U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

August 12, 2011

Mortgagee Letter 2011-26

TO: **ALL APPROVED MORTGAGEES**
HUD-APPROVED HOUSING COUNSELING AGENCIES

SUBJECT: Home Equity Conversion Mortgage (HECM) Counseling: Intermediaries Included on the HECM Counselor List

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Purpose

This Mortgagee Letter (ML) provides guidance to counseling agencies, HECM counselors and lenders regarding HUD-approved intermediaries inclusion on the list of HECM counseling agencies provided by lenders to prospective HECM borrowers

Note: The provisions in ML 2010-37, under the subheading "ML 10-37.a HECM Counselor List Background," are superseded by new guidance in this ML. The remainder of ML 2010-37 remains in effect.

Effective Date

This guidance became effective May 1, 2011. For Fiscal Year 2011, it is not necessary to revise lists that were given to clients prior to May 1, 2011.

Questions

If you have any questions regarding this ML, please call the FHA Resource Center at 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339.

Signature

Carol J. Galante

Acting Assistant Secretary for Housing-Federal Housing Commissioner

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ML 11-26.a Annual HECM Grant Awards to Intermediaries

ML 2010-37 requires lenders to provide each client with a list of HECM counseling agencies. Effective with this mortgagee letter, the national and regional intermediaries that must always be included on the list provided to borrowers will include those Intermediaries awarded HECM counseling grant funds by HUD. Note that, the referenced list could potentially change each year depending on which agencies or Intermediaries are awarded grants by HUD. HUD grant awards are typically made in January although may be other times during the year. FHA reminds lenders that it is their responsibility to update their lists with current contact information for Intermediaries and agencies.

Note: Annual information regarding HECM grant awards can be obtained on www.hud.gov.

ML 11-26.b FHA Connection HECM Referral List Update Changes

The Department updated the HECM Referral List Update screen for this year. Three additional intermediaries have been added:

- ClearPoint Financial Solutions
- Neighborhood Reinvestment Corporation
- Springboard

Note: This screen will be updated annually when the HECM counseling grant awards are made. Grants are typically made in January.

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In addition to the Intermediaries receiving HECM counseling grant funds, the list must include at least:

- five agencies within the local area, state or both of the prospective borrower
- one of the local agencies should be located within a reasonable driving distance for the purpose of face-to-face counseling.

Note: In cases where HECM counseling is not available in a particular local area or state or both, lenders must determine which agencies are most conveniently located to the borrower and provide prospective borrowers no less than 5 agencies which provide HECM counseling. For example, currently there are no HECM counselors in Delaware; however, there are HECM counselors in nearby jurisdictions such as Maryland and Pennsylvania. The Department also reminds lenders that they are prohibited from steering a prospective borrower to a particular counseling agency for counseling.

ML 11-26.d Referral Date on HECM Referral List Update Screen

A new field has been added to the HECM Referral List Update screen called "Referral Date." Lenders will enter the date the client received the counselor list from the lender. In turn, this date will dictate the list of HECM intermediaries. If the date is prior to May 1, 2011, the list of intermediaries will be the 4 listed in ML 2010-37. If the date is on or after May 1, 2011, the list will include the 3 additional intermediaries receiving HECM grant funds for a total of 7 Intermediaries (the four listed in ML 2010-37 and the 3 additional Intermediaries set out on page 2 of this ML). In future years, lenders will have 30 days to reflect the Intermediary changes announced by the Department on www.hud.gov on their lists. After 30 days all lists provided to prospective borrowers must reflect the most current list of Intermediaries available for HECM counseling.

Information Collection Requirements

The information collection requirements contained in this document is pending approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44U.S.C. 3501-3520) and assigned OMB control number 2502-0524. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.
