



**U.S. Department of Housing
and Urban Development**

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

**Process Changes for Transition to HERMIT
and
HECM Mortgagees Cutover/Catch-up Checklist**

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1. INTRODUCTION

The pre go-live Mortgagee Letter 2012-17 was issued by HUD officially announcing the go-live date of the new HERMIT application as of October 9th 2012. With the upcoming go-live date of the HERMIT application approaching, this document has been created for the HECM Mortgagees. The document lists key activities and dates that they need to be aware of to provide for a seamless transition from IACS to the HERMIT application. This document lists the activities for pre go-live, covered in section 2 and activities for post go-live covered in section 3.

2. SYSTEM CHANGES/PROCESS/NOTIFICATIONS FOR TRANSITION TO HERMIT

Listed in this section are System Changes, Processes and Notifications that HECM Mortgagees must either keep note of or perform prior to the HERMIT application going live. For your convenience, this section provides the following references where applicable:

- The HERMIT Servicing Module User Guide v2.3 where the details for the activity can be found
- The HUD website location of the mortgagee letter where the information is referenced
- The HUD website location where the information can be found.

2.1 IACS Read Only Mode/HERMIT system of record

The IACS application will become read only as of 9/29 and all access to create and edit functions in IACS will no longer be available. Transactions entered into the servicers system between 10/1 and the HERMIT application going live on 10/9 will need to be entered into the HERMIT application as part of catch up activities (details provided in section 3). These activities should be tracked by the HECM Mortgagees so they can be entered as efficiently as possible once the HERMIT application is operational. HERMIT will be the system of record for all HECM related activities from 10/1 going forward.

Note: IACS will continue in a read only mode from 9/29 until further notice.

2.2 HERMIT Help Desk Information

The Home Equity Reverse Mortgage Information Technology (HERMIT) Help Desk is the user's single point of contact for issues/questions regarding accessing and using the HERMIT Application. Please do not contact the HUD HITS Help Desk for assistance with the HERMIT application. The HERMIT Help Desk is currently operational and is processing access request forms. The Help Desk will be available to answer any questions in regards to the functionality within the HERMIT application and will be available through email communication or by phone. The Help Desk information was communicated to the industry on 9/14 and is included below.

- **Hours of operation:** Monday to Friday, 6:00 AM (ET) – 8:00 PM (ET) excluding Federal Holidays.
- **Phone:** Call **561-899-2610** to speak to a HERMIT Help Desk Agent. Voice mail left outside normal hours of operation will be responded to during the next business day.

- **HERMIT Email:** Address emails regarding the HERMIT application to support@hecmsp.com. Emails are responded to during normal hours of operation.

The Help Desk contact information is available at the following location on HUD's Website:

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_help_and_forms.pdf

For Transition, Policy and Servicing Questions, please refer to the Email addresses below.

- **Transition Questions:** Email any questions regarding the transition of IACS to IACSAdmin@support.gov
- **Policy Questions:** Email any policy related questions to HECMAdmin@hud.gov
- **Policy Questions for Claims:** Email Claims questions to FHA_SFClaims@hud.gov
- **Servicing Questions:** Email servicing questions to HECMServicing@Deval.us
- **Servicing Question regarding FHA Connection:** Email questions to SFAdmin@hud.gov

2.3 Location of HERMIT application materials

The Hermit application materials, to include the Applicant Access Request form (v2.0), User Guide (v2.3), Business to Government (B2G) document (v 2.4) and Help Desk Information are available at the following location:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/HERMIT_user_guide .

This information will aid the user in requesting access to the application, using the HERMIT application, understanding the B2G file specifications (for example: mapping the transaction codes in the Servicers system to the new HERMIT application) and contacting the HERMIT Help Desk with any questions.

Note: The User Guide should be referenced if the user needs to obtain guidance on how a particular function works within HERMIT. If this resource does not answer the question, the user can contact the HERMIT Help Desk for further assistance.

2.4 Applicant Access Request (Business Partners) form

To gain access to the HERMIT application, the user will need to complete the HERMIT Applicant Access Request (Business partners) form. The instructions on how to complete and submit the form were sent to the Industry by HUD on 9/14 from the HERMITUAM email address. The form should be sent to the HERMIT Help Desk at support@hecmsp.com by 9/24 to ensure the HERMIT Help Desk has adequate time to create the user id and password for the requestor prior to the announced go-live date of 10/9. The requestor will receive their log in credentials prior to the go-live date of 10/9 via email.

