CHAPTER 8: CLAIMS

8. CLAIMS

This chapter discusses the processing of Claim Types 21, 22, 23, and 24.

- **Claims Overview**
- **Initiating and Submitting Claim Type 21**
- **Initiating and Submitting Claim Type 22**
- **Initiating and Submitting Claim Type 23**
- **Initiating and Submitting Claim Type 24**
- **Reviewing and Processing Claims**
- **No Pay Order**
- **Cancel Payment**
- **Payment processing**

8.1 Claims Overview

The Servicing Module allows servicers to electronically submit and follow up on a claim on behalf of lenders/investors. Additionally, the HUD Claims staff can review and process the claims.

The following claim types can be processed in the system.

- **Foreclosure/Deed-In-Lieu (Claim Type 21):** This claim is initiated by a servicer on behalf of a lender/investor due to acquisition of title of the property through foreclosure proceedings or deed-in-lieu of foreclosure. In these cases servicers can file:
    - **Sale Based Claim:** If the property was disposed in a manner that was insufficient to satisfy the debt.
    - **Appraisal Based Claim**: If the property was not disposed within six months after the acquisition of the title and property.
- **Assignment (Claim Type 22):** This claim is initiated by a servicer on behalf of a lender/investor if the principal balance, including accrued interest and monthly insurance premium, reaches the threshold percentage (as established by HUD) of the maximum claim amount, and the servicer asks for approval to exercise the option to assign the loan to HUD.
- **Mortgagor's Short Sale (Claim Type 23):** This claim is initiated by a servicer on behalf of a lender/investor if the mortgagor or the mortgagor's estate sells the property but the sales proceeds are insufficient to satisfy the debt.
- **Supplemental (Claim Type 24):** This claim is initiated by a servicer on behalf of a lender/investor if additional reimbursements are required from HUD on a previously settled claim (Claim Type 21 or 23).

The below sections explain the submission and processing of the above mentioned claim types.

8.1.1 Claim Processing Activities

CT 21, 22, or 23 can be initiated on loans with a case status of Endorsed and CT 24 can be initiated on loans with a case status of Terminated. For all claim types, a servicer must initiate the respective claim timeline on the loan and complete the required steps to submit the claim using the online Form HUD-27011. The system pre-fills Form HUD-27011 with information captured based on loan

activities and timelines (Example: loan transactions, due and payable and loss mitigation activities) which cannot be manually edited by the user.

The claim is submitted to HUD for review when the timeline step to submit Form HUD-27011 is completed. HUD can approve, deny, request additional information, or indicate the claim is still being reviewed. The following activities are performed by servicers and HUD Claims staff.

- Servicer activities:
    - Initiate a claim timeline
    - Review and edit claim data
    - Finalize and submit a claim
    - Resubmit a claim if additional information is required by HUD
- HUD Claims staff activities:
    - Process a claim (approvals, denials, pending additional information)
    - Assign a no pay order if needed
    - Cancel a claim payment if needed

8.1.2 Claims Setup - Search Criteria

The Claims Setup screen allows authorized users to initiate a claims timeline. A timeline is a set of steps that must be completed before a claim can be submitted to HUD for processing. Please refer to **Chapter 7** for additional details on timelines.

To access the Claims Setup screen:

Step 1. Move the cursor to the **Endorsed** tab from the top menu.

Step 2. Move the cursor to the **Claims** option and then click **Setup**.

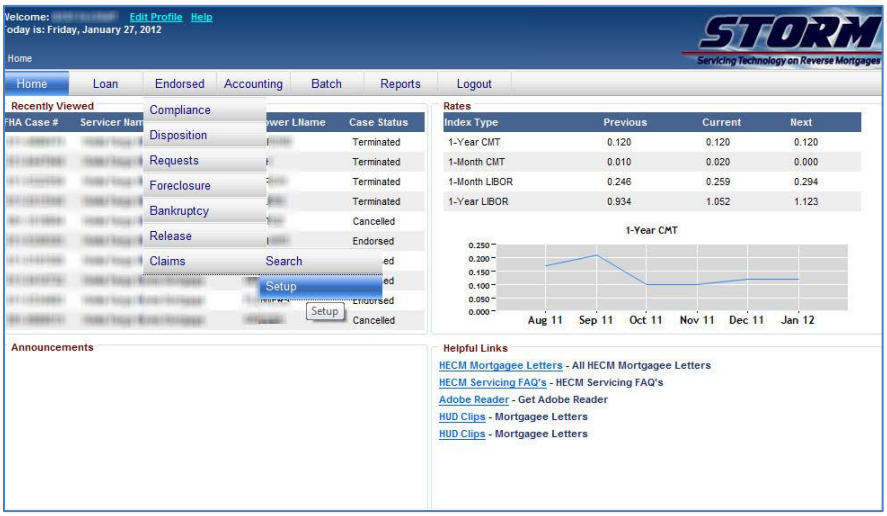


Figure 8-1: Navigate to Claims Setup Screen

The Claims Setup screen provides the following search criteria:

Field	Description
Loan Skey	Servicing Module system identification number unique to each loan.
Lender Loan #	Recorded identification number for each loan property (Enter a partial loan number if the complete address is not known).
FHA Case #	FHA case number of the loan (Enter a partial FHA case number if the

Field	Description
	complete FHA case # is not known).
Case Status	FHA case status (example: Endorsed).
Borrower LName	Last name of the borrower.
Property Address	Address of the loan property (Enter a partial address if the complete address is not known).
Property State	State where the loan property is located.
Case Sub-Status	Sub status of the case (example: Loan Active).
Lender Name	Lender of the HECM loan.
Servicer Name	Servicer of the HECM loan.
Investor Name	Investor of the HECM loan.
Index Type	Organization and type of interest rate based on the interest rates at which banks borrow unsecured funds from other.
Property County	County where the property is located.

