

**Home Equity Conversion Mortgage Service Provider
(HECM SP)**

**Instructions to Enter Lump Sum Payment
Option and Mapping of Mandatory
Obligations in HERMIT for Program Changes
announced in ML 2013-27 & 33**

Version 1.0

October, 2013

1 PROGRAM CHANGES FOR MORTGAGEE LETTER (2013-27)

The new Program Changes that have been announced by HUD in the recently published Mortgagee Letter (2013-27) will be implemented in the Home Equity Reverse Mortgage Information Technology (HERMIT) application on 9/30. With this implementation the user will be able to enter a Single Disbursement Lump Sum (referred to as “Lump Sum” thereafter) payment plan in FHA Connection (FHAC). We are providing the following instructions on how to record a Lump Sum payment plan option in HERMIT during Loan Setup.

1.1 Background

The user will have the option to enter the Lump Sum payment option in FHAC but will also need to enter the information in HERMIT as the data will not currently be sent to HERMIT from FHAC. The instructions in this document will outline how a user can enter a Lump Sum payment option in HERMIT. Lenders will continue to follow existing guidance for entering the original five payment plan type options (Line of Credit, Term, Tenure, Modified Term, and Modified Tenure) in HERMIT. However, the payment plan type of “Line of Credit” will also be used to record the Lump Sum payment plan and the Credit Option of “Closed-Ended” will also be used to restrict the recording of disbursements in HERMIT.

This document also includes a detailed mapping chart in section 1.3 for entering Mandatory Obligations on the Loan Setup screen in HERMIT. Authorized users must enter the amount of Mandatory Obligations for all six payment plan types in HERMIT.

1.2 Performing manual Loan Setup in HERMIT for Single Disbursement Lump Sum Payment Plan Option

This section describes the manual loan setup process using the Loan Setup screen in HERMIT for the Lump Sum payment plan option, which requires a single disbursement at closing. This screen allows the user to setup one loan at a time. The B2G option can be used to set up multiple loans at once and is described later in the instructions.

The key case-level data on the Loan Setup screen is populated in HERMIT with the information received from FHAC. An authorized user is required to enter additional loan data to complete the loan setup process to initiate the remittance of IMIP. To perform the Lump Sum payment option in HERMIT, the user will need to follow the steps outlined below:

1.2.1 Performing Loan Setup Manually

To perform loan setup:

- Step 1. Select the Loan tab.
- Step 2. Enter the FHA case number of the loan. Click Search.
- Step 3. Click the Setup link beside the loan displayed under the Loan Search Results section.

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Loan Search

Loan Key: Borrower LName: Lender Name:

Lender Loan #: Index Type: --ALL-- Servicer Name:

FHA Case #: Property Address: Investor Name:

Case Status: Suspense Property State: --ALL-- Product Type: --ALL--

Case Sub-Status: Loan Active Property County: --ALL-- Pay Plan Type: --ALL--

Loan Search Results
[Export to Excel](#)

Loan Key	Lender Loan #	FHA Case #	Case Status	Case Sub-Status	Borrower LName	Borrower FName	Index Type	Property Address	Pr
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL
Setup			Suspense	Loan Active			No Index		AL

page: 1 of 797 Go results per page: 10 Go 7965 Record(s)

Figure 1-1: Loan Search Screen - Suspense Loans

Step 4. On the Loan Setup screen, enter the loan details (Required fields are marked with an asterisk) to complete the loan setup. Refer to HERMIT User Guide for details on each of the fields displayed on the loan setup screen.

Step 5. To record the Mandatory Obligations entered in FHAC, the user will need to also enter the amounts according to the mapping in Section 1.3. Some amounts such as IMIP will be populated from FHAC or will need to be entered by the user in other fields on the Loan Set up screen. Please see Section 1.3 for the mapping of the Mandatory Obligation items to the fields in HERMIT for the Loan Setup screen.