The Applicant Access Request form (Business Partners) is located at the following location:

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_lender_access.pdf

The instructions to submit the form is located at the following location:

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_help_and_forms.pdf

2.5 Verification/Updating of Bank Account information in HERMIT

Once the HERMIT application is operational, the user roles of Lender Manager and Servicer Manager will have permission to verify/update the bank account information that their Mortgagee ID is assigned to.

When these users are issued their user IDs, they are encouraged to log into the HERMIT application once it is operational, view their banking information to ensure it is correct and if necessary, update it accordingly.

Note: The verification/updating of bank account data should be completed on day 1 of HERMIT operations.

User Guide Reference: Chapter 5.15.2 (Editing Servicer Bank Information)

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_ug_ch5.pdf

2.6 Business to Government (B2G) functionality

With the implementation of the HERMIT application, the user will be able to perform Loan Setup, Upload transactions and perform Servicer transfers (from one Servicer to another) using the Business to Government (B2G) functionality in HERMIT. The B2G document (v2.3) was distributed to the Industry in February 2012 and an updated version was submitted in June 2012 (v2.4). This is an option that the HECM Mortgagee's can use to enter their information. The information can also be entered manually through the online screens in the application.

Mortgagee Letter Reference: Mortgagee Letter 2012-17

<http://portal.hud.gov/hudportal/documents/huddoc?id=12-17ml.pdf>

HERMIT User Guide Reference (provides instructions to upload and view the results): Chapter 4.3 (B2G Loan Setup), 5.19.4 (Servicer File Upload)

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/HERMIT_user_guide

B2G document (Provides transaction specifications):

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_b2g.pdf

2.7 Loan Setup in HERMIT

The last loan setup that can be completed in the IACS system will be by end of business hours on 9/28. This information was communicated to the Industry on 9/13. To perform Loan Setup in the HERMIT application, the user can utilize the HERMIT User Guide to aid in completing (Manually or through B2G) Loan Setup in the HERMIT application. During the transition to the new system, the Mortgagees will not be able to perform Loan Setup in IACS or HERMIT.

The Loan Setup activities will need to be performed as part of catch up activities when the HERMIT application becomes operational on the go-live of 10/9.

Note: FHA Connection will continue to be available and this interruption of service will not have any impact.

Email Reference: Email sent by HUD from the HERMITUAM email on 9/13

HERMIT User Guide Reference for instructions on Loan Setup: Chapter 4 (Loan Setup)

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_ug_ch4.pdf

2.8 Refund Requests

Any late Charges and Interest incurred by the HECM Mortgagees while performing Loan Setup due to the transition to the new system will need to be submitted as a refund request in the HERMIT application. These refund requests will be approved by HUD user role of Single Family Premiums Manager.

HERMIT User Guide Reference for instructions on Loan Setup: Chapter 4 (Loan Setup)

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_ug_ch4.pdf

2.9 Payment Plan Changes

- Payment plan changes with effective dates of 10/1/2012 or later will not be processed in IACS.
 - This activity must be completed in HERMIT.
- Payment plan changes involving scheduled payments that are entered in September, with a “back dated” effective date (9/1/2012 or prior), the “catch up” scheduled payments will not be processed in IACS (due to timing of processing).
 - This activity must be completed in HERMIT

Note: Any Payment plan change with an effective date of 10/1/2012 or greater will need to be entered as part of catch up activities in HERMIT as of the go-live of 10/9.

Email Reference: Email sent by HUD from the HERMITUAM email on 9/13

2.10 ML 2011-01 Transactions (Property Charges Pre Due & Payable)

ML 2011-01 transactions (Property Charges Pre D&P) must be entered in HERMIT when the HERMIT application becomes operational on 10/9. The historical transactions can be entered in HERMIT manually or through the B2G file transfer from the go-live date of 10/9 without incurring late charges and interest on the Property charge Pre Due & Payable transactions. This refers to **ALL** historical Property Charge Pre Due and Payable transactions.