Table 8-1: Claims Setup Screen Search Criteria

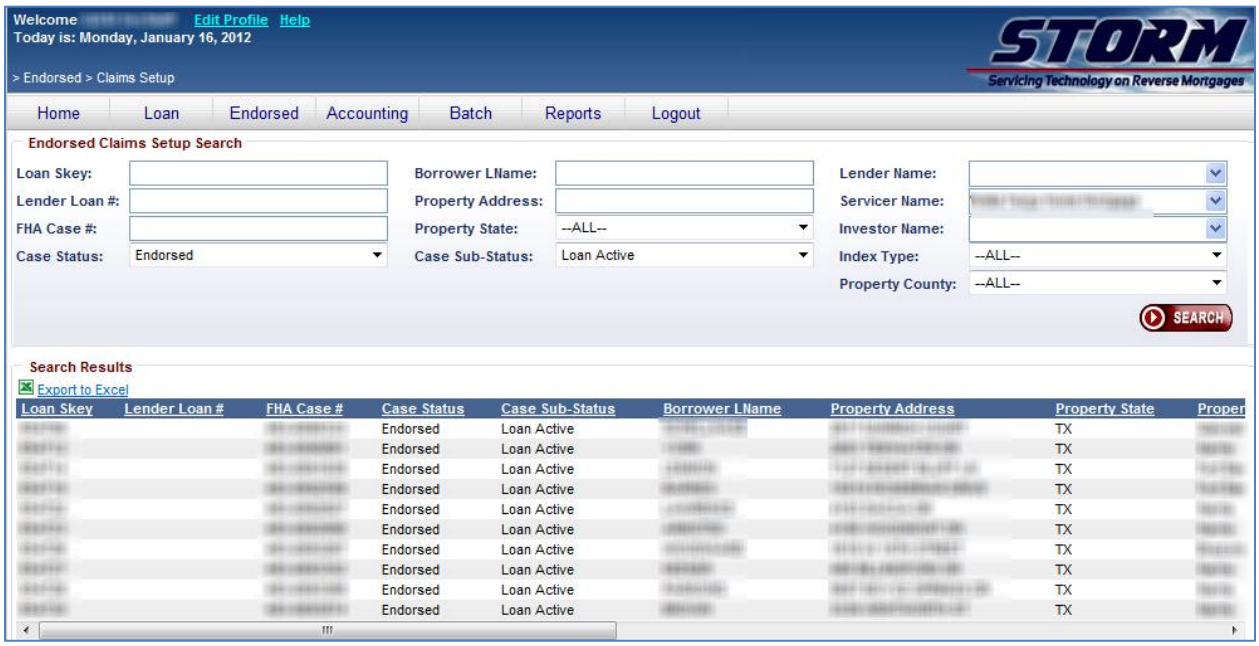


Figure 8-2: Claims Setup Screen

8.1.3 Claims - Search

The Claims Search screen allows authorized users to search for the timelines that have been initiated using the Claims Setup screen.

To access the Claims Search screen:

Step 1. Move the cursor to the **Endorsed** tab from the top menu.

Step 2. Move the cursor to the **Claims** option and then click **Search**.

8.1.3.1 Claims Search Screen – Field Definitions

The Claims Search screen provides the following search criteria:

Field	Description
Loan Information Criteria	
Loan Skey	Servicing Module system identification number unique to each loan.
Lender Loan #	Recorded identification number for each loan property (Enter a partial loan number if the complete address is not known).
FHA Case #	FHA case number of the loan (Enter a partial FHA case number if the complete FHA case # is not known).
Case Status	FHA case status (example: Endorsed).
Borrower LName	Last name of the borrower.
Property Address	Address of the loan property (Enter a partial address if the complete address is not known).
Property State	State where the loan property is located.
Case Sub-Status	Sub status of the case (example: Loan Active).
Lender Name	Lender of the HECM loan.
Servicer Name	Servicer of the HECM loan.
Investor Name	Investor of the HECM loan.
Responsible	HUD specialist assigned to manage the specific claim timeline.
Servicing Management Criteria	
Servicing Type	Type of claim servicing activity assigned to a loan in the form of a predefined template of claim servicing steps.
Timeline Status	Indicator of whether the servicing activity on a loan is active or inactive
Claims Status	Status of the claim.
Servicing Status	Next pending step of the active timeline.
Current Step Group	The group that performs the step.
Step	Claim servicing activity step associated with the servicing activity timeline.
Step Status	Indicator of whether the servicing activity step has been completed or is still pending completion.
Scheduled Date	The date that a servicing activity step is scheduled to be completed by the user.
Completion Date	The date that a servicing activity step is actually completed.
Step Group	The group that performs the step.