Prior Case #: N/A Property Address: 14000 W. 14TH AVE Property City, St. Zip: PHOENIX, AZ 85042

Rates Information
 Interest Rate at Closing: *
 Exp. Interest Rate:
 Rate Type: *
 Index Type: *
 Lifetime Cap:
 Periodic Cap:
 Margin:
 ARM First Change Date: *
 Credit Type: *
 Round to 1/8th:

Lender/Service/Investor Information
 Lender Loan #:
 Servicer/Sub-Servicer:
 Investor:

Loan Dates
 Closing Date: *
 Funded Date: *
 Application Date: *
 Exp. Rate Index Date: *
 Exp. Rate Locked:
 Title Held As:

Pay Plan
 Pay Plan Type: *
 Tax Ins Responsible Party: *
 Pay Plan Term (in months): *
 Monthly Payment Amount: *
 Monthly Tax & Ins. Withheld: *
 Net Monthly Payment: *
 First Payment Date: *
 Monthly Service Fee: *

Principal Limit Calculation
 Original Principal Limit: \$138,999.00
 IMIP Paid By Lender: \$0.00 *
 IMIP Paid By Borrower: \$0.00 *
 IMIP Financed: \$2,780.00
 IMIP Total: \$2,780.00
 Closing Costs:
 Discharge of Liens:
 Loan Advance/Other Draws:
 Loan Origination:
 Total Loan Balance: \$2,780.00
 Service Fee Set Aside:
 Repair Set Aside:
 First Year Set Aside:
 Credit Line Set Aside: *
 Net Principal Limit: \$136,219.00
 Repair Admin Fee:

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Figure 1-2: Loan Setup Screen

- Step 6. To record the amount of the Lump Sum payment made to the borrower at closing, the user will enter that amount in HERMIT in the 'Loan Advance/Other Draws' field.
- Step 7. As part of the required fields, the Payment Plan field must be entered by the User. For the Lump Sum payment option, the user will need to choose the Line of Credit option for the Payment Plan.
- Step 8. The user will then need to choose the Credit Type of Closed-Ended. This will ensure the user will not be able to draw more money from the loan and will prevent further disbursements to the borrower. By setting the Payment Plan to Line of Credit with the option of 'Closed-Ended' it sets the Net Principal Limit on the loan to zero thus restricting further scheduled/unscheduled disbursements from being added in HERMIT and at this point only Pre D&P property charges would be allowed to be entered on the loan.

1.2.2 Performing Loan Setup through B2G

To prepare a B2G loan setup import file:

- Step 1. Select Servicer File Upload, from the Batch tab.
- Step 2. Select Loan Setup.
- Step 3. On the File Download screen, click Open; this action opens an Excel template.
- Step 4. Enter valid values for each column. For each of the field a comment is displayed when user points on the column name. The comment provides the user with the following information:
 - whether the field is required, optional or conditionally required
 - format/valid values for each field
- Step 5. To record the Mandatory Obligations entered in FHAC, the user will need to also enter the amount in HERMIT in the "Discharge of liens" field. Some amounts such as IMIP will be populated from FHAC on the Loan Setup screen or will need to be entered by the user in other fields in the B2G. Please see Section 1.3 for the mapping of the Mandatory Obligation items to the fields in HERMIT for the Loan Setup screen.

Figure 1-3: Servicer File upload template

- Step 6. To record the amount of the Lump Sum payment made to the borrower at closing, the user will enter that amount in HERMIT in the 'Loan Advance/Other Draws' field.

Figure 1-4: Servicer File upload template

Step 7. For the Lump Sum payment option, the user will need to choose the Line Of Credit option for the Pay Plan which is the code of 10.

Figure 1-5: Servicer File upload template

Step 8. The user will then need to choose the Credit Type of Closed-Ended. This will ensure the user will not be able to draw more money from the loan and will prevent further disbursements to the borrower. By setting the Payment Plan to Line of Credit with the option of 'Closed-Ended' it sets the Net Principal Limit on the loan to zero thus restricting further scheduled/unscheduled disbursements from being added in HERMIT and at this point only Pre D&P property charges would be allowed to be entered on the loan.

