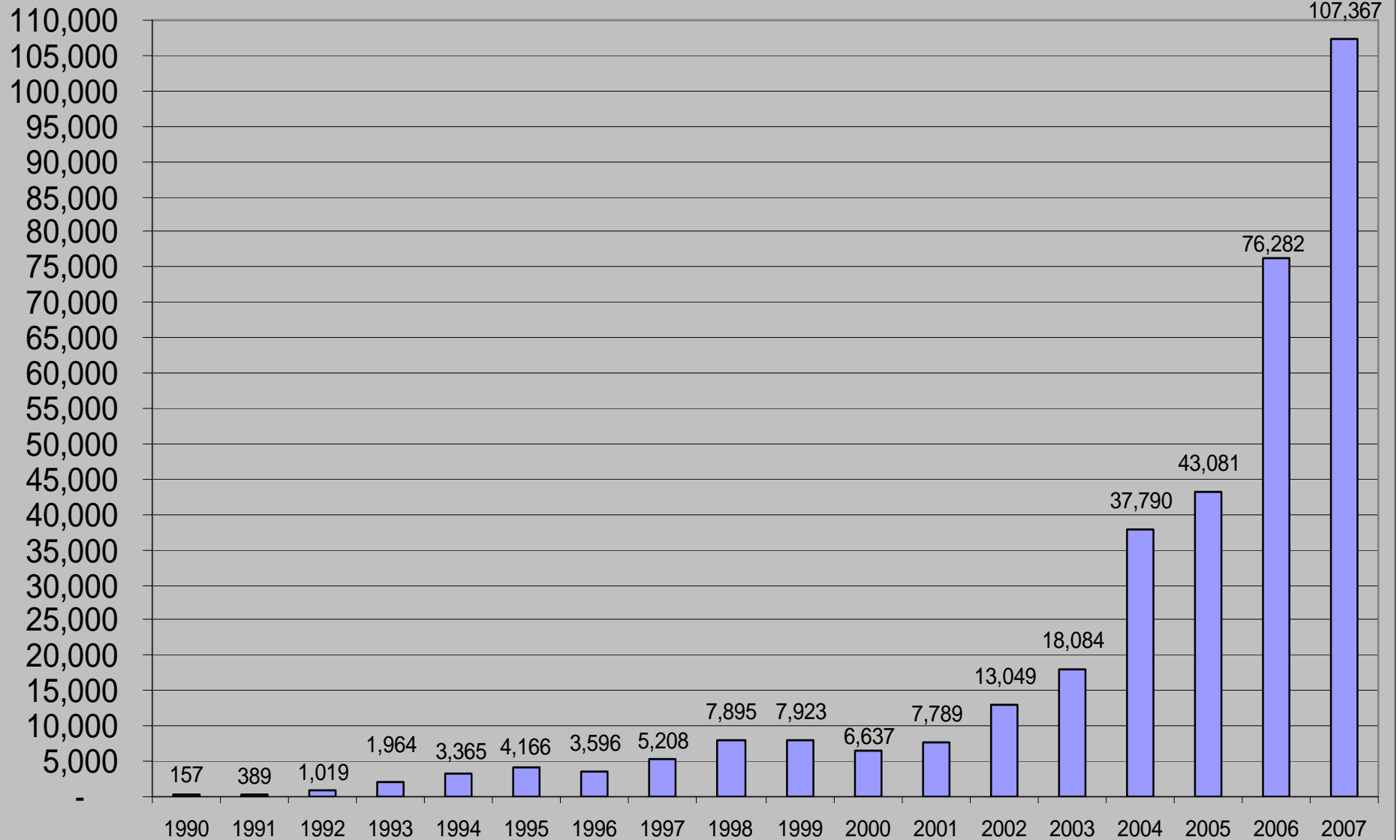




Meg Burns

Director of FHA Single Family Program Development

HECM Endorsements FY 1990-2007



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Housing Counseling Regulation – Final Rule



