



April 26, 2024

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**RE: Docket No. FR-7080-N-17; OMB Control No. 2502-0524; 30-Day Notice of Proposed Information Collection; Home Equity Conversion Mortgage (HECM) Insurance Application for the Origination of Reverse Mortgages and Related Documents**

Please accept this letter on behalf of the National Reverse Mortgage Lenders Association<sup>1</sup> and the Mortgage Bankers Association<sup>2</sup> (the "Associations") in response to Docket No. FR-7080-N-17; 30-Day Notice of Proposed Information Collection (the "Notice").

### **Background**

On March 27, 2024, the Office of the Policy Development and Research, Chief Data Officer, Department of Housing and Urban Development ("HUD"), issued the Notice seeking approval from the Office of Management and Budget ("OMB") for the collection of information regarding the Home Equity Conversion Mortgage ("HECM") Insurance Application for the Origination of Reverse Mortgages and Related Documents. In accordance with the Paperwork Reduction Act,

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<sup>1</sup> The National Reverse Mortgage Lenders Association ("NRMLA") is the national voice of the reverse mortgage industry. With over 300 member companies and over 2,000 member delegates, NRMLA serves as an educational resource, policy advocate and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage industry. Our mission includes educating industry participants on best practices, regulatory requirements and market dynamics; providing helpful information to consumers about reverse mortgages; enforcing our Code of Ethics and Professional Responsibility; and offering insight to policymakers working on reverse mortgage-related issues. NRMLA members make over 90% of the reverse mortgages originated today. For additional information, visit NRMLA's website: [www.nrmlaonline.org](http://www.nrmlaonline.org).

<sup>2</sup> The Mortgage Bankers Association ("MBA") is the national association representing the real estate finance industry, an industry that employs more than 275,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: [www.mba.org](http://www.mba.org).

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HUD is requesting comment from all interested parties on the proposed collection of information. Comments on the Notice are due by April 26, 2024.

The forms on which information is being collected include Form Numbers: HUD-92901, HUD-92902, HUD-92051, HUD-92541, HUD-92544, HUD-92561, HUD-92564-CN, HUD-92800.5b, HUD-92900-A, HUD 92900-C, HUD-1, HUD-1a, HUD-9991, HUD-9992, FNMA-1003, FNMA-1004, FNMA-1004C, FNMA-1004D, FNMA-1007, FNMA-1009, FNMA-1025, FNMA-1073, FNMA-1103, NPMA-99A, and NPMA-99B.

The Notice solicits comments from members of the public and affected parties concerning the collection of information described above on the following:

- (1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- (2) The accuracy of the agency's estimate of the burden of the proposed collection of information;
- (3) Ways to enhance the quality, utility, and clarity of the information to be collected; and
- (4) Ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

HUD encouraged interested parties to submit comment in response to these questions.

As the national voice of the mortgage industry, based upon feedback from our memberships, the Associations are pleased to submit the below comments on the forms described in the Notice.

**Comments**

***FNMA-1009, FNMA-1003, HUD-92900-A, and HUD-92900-C***

In the Notice, HUD states that it seeks to transition from the discontinued FNMA-1009, Residential Loan Application for Reverse Mortgages, to the FNMA-1003, Uniform Residential Loan Application, which is also used by the Government Sponsored Enterprises ("GSEs") to originate conventional mortgages. HUD also indicates that it plans to replace its use of form HUD 92900-A, HUD/VA Addendum to Uniform Residential Loan Application, with form HUD 92900-C, HUD Addendum to Uniform Residential Loan Application for Reverse Mortgages.

The Associations support HUD's plans to transition from using the FNMA-1009 and HUD 92900-A to the FNMA-1003 and new HUD 92900-C. We applaud HUD's efforts in trying to change the requirements for HECMs to be more in line with the requirements of the forward mortgage industry. However, since the reverse mortgage industry has been using the FNMA-1009/HUD 92900-A for a long time, before making the switch to the FNMA-1003/HUD 92900-C,

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we would like the opportunity to comment on the new HUD 92900-C when that form is made available to the public. We also request that HUD give HECM mortgagees at least 120 days to implement the new forms.

