U.S. Department of Housing and Urban Development

Home Equity Conversion Mortgage Service Provider (HECM SP)

Q&A During Originators/Servicers Training and HERMIT UAM Submitted Questions

Table 1 – Total Metrics

Type of Metric	Number Captured
Remaining System Related Questions/Comments received during Training	25
Issues identified during Training	22
Change Requests received during Training	22
Policy Related Questions received during Training	50
HERMIT UAM Questions received after Training	65
Total	184

Table 2 – Remaining System Related Questions/Comments received during Training

No	Create Date	Module	Description	Response
1.	6/26/2012	Premiums	Generally, the interest rate fields are extremely touchy. A user should not really mess with it too much, but the field properties are really susceptible to being messed with. I would consider further testing on these.	The functionality in the system has been tested by FHA.
2.	6/26/2012	General Servicing	Need copy of hierarchy of all case sub-statuses and the actions that cause the status updates as a tip sheet.	This can be provided as a tip sheet during the refresher training.
3.	6/26/2012	General Servicing	Need a list of "Alerts" that are generated by the system?	The manual alerts that can be added by user are listed under New Alerts window. Please refer to the attached spreadsheet for alerts generated by the system.
4.	6/26/2012	General Servicing	Why would a servicer change an ABA on the loan level (referring to Loan/Servicer Info/Edit Servicer Bank account); wouldn't that need to be done on a Mortgagee level?	Correct, it must be done at the Mortgagee level. In other words, changing the ABA Routing # or the Bank Account # at the loan level affects all loans serviced under that FHA Mortgagee #.
5.	6/27/2012	General Servicing	Why is there a 10,000 row limit on the # of loans you can export from the loan search results? Are there other areas we should expect export limitations? (Where) Would this need to be dealt with the HERMIT Help Desk in the interim/permanently?	The system is functioning as designed. The 10,000 row limit applies to "export to excel" feature in HERMIT.

No	Create Date	Module	Description	Response
6.	6/28/2012	General Servicing / Claims	Many loans pay off post D&P: - Do not involve a HUD claim filing - No Debenture interest How many "views" of the Loan will HERMIT compute and How many should a Servicer? - One view for claim filing and - One view for Full pay off post D&P that includes corp advances	There is only one loan/view in HERMIT for a FHA Case #. If the pay off results not filing a claim, then servicer must add terminate transaction type CT 21/CT 23 and terminate with the payoff amount. If claim filing is needed then initiate a claim on the loan and the system will auto-populate the corp advances and calculate the claim amount inclusive of pay-off amounts (like third party sale, REO/Foreclosure sale).
7.	6/28/2012	General Servicing	Imaging Interface is not listed in the Acronyms.	Need more information.
8.	6/28/2012	Claims	Can we get a debenture interest curtailment mapping for HERMIT Blocks?	Please refer to Mortgagee Letter 09-44 for the curtailment rules and timeframes.
9.	6/28/2012	Claims	Can we get a cheat sheet? Can we have the block #'s added to HERMIT corresponding answers/questions?	A mapping document is available, for the Disposition Section and the Claim Form. This can be provided as a tip sheet during the refresher training.
10.	6/28/2012	Claims	Create a tip sheet for claim forms. Add reference in form to Block # in claim form.	A mapping document is available, for the Disposition Section and the Claim Form. This can be provided as a tip sheet during the refresher training.
11.	6/28/2012	Claims	Does the user manual display what fields input map to what Blocks on claim forms?	No, the user guide does not provide the mapping. This can be provided as a tip sheet during the refresher training.
12.	7/10/2012	General Servicing	What is the sub-status hierarchy?	This can be provided as a tip sheet during the refresher training.
13.	7/10/2012	General Servicing	Please provide a list of all actions that change the loans sub-status, and a list of all sub-status types.	This can be provided as a tip sheet during the refresher training.

No	Create Date	Module	Description	Response
14.	7/10/2012	General Servicing / Claims	Is banking info for just MIP or Claims as well?	The bank information is required for all disbursements and collections. For claims, the bank account of the Investor/Holder will be used to make the disbursements.
15.	7/10/2012	General Servicing	Will the Servicer be unavailable when the end of the month report is updating for a few hours or minutes.	The system will be available while the Lender Reconciliation file is being generated.
16.	7/10/2012	Premiums	HECM Treasury Reports: Currently the reports only display 3 dates factored in HERMIT – will the HECM reports go back further and cover more dates? Ex: IMIP paid for the entire month.	The system displays only the IMIP transactions triggered in HERMIT in the Daily IMIP report. The test data is limited during Training. The date range selection in HERMIT allows the user to select the start and end dates and generate the report with IMIP transactions created in HERMIT within the selected date range. To generate the MMIP transactions, select the Accounting -> Transmittals screen in the Servicing Module and search for "Monthly MIP Due" Batch Type. The system will display the Monthly MIP batch matching the search criteria. Select the batch to view the batch details displaying the FHA Case# and the corresponding Monthly MIP transaction amount. The Batch Details screen provides the capability to export the results in a PDF document with a limitation of 20,000 records. IACS is the current data source for preparation by LHM for the subject report. If IMIP transactions are triggered in IACS then the report from LHM will include these transactions prior to go-live.
17.	7/10/2012	Premiums	Will there still be only 3 days of reports available at a time?	The test data is limited during Training.

No	Create Date	Module	Description	Response
18.	7/10/2012	Premiums	Will there be a back up of reports if they are gone after 3 days?	The date range selection in HERMIT allows the user to select the start and end dates and generate the report with IMIP transactions created in HERMIT within the selected date range.
19.	7/10/2012	Premiums	If a loan is transferred to the new servicer (change of mortgagee ID) and the IMIP was short will the new servicer be debited the amount due? This applies to refunds also.	Yes, when the transactions are initiated, the system uses the current servicer to process the transactions.
20.	7/10/2012	Premiums	Will there be a way through the system that will show if the previous lender paid the IMIP, besides FHAC (case query)?	The transaction screen displays the Lender/Servicer associated with the transaction.
21.	7/10/2012	Premiums	Can a loan be switched back to a previous lender if they did not pay IMIP? Will you receive a warning?	The system does not allow transfer of Lender. The system allows transfer of Servicer.
22.	7/11/2012	General Servicing	I entered a Date of Death on the last living borrower on a loan. The status automatically changed to Due and Payable. This does not appear on slide 19 (Day 1). Please provide a comprehensive list of all actions and sub-statuses that those actions cause.	This can be provided as a tip sheet during the refresher training. The training slide includes only select sub-statuses information.
23.	7/12/2012	Claims	How do we determine which appraisals are to be used in the disposition screen?	A mapping document is available, for the Disposition Section and the Claim Form. This can be provided as a tip sheet during the refresher training.
24.	7/12/2012	Claims	Can we get a matrix/mapping as to what approval relates to what box on the 27011 Claim Form?	A mapping document is available, for the Disposition Section and the Claim Form. This can be provided as a tip sheet during the refresher training.
25.	7/12/2012	Claims	Can we get a tip sheet for the disposition information as to what info entered goes into what box on claim form?	A mapping document is available, for the Disposition Section and the Claim Form. This can be provided as a tip sheet during the refresher training.

Table 3 – Issues identified during Training

Issue No	Create Date	Module	Issue Description	Response
1.	6/26/2012	Premiums	Loan setup, the user cannot use the tab function on the Basis Points field. The user must click on another field to get BPS in gray field.	The loan setup tab ordering will be reviewed and corrected in a future release.
2.	6/26/2012	Premiums	When tabbing from "Rate Type" to "Index type", if you type the key "N" to reach "No Index", the cursor actually tabs back to "Rate Type" instead of updating the "index type" value. When tabbed again to the "Index Type" a second time, the key "N" finally works.	The loan setup tab ordering will be reviewed and corrected in a future release.
3.	6/26/2012	Premiums	When "IMIP by Lender" is entered the screen updates the Total Loan Balance but loses the cursor location, making tabbing ineffective at this stage.	The loan setup tab ordering will be reviewed and corrected in a future release.
4.	6/26/2012	Premiums	Several tabbing issues in the principal limit calculation section that forces me to click in the field rather than begin entering values. Not sure if it's the background validation that causes the cursor to clear or the text box properties to not accept values.	The loan setup tab ordering will be reviewed and corrected in a future release.
5.	6/26/2012	Premiums	After any of the principal limit values has been entered, if you click back in that field for whatever reason, the value gets cleared out entirely.	This is the expected behavior.
6.	6/26/2012	Premiums	IMIP paid by Borrower: if you tab or click in this field and it's "0", it's forcing the user to enter "0" instead of setting automatically to "0".	This is the expected behavior.
7.	6/26/2012	Premiums	Typo in the refund reason descriptions, cancellation is misspelled.	The typo's were identified on reason description "Case **cancellation** but not endorsed". This issue will be fixed for Go-Live.
8.	6/26/2012	General Servicing	Tabs aren't working 100% of the time (after selecting a state, tabbing to zip doesn't allow values to be entered)	The tabbing works if progress from top field by field. But, if the cursor is placed on state and then click tab the cursor jumps to the first field on the screen at the top.