Mortgagee Letter Reference: Please refer to Mortgagee Letter 2011-01 for the details on the Property Charge Pre Due & Payable transactions.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee/2011ml

HERMIT User Guide Reference: Chapter 5.5.1.6 (Disbursements – Property Charges Pre Due and Payable (D&P)) and 5.5.1.10.2 (Repayment of Property Charges Pre D&P)

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_ug_ch5.pdf

2.11 Servicer Requests

When the HERMIT application is operational on 10/9, the servicers will need to submit new Servicer requests via the HERMIT application to utilize the automated workflow process. Servicers are to discontinue sending paper servicer requests to HUD's Loan Servicing Contractor, DEVAL LLC.

HERMIT User Guide Reference: Chapter 7.2 (Endorsed Timelines (Servicers Only), 7.3 (Endorsed Timelines (Servicers and HUD NSC Interaction))).

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/HERMIT_user_guide

2.12 Extensions and Variances Automated Requests System (EVARS)

When the HERMIT application is operational on 10/9, the servicers will no longer submit Extension Requests to the EVARS system. All new Extension Requests must be submitted in the HERMIT application.

HERMIT User Guide Reference: Chapter 7.3.1.4, 7.3.1.5, 7.3.1.6, 7.3.1.7 (Extension Timelines)

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/HERMIT_user_guide

2.13 Initiation of Foreclosures

As described in Mortgagee Letter 2012-17, when the HERMIT application is operational on 10/9 the servicers must access HERMIT to report initiation of foreclosure through the workflow process that exists in HERMIT.

Mortgagee Letter Reference: Mortgagee Letter 2012-17

<http://portal.hud.gov/hudportal/documents/huddoc?id=12-17ml.pdf>

HERMIT User Guide Reference: Chapter 7.2 (Endorsed Timelines (Servicers Only))

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/HERMIT_user_guide

2.14 Date of Death Notifications

As described in Mortgagee Letter 2012-17, when the HERMIT application is operational on 10/9, the servicers must access HERMIT to report Date of Death for the borrower in the contacts screen. This will create the Due and Payable activities (Timelines, Alerts) in HERMIT when the last surviving borrower's Date of Death is entered in HERMIT.

2.15 FHA Connection Treasury Report

The servicers currently access the Treasury report from FHAC. When the HERMIT application goes live on 10/9, the servicers will obtain this information directly from HERMIT. Mortgagees can now obtain similar information from HERMIT using the Accounting -> Transmittal screen, for batch types equal to Initial MIP due, Monthly MIP due or Refunds. This will also be covered in the refresher training that will be conducted at the end of September.

Please use the instructions provided in the User Guide in section 5.18.

User Guide Reference: 5.18 (Accounting)

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_ug_ch5.pdf

2.16 Month End Reports (Electronic and Hard Copies) from IACS/HERMIT

After the IACS system becomes read only on 9/29, the current contractor will produce the month end reports for September. For the month end of October, the HERMIT application will perform all month end activities. Hard copies of reports will not be sent to the Industry for the HERMIT application (for example; monthly Fannie MAE Report, monthly Loan Status Report, monthly Lender Reconciliation Report, Treasury Deposit Report). All reports for HERMIT will be electronic and can be obtained from the HERMIT application or the SFTP server (Monthly Lender Reconciliation file). There is a reports section in HERMIT which can be used to obtain information on the loans contained within the HERMIT application.

User Guide Reference: Chapter 9 (Reports)

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_ug_ch9.pdf

2.17 Monthly Lender Reconciliation File

The Monthly Lender Reconciliation file can be retrieved from the HERMIT server on 11/3. No electronic copies or hard copies of the file will be sent going forward. HECM Mortgagees are requested to send the technical Point of Contact (POC) name and an alternate for HECM SP to setup user access to retrieve the Monthly Lender Reconciliation file. Please send an email to the HERMIT Help Desk at support@hecmsp.com to request access to the server so the file can be retrieved. Once the request is received, credentials will be sent to the requestor where they will be able to access only their organizations report on the server. No more than 2 users per organization (Primary/Alternate) should request access to the location to retrieve the file.

Note: The September month end report that will be delivered the first week of October will be delivered by the existing method. The October month end report produced the first week of November will be produced by the HERMIT application.