- **Publication Date**
 - Published Final Rule September 28, 2007
- **General Provisions**
 - Establishes approval and removal procedures for housing counseling agencies
 - Sets basic requirements for operating counseling programs
 - Explains how agencies may be funded
- **HECM Related Issues Covered**
 - Prospective HECM borrowers may pay for counseling services directly
 - Borrowers who close on HECMs may use loan proceeds to pay for counseling

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HECM Fixed Interest Rate Regulation – Proposed Rule



- **Publication Date**
 - Publish Proposed Rule for comment in August 2008
- **General Provisions**
 - Limitation of payment plan changes
 - Negotiation of draw schedule
 - Convertible HECM product permits fixed-rate HECM to change to adjustable
 - FHA will maintain roster in FHA Connection, similar to appraiser roster

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Counseling Roster Regulation



- **Publication Dates**
 - Published Proposed Rule January 8, 2007
 - Publish Final Rule August 2008
- **General Provisions**
 - All HECM Counselors must be:
 - Trained
 - Pass HECM exam
 - Follow uniform set of protocols
 - May escrow

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Financial Assessment Regulation – Proposed Rule



- **Publication Date**
 - Publish Proposed Rule September 2008
- **General Provisions**
 - Lenders will determine if HECM proceeds are adequate to meet immediate needs and future ongoing obligations. If not:
 - May limit payment plan options to ensure funds remain available
 - May offer subordinate lien

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**Prohibition on
Broker/Advisors
Regulation –
Proposed Rule**



- **Publication Date**
 - Publish Proposed Rule September 2008
- **General Provisions**
 - Would Eliminate Participation in Origination Activities
 - Applies to both Forward and Reverse

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**Regulations
Published in
2007/2008**



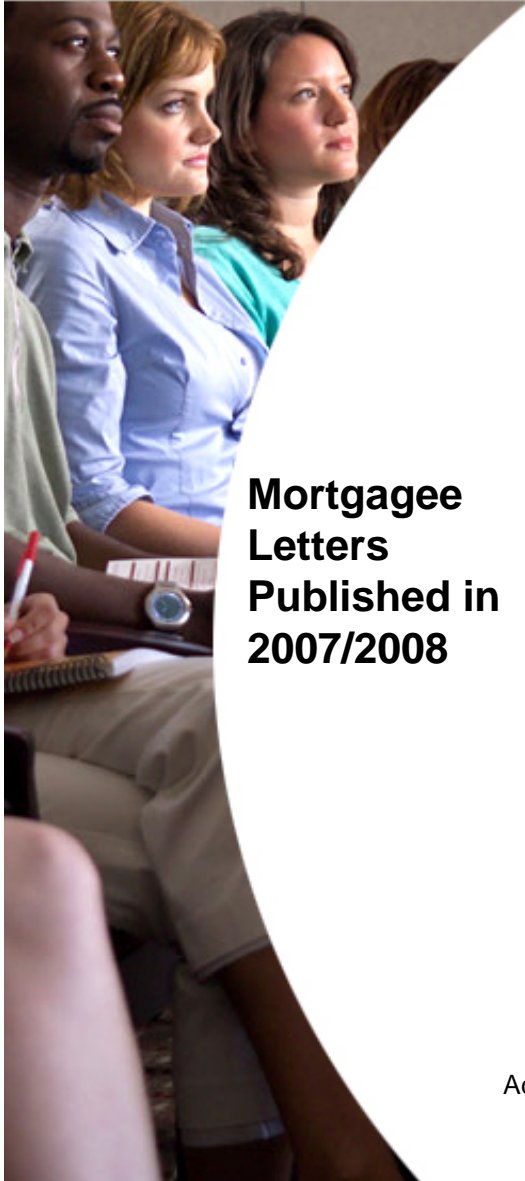
- **LIBOR Final Rule**
 - Published Final Rule July 20, 2007
- **Refinance of Existing HECMs (Assigned)**
 - Interim Rule published January 8, 2008
- **Maximum Claim Amount at Closing Date**
 - Interim Rule published January 8, 2008

