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MORTGAGE BANKERS ASSOCIATION

November 24, 2023

The Honorable Julia Gordon  
Assistant Secretary for Housing and Federal Housing Commissioner  
Federal Housing Administration  
U.S. Department of Housing and Urban Development  
451 7th Street, SW, Rm 9132  
Washington, D.C. 20410-0001

**RE: Federal Register Notice, Home Equity Conversion Mortgage (HECM) HECM for Purchase – Acceptable Monetary Investment Funding Sources and Interested Party Contributions**

Dear Commissioner Gordon,

The Mortgage Bankers Association (MBA)<sup>1</sup> writes to express our strong support for the Federal Housing Administration's (FHA) proposed changes to ensure the stability and broad availability of the Home Equity Conversion Mortgages (HECM) program products in **Federal Notice, Home Equity Conversion Mortgage (HECM) HECM for Purchase – Acceptable Monetary Investment Funding Sources and Interested Party Contributions**. MBA applauds FHA's proposal to expand additional funding sources available for borrowers to meet their monetary investment requirement to qualify for an HECM-for-Purchase loan.

Increasing the number of viable and sustainable strategies for financing a home purchase is crucial for economic growth and, importantly, for the many older Americans seeking to leverage their home equity in retirement. The provisions outlined in the Federal Notice address this issue head-on by creating closer alignment between the HECM for Purchase program and traditional forward mortgages with respect to interested party contributions. This long-sought change permits HECM for Purchase borrowers to accept up to six percent

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<sup>1</sup> The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 300,000 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 2,200 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:

of the sales price from an interested party, including sellers, builders, developers, real estate agents, mortgagees, third-party originators, or other parties interested in the transaction. In addition to the challenges of educating borrowers on the concept of a HECM for Purchase, it has historically been difficult to get other reverse mortgage and real estate professionals to buy into the idea – in some part due to the restrictions on third-party contributions. For some time, many lenders, builders, and real estate agents had not considered the HECM-for-Purchase program a realistic opportunity for purchase transactions. FHA's proposed revisions could help to change that perception by addressing head-on one of the largest obstacles in the program. Moreover, this change would allow discount points for HECM for Purchase. MBA recommends that discount points be allowed for all HECMs (Purchase or otherwise).

As we look at the housing market today, a significant portion of purchase buyers are retirees and/or seniors looking to downsize or right-size. FHA's proposed changes have the potential to unlock new opportunities for these individuals to leverage their retirement assets better and achieve their financial goals. Looking ahead, we hope to continue working with FHA to identify and advance policies to support FHA's efforts to set up the HECM for Purchase program for long-term success.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Mills", enclosed in a thin black rectangular border.

Pete Mills  
Senior Vice President  
Residential Policy and Strategic Industry Engagement  
Mortgage Bankers Association