Issue No	Create Date	Module	Issue Description	Response
9.	6/27/2012	Global	Are there any validations in the export file worksheet label that doesn't allow/like the name being changed? Getting several error messages after trying to rename more than once.	Issue could not be replicated. Need screen shots or additional details to provide response.
10.	6/27/2012	Global	The loan that is being worked on through timeline request is not showing up in the recently viewed loans list.	This is functioning as designed. Only loans searched through the loan module will be displayed in recently viewed.
11.	6/27/2012	General Servicing	I added a back dated LOC advance for a date prior to the "conversion date" and the system created int/mip charges for every month. At what interest rates though? (Loan Skey: 474268, Wells Fargo).	Backdating will recalculate note interest and MIP per the interest rate in effect during the backdated timeframes.
12.	6/27/2012	General Servicing	Would you please show us how to look for a timeline that we have just created?	This was demonstrated during the training. By doing a search in the timelines search screen. Navigate to the search screen of the timeline category (ex: compliance search screen), then search by the FHA case # or by the timeline name.
13.	6/28/2012	General Servicing	Document Types do not appear to be updated to the condensed Listing provided. Is the update on a scheduled release? Duplicates in type will have documents all over the place (Lisa Simms)	Document types were created based on existing converted document types from SMART.
14.	6/28/2012	Claims	When two windows were opened for claims and the first window was closed and you click on the second window, you receive a timeout message.	When timeout occurs after a period of inactivity (currently, 30 minutes) the first window, which is the Timeline screen automatically closes. However, the second window, claims worksheet is not closed automatically by the system.
15.	6/28/2012	Claims	Loan Skey: 1311 The Certify window did not appear for the step "Submit Assignment Request to HUD" as indicated in the lab.	Issue could not be replicated. The system is functioning as designed.
16.	6/28/2012	Claims	Loan Skey: 81128, 8380, 266899 When the loan was selected from the Loan Search	Issue could not be replicated. The system is functioning as designed.

Issue No	Create Date	Module	Issue Description	Response
			Results, the Critical Alerts window was displayed. After clicking on the Critical Alerts window message, the Home Page was displayed. When repeated the second time the Home Page did not appear.	
17.	6/28/2012	Global	Timeout of less than 30 minutes seems to be occurring.	There are two limits. One to show an inactive prompt message, but does not logout. The second timeout will logout if still inactive.
18.	6/28/2012	Claims	Issue with the browser windows near screen validation not a timeout issue; we were unable to reach the HERMIT portal.	Issue could not be replicated. Need screen shots or additional details to provide response.
19.	6/28/2012	Claims	Typo on Part B "Column C" is typed incorrectly on all Claim Forms.	The typo will be fixed.
20.	6/28/2012	Global	Suggestion allow click and move for pop-up boxes. Allow user to view the Loan data behind the pop-up box.	This issue could not be reproduced. Need more information, when clicked on a pop up box, system allows to move the box.
21.	6/28/2012	Global	Not sure if it is the local computer settings, but the file type being created on exports is an .xlsx (2007) but the naming convention for these files tries to open it with the file type .xls. This is creating a prompt every time we export something to excel. It's stating it's trying to open "….xls" but the file format itself is an xlsx and so it's asking to verify the file isn't corrupted. This is probably just a minor programming fix..but our monthly reconciliation efforts would benefit from not dealing with this warning box on every transaction export request.	This is functioning as designed.
22.	7/10/2012	General Servicing	When changing the investor the audit tracking list the "changed by" as "SysMnthEnd" instead of the actual user	This issue could be reproduced. Issue will be fixed in a future release.

Table 4 – Change Requests received during Training

Issue No	Create Date	Module	Change Request Description	Response
1.	6/26/2012	Premiums	Loan setup refund request, can the refund reason drop down box properties be set to expand to fit the reason descriptions? The view looks like it only drops down to a pre-set width and the reasons are illegible.	HUD will review and consider the suggestion/change for a future release.
2.	6/26/2012	Premiums	Will there be a bulk loan document upload utility eventually like B2G? or Daily Image file?	HUD will review and consider the suggestion/change for a future release.
3.	6/26/2012	Premiums	Loan Details: Was able to enter a "vacancy date" prior to loan closing or funding (there should probably be some validation)	HUD will review and consider the suggestion/change for a future release.
4.	6/26/2012	General Servicing	Have you considered putting an entry in the audit tracking for "conversion date"? (should we use the transaction list?)	HUD will review and consider the suggestion/change for a future release.
5.	6/26/2012	Global	Transaction export: Can the columns with number values be created with a number format? It is all stored as text, and makes it a hassle to verify sum functions, other functions.	HUD will review and consider the suggestion/change for a future release.
6.	6/27/2012	Global	Loan Search results should have a section where it shows loan percentage	HUD will review and consider the suggestion/change for a future release.
7.	6/27/2012	General Servicing	Before the Due and Payable is approved, the system is automatically changing the status into due and payable which is false. Any reports will be inaccurate. Can this be changed to a pending status until Due and Payable approval is actually granted?	HUD will review and consider the suggestion/change for a future release.

Issue No	Create Date	Module	Change Request Description	Response
8.	6/27/2012	General Servicing	Why can't growth transactions be exported and can it be built in the system?	HUD will review and consider the suggestion/change for a future release.
9.	6/27/2012	General Servicing	Have alerts, warnings, errors, etc. been considered to be pulled from a HERMIT menu? How about Transaction Codes?	HUD will review and consider the suggestion/change for a future release.
10.	6/27/2012	General Servicing	Please consider controls related to changes to Banking Information.	HUD will review and consider the suggestion/change for a future release.
11.	6/28/2012	Claims	Please make it clear to the user that they must save prior to validation.	HUD will review and consider the suggestion/change for a future release.
12.	6/28/2012	Claims	It is difficult to tell when you exited. A pop-up box(s) may assist to remind the user to save the .pdf and navigate to documents.	HUD will review and consider the suggestion/change for a future release.
13.	6/28/2012	Claims	CT22: Why isn't the Claim Type 22-AOP automatically emailed to the lender when we finalize and submit the claim? A better option than Lender having to remember to print and save prior to moving forward. This is going to cause multiple phone calls to the HERMIT Help Desk.	HUD will review and consider the suggestion/change for a future release.
14.	6/28/2012	Claims	Step 15 of Claims: No upload due to "original" needed. Suggest note for this step would be to add FedEx tracking number.	This will be added to the User Guide as a note.
15.	6/28/2012	Claims	Please create a tip sheet for disposition information on claim types 21, 23 and 24 showing what block of the claim form that field pertains to.	HUD will review and consider the suggestion/change for a future release.

Issue No	Create Date	Module	Change Request Description	Response
16.	6/28/2012	Claims	User should have access to reason for denials. Either in HERMIT or on the denied claim form.	HUD will review and consider the suggestion/change for a future release.
17.	6/28/2012	Claims	How can I validate my claim changes have been saved? May want to consider a "Last Saved:" timestamp	HUD will review and consider the suggestion/change for a future release.
18.	7/11/2012	General Servicing	I would like to be able to generate reports from the critical risk area that shows all the loans that have the alert (over 95% or death)	HUD will review and consider the suggestion/change for a future release.
19.	7/11/2012	General Servicing	Combining All loan transaction history, would be a very useful feature to have. For example: Being able to view Loan, Growth, Set Aside, and Claims Transactions all in one view for any given loan respectively.	HUD will review and consider the suggestion/change for a future release.
20.	7/11/2012	General Servicing	Can we add a timeline summary that will show all timelines through all statuses for the loan life.	HUD will review and consider the suggestion/change for a future release.
21.	7/11/2012	General Servicing	Make timelines accessible from Main Loan Screen (to access timelines related to that specific loan).	HUD will review and consider the suggestion/change for a future release.
22.	7/12/2012	General Servicing	Request a report that shows Claim + Servicer request approval by HUD w/ date range	HUD will review and consider the suggestion/change for a future release.

Table 5 – Policy Related Questions received during Training

Issue No	Create Date	Module	Description	Response
1.	6/26/2012	Premiums	Once a request for refund is submitted what is the normal or expected response time?	Upon submission of request, the request will be reviewed by the HUD SF Premiums Manager within three business days. Upon approval, the request will be sent to HERMIT Accounting Module for disbursement processing (approximately two business days).
2.	6/26/2012	Premiums	If there is not a rate history available prior to conversion from IACS, how will reconciliation work when trying to fix old loan problems previously 'unfixable' in IACS? Will there be any attempt at auto-adjusting interest? MIP with the rate history you do have? Will Servicers need to send or manually update int/mip adjustments for those? Will users be notified there isn't a rate history and they should submit int/mip adjustments manually?	At the time of conversion, data from IACS will be converted to HERMIT. The HERMIT system will automatically calculate the adjustment transactions (Interest and MIP) based on the available rates information. If the information is not available in HERMIT, then the system cannot calculate the adjustment transactions. The system does not allow manual entry of Interest and MIP adjustment transactions.
3.	6/26/2012	General Servicing	Will Deval still need to be notified via email of death; due and payable via email or only HERMIT submission?	No. Reporting of date of death in HERMIT will satisfy HUD's reporting requirements.
4.	6/26/2012	General Servicing	Is updating contact information a requirement in the HERMIT system?	HUD highly recommends in keeping the HERMIT system updated with correct loan information to assist with loan servicing.
5.	6/26/2012	General Servicing	Is updating an appraisal a requirement?	Yes. All HUD reimbursable appraisals must be entered into the HERMIT system. However, the original value received from CHUMS cannot be updated in the system.
6.	6/26/2012	Premiums	If closing costs are not broken down and a lump sum amount is provided. How should the amount be broken down during loan setup.	HUD requests the detail information be captured during loan setup. The closing documents provide details of each loan setup amounts.
7.	6/26/2012	Premiums	Basis points data is not collected by servicers. This information is not known until a loan is packaged into a GNMA security, so it would not be available to	The monthly service fee or the basis points value (BPS required only if monthly service fee is $0.00) is required for loan setup. If the BPS information is obtained prior to