Table 8-2: Claims Timeline Search Criteria

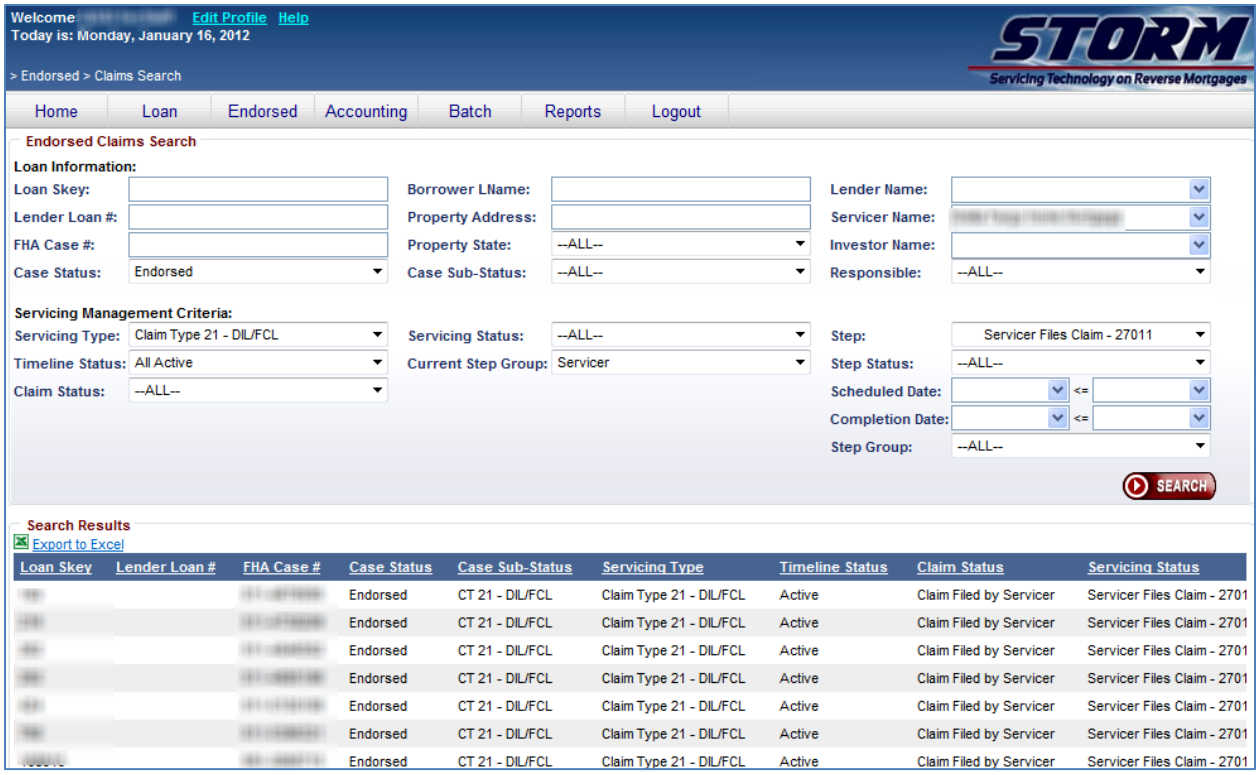


Figure 8-3: Endorsed Claims Search Screen

8.1.3.2 Claims Search Criteria by Claim Type

The following table provides the claim type and status search criteria:

Workflow Activity	Servicing Type	Claim Status	Servicing Status
Search claims that have been initiated but not submitted	• Claim Type 21 – DIL/FCL • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Filed by Servicer	Servicer Files Claim – 27011
	• Claim Type 22 – Assignment	Claim Filed by Servicer	Assignment to HUD sent for recording/Servicer Files Claim Type 22 – Form 27011
Search claims that need re-submission Note: Applicable only for CT 21, 23 & 24	• Claim Type 21 – DIL/FCL • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Pending Additional Info	Resubmit Claim 27011
Search approved claims Note: The timeline status	• Claim Type 21 – DIL/FCL • Claim Type 22 –	Claim Approved for Payment	N/A

Workflow Activity	Servicing Type	Claim Status	Servicing Status
must be selected as "All". Also, the original servicer will not be able to view CT 22 after the claim has been submitted.	Assignment • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental		
Search denied claims Note: Applicable only for CT 21, 23 & 24. The timeline status must be selected as "All".	• Claim Type 21 – DIL/FCL • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Denied	N/A
Search claims that have been submitted for payment Note: The timeline status must be selected as "All". Also, the original servicer will not be able to view CT 22 after the claim has been submitted.	• Claim Type 21 – DIL/FCL • Claim Type 22 – Assignment • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Submitted for Payment	N/A
Search paid claims Note: The timeline status must be selected as "All". Also, the original servicer will not be able to view CT 22 after the claim has been submitted.	• Claim Type 21 – DIL/FCL • Claim Type 22 – Assignment • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Paid	N/A

Table 8-3: Search Criteria by Claim Type

8.2 Initiating and Submitting Claim Type 21

This claim is initiated by a servicer on behalf of a lender/investor due to acquisition of title of the property through foreclosure proceedings or deed-in-lieu of foreclosure. In these cases servicers can file:

- **Sale Based Claim**: If the property was disposed in a manner that was insufficient to satisfy the debt.
- **Appraisal Based Claim**: If the property was not disposed within six months after the acquisition of the title and property.

This timeline requires HUD Claims Staff interaction. Upon initiation of this timeline, the case sub-status is updated to CT 21 – DIL/FCL. Only one active Claim Type 21 – DIL/FCL timeline can be associated with a loan.

The Servicing Management tab can be used to inactivate the timeline. If the timeline is inactivated, the case sub-status is updated accordingly. Once the timeline is inactivated, none of the steps can be edited. The timeline cannot be activated once inactivated.

To initiate a **Claim Type 21 – DIL/FCL** timeline:

> Servicers must report a Due and Payable event prior to Claim Type 21 initiation. Refer to Endorsed Disposition/Requests timelines to initiate a Due and Payable timeline.

Step 1. On the **Endorsed Claims Setup Search** screen, enter the loan search criteria and click **Search**.

Step 2. From the search results, select a loan to initiate the timeline.

Step 3. On the **Edit Servicing Management** Window, select Claim Type 21 – DIL/FCL from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

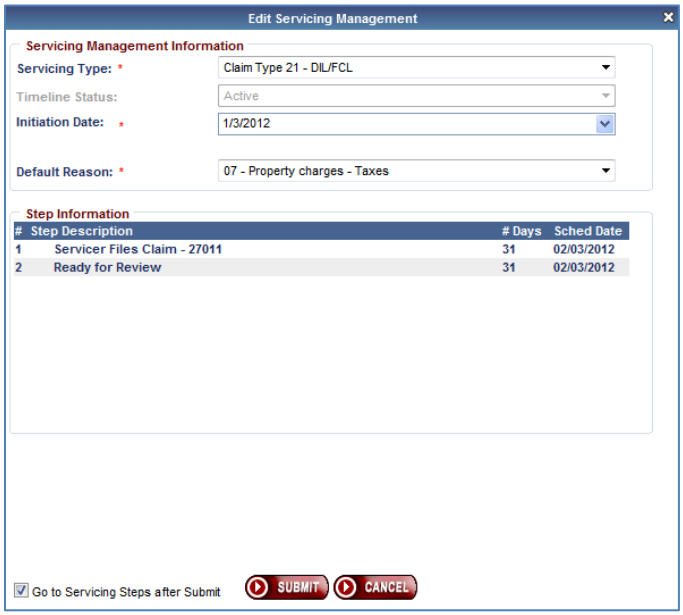


Figure 8-4: Initiating Claim Type 21

Step 4. At the bottom of this window, check the **Go to Servicing Steps after Submit**.

