



United States Department of Housing
and Urban Development

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

Implementation of Lender Links

Version 1.1

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1. Background

In HERMIT, to perform loan setup and pay the upfront or initial MIP the Servicer (aka Sponsor/Agent in FHA Connection) on the loan must be linked to the Lender (aka Sponsored Originator in FHA Connection). This function has been added to HERMIT system as a security/control to ensure only the approved business partners access the loans.

The link between the business partners cannot be created by the Organizations through the HERMIT screen, therefore, during parallel operations, the participating organizations had to submit Help Desk request to establish the links between the Lender and the Servicer/Investor. In the current legacy system IACS, organizations with valid mortgagee ID are able to transfer loans to themselves.

The representatives from each of the parallel operations participating organization has expressed concern with the current process in HERMIT. The requirement to establish the “link” between the Lenders and Servicers/Investors operationally adds an additional burden on the organizations whose business partners can be dynamic and requires them to call the help desk every time to setup a "link".

The GTM of the HUD SFPD requested the HECM BSP team to identify a solution that enables the organizations to perform loan setup without submitting a request to establish a link with their business partners.

2. Solution

Prior to Go-Live, HERMIT system was programmed to create a link between the Lender (Sponsored Originator received from CHUMS) and Servicer when:

- Initial Transfer request is initiated (from Batch -> Initial Transfer), or
- Loan Setup is performed through a B2G Loan Setup Import file upload

This solution will eliminate the need for the organizations to submit a request to HERMIT Help Desk to establish the link between Lender and Servicer. With this solution, the organizations will be able to transfer the loan while the Case is in “Suspense” or “Pending Endorsement” to their mortgagee ID as currently performed in IACS. However, this solution does not automatically create link between Lender and Investor. This can be accomplished by submitting a request to Help Desk.

The below sections provide the process flow explaining the details of the solution and the corresponding narrative associated with the flow.

2.1 Lender Links Process Flow

Given below is the process flow covering the scenarios where the Sponsored Originator is same or different than the Sponsor/Agent in FHA Connection.