Issue No	Create Date	Module	Description	Response
			time of loan setup would it?	Endorsement after Loan Setup, the user can update this information on the Loan Details screen using the "Edit" button. If neither the monthly service fee nor the BPS value is known, then a minimum required BPS of 36 should be entered at loan setup.
8.	6/26/2012	Premiums	Repair admin fee during loan setup, how could this be known at the time of loan setup, when it is based off of disbursements from the RSA after closing?	This information is usually ascertained at the time of HECM loan closing. Please refer to the HUD Handbook 4235.1 chapter 3-5 for the details on the Repair Admin Fee that must be entered.
9.	6/26/2012	Premiums	Please discuss the use of round to $1/8^{th}$?	Please refer to the HUD Handbook 4235.1 chapter 6-9 for the details on the use of round to $1/8^{th}$.
10.	6/27/2012	General Servicing	How does HERMIT handle leftover repair set aside funds on closed end loans? Can it be transferred to the available LOC? or Does the system require it to be disbursed to the borrower at the time the final repairs are completed?	The system does not differentiate between open-ended or close-ended loans. Yes, the user can adjust any unused portion of the Repair Set Aside funds, which will transfer the remaining funds to LOC. No, it is not required to disburse the remaining funds as part of the final repairs disbursement transaction.
11.	6/27/2012	General Servicing	When the Final Repairs are completed, HUD requires the Originator to "Close out" the repairs using the escrow close out screen in FHA connection. Will the Final Repair Set Aside payment in HERMIT eliminate this process?	Yes. This should be continued in the FHA Connection. This information is not received from CHUMS in HERMIT. The user can adjust any unused portion of the Repair Set Aside in HERMIT.
12.	6/27/2012	Property Charges	Will the Tax and Insurance delinquency reporting be handled via HERMIT from release going forward? Today a file is submitted periodically. Will this be ceased upon release and will reporting be discontinued?	No. Reporting will still be required until HERMIT is updated to accept this information. A new transaction category "Disb - Prop Chrg - Pre D&P" has been created in HERMIT to report the T&I expenses. The transactions within this category are: - Prop Chrg Pre-D&P - Condominium Fees - Prop Chrg Pre-D&P - Flood Insurance

Issue No	Create Date	Module	Description	Response
				- Prop Chrg Pre-D&P - Ground Rent
				- Prop Chrg Pre-D&P - Hazard Insurance
				- Prop Chrg Pre-D&P - HOA Dues
				- Prop Chrg Pre-D&P - Other
				- Prop Chrg Pre-D&P - Taxes
				If the expenses are repaid by the Borrower then use the "Part Repay - Prop Chrg Pre D&P" transaction within the "Repay" transaction category to report the repayments.
				However, the system currently does not track the delinquency status and curing of delinquency status. This is an enhancement targeted for Post Go-Live
13.	6/27/2012	Global	There has been essentially no opportunity for Servicer input (General Discussion) in the last 2 years. Will HUD and or RMS support or facilitate broader input/comments from Servicers from this point forward to final implementation.	Lender/Servicer feedback is welcome through HERMITUAM@hud.gov
14.	6/27/2012	General Servicing	What is the definition of Pre-Foreclosure? HUD approved D&P to first Legal action?	The period from D&P to first legal action is correct.
15.	6/27/2012	Property Charges	Are there any ramifications for inserting property charge advances as "disbursement from LOC" instead? (in the event that is how the servicer tracks those advances?)	If there are funds available in the LOC to advance for property charges, then it is acceptable to disburse as a LOC advance. If there are no funds available in the LOC, and an advance for property charges need to be made, then the Property Charge Pre D&P transaction must be used. Validations are built in the system to force the user to use Unscheduled LOC transactions only when the drawable equity is available, and use property charges only when drawable equity is exhausted.

The tracking of corporate advances using the Corp Advance |

Issue No	Create Date	Module	Description	Response
				transactions post due and payable must be done in HERMIT in order to be reimbursable on a claim.
16.	6/27/2012	Property Charges	Will the information provided to HUD via the monthly delinquency file be loaded into HERMIT? The file contains all loans in T&I default and corporate advance amounts.	Reporting will still be required until HERMIT is updated to accept this information. A new transaction category "Disb - Prop Chrg - Pre D&P" has been created in HERMIT to report the T&I expenses. The transactions within this category are: - Prop Chrg Pre-D&P - Condominium Fees - Prop Chrg Pre-D&P - Flood Insurance - Prop Chrg Pre-D&P - Ground Rent - Prop Chrg Pre-D&P - Hazard Insurance - Prop Chrg Pre-D&P - HOA Dues - Prop Chrg Pre-D&P - Other - Prop Chrg Pre-D&P - Taxes If the expenses are repaid by the Borrower then use the "Part Repay - Prop Chrg Pre D&P" transaction within the "Repay" transaction category to report the repayments. However, the system currently does not track the delinquency status and curing of delinquency status. This is an enhancement targeted for Post Go-Live
17.	6/27/2012	Conversion	What are the options and expectations for Servicers to balance the initial HERMIT data? 1. Pass an adjustment (One cumulative catch up) by bucket for each loan? 2. If yes please define buckets 3. Trying to recast every POCS or IACS difference.	The IACS data will be converted into HERMIT. Lenders/Servicers should make every effort to clean up any discrepancies in the IACS data prior to HERMIT go-live. Please refer to ML 2011-33 stipulating that the Mortgagee is responsible for the data integrity and data reconciliation.

Issue No	Create Date	Module	Description	Response
18.	6/27/2012	Conversion	Initial balances and initial load of IACS data: How will HERMIT treat historical detailed transactions relative to recalculating the loan balance as of the effective date data was loaded to HERMIT? Because of absence of historical interest rate in IACS- Interest and MIP adjustments have been entered to balance loans	At the time of conversion, data from IACS will be converted to HERMIT. The HERMIT system will automatically calculate the adjustment transactions (Interest and MIP) based on the available rates information. If the information is not available in HERMIT, then the system cannot calculate the adjustment transactions. The system does not allow manual entry of Interest and MIP adjustment transactions.
19.	6/27/2012	Premiums	Should MIP be paid above the MCA after the conversion? Currently, MIP is paid up to the available balance. As a result, there are instances where MIP is paid beyond MCA, in cases where a loan assignment is delayed pending clearing of conditions, or even of an un-assignable account.	The HERMIT system currently accrues MIP until the Loan is Terminated. The MIP will be accrued even if the Loan Balance exceeds the MCA.
20.	6/27/2012	General Servicing	In some cases servicers may not have reasonable access to termination reasons. For example, Termination – Refinance in instances where the current servicer is not performing the refinance. What transaction should be reported in this case- Terminated other?	Yes, Terminate other is acceptable.
21.	6/27/2012	Conversion	Conversion: Some loans in ICS have incorrect current Principal limit values due to issues with IACS over the years. How will servicers be able to get these fields updated? The volume of loans affected by this for large organizations is large.	This information must be corrected in IACS prior to go-live date. For the new cases received from CHUMS, HERMIT system will automatically calculate the Original Principal Limit and the Current Principal Limit values.
22.	6/27/2012	Conversion	Conversion: When a loan is liquidated on IACS, the servicer must leave the loan active/endorsed and continue paying monthly MIP until the claim is paid. For loans "liquidated" in IACS that are converted before a claim	Upon claim payment, the Servicer must terminate the loan in HERMIT using the appropriate termination reason code (CT 21 or CT 23). This is because, the claim is processed outside HERMIT and system will not know when the claim is paid. In order to avoid additional MIP collection, the

Issue No	Create Date	Module	Description	Response
			is paid, how do servicers get full refunds for the overcharged MIP?	Servicer must terminate the loan in HERMIT. The Servicer must request Refunds on these monthly MIPs loans outside HERMIT.
23.	6/27/2012	General Servicing	What will happen in the system if the date of death is updated, the loan is called D&P, but the following two steps are never updated in the timeline? Are there any consequences or is it required or not?	Since the timeline is without HUD approval, there are no consequences in not completing that particular timeline. However, if the next steps subsequent to D&P (like Loss Mit, Foreclosure, DIL) are not completed and claim is not filed, then MIP will continue to be collected until the loan has been terminated.
24.	6/27/2012	Premiums	Will there be a month end cutoff time for the upload of the transaction files or new loan set up files? 1. End of Month? 2. Time of Day? 3. Anything special?	There is no cutoff time to upload B2G files (transactions/loan setup).
25.	6/27/2012	Premiums	Since HERMIT will assess MIP on "Property Charges beyond drawable equity", can we get confirmation that this will only apply PROSPECTIVELY and not RETRO-actively.	The HERMIT system allows reporting of the historical Property Charges transactions (ML 2011-01), with effective date prior to HERMIT Go-Live date. The system automatically calculates the adjustment transactions - Interest and MIP adjustments, along with Late/Interest Charges on the adjusted MIP. When entering these transactions, the system allows a grace period of 6 months from Go-Live date. If historical Property Charges transactions are reported in HERMIT within the grace period, the system waives the Late and Interest Charges on the adjusted MIP transactions. However, the adjusted MIP will still be collected from the current Servicer.