Step 5. Click **Submit**. If you click **Cancel**, the **Endorsed Claims Setup Search** Screen will be displayed. The **Claims Steps** screen for Claim Type 21 – DIL/FCL timeline is displayed.

Figure 8-5: Step Information for Claim Type 21 – DIL/FCL

Step 6. On the **Claims Steps** screen for Claim Type 21 – DIL/FCL timeline, click the **magnifying glass icon** beside Step1 Servicer Files Claim – 27011.

Step 7. The **Claims Worksheet for Claim Type 21** window is displayed. A pop-up message is displayed for MCA Validation indicating that the claim amount will be adjusted if it exceeds Maximum Claim Amount. Click **OK** to proceed.

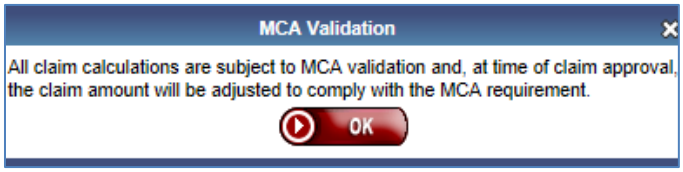


Figure 8-6: MCA Validation Message for CT 21

Step 8. The **Claims Worksheet for Claim Type 21** window is an electronic version of Claim Form HUD-27011. Data fields are pre-filled by the system from loan transactions and timelines (Due and Payable, Extension – Claim Filing). The following links are available in the window header:

- **Save Changes:** Save changes made to the claim form
- **Validate Claim:** Execute the validations on the claim form. Failed validations are displayed with a validation message.
- **View Claim:** Generate a PDF of the Claim Form HUD-27011
- **Finalize and Submit Claim:** Enables servicers to submit a claim. Claims with failed validations cannot be submitted.

Step 9. Enter foreclosure and/or deed-in-lieu information in the **Disposition Information** section. You must also mention the basis for the claim: appraisal or sale. This information is used by the system to prefill data fields in **Part A** of the claim form and **Block 108** on **Part B**.

Step 10. Click the **Save Changes** link after populating the relevant fields in the **Disposition Information** section.

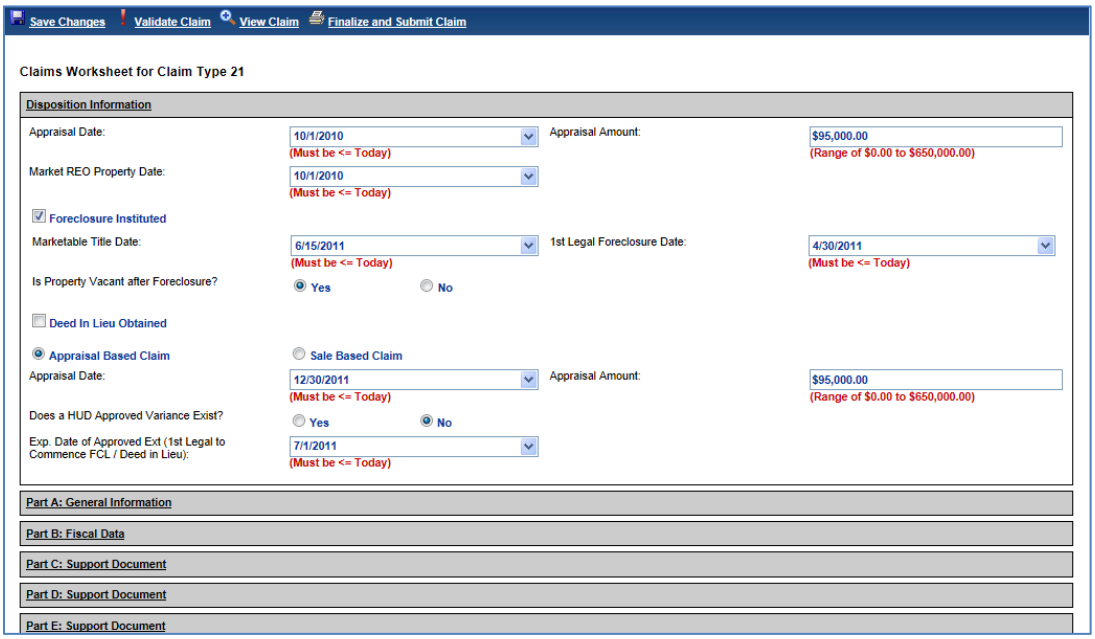


Figure 8-7: Claims Worksheet for CT 21

Step 11. Review the data populated on the **Claim Form HUD-27011** by selecting each of the sections listed below and make any required updates.

- Disposition Information
- **Part A:** General Information
- **Part B:** Fiscal Data
- **Part C:** Support Documents
- **Part D:** Support Documents
- **Part E:** Support Documents

At the time of claim submission, if any of the required timeframes are not met, the system will use the curtailment date (first missed date) to calculate the debenture interest on expenses (Part C, Part D and Item 409 in part E) and outstanding loan balance.

