



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date:** September 3, 2013  
**To:** All Approved Mortgagees  
**Mortgagee Letter 2013-28**

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**Subject** Home Equity Conversion Mortgage (HECM) Financial Assessment and Property Charge Guide

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**Purpose** This Mortgagee Letter and the attached HECM Financial Assessment and Property Charge Guide provide parameters for the required financial assessment that mortgagees must complete prior to approval of an FHA-insured HECM as announced in Mortgagee Letter 2013-27.

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**Effective Date** This guidance is effective for HECM case numbers assigned on or after January 13, 2014.

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**Affected Topic** The requirements set forth in this Mortgagee Letter supplement and, where they conflict, replace HUD Handbook 4235.1 REV-1 and 4330.1 REV-5.

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**Summary** Mortgagees must perform a financial assessment of all prospective mortgagors on all HECM transaction types, i.e., traditional, refinance, and purchase.

Mortgagees must refer to the attached *HECM Financial Assessment and Property Charge Guide* for specific requirements regarding:

- performing the credit history analysis.
  - performing the cash flow/residual income analysis;
  - documenting and verifying credit, income, assets and property charges;
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## Mortgagee Letter 2013-28, Continued

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### Summary (continued)

- evaluating extenuating circumstances and compensating factors
  - evaluating the results of the financial assessment in determining eligibility for the HECM;
  - determining if funding sources for property charges from HECM proceeds will be required; and
  - completing a HECM financial assessment worksheet.
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### Information Collection

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0524, 2502-0429, and 2505-0059. 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.

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### Questions

Please address any questions about the topics addressed in this Mortgagee letter to the FHA Call Center at 1-800-CALLFHA. Persons with hearing or speech impairments may reach this number via TTY by calling the Federal Information Relay Service at 1-800-877-8339. For additional information on this Mortgagee Letter, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

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### Signature

Carol J. Galante  
Assistant Secretary for Housing-Federal Housing Commissioner

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[Attachment](#)