



## MORTGAGE

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### Model Document – APPENDIX B Home Equity Conversion Mortgage (HECM) Eligible Surviving Non-Borrowing Spouse Fact Sheet

HUD recently announced updates affecting HECMs with case numbers assigned prior to August 4, 2014, where the borrower has an Eligible Surviving Non-Borrowing Spouse. As a result the mortgage lender might, elect to assign the loan to FHA, thereby deferring the immediate obligation to pay off the loan after the last HECM borrower dies if, among other requirements, the following specific conditions are met and continue to be met throughout the duration of the deferral period:

1. The HECM is not in default (or eligible to be called due and payable) for any reason other than the last borrower's death (e.g., failure to pay property taxes or make hazard insurance payments).

#### AND

2. The borrower and their spouse were either:
  - a. Legally married<sup>1</sup> at the time the HECM closed and remained married until the HECM borrower's death; **OR**
  - b. Engaged in a committed relationship akin to marriage but were legally prohibited from marrying before the closing of the HECM because of the gender of the borrower and Non-Borrowing Spouse, if the spouses legally married before the death of the borrower and remained married until the death of the borrowing spouse.

#### AND

3. The Non-Borrowing Spouse lived in the property at loan closing and continues to live in the property as their Principal Residence<sup>2</sup>.

1. "Legally married" means a marriage that is legal under either 1) the law of the state in which the spouse and borrower lived or 2) the state in which the spouses married.
2. "Principal Residence" is defined as the dwelling where the borrower and Non-Borrowing Spouse maintain their permanent place of abode, and typically spend the majority of the calendar year. A person may have only one Principal Residence at any one time. The property shall be considered to be the Principal Residence of any Non-Borrowing Spouse who is temporarily in a health care institution, as long as 1) the property is the Principal Residence of the borrowing spouse, who physically resides in the property, OR 2) there is no surviving borrower and the Eligible Surviving Non-Borrowing Spouse physically occupied the property immediately prior to entering the health care institution and the Eligible Surviving Non-Borrowing Spouse's residency in a health care institution does not exceed twelve consecutive months.