***HUD-92902***

- The revised HUD-92902, Certificate of HECM Counseling, no longer has a specific field to insert the Certificate number.
  - Issue: Mortgagees must enter the Certificate number when requesting the Case number.
- The form is designed to generally enter the information of only 2 people that received HECM counseling.
  - Issue: Under HUD guidelines, in certain instances, more than 2 people may be required to receive HECM counseling. Some examples include:
    - HECM loan with 2 borrowers where one borrower is lacking legal competency and another individual (not the second borrower) is the Agent.
    - HECM loan with 2 borrowers where the borrowers are not married to each other, but 1 borrower is married to another individual who would be considered to be a non-borrowing spouse.
    - HECM loan with more than 2 borrowers.
    - HECM loan with 2 borrowers that hold life estate interest and remainderman(s) must receive counseling.
- Under the HECM Counseling Topic section of the form, for Topic 7, it states: “The HECM will be due and payable when no remaining Borrower and if applicable, Eligible Non-Borrowing Spouse lives in the mortgaged property, or when any other covenants of the mortgage have been violated.”
  - Issue: This conflicts with the updated Eligible Non-Borrowing Spouse requirements provided in Mortgagee Letter 2021-11 (“FHA is revising the deferral eligibility requirements to allow deferrals to occur when the Non-Borrowing spouses continue to reside in their homes as their Principal Residences notwithstanding the borrowers remaining in health care facilities for a period that exceeds 12 consecutive months”).
  - We recommend revising Topic 7 to read as follows: “The HECM will be due and payable when the mortgaged property ceases to be the Principal Residence of all Borrowers and if applicable, Eligible Non-Borrowing Spouses, or when any other covenants of the mortgage have been violated.”
- If possible, we recommend reducing the number of pages used for this form. The revised form currently consists of 4 pages, which is cumbersome and potentially increases the risk of certain pages not being filled out properly or being lost.

***HUD-92800.5b***

- In addition to updating the expiration date of HUD-92800.5b, Conditional Commitment Direct Endorsement Statement of Appraised Value, we recommend adding a field on the form that indicates whether the loan is a HECM.
- We recommend adding a field to enter the maximum claim amount and purchase price.

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- The Instructions page to the form should be categorized between purchase and existing properties.
- In the Specific Commitment Conditions section of the form, Code Enforcement (L) mentions Section 221(d)(2) program which was terminated in 2001 and should be removed. Additionally, we recommend clarifying which items are specific to forward mortgages and that section should also provide additional information on HECMs.
- On page 1 of the form, under Monthly Expense Estimate, we recommend updating the “Condo. Com. Exp.” to state HOA or Association Exp. so that it can also cover HOA/Association Dues (i.e., fees that are not condo association fees). Alternatively, HUD should add an additional line for “Other Assessments.”
- References to “Fire Insurance” should be changed to “Hazard Insurance.”

### **HUD-92051**

The HUD-92051, Compliance Inspection Report, contains the following Certification: “I certify that the information provided on this form and in any accompanying documentation is true and accurate. I have **carefully inspected this property** on this date. I have no personal interest, present or prospective, in the property, applicant, or proceeds of the mortgage. To the best of my knowledge I have reported all noncompliance, work requiring correction, and unacceptable work[.]”

We recommend changing the highlighted language above to read as follows: “carefully inspected or reviewed documentation to ensure compliance with minimum property standards/requirements.” The goal of the suggested new language is to utilize the documentation from a licensed and bonded person as required by the state to certify without additional costs to the borrower or mortgagee.