Issue No	Create Date	Module	Description	Response
26.	6/27/2012	Premiums	Regarding property charges beyond drawable equity, for which it was indicated earlier that they would accrue interest in HERMIT, please confirm that this includes MIP and that HERMIT will bill for that MIP.	Yes, the system automatically calculates the adjustment transactions - Interest and MIP adjustments, along with Late/Interest Charges on the adjusted MIP. The adjusted MIP will be collected from the current Servicer.
27.	6/27/2012	General Servicing	When the loan funds are set aside for payments of insurance or taxes are due. (i) Request to more funds to LOC, is HUD approval needed? (ii) Is payment plan change needed? (iii) This will delay and double work for Servicer. Following FNMA guidelines to change payment plans the 1st of the month.	(i) No, HUD approval is not needed. (ii) Yes, the system will require the Change Of Plan when Net Available is greater than zero. (iii) Payment plan changes in HERMIT are in effect on the effective date. The effective date does not need to be first day of the month.
28.	6/27/2012	Conversion	Suggest ability to load servicer transaction history for historical data prior to live date.	The IACS data will be converted into HERMIT. Lenders/Servicers should make every effort to clean up any discrepancies in the IACS data prior to HERMIT go-live.
29.	6/27/2012	General Servicing	Where in the system will we request approval to Rescind Due and Payable approvals?	In the system, the Servicing Management screen allows the user to inactivate the timeline. However, Servicers must not inactivate the timeline without HUD's consent.

Issue No	Create Date	Module	Description	Response
30.	6/27/2012	Global	Once all enhancements are made to HERMIT, will updates be made to the User Guide and placed online to view/print for Origination and Servicing companies?	The HERMIT User Guide will be updated for each release and distributed to the industry.
31.	6/28/2012	Premiums	For loans with aged max claim discrepancies that HOC has advised they cannot update due to limitations with FHAC/CHUMS, how will the data be corrected and sent to HERMIT?	This information must be corrected in IACS prior to go-live date. For the new cases, this information will be received from CHUMS and cannot be updated in HERMIT.
32.	6/28/2012	Global	Please consider allowing servicers to have access to the test region for 2-4 weeks before go-live in order to thoroughly train other employees on the use of HERMIT	Training instance will be provided around August 27th.
33.	6/28/2012	Global	When will a test region and access be available for training?	Training instance will be provided around August 27th.
34.	6/28/2012	Claims	Prior to go live will HUD advise the Servicer what docs are required to upload. It appears some docs will be eliminated due to automation.	The Claims Package will still be same as currently being submitted for paper-based claims. However, the Claims Package must be uploaded electronically using "Document Upload" feature in HERMIT for claims submitted in HERMIT.
35.	6/28/2012	Claims	Suggest for CT 22, to provide the ability to have limited view of the loan after transfer particularly for the servicer the ability to view docs relating to the claim and that is all.	At this time, the system is behaving as designed. Once CT-22 claim is submitted, the Servicer on the loan is transferred to HUD NSC Contractor. The current Servicer can no longer access the loan. The Servicer must save the electronic version of the Final Claim Form – 27011 and Advise of Payment documents prior to exiting the CT 22 timeline.
36.	6/28/2012	Claims	Allow Servicers to view history on Claim 22 up to the point of transfer to HUD	At this time, the system is behaving as designed. Once CT-22 claim is submitted, the Servicer on the loan is transferred to HUD NSC Contractor. The current Servicer

Issue No	Create Date	Module	Description	Response
				can no longer access the loan. The Servicer must save the electronic version of the Final Claim Form – 27011 and Advise of Payment documents prior to exiting the CT 22 timeline.
37.	6/28/2012	Premiums	What happens to the paper mic?	Please refer to the HUD ML 2004-22: Elimination of Paper MICs for HECM Claims.
38.	7/10/2012	Premiums	With document upload – will this eventually allow for sending - Case binders for insuring? - Or NORs? (clearing)	No. However, there is an initiative underway at HUD to do away with case binders but that is targeted for a later date.
39.	7/10/2012	Global	Will a test environment be available to Servicers?	Training instance will be provided around August 27th.
40.	7/10/2012	Premiums	What do you do if you purchase loans from a company who does not have a pad account and you have to transfer it to your servicer number to pay the IMIP?	The pad accounts will be discontinued by HUD. Starting November 1, 2012 US Treasury ceases to process ACH Lockbox, which involves pad accounts. The HERMIT system is capable of interfacing with Treasury for the updated processing of IMIP/MMIP collections. During Loan Setup, set the Servicer to the party responsible for paying the IMIP. After the completion of Loan Setup and the IMIP collection (Case Status - Pending Endorsement), transfer the loan to the servicer who is responsible for paying the MMIP using the servicer transfer functionality. This will ensure that the MMIP is collected from the Servicer assigned to the loan.
41.	7/11/2012	General Servicing	Do all timelines, such as insurance hazard have to be used? What are the consequences of not using them?	HUD highly recommends in keeping the HERMIT system updated with correct loan information to assist with loan servicing.
42.	7/11/2012	General Servicing	Referring to Helpful links "HECM Servicing" FAQ #12 How do I request an extension to the 6 month	Correct, this is the Claim Filing extension. Refer to the User Guide – chapter 7 for instructions to initiate the timeline and submit extension request.

Issue No	Create Date	Module	Description	Response
			marketing period? Is this the claim filing extension?	
43.	7/11/2012	General Servicing	Short Sale Request Servicing Management: Loan status of 1st Mortgage. - What is the intent of drop down option "Held by Fannie Mae"?	This value came from the SMART conversion file. This is currently available in SMART. This value can be removed from HERMIT if not used.
44.	7/11/2012	General Servicing	Are requested HUD advance funds sent same day? Next day? A delay in the "actual approval" or payment means we need to push the payment so we need an accurate timeline expectation.	HECM borrowers are to receive unscheduled disbursements from LOC within five business days. Servicers should install operating procedures to forward the funds request to HUD to allow HUD adequate time to make the advance within five business days of receipt.
45.	7/12/2012	Claims	On the Assignment Claim, does the original Deed of Trust need to be sent in? Right now, a copy is fine and the only original sent is the note.	Yes. Servicers should send the original DOT or Mortgage document with the original, endorsed Note to HUD's Loan Servicing Contractor. If the original document is not available, HUD will accept a legible, recorded copy of the DOT or Mortgage document.
46.	7/12/2012	Claims	i. The ability to enter the estimated or actual hazard insurance refund on line 109 (For audit purposes it would be best if we could separate the refund from the full premium amount). ii. The ability to enter the rental income on line 115. iii. The ability to enter amount for insurance claim for loss on line 118 (User received validation errors when entered it in block 27).	i. Please use Corp Advance Section – 305 Repayment transactions to report the refunds. This information will be pre-filled on the Claim Form HUD – 27011. ii. Per ML 2009-44, Block 115 is N/A for HECM loans. iii. Per ML 2009-44, if the property is damaged the date on Block 25 b is required. Please populate the date on Block 25 a with the same date as Block 25 b.

Issue No	Create Date	Module	Description	Response
47.	7/12/2012	General Servicing	Release on paid off loan, will we be able to pull up the recorded 2nd release document?	Yes. The recorded second DOT/Mortgage release document will be uploaded and be available on the Documents tab of the corresponding loan upon receipt from the county recorder.
48.	7/12/2012	Claims	What supporting documentation does HUD Require for Claim Submission?	The Claims Package will still be same as currently being submitted for paper-based claims. However, the Claims Package must be uploaded electronically using "Document Upload" feature in HERMIT for claims submitted in HERMIT.
49.	7/12/2012	Conversion	Lender + Investor loan number suggestion: Can we provide a file to upload prior to go live instead of manually entering?	At this time, there is no B2G functionality to upload the Lender Loan #. This field can be entered during Loan Setup, at the time of Claim Submission this attribute will be pre-filled on Block 14, if available on Loan. Please note that this field is optional during Loan Setup.

Issue No	Create Date	Module	Description	Response
50.	7/12/2012	Claims	CT 21: DIL need not be D+P; How does HERMIT handle CT-21 to NO D+P? Is this "Other" for default reason? (No Default – No D+P)	The Servicer must still initiate the Due and Payable w/o HUD approval timeline with default reason of "Conveyed Title". When creating the CT 21 timeline, the default reason code on Block 4 can be "15 - Other".