	E	F	G	H	I	J	K	L	M	N	O	P	Q
1													
2	Index Type	Margin	ARM First Change Date	CreditType	Rate	Servicer/Sub-Servicer	Investor Name	Closing Date	Funded Date	Application Date	Exp. Rate Index Date	Exp. Rate Locked	IM
3													
4													
5													
6													
7													
8													
9													
10													
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Figure 1-6: Servicer File upload template

Note: To Save and Upload the B2G file, please follow the process outlined in the HERMIT User Guide.

1.3 Instructions to Enter Mandatory Obligations and Initial Disbursement Amount in HERMIT

The Mandatory Obligations and Initial Disbursement amounts will need to be entered in HERMIT on the Loan Setup screen. The mapping below will ensure the Mandatory obligations are mapping properly to the fields in HEMRIT. The Initial Disbursement amount will be entered in the Loan Advance/Other Draws field.

Item #	Mandatory Obligations in Mortgagee Letter 2013-27 for Traditional and Refinance Transactions	Mandatory Obligations in Mortgagee Letter 2013-27 for Purchase Transactions	Mapping on Loan Set up screen in HERMIT
1	Initial MIP	Initial MIP	IMIP Total
2	Loan Origination Fee	Loan Origination Fee	Loan Origination
3	HECM Counseling	HECM Counseling	Closing Costs
4	Reasonable and customary amounts, but not more than the amount actually paid by the mortgagee for any of the following items: <ul style="list-style-type: none"> recording fees and recording taxes, or other charges incident to the recordation of the insured mortgage; credit report; survey, if required by the 	Reasonable and customary amounts, but not more than the amount actually paid by the mortgagee for any of the following items: <ul style="list-style-type: none"> recording fees and recording taxes, or other charges incident to the recordation of the insured mortgage; credit report; survey, if required by the mortgagee or the mortgagor; 	Closing Costs

Item #	Mandatory Obligations in Mortgage Letter 2013-27 for Traditional and Refinance Transactions	Mandatory Obligations in Mortgage Letter 2013-27 for Purchase Transactions	Mapping on Loan Set up screen in HERMIT
	mortgagee or the mortgagor; <ul style="list-style-type: none"> • title examination; • mortgagee’s title insurance; • fees paid to an appraiser for the initial appraisal of the property 	<ul style="list-style-type: none"> • title examination; • mortgagee’s title insurance; • fees paid to an appraiser for the initial appraisal of the property. 	
5	Repair Administration Fee (Please note that the amount entered in this Repair Administration Fee field must also be included as part of the amount entered in the Repair Set Aside field. In calculating the amount available to the borrower, HERMIT deducts the Repair Set Aside field, but not this field, from the Net Principal Limit. Correct calculation of the amount available to the borrower requires that the Repair Administration Fee be included in both places.)	N/A	Repair Admin Fee
6	Delinquent Federal Debt that has not resulted in a lien against the property but must be brought current with HECM proceeds, e.g. student loans, IRS payment plans, etc.	Delinquent Federal Debt that has not resulted in a lien against the property but must be brought current with HECM proceeds, e.g., student loans, IRS payment plans, etc.	Advance/Other Draws
7	Amounts required to discharge any existing liens on the property. Includes Federal, State, and local municipality liens.	N/A	Discharge of Liens
8	Customary fees and charges for warranties, inspections, surveys, engineer certifications.	Fees and charges for real estate purchase contracts, warranties, inspections, surveys, engineer certifications.	Closing Costs

Item #	Mandatory Obligations in Mortgage Letter 2013-27 for Traditional and Refinance Transactions	Mandatory Obligations in Mortgage Letter 2013-27 for Purchase Transactions	Mapping on Loan Set up screen in HERMIT
9	Funds to pay contractors who performed repairs as a condition of closing, in accordance with standard FHA requirements for repairs required by appraiser.	N/A	Closing Costs
10	Repair Set-Asides	N/A	Repair Set Aside (This amount must include the Repair Admin Fee)
11	Property Tax, Flood, and Hazard Insurance payments required by the Mortgagee to be paid at closing.	Property Tax, Flood, and Hazard Insurance payments required by the Mortgagee to be paid at closing.	Closing Costs
12	N/A	The amount of the Principal that is advanced towards the purchase price of the subject property.	Discharge Of Liens