### **NPMA-99A**

- In the top section of NPMA-99A, Subterranean Termite Protection Builder’s Guarantee, it states that “Section 24 CFR 200.926d(b)(3) requires that the sites for HUD insured structures must be free of termite hazards.”
  - Issue: The site must also meet the standards set forth in 24 CFR part 51, and HUD Handbook 4910.1, section 606 for termite and decay protection. For this reason, we recommend updating the above language to read as follows: “Section 24 CFR 200.926d(b)(3), 24 CFR part 51, and HUD Handbook 4910.1, section 606 require that the sites for HUD insured structures must be free of termite hazards.”
- The form provides the following statement: “This form is submitted **for proposed (new) construction cases** when prevention of subterranean termite infestation is specified by the builder or required by the lender, the architect, FHA or VA.”
  - Issue: We recommend updating the highlighted language above to read as follows: “...for New Construction cases...[.]” HUD Handbook 4001.II.B.8.a.vi.(B)(3) states that NPMA-99A is required for all New Construction. The term “New Construction” is defined to include Proposed Construction, Under Construction, and Existing Less than 1 year and never occupied.
- HUD Handbook 4001.II.B.8.a.vi.(B)(3) provides that “If the building is constructed with steel, masonry, or concrete building components with only minor interior wood trim and

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roof sheathing, no treatment is needed. The Mortgagee must ensure that the builder notes on the form that the construction is masonry, steel, or concrete.”

- Issue: The form does not include a section for this to be noted and does not include a Comments Section where this could be noted.
- On the bottom of the form, it states “Attached is a copy of the state authorized pest control company’s New Construction Subterranean Termite Service Record, HUD-NPMA-99-B.”
  - Issue: HUD Handbook 4001.II.B.8.a.vi.(B)(3) provides that NPMA-99B is required when new construction property is treated with one of the following: termite bait system, field applied wood treatment, soil chemical termiticide, or physical barrier system is installed as reflected on NPMA-99A. Note NPMA-99A can reflect Builder Installed Subterranean Termite prevention using Pressure Treated Lumber so NPMA-99B would not be required OR if NPMA-99A reflects the building is constructed with steel, masonry, or concrete building components with only minor interior wood trim and roof sheathing treatment would not be required so NPMA-99-B would also not be required.

### **NPMA–99B**

In NPMA–99B, New Construction Subterranean Termite Service Record, it states the following: “This form is submitted for proposed (new) construction cases when prevention of subterranean termite infestation is specified by the builder or required by the lender, the architect, FHA or VA.” For the reasons discussed above, we recommend updating the highlighted language to read as follows: “...for New Construction cases...[.]”

### **HUD-92541**

In HUD-92541, Builder's Certification of Plans, Specifications, & Site, for Question 1.C “Runway Clear Zones/Clear Zones. Is the property within 3000 feet of a civil or military airfield?” the response “(i) If "Yes," is the property in a Runway Clear Zone / Clear Zone?”, similar to the response for Question 1.A.4, should also include the following statement: “(If yes, the property is ineligible for FHA insured financing).”

At the bottom of the form, in the “Complete this section for all properties” section, for item 8 (This is a manufactured home), we recommend adding an option to select “N/A” or adding “as applicable” to the section heading.

### **HUD-92901**

Since the HUD-92901, HECM Anti-Churning Disclosure, is used to determine if counseling can be waived in a HECM to HECM refinance transaction, we recommend stating that fact on the form. HECM borrowers should be aware that this form is used to determine if counseling can be waived for their loan.

### **HUD-9991 and HUD-9992**

The current HUD-9991, FHA Condominium Loan Level/Single-Unit Approval Questionnaire, does not ask if the property complies with FHA’s legal restrictions on conveyance. However,

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HUD states in HUD Handbook 4000.1 that the legal restrictions on conveyance applies to both single unit approvals and full condo project approvals. Therefore, we request that the HUD-9991 be amended to include the legal restrictions on conveyance question that is currently provided in Question 1, Section 3.p., of the HUD-9992, FHA Condominium Project Approval Questionnaire.

***HUD-92561***

The expiration date on this form should be updated.

**Conclusion**

The Associations appreciate your consideration of our comments herein. We trust that you will find our comments above helpful and will view and act upon them favorably. Should you have any questions or concerns, please contact Steve Irwin, President at NRMLA, or Pete Mills, Vice President of Residential Policy and Strategic Industry Engagement at MBA.

Very truly yours,

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