Table 6 – HERMIT UAM Questions received after Training

Issue No	Create Date	Module	Description	Response
1.	7/17/2012	General Servicing	Corporate Advances – During HERMIT training (June session) servicers expressed concern regarding HERMIT changing loan sub-status to D&P at the time servicer submitted for D&P, not at the time D&P was approved. It was suggested that an additional sub-status "Pending D&P Approval" should be added. a. This is of particular concern since HERMIT requires specific transaction codes for disbursements that are "Post D&P". b. We need certainty regarding when "post D&P" transaction codes are required –v- when "Pre-D&P" transaction codes are appropriate.	There are 2 D&P timelines in the system. One without HUD approval (Death or Conveyed Title) and other with HUD approval (Occupancy Compliance, Unpaid Taxes and Insurance, Repairs, etc.). The system updates the case sub-status to "Due and Payable" when either of the D&P timeline is initiated and the previous sub-status is "Loan Active". If the Case is active (i.e. Case does not have active D&P timeline), then "Disb - Prop Chrg - Pre D&P" transactions (ML 2011-01) must be used to report the expenses incurred by the Lender. The HERMIT system allows the creation of Property Charges transactions only when the Case is active (i.e. Case does not have active D&P timeline). Once the Case has active D&P timeline, the Corp Advance transactions must be used to report expenses incurred by the Lender.
2.	7/17/2012	General Servicing/ Claims	During HERMIT training in June, corporate advances were described as "not accruing because they are subject to debenture interest". Servicers raised concerns regarding this view of the loan because not every account that goes to D&P status results in a claim filing event. Many loans pay in full subsequent to D&P at which time servicers and investors would reasonably expect to include and collect interest accrued on advances made post D&P.	The Corporate Advance transactions are not rolled into Loan Balance. If the Loan is D&P and claim is filed, then the Corp Advance transactions are included on the HUD Claim Form - 27011 and reimbursed as part of Claim Amount. The loan is identified as "Paid in Full" when the payoff amount received satisfied the debt (Loan Balance, expenses, etc.). In such case, a claim is not filed, as the Lender did not incur any loss. If the payoff amount is not sufficient to cover the debt, then a claim must be filed by the Lender, in such case the Corp Advance are included on HUD Claim Form - 27011 and accrue Debenture Interest (provided all the timeframes are met).
3.	7/17/2012	General	Will the Tax & Insurance delinquency reporting be handled via STORM (today, a file is submitted periodically)? If so,	A new transaction category "Disb - Prop Chrg - Pre D&P" has been created in HERMIT to report the T&I expenses.

Issue No	Create Date	Module	Description	Response
		Servicing	where are the T&I repayment transactions within the transaction codes and descriptions?	The transactions within this category are: - Prop Chrg Pre-D&P - Condominium Fees - Prop Chrg Pre-D&P - Flood Insurance - Prop Chrg Pre-D&P - Ground Rent - Prop Chrg Pre-D&P - Hazard Insurance - Prop Chrg Pre-D&P - HOA Dues - Prop Chrg Pre-D&P - Other - Prop Chrg Pre-D&P - Taxes If the expenses are repaid by the Borrower then use the "Part Repay - Prop Chrg Pre D&P" transaction within the "Repay" transaction category to report the repayments. The system currently does not track the delinquency status and curing of delinquency status. This is an enhancement targeted for Post Go-Live.
4.	7/17/2012	General Servicing	Will there be reconciliation processes undertaken after STORM goes live and how long will Servicers have to reconcile the transactional data?	The Servicers are expected to conduct daily reconciliations to ensure the Loan Balance and transaction history in HERMIT reflects accurately with the Servicer's records.
5.	7/17/2012	General Servicing	Will servicers be permitted to post an aggregate adjustment, by bucket to HERMIT to bring the loan in balance with servicer's records?	The HERMIT system provides various transactions codes within the transaction categories. The Servicers are expected to submit the missing transactions, which will bring the HERMIT Loan Balance in sync with the Servicer records. The system automatically calculates the adjustment transactions - Interest and MIP adjustments, along with Late/Interest Charges on the adjusted MIP.
6.	7/17/2012	General Servicing	There is a refund transaction code – can it be used multiple times? There is no "pay bill/decrease refund" for trailing bills,[I don't think this is relevant is it? If borrower pays off, HUD's done.] and no ability to post incoming cash receipts to paid loans. Were these events considered when formulating the transaction requirements?	The "Refund Remittance Overage" transaction can be performed only when the loan is Terminated. The system automatically generates the "Refund Remittance Overage" transaction at the time of Termination. The system also provides "Repays" transaction category,

Issue No	Create Date	Module	Description	Response
				which must be used to report partial repayments from Borrower prior to Loan Termination.
7.	7/17/2012	General Servicing	Transaction code 1550 – Is this transaction for tax and insurance set aside due to withholdings from the borrower's scheduled payment?	TC Code 1550: This transaction is initiated by the Servicer to make a disbursement for Taxes and Insurance from Borrower's available taxes and insurance set aside balance.
8.	7/17/2012	General Servicing	Will STORM mimic IACS in terms of requiring accounts to be active in order to have a claim processed / paid, which results in continuation of assessment of MIP on accounts beyond the date at which loan actually closed (i.e. through a foreclosure sale)? Ideally, these termination transactions would stop the accrual of MIP, but the loan would remain open in STORM in order to process claims. Once HUD pays open claims, the loan is then "closed".	For the loans that have claims initiated in HERMIT, the Servicers must not Terminate the loan manually in HERMIT. The HECM loan is automatically "Terminated" in HERMIT upon claim payment. After Termination, system will not post Monthly Accruals transactions (MIP, Interest and Service Fee).

If the property is disposed in a manner that does not require claim submission, there are "Terminate" transaction codes available to manually terminate the loan. For example:
2875: Terminate - Short Sale (Partial)
2880: Terminate - REO/3rd Party/FCl Sale (PIF)
2881: Terminate - REO Sale (Partial)
2887: Terminate - FCL Conveyed
2888: Terminate - DIL Conveyed |
| 9. | 7/17/2012 | General Servicing | There is a concern about how codes 2870 and 2871 (Termination-Death and Termination-Move Out) will affect the loan, as multiple activities occur beyond these events. | Need additional details on the activities post Termination. Once the "Terminate" transaction is submitted with the payoff amount, the Loan Balance is brought to zero and the case status is "Terminated" with sub-status of "Borr.Paid" or "Borr.Moved" (based on the transaction type submitted). |
| 10. | 7/17/2012 | General Servicing | Regarding termination codes: In some cases, the servicer might not have reasonable access to the data (such as Termination-Refinance in instances where the current servicer is not performing the refinance). Has this been considered? | Need to understand what data is not accessible.

The HERMIT system provides the "Payoff" amount based on the transaction activity in HERMIT.

If the Termination reason is not known then the user can |

Issue No	Create Date	Module	Description	Response
				pick the termination reason code of "Termination – Other".
11.	7/17/2012	General Servicing	Transaction code 2720 – The description says these apply only to Mod Term and Mod Tenure loans. Wouldn't this transaction apply to Line of Credit loans as well? [agree it seems poorly or oddly thought out; but since Net LOC = Net NPL for LOC loans if you apply a 2710 which will only reduce loan balance, that will increase NPL and Net LOC has to equal NPL for LOC plans.	For Line Of Credit pay plan type, Transaction code 2710 must be used for partial repayments. The Net Credit Line is applicable only for Modified Term and Modified Tenure pay plans only.

For Modified Term and Modified Tenure, Transaction code 2720 must be used. |
| 12. | 7/17/2012 | General Servicing | Can you confirm that if the claim amount is less than $10, the claim will not be processed? | The overage/shortage restriction does not apply to terminations by claims. For claims (CT 21 or CT 23), system will not allow submission of negative claim.

The overage/shortage restriction is applied to non-claim terminations. If the payoff amount is not within the threshold limit (currently set to $100) then the system will not allow the submission of termination transaction. |
13.	7/17/2012	N/A	What is the plan for additional user training? When will a fully functional test environment be available for servicers to test B2G and other system functionality?	Training instance will be provided around August 27th.
14.	7/17/2012	Premiums	Should MIP be paid above the MCA after the conversion? Currently, MIP is paid up to the available balance [what available balance? Isn't the problem that MIP currently charged on balances > MCA?]. As a result, there are instances where MIP is paid beyond MCA, in cases where a loan assignment is delayed pending clearing of conditions, or even in the scenario of an unassignable account.	The HERMIT system currently accrues MIP until the Loan is Terminated. The MIP will be accrued even if the Loan Balance exceeds the MCA.
15.	7/17/2012	N/A	Will all servicers have the opportunity to perform UAT?	No, the Parallel Operations participants have been finalized.
16.	7/17/2012	N/A	What is the revised cutover date?	The revised cutover date is 10/9/2012.

Issue No	Create Date	Module	Description	Response
17.	7/17/2012	General Servicing	Will there be a utility to automate document upload, or will documents need to be individually uploaded by the user?	The system does not provide a mechanism/B2G to bulk load images or documents at this time.
18.	7/17/2012	General Servicing/ Claims	Termination code 2887 – Termination-FCL Conveyed (pg 37). At what point in the process is it anticipated this code would be entered? For example, is it intended that an account remain active on STORM at completion of a foreclosure sale in which the property is taken by lender/servicer, and then only after the disposition of the property would the servicer determine whether to terminate with code 2881 (Termination REO Sale – Partial) versus code 2887. Under the above circumstance, how, when and by what method will MIP paid to HUD by servicer on the account post-foreclosure sale be reimbursed to the servicer.	Once the "Terminate" transaction is initiated on a loan, the case status is updated to "Terminated" and the loan balance is brought to zero. Multiple terminations cannot occur on a loan.

Termination code 2887 – Termination-FCL Conveyed: This transaction must be initiated to report disposition of the property after Foreclosure with disposition amount that satisfies debt. In this instance, claim is not filed.