Notes:

- Provide the description of the expenses for description type - **Other**.
- Attach the support documentation (such as HUD-1 form, invoices for the expenses etc.) in the **Documents** tab as part of the claim package.
- Parts C, D, and E will be pre-filled with data only if the transactions are added on the loan. This can be done manually via **Transactions-> Loan** screen, or through B2G transactions file upload.
- **Missing Investor Banking Information**: If the Investor Banking information (Routing#, Tax ID or Account#) is missing, the system will not allow the servicer to submit the claim. A validation error message will be displayed on the Claims Worksheet informing the user that the information is required to submit a claim.

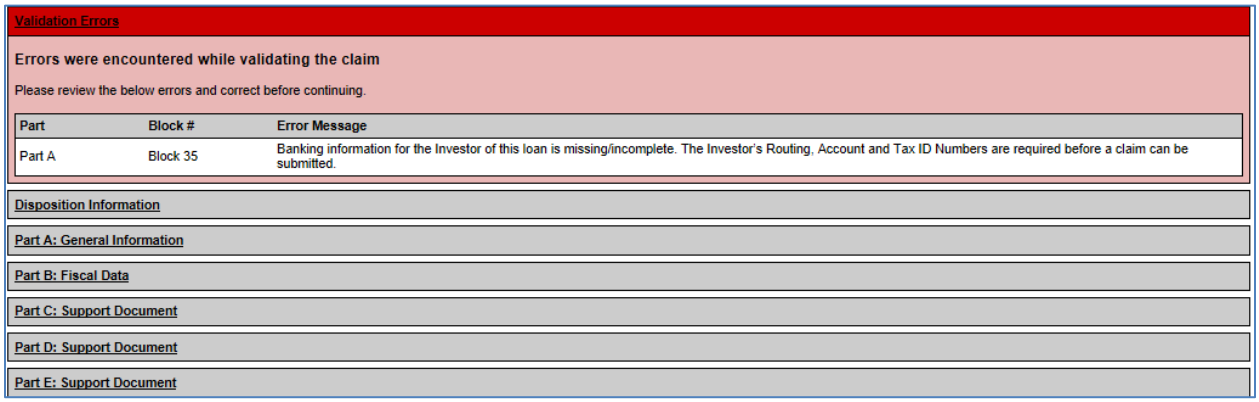


Figure 8-8: Claims Worksheet for CT 21 with Missing Banking Information Validation Error

- **Negative claim amount:** If the total claim amount does not exceed the proceeds received from sale of the property by the lender/investor (Holder of the property), the system will not allow the servicer to submit the claim. A validation error message will be displayed on the Claims Worksheet. Additional links to **View HECM Worksheet** and **Print HECM Worksheet** will be displayed with the calculations details of the negative claim amount.

Step 12. Click **Validate Claim,** after completing the review.

Step 13. The following information is displayed at the top of the screen if any of the validations fail:

- Part of the Form HUD-27011 where the error occurred
- Field name associated with the error occurred

- Description of the error

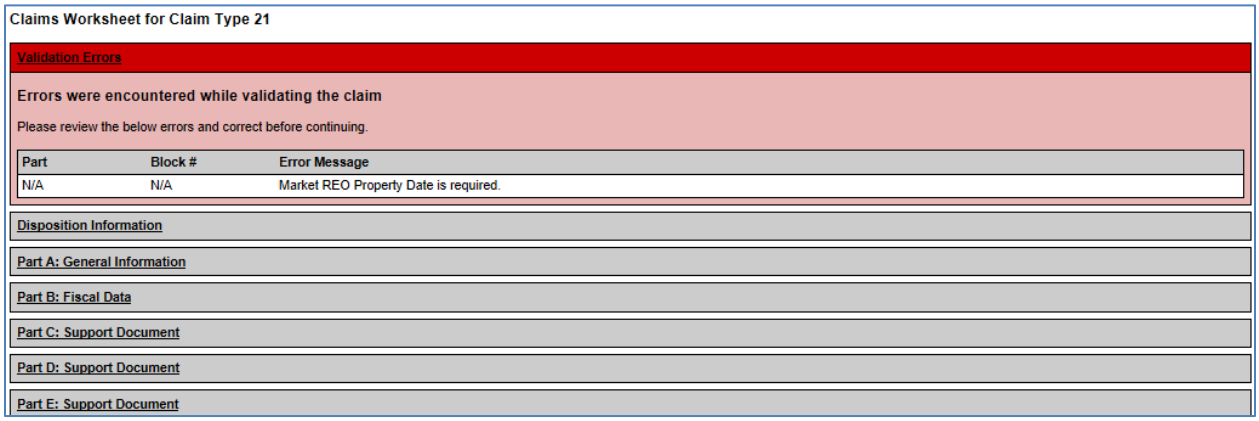


Figure 8-9: Claims Worksheet for CT 21 with Validation Errors

Step 14. Update the information and click **Save** Changes. Then, click **Validate Claim** to check if for any validations issues.

Step 15. The success validation message is displayed, if there are no validation issues.

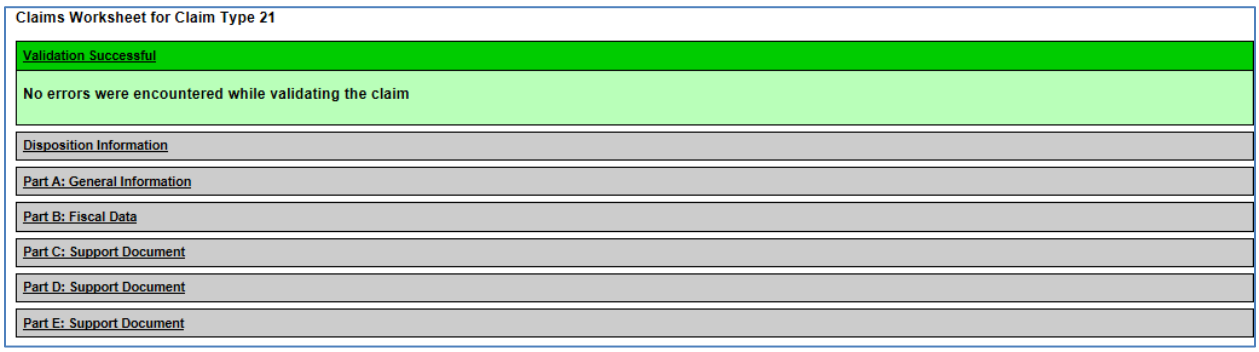


Figure 8-10: Claims Worksheet for CT 21 with No Validation Errors

Step 16. Click Finalize and Submit when the claim is ready for submission. After the claim is submitted, the claim form can no longer be updated.