2.18 Submission of Claims

With the implementation of the HERMIT application, the claims process will become an automated process for claims that have not been previously submitted. No paper claims will be accepted by HUD if post marked after 10/9/2012 as described in Mortgagee Letter 2012-17. The exception to this is the resubmission of existing claims submitted through the paper process or supplemental claims (CT 24) on previously submitted claims (CT 21 or CT 23). All new claims (CT 21, CT 22 or CT 23) need to be submitted through the HERMIT application as of 10/9. The existing paper claims will be processed outside of HERMIT through the existing manual process. Servicers are requested not to re-file the paper claim in the HERMIT application, but are requested to terminate the loan once the claim is paid to avoid MIP collections. Assignment packages can only be submitted in the HERMIT application (Using claim type 22 timeline) once the outstanding loan balance reaches 98% (New process) instead of 97.5% (current process) as described in Mortgagee Letter 2012-17.

Mortgagee Letter Reference: Please refer to Mortgagee Letter 2012-17 for the details on the enhancements to the claims submission.

<http://portal.hud.gov/hudportal/documents/huddoc?id=12-17ml.pdf>

HERMIT User Guide Reference: Chapter 8 (Claims)

http://portal.hud.gov/hudportal/documents/huddoc?id=hecm_hermit_ug_ch8.pdf

2.19 ACH Lockbox Process (IACS PAD account)

The ACH lockbox process for collections will no longer be available as of 9/29. All collections will be done through Pay.Gov once the HERMIT application goes live.

Note: September month end MMIP billed in October will be collected via Pay.Gov on 10/2.

2.20 Services that will cease with the implementation of the HERMIT application

- Hard copies of reports will no longer be sent to the Industry.
- Ad-Hoc reports will no longer be run.
- FHAC Treasury report will no longer be available. The information will be contained within HERMIT.
- Monthly Lender Reconciliation file will no longer be available through hard copy and will not be sent to the HECM Mortgagees electronically. The report will need to be retrieved from the HERMIT SFTP server.
- Submission of paper servicer requests to HUD's Loan Servicing Contractor, DEVAL LLC via mail, fax or email.
- Submission of paper claims except for claim type 24 for previously submitted claim type 21's and 23's.
- EVARS will become read only for HECMs and Extension Requests will be submitted in HERMIT.

2.21 Current Service Requests to IACS

- All service requests received and approved by HUD prior to 9/1 will be completed by the current IACS system contractor.
- No new service requests that require support from the current IACS system contractor will be accepted after (9/13/12), this includes current and existing reconciliation activities.
- No new servicer portfolio transfer requests will be accepted after (9/13/12) by the current IACS system contractor.

Reference Information: Email sent from HERMITUAM to the Industry on 9/13 titled "Urgent Message about HECM IACS System"

2.22 IACS User Requests, VPN Connections and PAD Accounts

- The cutoff date for new IACS user requests is 9/14/12
- The cutoff date for establishing new VPN connections and PAD accounts is 9/14/12

Reference Information: Email sent from HERMITUAM to the Industry on 9/13 titled "Urgent Message about HECM IACS System"

3. CATCH UP ACTIVITIES

When the IACS system becomes read only on 9/29, the Industry will not be able to update HECM loan data in IACS. HERMIT will be the system of record on 10/1 and will become operational on 10/9. During this transition period, loan activity will continue on the Servicer end. These activities will need to be entered into HERMIT during the catch up period starting 10/9. During the catch up period, the activities should be entered in the HERMIT application in the order they were completed.

It is imperative that catch up activities are completed by 10/31 to ensure that scheduled activities for month end are in sync. FHA has provided guidance that data integrity is the responsibility of the HECM Mortgagees in Mortgagee Letter 2011-33 (Mortgage Record Changes and Data Reconciliation).

Examples of activities that will need to be entered into HERMIT as part of catch up activity are listed below but are not inclusive of everything that may need to be entered. The HECM Mortgagees are encouraged to track these activities so they can be entered in an expeditious manner once the HERMIT application is operational. Suggested activities are listed below:

- Verify Banking Information for the Authorized User
- Transactions to include but not limited to:
 - Disbursements (unscheduled)
 - Repayments
 - Refund Requests
 - Set Asides
 - Property Preservation
 - Terminations
 - IMIP Adjustments (Not done in IACS)
 - Write-offs (Not done in IACS)
 - Property Charge Pre Due and Payable (Not done in IACS)
 - Corporate Advance (Not done in IACS)
 - Closing Costs (Not done in IACS)
- Loan Setup
- Payment Plan Changes

Note: All transaction descriptions can be found in the HERMIT User Guide at the following location:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/HERMIT_user_guide

Note: FHA Connection will continue to be available and this interruption of service will not have any impact.