The MIP will continue to accrue post due and payable until the loan is Terminated. MIP prior to the due and payable is rolled into the Loan Balance (Block 17). All MIP collected from due and payable until the date of closing/appraisal (Block 10), will be automatically populated on the HUD Claim Form - 27011 and will be reimbursed as part of Claim Amount per the business rules laid out by HUD. |
19.	7/17/2012	Premiums	Will the Temporary Lending Limit increases be implemented into STORM so that MCA corrections can be completed by the HOC?	The MCA amount is received from CHUMS in HERMIT. This amount cannot be updated in HERMIT.
20.	7/17/2012	N/A	When will HUD address the policy questions asked in both HERMIT training sessions some of which are similar to questions noted above?	These responses will be provided via HERMIT UAM 8/10/2012.
21.	7/17/2012	N/A	When will all HERMIT related questions answered in both training sessions be compiled (with answers) and provided to servicers?	These responses were sent via HERMIT UAM on 7/31/2012.
22.	7/17/2012	Claims	A voucher form or AOP is automatically generated at claim completion. This would mean that supplemental claims would be due 6 months to the day of an initial claim	The supplemental claim is due 6 months from the Settlement date, which is the date the Claim is approved

Issue No	Create Date	Module	Description	Response
			completion; however actual HUD payment transfer could take up to 48 hours if submitted on a Friday. This would mean claims would be due 2 days earlier than regulations state. How does HUD compensate for Friday claim submittals?	by HUD.
23.	7/17/2012	Claims	The voucher or AOP form will auto-curtail debenture interest based on timelines submitted throughout the foreclosure and REO process. In cases where HUD gives instruction to resubmit claims such as the recent DOD claims, how do we differentiate the claims from one another?	When the claim is re-submitted, the system will use the claim re-submitted date to determine the claim filing timeline. If the claim is not submitted within the required timeframe then the debenture interest will be curtailed to the curtailment date.
24.	7/17/2012	User Roles	Can you distribute a list of all HERMIT user roles, their ability to edit or delete, and how long that ability lasts?	Please note that for each of the security profile listed below, the user can access only loans associated with their organization. **Servicer Read-Only:** Loan Module: Has access to all the screens applicable for Insurance In Force loans maintenance with exception to Servicer/Investor Bank Account. This role has read only access to all the screens. Cannot perform B2G functions. Timelines and Reports: Has access to view all Servicer related timelines. Has access to view all the Servicer reports. **Servicer Manager:** Loan Module: Has access to all the screens applicable for Insurance In Force loans maintenance. This role has access to add/edit/delete functions including updating Servicer Bank Account. Has access to perform Servicer Transfer and cancel pending transfers. Do not have access to edit Investor Bank Account. Has access to B2G functions.

Issue No	Create Date	Module	Description	Response
				Timelines and Reports: Has access to initiate and edit all Servicer related timelines and edit Servicer group steps in the timeline. Has access to view all the Servicer reports.
				Servicer Staff:
				Loan Module: Has access to all the screens applicable for Insurance In Force loans maintenance with exception to Servicer and Investor Bank Account. This role has access to add/edit functions only. The only exception to edit is "Notes" added on the Notes screen. Staff role can edit a "Note" only if the "Note" was created the same day. Has access to only initiate Servicer Transfer. Has access to B2G functions.
				Timelines and Reports: Has access to initiate and edit all Servicer related timelines and edit Servicer group steps in the timeline. Has access to view all the Servicer reports.
				Lender Read-Only:
				Loan Module: Has access to all the screens applicable for Insurance In Force loans maintenance with exception to Servicer/Investor Bank Account. This role has read only access to all the screens. Cannot perform B2G functions.
				Timelines and Reports: Has access to view all Servicer related timelines. Has access to view all the Servicer reports.
				Lender Manager:
				Loan Module: Has access to all the screens applicable for

Issue No	Create Date	Module	Description	Response
				Insurance In Force loans maintenance. This role has access to add/edit/delete functions. Has access to perform Servicer Transfer and cancel pending transfers. Do not have access to edit Servicer/Investor Bank Account. Has access to B2G functions. Timelines and Reports: Has access to view all Servicer related timelines. Has access to view all the Servicer reports. **Lender Staff:** Loan Module: Has access to all the screens applicable for Insurance In Force loans maintenance with exception to Servicer and Investor Bank Account. This role has access to add/edit functions only. The only exception to edit is "Notes" added on the Notes screen. Staff role can edit a "Note" only if the "Note" was created the same day. Has access to only initiate Servicer Transfer. Has access to B2G functions. Timelines and Reports: Has access to view all Servicer related timelines. Has access to view all the Servicer reports.
25.	7/17/2012	General Servicing	Will a deletion of date of death cause HERMIT to remove the sub-status by the time the system is rolled into production?	The system is functioning as designed. Once the date of death is removed, the Servicer must inactivate the Due and Payable timeline and update the payment status to "Active Payments".

Issue No	Create Date	Module	Description	Response
26.	7/17/2012	B2G	Will a list of all warnings and failures stemming from the daily transaction file upload (B2G) be distributed prior to HERMIT release?	No, the B2G file specification document does not list all the warning/error messages associated with B2G file upload.
27.	7/31/2012	N/A	Several lenders have inquired as to when they might get HERMIT Training. Initial MIP is to be paid by originating lender through HERMIT, and these lenders often transfer servicing to a sub-servicer. These lenders have not received any introduction to HERMIT, nor any B2G instruction. When can these lenders expect some sort of training?	The Originator/Servicer training was conducted in June/July (June 26-28 and July 10-12). There will be a refresher training conducted through Webinar in the last week of September. The B2G file specification document was published in February 2012 and July 3, 2012 to the industry.

Please send email to "HERMITUAM@hud.gov" to request for B2G file specification document. The training instance will be made available around August 27th. |
| 28. | 7/31/2012 | General Servicing | Corporate Advances – During HERMIT training (June session) servicers expressed concern regarding HERMIT changing loan sub-status to D&P at the time servicer submitted for D&P, not at the time D&P was approved. It was suggested that an additional sub-status "Pending D&P Approval" should be added.
o This is of particular concern since HERMIT requires specific transaction codes for disbursements that are "Post D&P".
o We need certainty regarding when "post D&P" transaction codes are required –v- when "Pre-D&P" transaction codes are appropriate. | There are 2 D&P timelines in the system. One without HUD approval (Death or Conveyed Title) and other with HUD approval (Occupancy Compliance, Unpaid Taxes and Insurance, Repairs, etc.). The system updates the case sub-status to "Due and Payable" when either of the D&P timeline is initiated and the previous sub-status is "Loan Active".

If the Case is active (i.e. Case does not have active D&P timeline), then "Disb - Prop Chrg - Pre D&P" transactions (ML 2011-01) must be used to report the expenses incurred by the Lender. The HERMIT system allows the creation of Property Charges transactions only when the Case is active (i.e. Case does not have active D&P timeline). Once the Case has active D&P timeline, the Corp Advance transactions must be used to report expenses incurred by the Lender. |

Issue No	Create Date	Module	Description	Response
29.	7/31/2012	General Servicing/ Claims	During HERMIT training in June, corporate advances were described as "not accruing because they are subject to debenture interest". Servicers raised concerns regarding this view of the loan because not every account that goes to D&P status results in a claim filing event. Many loans pay in full subsequent to D&P at which time servicers and investors would reasonably expect to include and collect interest accrued on advances made post D&P.	The Corporate Advance transactions are not rolled into Loan Balance. If the Loan is D&P and claim is filed, then the Corp Advance transactions are included on the HUD Claim Form - 27011 and reimbursed as part of Claim Amount. The loan is identified as "Paid in Full" when the payoff amount received satisfied the debt (Loan Balance, expenses, etc.). In such case, a claim is not filed, as the Lender did not incur any loss. If the payoff amount is not sufficient to cover the debt, then a claim must be filed by the Lender, in such case the Corp Advance are included on HUD Claim Form - 27011 and accrue Debenture Interest (provided all the timeframes are met).
30.	7/31/2012	Premiums	How will the system handle leftover repair set aside funds on closed end loans? o Current HUD regulations require the servicer to transfer any leftover repair set-aside funds to the available line of credit, but some servicers feel that this is contradictory to the fact that the HECM loan is close-ended.	The system does not differentiate between open-ended or close-ended loans. Yes, the user can adjust any unused portion of the Repair Set Aside funds, which will transfer the remaining funds to LOC. No, it is not required to disburse the remaining funds as part of the final repairs disbursement transaction.
31.	7/31/2012	General Servicing	What will the process be for servicers to make corrections to the loan in the HERMIT system after they complete their initial monthly reconciliations? Current process is that the servicer submits correction files to Lockheed and they upload those into their system. If this process is remaining the same, can you please provide the correction file format for HERMIT?	The HERMIT system provides various transactions codes within the transaction categories. The Servicers are expected to submit the missing transactions (manual or B2G), which will bring the HERMIT Loan Balance in sync with the Servicer records. The system automatically calculates the adjustment transactions - Interest and MIP adjustments, along with Late/Interest Charges on the adjusted MIP.