Step 17. A pop-up message is displayed for MCA Validation indicating that the claim amount will be adjusted if the Maximum Claim Amount is exceeded. The pop-up message to verify the investor (Holder of the property) is also displayed. Click Yes.

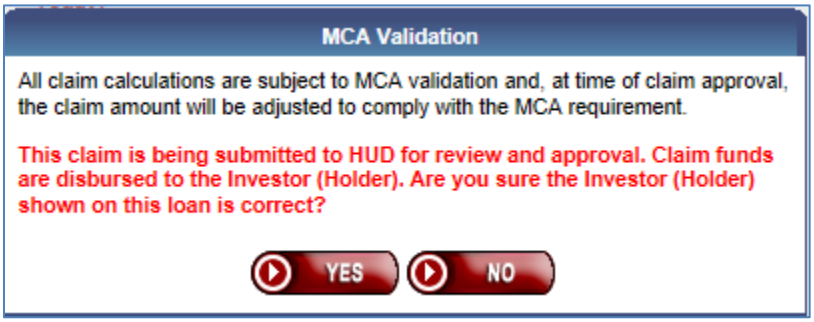


Figure 8-11: MCA and Investor Validation Message for CT 21

Step 18. A pop-up message is displayed requesting the user to Certify the claim form. Click Yes.

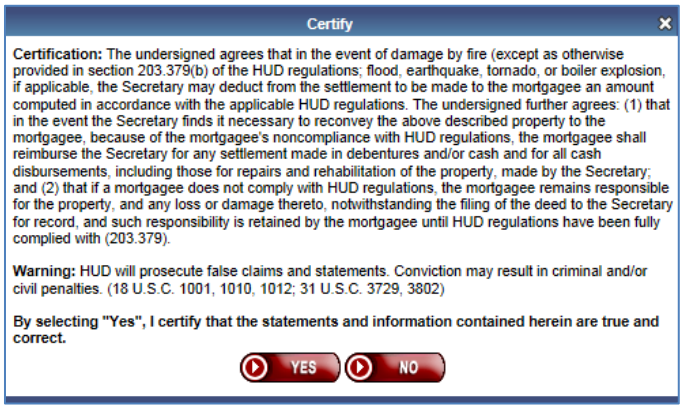


Figure 8-12: Certify Window for CT 21

Step 19. The final Claim Form HUD-27011 is auto-saved in the Documents tab. Only the View Claim link is available on the header; the remaining links to Save Changes, Validate Claim and Finalize and Submit will no longer be displayed.

Step 20. The final claim form is displayed in a file download window with options to Open, Save or Cancel. If the number of line items exceed in the current page of the Claim Form HUD-27011, then the additional line items are displayed on the next page for the corresponding part (for example: If MIP expenses exceed on Part D, then the additional MIP's are displayed in the next page showing the Part D expenses).

Step 21. The completion date on the step Servicer Files Claims – 27011 is pre-filled with the date the claim is submitted.

Step 22. The claim is now ready for HUD review. When the claim is approved by HUD, the Advice of Payment is automatically generated and displayed on the Documents screen. Select the Documents screen from the menu on the left side of the screen and click the **View** link beside the **Claim Type 21 – Final Claim Calculation – AOP**. Select **Open** on the file download window to view the document.

8.3 Initiating and Submitting Claim Type 22

To initiate a CT 22 timeline, the case status must be Endorsed, case sub-status must be Loan Active and the loan balance must be greater than or equal to the threshold percentage (as established by HUD) of the maximum claim amount.

This claim is initiated by a servicer on behalf of a lender/investor if the principal balance, including accrued interest and monthly insurance premium, reaches the threshold percentage (as established by HUD) of the maximum claim amount and the servicer asks for approval to exercise the option to assign the loan to HUD.

This timeline requires HUD NSC Contractor interaction. Upon initiation of this timeline, the case sub-status is updated to CT 22-Pending Assignment. If the timeline is inactivated, the case sub-status is updated accordingly. Only one active Claim Type 22 – Assignment timeline can be associated with a loan. The Servicing Management tab can be used to inactivate the timeline. Once

the timeline is inactivated, none of the steps can be edited. The timeline cannot be activated once inactivated.

To initiate a **Claim Type 22-Assignment** timeline:

8.3.1 Submission of CT 22 Assignment Package – Servicer Activities

Step 1. On the **Endorsed Claims Setup Search** screen, enter the loan search criteria and click **Search**.

Step 2. From the search results, select a loan to initiate the timeline.