Appendix A: Process Items

The following table lists the items that require process modifications for the HECM Mortgagee due to transition to HERMIT.

Note: The table below is order by the processed date and it represents the target date to complete the process.

Item #	Section #	Process Description	System Change/ Process/ Notification	Process Date	Process Realignment into HERMIT	Complete Y/N
1	2.4	Applicant Access Request (Business Partners) form: Applicant Access Request (AAR) forms are submitted to the HERMIT Help Desk to request application access to HERMIT.	Process	9/24/2012	Current Process: NA New Process: Submit HERMIT AAR form v2.0.	
2	2.2	Support for IACS: Support from the IACS Contractor will cease as of 9/29. No inbound phone calls or emails will be accepted by the IACS Contractor as of 9/29.	Process	9/29/2012	Current Process: Service Requests are completed by the IACS contractor. New Process: Support needed for the HERMIT application will need to go through the HERMIT Help Desk. The information for the Help Desk is located in this document in section 2.2.	
3	2.5	Verification/Updating of Bank Account information in HERMIT: Mortgagees with authorized access log into HERMIT and verify/update their Bank Account information. <u>Note: This is a key process that should be performed.</u>	Process	10/9/2012	Current Process: Updates to bank account information is achieved through a request to HUD. New Process: Updates to bank account information is achieved by the user with the proper User Account (Lender Manager and Servicer Manager) updating the information in the application.	

Item #	Section #	Process Description	System Change/ Process/ Notification	Process Date	Process Realignment into HERMIT	Complete Y/N
4	2.19	<p>ACH Lockbox Process (IACS PAD account): The ACH lockbox process for collections will no longer be available as of 10/1. All collections will be done through pay.gov once the HERMIT application goes live on 10/9.</p> <p>Note: September month end MMIP billed in October will be collected via Pay.Gov on 10/2.</p>	Process	10/9/2012	<p>Current Process: ACH lockbox is used for collections.</p> <p>New Process: Collections will be done through Pay.Gov.</p>	
5	2.17	<p>Access:</p> <p>Monthly Lender Reconciliation File: Two users per organization (Primary and Alternate) to submit an access request to the HERMIT Help Desk to access the HERMIT SFTP server.</p>	Process	10/12/2012	<p>Current Process: NA</p> <p>New Process: Submit Access request to the HERMIT Help Desk.</p>	
6	2.7	<p>Loan Setup in HERMIT: Mortgagees to perform Loan Setup as part of Catch up activities starting from the go-live date of 10/9.</p>	Process	10/31/2012	<p>Current Process: Loan Setup in IACS is completed manually.</p> <p>New Process: In HERMIT Loan Setup may be performed manually and/or through the B2G file transfer.</p>	
7	2.8	<p>Refund Requests: Any late charges and Interest incurred by the HECM Mortgagees while performing Loan Setup due to the interruption in service will need to be submitted as a refund request in the HERMIT application. These refund requests will be approved by HUD user role of Single Family</p>	Process	10/31/2012	<p>Current Process: IACS will be read only on 9/29.</p> <p>New Process: HERMIT will be available for online updates on 10/9. Depending on the closing date, the servicers may incur late charges and interest during Loan Setup in</p>	

Item #	Section #	Process Description	System Change/ Process/ Notification	Process Date	Process Realignment into HERMIT	Complete Y/N
		<p>Premiums Manager.</p> <p>The refund request must be completed prior to Case Status of 'Endorsed'.</p>			<p>HERMIT. The Servicers must submit refund requests if Late Charges and Interest are incurred due to the system not being available between 10/1 and 10/8.</p> <p>Note: This process must be completed in the Loan Setup screen.</p>	
8	3.0	<p>Catch-up Activities: When the IACS system becomes read only on 9/29, the Industry will not be able to update HECM loan data in IACS. HERMIT will become operational on 10/9. During this transition period, we suggest loan activity to continue on the Servicer end. All transactions must be held between 10/1 and 10/8 and these transactions will need to be entered into HERMIT during the catch up period starting 10/9. It is suggested that during the catch up period, the transactions should be entered in the HERMIT application in the order they were completed.</p>	Process	10/31/2012	<p>Current Process: IACS will be read only on 9/29.</p> <p>New Process: HERMIT is the system of record as of 10/1. All the HECM loan transactions must be recorded in the HERMIT application starting 10/9.</p>	