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**Mortgage
Letters
Published in
2007/2008**

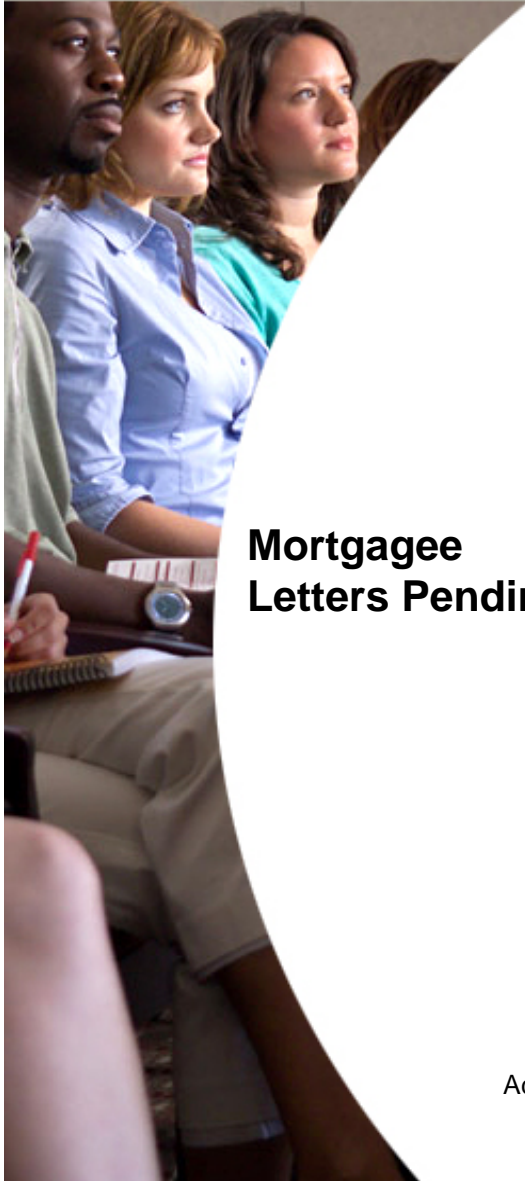


- **LIBOR**
 - ML 07-13, Published October 17, 2007
 - Adds new index for adjustable rate HECMs
- **Opt-out of Face-to-Face Counseling**
 - ML 07-08, Published April 27, 2007
 - Permits prospective borrowers to engage in counseling and origination by phone
- **HECM Existing Property Eligibility Requirements**
 - ML 07-06, Published April 12, 2007
 - Clarifies new construction that is complete is eligible for HECMs
- **Fixed Rate**
 - ML 08-08, Published March 28, 2008
 - Note rate and “expected” rate must be one and the same

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Mortgagee Letters Pending



- **Borrower Paid Counseling**
 - Projected publication May 2008
 - Permits consumer to pay for counseling services
- **Participation of Non-FHA Approved Mortgage Brokers**
 - Projected publication May 2008
 - Clarifies what activities non-approved brokers may perform and appropriate compensation
- **HECM Counseling Clarifications**
 - Projected publication June 2008
 - On-demand Counseling
 - Borrower Initiates
 - Lender List

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Legislation



- **FHA Modernization**
 - Ongoing Suspension of Volume Cap
 - Single National Limit set at Conforming
 - HECM for Purchase
 - Origination Fee Cap
 - Study of Costs

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McCaskill Amendment



- **Counseling**
 - FHA to cover cost
 - Counselors must be trained, tested and follow standard protocols
- **Lending**
 - No cross-selling insurance or other financial products
 - All parties engaged in origination activities must be FHA approved
- **Study of Consumer Protections**

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