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To: Clients and Friends

From: David F. Dulock

Subject: FHA Updated Guidance on HECM Claim Type 22 (CT-22) Assignment Requests (ML 2018-08)

This memorandum is for clients that originate FHA HECM reverse mortgages. On October 22, 2018, the FHA issued Mortgagee Letter 2018-08 (ML 2018-08, [click here](#)) that provides updated guidance regarding the submission of HECM assignment requests to HUD. This guidance is effective immediately and modifies or supersedes Mortgagee Letter 2017-05, where there is conflict. The text of ML 2018-08 is reprinted below:

Evidence of Current Hazard Insurance

In lieu of a current hazard insurance declaration page, HUD will accept a document from the hazard insurance provider (i.e., hazard insurance company underwriting the property and responsible for paying a claim) on its letterhead that contains the following information:

- Name of the insured;
- Address of insured property;
- Type of coverage;
- Insurance policy number;
- Insurance policy limits;
- Effective date of the insurance policy;
- Expiration date of the insurance policy;
- Name and contact information for the insurer; and
- Annual insurance premium.

Alternative Evidence of Death of Borrower

If a servicer is unable to obtain a copy of a deceased borrower or co-borrower's death certificate, HUD will accept alternative evidence of the death for purposes of Claim Type 22 review, such as an obituary or documentation from a health care institution.

Clarification of "Current" Taxes

Taxes are considered "current" for purposes of CT-22 review when taxes are paid prior to delinquency as defined by the local taxing authority. Servicers are reminded that the eligibility determination is made at the point of assignment of the mortgage to the Secretary, not at the point of request for assignment. Any tax bill that becomes delinquent before recordation of the assignment must be paid by the borrower for the HECM to be assigned.

Evidence of Completion of Required Repairs

Where repairs were required at origination and evidenced by a repair rider to the mortgage, servicers must submit evidence that the repairs have been completed when submitting a CT-22 request. Form HUD-92051 or successor form and supporting documents if applicable, should be provided by servicers as evidence of completion of required repairs. If repairs were performed prior to December 31, 2018, FNMA Form-1004D can be utilized as evidence of completion of required repairs in lieu of Form HUD-92051.

Clarification Regarding Mobile Home Title

Servicers must submit evidence that a mobile home is treated as real property under the laws of the state in which the property securing the HECM mortgage is located (e.g., copy of documents from taxing authority evidencing that the home is taxed as real property).

Timeframe for Filing Claim Following Preliminary Title Approval

Servicers must file their claim for insurance benefits within 60 calendar days from receiving Preliminary Title Approval. If the claim for insurance benefits is not filed within 60 calendar days from the issuance of Preliminary Title Approval, Preliminary Title Approval will be rescinded, and the servicer must submit a new CT-22 request.

Pre-Due and Payable Corporate Advance

Servicers must include, as an additional item in the Compliance Package, a detailed explanation of all pre-Due and Payable corporate advances. This explanation must include the date of the disbursement, the expense that was paid and any information relating to repayment received.

Although this memorandum reprints the substantive text of ML 2018-08, to view or print ML 2018-08, please click on the above hyperlink.

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