Item #	Section #	Process Description	System Change/ Process/ Notification	Process Date	Process Realignment into HERMIT	Complete Y/N
9	2.17	<p>File Retrieval:</p> <p>Monthly Lender Reconciliation File: The Monthly Lender Reconciliation file to be retrieved from the HERMIT SFTP server after the HERMIT application is operational. The file format will not change. The file will no longer be mailed in hard copy format and will not be delivered electronically.</p>	Process	11/3/2012	<p>Current Process: Mortgagees receive the file from IACS electronically or a hard copy through mail.</p> <p>New Process: After obtaining access to the HERMIT SFTP server, the Mortgagee will retrieve the file from the HERMIT SFTP server.</p>	
10	2.10	<p>Historical Transactions:</p> <p>ML 2011-01 Transactions (Property Charges Pre Due & Payable): Historical Property Charge Pre Due and Payable transactions (incurred and paid date prior to go-live) can be entered in HERMIT manually or through the B2G file transfer within six months from the go-live date of 10/9 without incurring late charges and interest.</p>	Process	4/8/2013	<p>Current Process: NA</p> <p>New Process: Submit Historical Property Charge Pre Due and Payable transactions within six months of the Go-Live date of 10/9.</p> <p>Note: This refers to ALL historical Property Charge Pre Due and Payable transactions</p>	
11	2.10	<p>Ongoing Transactions as of the go-live date of 10/9:</p> <p>ML 2011-01 Transactions (Property Charges Pre Due & Payable): ML 2011-01 Property Charge Pre Due and Payable transactions will need to be entered in HERMIT as of the go-live date of 10/9.</p>	Process	Ongoing	<p>Current Process: Property Charge Pre Due and Payable transactions currently being submitted in Excel spreadsheets.</p> <p>New Process: Property Charge Pre Due and Payable transactions may be submitted in HERMIT manually or through the B2G file transfer.</p>	

Item #	Section #	Process Description	System Change/ Process/ Notification	Process Date	Process Realignment into HERMIT	Complete Y/N
12	2.13	Initiation of Foreclosures: As described in Mortgagee Letter 2012-17, when the HERMIT application is operational on 10/9, the servicers must access HERMIT to report initiation of foreclosure through the workflow process that exists in HERMIT.	Process	Ongoing	Current Process: Mortgagees manually submit the information to the HUD NSC Loan Servicing Contractor, DEVAL LLC. New Process: Mortgagees can now initiate the foreclosure process in HERMIT electronically.	
13	2.14	Date of Death Notifications: As described in Mortgagee Letter 2012-17, when the HERMIT application is operational on 10/9, the servicers must access HERMIT to report Date of Death for the borrower in the contacts screen. This will create the Due and Payable activities (Timelines, Alerts) in HERMIT when the last surviving borrower's Date of Death is entered in HERMIT.	Process	Ongoing	Current Process: Mortgagees manually submit the information to the HUD NSC Loan Servicing Contractor, DEVAL LLC. New Process: Mortgagees can now initiate the Due and Payable process in HERMIT by entering the death date of the last surviving borrower in the contacts page.	
14	2.11	Servicer Requests: When the HERMIT application is operational on 10/9, the servicers will need to submit new Servicer requests via the HERMIT application to utilize the automated workflow process. Servicers are to discontinue sending paper servicer requests to HUD's Loan Servicing Contractor, DEVAL LLC.	Process	Ongoing	Current Process: Mortgagees manually submit the information to the HUD NSC Loan Servicing Contractor, DEVAL LLC. New Process: Mortgagees can now initiate the Servicer requests and upload packages electronically in HERMIT.	