Step 3. On the **Edit Servicing Management** Window, select Claim Type 22 - Assignment from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

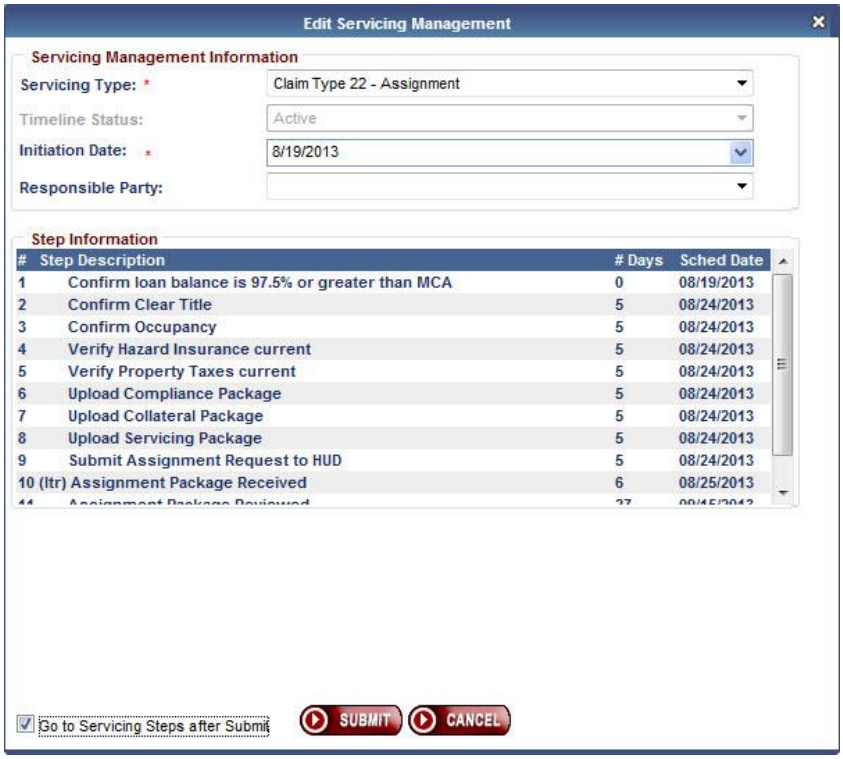


Figure 8-13: Initiating CT 22

Step 4. At the bottom of this window, check the **Go to Servicing Steps after Submit**.

Step 5. Click **Submit**. If you click **Cancel**, the **Endorsed Claims Setup Search** Screen will be displayed.

Step 6. The **Claims Steps** screen for Claim Type 22 – Assignment timeline is displayed.

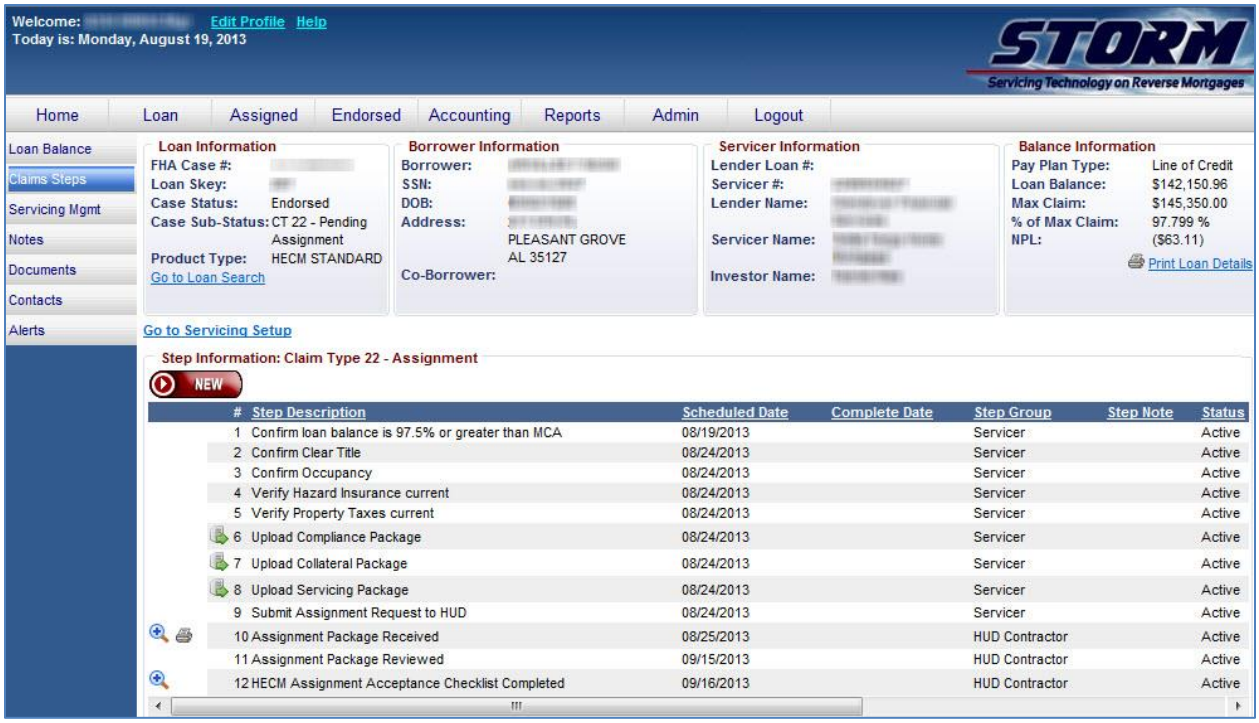


Figure 8-14: Step Information for CT 22 – Assignment

Step 7. To complete a step in the timeline, click the step; for example, step1 **Confirm loan balance is 97.5% or greater than MCA.**

Step 8. On the **Edit Step** window, populate the **Completion Date**, add a note in the Notes field if applicable and click **Submit**.

Step 9. On the Claims Steps screen, the Completion Date is populated beside Step1 **Confirm loan balance is 97.5% or greater than MCA**.

Step 10. Repeat the above instructions until the step - **Verify Property Taxes Current**.

Step 11. Click **New,** if the property requires flood insurance. From the **Step Description** dropdown, select **Verify Flood Insurance current**. The step will be added to the list of steps. Repeat the above instructions to populate the **Completion Date**.

Step 12. The **Completion Date** for Upload Compliance Package is pre-populated with the current system date. To complete this step, you must upload the Compliance Package document. Once the document is attached, click **Submit**.

