



U. S. Department of Housing and Urban Development
Jacksonville Field Office
Charles Bennett Federal Building
100 West Bay Street
Suite 1015
Jacksonville, Florida 32202-4439

February 11, 2009

RECEIVED FEB 17 2009

The Honorable Jeff Miller
Member, United States House
of Representatives
4300 Bayou Blvd; Suite 13
Pensacola, FL 32503

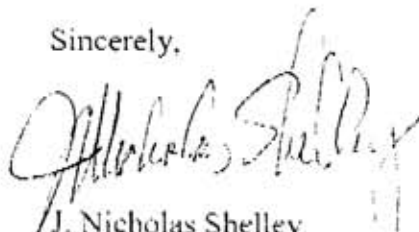
Dear Representative Miller:

Thank you for your correspondence dated January 27, 2009 regarding your constituent, Mr. [REDACTED] [REDACTED] is concerned that Freedom Financial may be using the incorrect formula to calculate the correct principal limit for a Federal Housing Administration (FHA) Home Equity Conversion Mortgage (HECM) for Purchase.

HUD guidelines state the lesser of the appraised value or FHA national mortgage limit is considered the maximum claim amount and is used to determine the principal limit. The principal limit is the maximum payment the mortgagor may receive toward the purchase. After the principal limit is determined, the loan fees are subtracted and the remaining funds are the available HECM proceeds. The difference between the sales price and the available HECM proceeds is the mortgagor's required investment and must be provided at closing plus any HECM loan fees that are not financed or offset by other allowable FHA funding sources.

I hope this information is helpful in responding to your constituent. If further information is needed, please have a member of your staff contact Matthew Stewart

Sincerely,



J. Nicholas Shelley
Field Office Director

Enclosure

HUD's mission is to increase homeownership, support community development and increase access to affordable housing free from discrimination.

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