Item #	Section #	Process Description	System Change/ Process/ Notification	Process Date	Process Realignment into HERMIT	Complete Y/N
15	2.12	Extensions and Variances Automated Requests System (EVARS): When the HERMIT application is operational on 10/9, the servicers will no longer submit Extension Requests to the EVARS system. All new Extension Requests must be submitted in the HERMIT application.	Process	Ongoing	Current Process: Mortgagees submit the information to the HUD NSC Loan Servicing Contractor, DEVAL LLC through EVARS. New Process: Mortgagees can now initiate the Extension Requests through the HERMIT application as part of Servicer requests.	
16	2.18	Submission of Claims: All new claims (CT 21, CT22 or CT 23) need to be submitted through the HERMIT application as of the go-live date of 10/9. The exception to this will be that the Mortgagees must submit a paper claim of CT 24 on previously submitted paper claims of CT 21 and CT23.	Process	Ongoing	Current Process: Mortgagees mail the paper claims to the HUD Claims branch. New Process: Mortgagees can now initiate and submit claims electronically and upload claims packages in HERMIT.	
17	2.18	Submission of Claims: The existing paper claims will be processed outside of HERMIT through the existing manual process. Servicers are requested not to re-file the paper claim in the HERMIT application, but are requested to terminate the loan once the claim is paid to avoid MIP collections.	Process	Ongoing	Current Process: NA New Process: To avoid additional MIP charges, Servicers must terminate the loan in HERMIT after notification is received from HUD on the processed claim.	

Item #	Section #	Process Description	System Change/ Process/ Notification	Process Date	Process Realignment into HERMIT	Complete Y/N
18	2.18	Submission of Claims: Assignment packages can only be submitted in the HERMIT application (Using claim type 22 timeline) once the outstanding loan balance reaches 98% (New process) instead of 97.5% (current process) as described in Mortgagee Letter 2012-17.	Process	Ongoing	<p>Current Process: Mortgagees submit the requests for assignment packages to the HUD NSC Loan Servicing Contractor, DEVAL LLC when the loan balance is \geq 97.5% of MCA.</p> <p>New Process: Mortgagees can now initiate the assignment requests electronically in HERMIT when the loan balance is \geq 98% of MCA.</p>	
19	2.15	FHA Connection Treasury Report: This process will cease once HERMIT becomes the system of record on 10/1.	Process	Ongoing	<p>Current Process: Mortgagees currently retrieve the report from FHAC.</p> <p>New Process: Mortgagees can now obtain similar information from HERMIT using the Accounting -> Transmittal screen, for batch types = Initial MIP due, Monthly MIP due or Refunds.</p>	

Appendix B: System Change

The following table lists the items that may require a system change for the HECM Mortgagee due to transition from IACS to HERMIT.

Item #	Section #	System Description	System Change/Process/Notification	Termination Date	System Realignment into HERMIT	Complete Y/N
1	2.1	IACS Read Only Mode/HERMIT system of record: IACS Read Only Mode and Create/Edit functions will no longer be available. The last updates must be in IACS by 9/29. HERMIT will become the system of record as of 10/1.	System Change	9/29/2012	<p>Current Process: Transactions are entered in IACS manually.</p> <p>New Process: HERMIT application will allow the user to enter the data via the B2G file transfer (Loan Setup, Servicer Transfer, Transactions) or manually.</p>	

Appendix C: Notifications

The following table lists the notifications that will aid the HECM Mortgagee with the transition process from IACS to HERMIT.

Item #	Section #	Notification Description	System Change/ Process/ Notification	Notification Date to the Mortgagees	Complete Y/N
1	2.2	HERMIT Help Desk Information: Mortgagees are aware of the Help Desk information (Hours of Operation, Phone Number, and Email Address).	Notification	9/12/2012	
2	2.3	Location of HERMIT application materials: Mortgagees are aware of the location of the HERMIT application materials (Applicant Access Request form v2.0, User Guide v2.3, Business To Government (B2G) document v2.4 and Help Desk Information).	Notification	9/12/2012	
3	2.4	Applicant Access Request (Business Partners) form: Mortgagees are aware of the location of the Applicant Access Request form and the instructions to complete and submit the form.	Notification	9/12/2012	
4	2.13	Initiation of Foreclosures: As described in Mortgagee Letter 2012-17, when the HERMIT application is operational on 10/9 the servicers must access HERMIT to report initiation of foreclosure through the workflow process that exists in HERMIT.	Notification	9/12/2012	
5	2.14	Date of Death Notifications: As described in Mortgagee Letter 2012-17, when the HERMIT application is operational on 10/9, the servicers must access HERMIT to report Date of Death for the borrower in the contacts screen. This will create the Due and Payable activities (Timelines, Alerts) in HERMIT when the last surviving borrower's Date of Death is entered in HERMIT.	Notification	9/12/2012	
6	2.18	Submission of Claims: Mortgagees are aware that paper claims will no longer be accepted by HUD as of the go-live of 10/9. The exception to this will be that the Mortgagees must submit a paper claim of CT 24 on previously submitted paper claims of CT 21 and CT23.	Notification	9/12/2012	