Issue No	Create Date	Module	Description	Response
32.	7/31/2012	General Servicing	It was mentioned in the training that payment plan changes go into effect immediately. Most payment plan changes go into effect on the first day of the following month. Will the system allow the servicer to "future date" the effective date of a payment plan change to the first day of the following month?	Yes, when creating a change of plan, system requires "effective date" of the plan. If the effective date is given as first day of the following month, then the pay plan will be effective on the first day of the following month.
33.	7/31/2012	General Servicing	What is the process by which HUD will expect the servicer to resolve loan balance reconciliation errors in the HERMIT system for historical transactions that were previously not able to be input to the IACS system (because of the limitations in the IACS system to post advances past the Net Principal Limit – as with a loan that is in T&I Default status)?	The HERMIT system allows reporting of the historical Property Charges transactions (ML 2011-01), with effective date prior to HERMIT Go-Live date. The system automatically calculates the adjustment transactions - Interest and MIP adjustments, along with Late/Interest Charges on the adjusted MIP. When entering these transactions, the system allows a grace period of 6 months from Go-Live date. If historical Property Charges transactions are reported in HERMIT within the grace period, the system waives the Late and Interest Charges on the adjusted MIP transactions. However, the adjusted MIP will still be collected from the current Servicer.
34.	7/31/2012	General Servicing/Claims	It was mentioned in training that when a claim is paid, it will automatically terminate the case in the system. Presently, the servicer has to then manually request a MIP reimbursement from HUD for the monthly MIP collected in between the foreclosure sale date (when the loan in the servicer's system has to stop all accruals) and the claim settlement date. o Will the HERMIT system also automatically calculate that monthly MIP refund for that time period and remit it to the servicer, or will that remain a manual process?	The MIP will continue to accrue post due and payable until the loan is Terminated in HERMIT. However, MIP prior to the due and payable is rolled into the Loan Balance (Block 17) and all MIP collected from due and payable until the date of closing/appraisal (Block 10), will be automatically populated on the HUD Claim Form - 27011 and will be reimbursed as part of Claim Amount per the business rules laid out by HUD.

Issue No	Create Date	Module	Description	Response
35.	7/31/2012	Claims Assignment	When HUD accepts the assignment of a loan to their contractor, the HERMIT system will permanently lock the servicer out of viewing any loan data from that date forward. It is very problematic for servicers to not have at least a read-only view into the historical data within the HERMIT system for future research, complaint resolution, claim review, HUD audits, etc.	At this time, the system is behaving as designed. Once CT-22 claim is submitted, the Servicer on the loan is transferred to HUD NSC Contractor. The current Servicer can no longer access the loan. The Servicer must save the electronic version of the Final Claim Form – 27011 and Advise of Payment documents prior to exiting the CT 22 timeline.
36.	7/31/2012	General Servicing	Can you please confirm that the HERMIT system will calculate interest and monthly MIP accruals using the same formulas/methodology as is used currently in the IACS system?	Yes, the monthly accruals formula (to calculate the interest and MIP) will be same as IACS. The document with formulas used in HERMIT has been approved by HUD.
37.	7/31/2012	General Servicing	If there is a change in those calculations, the servicers must know well in advance to update their servicing systems as well. Otherwise, servicers will not be in sync with accruals after the migration to the HERMIT system. When a borrower passes away, servicers currently have to enter the date of death manually into the IACS system. Is there a way that the date of death could be updated in the HERMIT system using a data file, rather than manual data entry?	If there is a change in the formula, then the updated document will be published to the Industry. The calculations in HERMIT have been approved by HUD. At this time, there is no B2G capability in HERMIT that allows population of Date of Death for multiple loans at a time.
38.	7/31/2012	General Servicing	It was mentioned that mid-month servicing transfers are not allowed by HERMIT. It is highly preferred amongst HECM servicers to effect a servicing transfer on the 1st day of the month, but that is not always practical and in reality there are often times servicing transfers occur mid-month. Will HUD please remove this restriction to prohibit mid-month servicing transfers amongst servicers?	The system is functioning as designed. The effective date of the Servicer Transfers is first day of the month.

Issue No	Create Date	Module	Description	Response
39.	7/31/2012	General Servicing	When the last borrower passes away and the date of death is input to the HERMIT system, it automatically suspends any monthly scheduled payments. However, when HUD approves a loan to be called due and payable, the system does not suspend the monthly payments. Can the system be enhanced to keep the process the same across all due and payable events to automatically suspend the monthly payments?	At this time, the system is behaving as designed. The Servicer must manually suspend payments once HUD approves the Due and Payable request.
40.	7/31/2012	Claims Assignment	Please confirm that HUD will no longer permit servicers to submit assignment review packages at 97.75% MCA and that they will only be allowed to submit those assignment requests through HERMIT when the loan reaches 98% MCA	The HERMIT system will allow initiation of CT - 22 Assignment timeline only when the Loan Balance is greater than or equal to 98% of Maximum Claim Amount. The assignment package is submitted as one of the timeline steps within CT - 22 timeline.
41.	7/31/2012	General Servicing	What is the process in HERMIT to request a due and payable rescission (i.e. borrower moves back into the property after it was called due and payable for non-occupancy)?	In the system, the Servicing Management screen allows the user to inactivate the timeline. However, Servicers must not inactivate the timeline without HUD's consent.
42.	7/31/2012	Claims	Will the servicer filing the claim in HERMIT be required to go back and update historical IACS transactions to the correct HERMIT transaction code (i.e. IACS only had a "disbursement" code, whereas HERMIT has very detailed transaction codes. If the claim form is to be populated properly, the old IACS transaction would have to be updated to match the new HERMIT detailed transaction code. Is that something that will be a manual process for the servicer to correct?)	The IACS transactional data at the time of go-live will be converted to HERMIT. Any missing transactions can be loaded by Servicers in HERMIT after go-live and initiate claims in the HERMIT system. Upon initiation, the system will auto-populate all relevant transactions on Claim forms.

Issue No	Create Date	Module	Description	Response
43.	7/31/2012	General Servicing	It was mentioned in training that the HERMIT system will generate "tasks" for the servicer when a loan moves into due and payable status. Most servicers already have similar tasks built into their servicing systems, so there would not be a need for them to utilize these in the HERMIT system. If the servicer does not utilize or "resolve" the tasks that are assigned in the HERMIT system will there be an impact to the servicer? For example, will HUD not approve a time extension on the 1st legal action date if the servicer has not resolved the tasks generated in HERMIT?	Correct. For timelines that require HUD interaction (approvals), the tasks/steps needed to process the request must be completed by the Servicers in HERMIT. For example: If Extension - Request to Claim Filing timeline is initiated and the steps required to be completed by the Servicer are not completed, then HUD NSC Contractor/HUD cannot process the request and will delay in receiving approval on the extension request. This will cause missing required timeframes for claim filing and the debenture interest will be curtailed due to missed timeframe.
44.	7/31/2012	General Servicing	In a previous call regarding HERMIT a year or so ago, it was mentioned that the servicers may be required to upload certain documents (occupancy certificates, insurance policies, tax payment receipts, etc.) to HERMIT throughout the life of the loan. Is that going to be a requirement, or will the only documents required to be uploaded be related to the point and time when the loan is being evaluated to be assigned to HUD or a claim is being filed?	Yes, all of the documentation required to process the loan by HUD must be submitted/uploaded in HERMIT via the "Documents Upload" feature.
45.	7/31/2012	General Servicing	Will the Tax & Insurance delinquency reporting be handled via HERMIT (today, a file is submitted periodically)? If so, where are the T&I repayment transactions within the transaction codes and descriptions?	A new transaction category "Disb - Prop Chrg - Pre D&P" has been created in HERMIT to report the T&I expenses. The transactions within this category are: - Prop Chrg Pre-D&P - Condominium Fees - Prop Chrg Pre-D&P - Flood Insurance - Prop Chrg Pre-D&P - Ground Rent - Prop Chrg Pre-D&P - Hazard Insurance - Prop Chrg Pre-D&P - HOA Dues - Prop Chrg Pre-D&P - Other - Prop Chrg Pre-D&P - Taxes\n\nIf the expenses are repaid by the Borrower then use the "Part Repay - Prop Chrg Pre D&P" transaction within the "Repay" transaction category to report the repayments.

Issue No	Create Date	Module	Description	Response
				The system currently does not track the delinquency status and curing of delinquency status. This is an enhancement targeted for Post Go-Live.
46.	7/31/2012	General Servicing	Will there be reconciliation processes undertaken after HERMIT goes live and how long will Servicers have to reconcile the transactional data?	The Servicers are expected to conduct daily reconciliations to ensure the Loan Balance and transaction history in HERMIT reflects accurately with the Servicer's records.
47.	7/31/2012	General Servicing	Will servicers be permitted to post an aggregate adjustment, by bucket to HERMIT or bring the loan in balance with servicer's records?	The HERMIT system provides various transactions codes within the transaction categories. The Servicers are expected to submit the missing transactions, which will bring the HERMIT Loan Balance in sync with the Servicer records. The system automatically calculates the adjustment transactions - Interest and MIP adjustments, along with Late/Interest Charges on the adjusted MIP.
48.	7/31/2012	General Servicing	There is a refund transaction code – can it be used multiple times? There is no "pay bill/decrease refund" for trailing bills and no ability to post incoming cash receipts to paid loans. Were these events considered when formulating the transaction requirements?	The "Refund Remittance Overage" transaction can be performed only when the loan is Terminated. The system automatically generates the "Refund Remittance Overage" transaction at the time of Termination. The system also provides "Repays" transaction category, which must be used to report partial repayments from Borrower prior to Loan Termination.