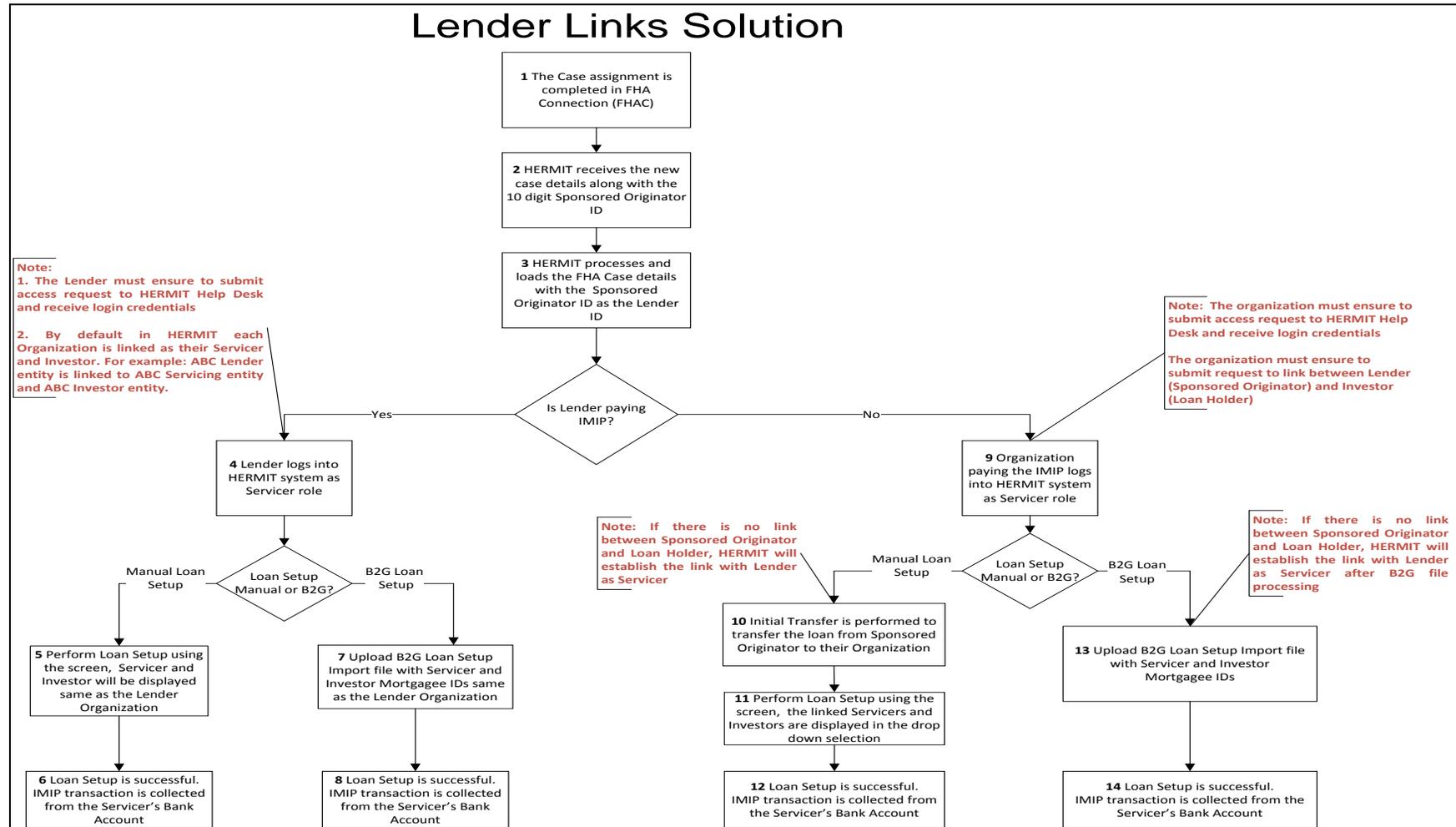


Figure 2-1: Lender Links Solution

2.2 Lender Links Narrative

2.2.1 Sponsored Originator is same as the Sponsor/Agent in FHA Connection

1. When a new HECM loan request is made in FHA Connection (FHAC), a case number is assigned to the loan. The case details including a 10 digit mortgagee ID of the Sponsored Originator ID is established in FHA Connection and sent to HERMIT as part of the file F17HCM. The Case Assignment process is complete in FHAC.
2. HERMIT system receives the case details of the new loan along with the 10 digit Mortgagee ID of the Sponsored Originator in the file F17HCM.
3. HERMIT system processes the case details received from FHA Connection (CHUMS) and populates the received values. The Sponsored Originator mortgagee ID received from CHUMS will be populated as Lender ID in HERMIT system.

Note: By default in HERMIT, links were established for each Lender entity with their corresponding Servicer entity and Investor entity. For Example: ABC Lender entity is linked to ABC Servicing entity and ABC Investor entity.

4. The Sponsored Originator is same as the Sponsor/Agent, this Organization is responsible for payment of the Initial Mortgage Insurance Premium (IMIP) to HUD, the Organization must request the access to HERMIT Help Desk as the Servicer role and receive login credentials to perform Loan Setup through manual screen or B2G File Upload.

2.2.1.1 Perform Loan Setup through Manual Screen

5. The Organization logs into the HERMIT system to perform loan setup manually through the HERMIT Loan Setup screen, the Lender ID is populated with their mortgagee name. The Servicer and the Investor dropdown boxes display the Lender mortgagee names as dropdown selectable option.
6. Once the loan setup is successful, with the Servicer and Investor names populated, the IMIP amount is sent to Pay.Gov for collection. IMIP is collected from the Servicing Organization's Bank Account.

2.2.1.2 Perform Loan Setup through B2G File Upload

7. The Organization logs into the HERMIT system and upload the Loan Setup B2G file with their mortgagee ID as the Servicer and Investor for the case.
8. Once the loan setup is successful, after uploading the B2G Loan Setup Import file, the IMIP amount is sent to Pay.Gov for collection. IMIP is collected from the Servicing Organization's Bank Account.

2.2.2 Sponsored Originator is different than the Sponsor/Agent in FHA Connection or the Sponsor/Agent is not populated in FHA Connection

1. When a new HECM loan request is made in FHAC, a case number is assigned to the loan. The case details including a 10 digit mortgagee ID of the Sponsored Originator ID is established in FHA Connection and sent to HERMIT as part of the file F17HCM. The Case Assignment process is complete in FHAC.
2. HERMIT system receives the case details of the new loan along with the 10 digit Mortgagee ID of the Sponsored Originator in the file F17HCM.
3. HERMIT system processes the case details received from FHA Connection (CHUMS) and populates the received values. The Sponsored Originator mortgagee ID received from CHUMS will be populated as Lender ID in HERMIT system.
9. In the scenario, the Sponsored Originator is different than the Sponsor/Agent or Sponsor/Agent is not populated in FHA Connection (the loan is sold to another Organization that is responsible for the payment of IMIP). The Loan Holder is responsible for payment of the IMIP to HUD, the Organization must request the access to HERMIT Help Desk as the Servicer role and receive login credentials to perform Loan Setup through manual screen or B2G File Upload.

2.2.2.1 Perform Loan Setup through Manual Screen

10. The Organization logs into the HERMIT system to perform “initial transfer” of the loan from Sponsored Originator/Lender to their Organization. If there is no link between the Sponsored Originator and the Loan Holder, HERMIT system will automatically establish the link with Lender Organization as Servicer.

For Example:

Sponsored Originator = Genworth

Sponsor/Agent = Celink

Celink will login and perform initial transfer. The Celink Servicing entity will be linked to Genworth Lender entity.

Note: A request must be made to Help Desk to establish link between Lender (Sponsored Originator) and Investor (Loan Holder).

11. The Organization will perform loan setup manually through the HERMIT Loan Setup screen, the Lender ID is populated with Sponsored Originator mortgagee name. The Servicer and the Investor dropdown boxes display the list of mortgagee names linked to the Lender as dropdown selectable option.
12. Once the loan setup is successful, with the Servicer and Investor names populated, the IMIP amount is sent to Pay.Gov for collection. IMIP is collected from the Servicing Organization’s Bank Account.

2.2.2.2 Perform Loan Setup through B2G File Upload

13. The Organization logs into the HERMIT system and upload the Loan Setup B2G file with their mortgagee ID as the Servicer and associated Investor for the case. If there is no link between the Sponsored Originator and the Loan Holder, HERMIT system will automatically establish the link with Lender Organization as Servicer.

For Example:

Sponsored Originator = Genworth

Sponsor/Agent = Celink

Celink will login and upload B2G file with their mortgagee ID as Servicer. The Celink Servicing entity will be linked to Genworth Lender entity.

Note: As a pre-requisite to Loan Setup B2G file, a request must be made to Help Desk to establish link between Lender (Sponsored Originator) and Investor (Loan Holder).

14. Once the loan setup is successful, after uploading the B2G Loan Setup Import file, the IMIP amount is sent to Pay.Gov for collection. IMIP is collected from the Servicing Organization's Bank Account.