Item #	Section #	Notification Description	System Change/ Process/ Notification	Notification Date to the Mortgagees	Complete Y/N
7	2.18	Submission of Claims: All new claims (CT 21, CT22 or CT 23) need to be submitted through the HERMIT application as of 10/9.	Notification	9/12/2012	
8	2.18	Submission of Claims: The existing paper claims will be processed outside of HERMIT through the existing manual process. Servicers are requested not to re-file the paper claim in the HERMIT application, but are requested to manually terminate the loan in HERMIT once the claim is paid to avoid MIP collections.	Notification	9/12/2012	
9	2.18	Submission of Claims: Assignment packages can only be submitted in the HERMIT application (Using claim type 22 timeline) once the outstanding loan balance reaches 98% (New process) instead of 97.5% (current process) as described in Mortgagee Letter 2012-17.	Notification	9/12/2012	
10	2.7	Loan Setup for remittance of IMIP in IACS: The Last Loan Setup that can be completed in IACS is 9/28 at 9 PM ET.	Notification	9/13/2012	
11	2.9	Payment Plan Changes: Payment plan changes with an effective date of 10/1/2012 or later will not be processed in IACS. Any Payment plan change with an effective date of 10/1/2012 or greater will need to be entered as part of catch up activities in HERMIT as of the go-live of 10/9.	Notification	9/13/2012	
12	2.21	Current Service Requests to IACS: All service requests received and approved by HUD prior to 9/1 will be completed by the current IACS Contractor.	Notification	9/13/2012	
13	2.21	Current Service Requests to IACS: No new service requests that require support from the current IACS Contractor will be accepted after (9/13/12), this includes current and existing reconciliation requests.	Notification	9/13/2012	
14	2.21	Current Service Requests to IACS: No new servicer portfolio transfer requests will be accepted after (9/13/12) by the current IACS system contractor.	Notification	9/13/2012	
15	2.22	IACS User Requests and PAD: • The cutoff date for new IACS user requests is 9/14/12.	Notification	9/13/2012	

Item #	Section #	Notification Description	System Change/ Process/ Notification	Notification Date to the Mortgagees	Complete Y/N
		<ul style="list-style-type: none"> The cutoff date for establishing new VPN connections and PAD accounts is 9/14/12. 			
16	2.2	HERMIT Help Desk Information: Mortgagees are aware of the email address for Transition, Policy and Servicing questions.	Notification	9/20/2012	
17	2.4	Applicant Access Request (Business Partners) form: Mortgagees to receive their log in credentials from the HERMIT Help Desk prior to the go-live date of 10/9.	Notification	9/20/2012	
18	2.9	Payment Plan Changes: Any payment plan changes involving scheduled payments that are entered in September, with a “back dated” effective date (9/1/2012 or prior), the “catch up” scheduled payments will not be processed in IACS (due to timing of processing).	Notification	9/20/2012	
19	2.11	Servicer Requests: When the HERMIT application is operational on 10/9, the servicers will need to submit new Servicer requests via the HERMIT application to utilize the automated workflow process. Servicers are to discontinue sending paper servicer requests to HUD’s Loan Servicing Contractor, DEVAL LLC.	Notification	9/20/2012	
20	2.12	Extensions and Variances Automated Requests System (EVARS): When the HERMIT application is operational on 10/9, the servicers will no longer submit Extension Requests to the EVARS system. All new Extension Requests must be submitted in the HERMIT application.	Notification	9/20/2012	
21	2.16	Month End Reports (Electronic and Hard Copies) from IACS/HERMIT: Mortgagees to be aware that hard copies of reports will no longer be sent from IACS. For example monthly Fannie Mae Report, monthly Loan Status Report, monthly Lender Reconciliation Report, Treasury Deposit Report.	Notification	9/20/2012	
22	2.20	Support for IACS: Support from the IACS Contractor will cease as of 9/29. No inbound phone calls or emails will be accepted by the IACS Contractor as of 9/29.	Notification	9/20/2012	