Issue No	Create Date	Module	Description	Response
49.	7/31/2012	General Servicing	Transaction code 1550 – Is this transaction for tax and insurance set aside due to withholdings from the borrower's scheduled payment?	TC Code 1550: This transaction is initiated by the Servicer to make a disbursement for Taxes and Insurance from Borrower's available taxes and insurance set aside balance.
50.	7/31/2012	General Servicing	Will HERMIT mimic IACS in terms of requiring accounts to be active in order to have a claim processed / paid, which results in continuation of assessment of MIP on accounts beyond the date at which loan actually closed (i.e. through a foreclosure sale)? Ideally, these termination transactions would stop the accrual of MIP, but the loan would remain open in HERMIT in order to process claims. Once HUD pays open claims, the loan is then "closed".	For the loans that have claims initiated in HERMIT, the Servicers must not Terminate the loan manually in HERMIT. The HECM loan is automatically "Terminated" in HERMIT upon claim payment. After Termination, system will not post Monthly Accruals transactions (MIP, Interest and Service Fee). If the property is disposed in a manner that does not require claim submission, there are "Terminate" transaction codes available to manually terminate the loan. For example: 2875: Terminate - Short Sale (Partial) 2880: Terminate - REO/3rd Party/FCl Sale (PIF) 2881: Terminate - REO Sale (Partial) 2887: Terminate - FCL Conveyed 2888: Terminate - DIL Conveyed
51.	7/31/2012	General Servicing	There is a concern about how codes 2870 and 2871 (Termination-Death and Termination-Move Out) will affect the loan, as multiple activities occur beyond these events.	Need additional details on the activities post Termination. Once the "Terminate" transaction is submitted with the payoff amount, the Loan Balance is brought to zero and the case status is "Terminated" with sub-status of "Borr.Paid" or "Borr.Moved" (based on the transaction type submitted).

Issue No	Create Date	Module	Description	Response
52.	7/31/2012	General Servicing	Regarding termination codes: In some cases, the servicer might not have reasonable access to the data (such as Termination-Refinance in instances where the current servicer is not performing the refinance). Has this been considered?	Need to understand what data is not accessible.

The HERMIT system provides the "Payoff" amount based on the transaction activity in HERMIT.

If the Termination reason is not known then the user can pick the termination reason code of "Termination – Other". |
| 53. | 7/31/2012 | General Servicing | Transaction code 2720 – The description says these apply only to Mod Term and Mod Tenure loans. Wouldn't this transaction apply to Line of Credit loans as well? [agree it seems poorly or oddly thought out; but since Net LOC = Net NPL for LOC loans if you apply a 2710 which will only reduce loan balance, that will increase NPL and Net LOC has to equal NPL for LOC plans. | For Line Of Credit pay plan type, Transaction code 2710 must be used for partial repayments. The Net Credit Line is applicable only for Modified Term and Modified Tenure pay plans only.

For Modified Term and Modified Tenure, Transaction code 2720 must be used. |
| 54. | 7/31/2012 | General Servicing | Can you confirm that if the claim amount is less than $10, the claim will not be processed? | The overage/shortage restriction does not apply to terminations by claims. For claims (CT 21 or CT 23), system will not allow submission of negative claim.

The overage/shortage restriction is applied to non-claim terminations. If the payoff amount is not within the threshold limit (currently set to $100) then the system will not allow the submission of termination transaction. |
| 55. | 7/31/2012 | N/A | What is the plan for additional user training? When will a fully functional test environment be available for servicers to test B2G and other system functionality? | A training instance will be provided around August 27th to the industry to train their staff. In addition, refresher training will be conducted through Webinar in the last week of September. |

Issue No	Create Date	Module	Description	Response
56.	7/31/2012	Premiums	Should MIP be paid above the MCA after the conversion? Currently, MIP is paid up to the available balance [what available balance? Isn't the problem that MIP currently charged on balances > MCA?]. As a result, there are instances where MIP is paid beyond MCA, in cases where a loan assignment is delayed pending clearing of conditions, or even in the scenario of an unassignable account.	The HERMIT system currently accrues MIP until the Loan is Terminated. The MIP will be accrued even if the Loan Balance exceeds the MCA.
57.	7/31/2012	N/A	Will all servicers have the opportunity to perform UAT?	No, the Parallel Operations participants have been finalized.
58.	7/31/2012	N/A	What is the revised cutover date?	The revised cutover date is 10/9/2012.
59.	7/31/2012	General Servicing	Will there be a utility to automate document upload, or will documents need to be individually uploaded by the user?	The system does not provide a mechanism/B2G to bulk load images or documents at this time.
60.	7/31/2012	General Servicing/ Claims	Termination code 2887 – Termination-FCL Conveyed (pg 37). At what point in the process is it anticipated this code would be entered? For example, is it intended that an account remain active on HERMIT at completion of a foreclosure sale in which the property is taken by lender/servicer, and then only after the disposition of the property would the servicer determine whether to	Once the "Terminate" transaction is initiated on a loan, the case status is updated to "Terminated" and the loan balance is brought to zero. Multiple terminations cannot occur on a loan. Termination code 2887 – Termination-FCL Conveyed: This transaction must be initiated to report disposition of the

Issue No	Create Date	Module	Description	Response
			terminate with code 2881 (Termination REO Sale – Partial) versus code 2887. Under the above circumstance, how, when and by what method will MIP paid to HUD by servicer on the account post-foreclosure sale be reimbursed to the servicer.	property after Foreclosure with disposition amount that satisfies debt. In this instance, claim is not filed.

The MIP will continue to accrue post due and payable until the loan is Terminated. MIP prior to the due and payable is rolled into the Loan Balance (Block 17). All MIP collected from due and payable until the date of closing/appraisal (Block 10), will be automatically populated on the HUD Claim Form - 27011 and will be reimbursed as part of Claim Amount per the business rules laid out by HUD. |
| 61. | 7/31/2012 | General Servicing | Will the Temporary Lending Limit increases be implemented into HERMIT so that MCA corrections can be completed by the HOC? | The MCA amount is received from CHUMS in HERMIT. This amount cannot be updated in HERMIT. |
| 62. | 7/31/2012 | Premiums | In the new loan file layout, it was detailed that the servicer must indicate to HUD the flat monthly servicing fee or the basis points from the interest rate related to the servicing fee. The basis point valuation is virtually never known at the time of origination, as that is something that is determined by the secondary marketing departments of a servicer when they are modeling different structures for the creation of a GNMA security.
o As the basis points are not known at the time of origination, this should not be a mandatory field in the new loan setup file. If it is required, servicers will not be unable to upload new loan files to the HERMIT system. | The monthly service fee or the basis points value (BPS required only if monthly service fee is $0.00) is required for loan setup. If the BPS information is obtained prior to Endorsement after Loan Setup, the user can update this information on the Loan Details screen using the "Edit" button.

If neither the monthly service fee nor the BPS value is known, then a minimum required BPS of 36 should be entered at loan setup. |

Issue No	Create Date	Module	Description	Response
63.	7/31/2012	Premiums	In the new loan file layout, it was detailed that the servicer must indicate to HUD the total "Repair Administration Fee" if the loan was closed with a Repair Set Aside. When questioned in the training, it was answered that this amount is always known at closing - as it is detailed on the HUD-1. o The standard HUD Repair Rider language states that: "The Lender may charge a repair administration fee not to exceed the greater of $50 of 1.5% of the amounts advanced by Lender under this Repair Rider." o As the amounts are not advanced under the Repair Rider until they are actually disbursed post-closing, the Repair Administration Fee is not something that ever should be detailed on the HUD-1 and would not be known at the time of closing. Therefore, this is not something that should be required, as it would be impossible to know this at the time of submitting the new loan setup file to HERMIT.	This information is usually ascertained at the time of HECM loan closing. Please refer to the HUD Handbook 4235.1 chapter 3-5 for the details on the Repair Admin Fee that must be entered.
64.	7/31/2012	General Servicing	Will there be a month-end cutoff time for the upload of the daily transaction file or the new loan set up file?	There is no cutoff time to upload B2G files (transactions/loan setup).
65.	7/31/2012	General Servicing	Please define what the term "Corporate Advance" means. This term is used for in various ways throughout the industry and it is unclear what the definition or intent is as it relates to various transaction codes listed in the B2G data file specs: o Does Corporate Advance mean any advance incurred after the due and payable date? o Does Corporate Advance mean any advance incurred after the foreclosure sale date?	The Corporate Advance transactions are expenses incurred after Due and Payable date. For transactions Pre-D&P, a new transaction category "Disb - Prop Chrg - Pre D&P" has been created in HERMIT to report the T&I expenses. The transactions within this category are: - Prop Chrg Pre-D&P - Condominium Fees - Prop Chrg Pre-D&P - Flood Insurance

Issue No	Create Date	Module	Description	Response
			o Does Corporate Advance mean any advance that goes beyond the remaining available Net Principal Limit (i.e. a T&I Default)?	- Prop Chrg Pre-D&P - Ground Rent - Prop Chrg Pre-D&P - Hazard Insurance - Prop Chrg Pre-D&P - HOA Dues - Prop Chrg Pre-D&P - Other - Prop Chrg Pre-D&P - Taxes