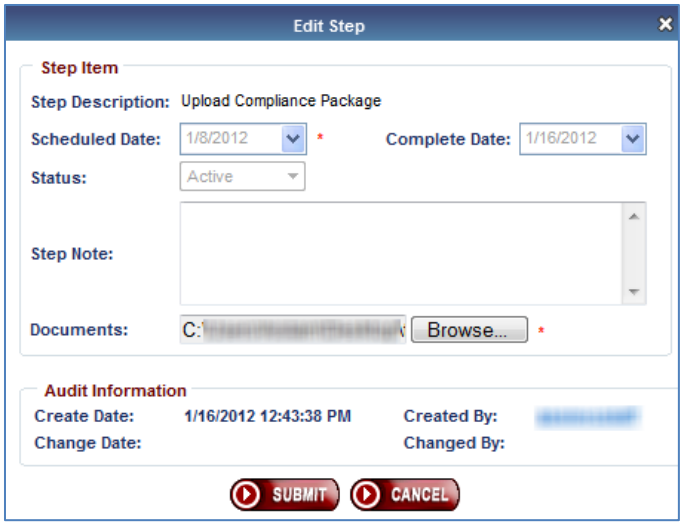


Figure 8-15: Edit Step Window – Upload Compliance Package Step

Step 13. To view the attached document, click the **PDF icon**. This document is also auto-saved in the **Documents** tab.

Step 14. The completion date is pre-populated for Upload Collateral Package. To complete this step, you must upload the Collateral Package document. Once the document is attached, click **Submit**.

Step 15. To view the attached document, click the **PDF icon**. This document is also auto-saved in the **Documents** tab.

Step 16. The **Completion Date** for Upload Servicing Package is pre-populated with the current system date. To complete this step, you must upload the Servicing Package document. Once the document is attached, click **Submit**.

Step 17. Prior to submission of assignment request to HUD, ensure that the Lender Loan number is populated on the loan. This can be populated on the **Loan Details** screen under **Loan Identifiers** section.

Step 18. Select **Submit Assignment Request to HUD,** populate the **Completion Date** and click **Submit** on the **Edit Step** window. A **Certify** pop-up window is displayed to certify that the documents you attached in the previous steps are true and correct. Click **Yes**. The assignment request is ready for review by HUD NSC Contractor.

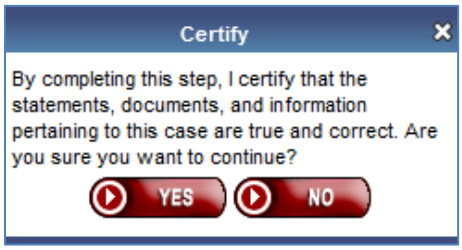


Figure 8-16: Certify Window – Submit Assignment Request Step

8.3.2 Review Assignment Package and Preliminary Title Approval – HUD NSC Contractor Activities

Step 1. Click the **magnifying glass icon** beside the step **Assignment Package Received** to generate the Welcome letter. On the **Modify Letter Fields** window, edit the subject and salutation and click **OK**. The Welcome Letter is displayed.

Step 2. The **printer icon** beside the step enables the HUD NSC Contractor to auto-save the document to the **Documents** tab. Select the **printer icon**.

Step 3. On the **Modify Letter Fields** window, edit the subject and salutation and click **OK**. The Welcome Letter is displayed. This action auto-saves the document in the **Documents** tab and auto-completes the step.

Step 4. Upon review of the assignment package, select the step, **Assignment Package Reviewed.** Enter the **Completion Date**, and click **Submit** on the **Edit Step** window.

Step 5. Click the **magnifying glass icon** beside the step **HECM Assignment Acceptance Checklist Completed** to generate the document Checklist. A new window with the checklist is displayed with options to preview or print the document.

Step 6. Update the checklist and click **Preview Document** to review the document.

Step 7. To auto-save the changes made to the assignment checklist document, click the **Print Document** link. Click **Open** on the File Download pop-up window. This action will save the updated HECM Assignment Acceptance Checklist to the **Documents** tab. Refresh the screen to auto-complete the step.

Step 8. Click **New** to add preliminary title approval step. On the **New Step** window, select **HUD Issued Preliminary Title Approval** from the **Step Description** dropdown and click **Submit.** This step is added to the list of steps. The preliminary title approval is granted only if the principal balance reaches the threshold percentage (As established by HUD) of the maximum claim amount.

- If assignment package is incomplete follow the instructions in section 8.3.6.

Step 9. Click the **magnifying glass icon** beside the step **HUD Issued Preliminary Title Approval** to generate the **Preliminary Title Approved** letter. On the **Modify Letter Fields** window edit the subject and salutation and click **OK**. The Preliminary Title Approved letter is displayed.

Step 10. The **printer icon** beside the step enables the HUD NSC Contractor to auto-save the document to the **Documents** tab. Select the **printer icon**.

Step 11. On the **Modify Letter Fields** window, edit the subject and salutation and click **OK**. The Preliminary Title Approved letter is displayed. This action auto-saves the document in the **Documents** tab.

Step 12. To complete the step, select the step and on the **Edit Step** window, enter the **Completion Date**, add a note in the Notes field if applicable and click **Submit**.

Step 13. A **Certify** pop-up window is displayed to certify that the action will enable the servicer to transfer servicing of the loan. Click **Yes**. The preliminary title approval is complete.

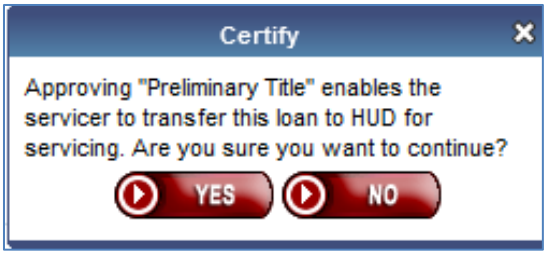


Figure 8-17: Certify Window – Preliminary Title Approval Step

Step 14. The completion of the step **HUD Issued Preliminary Title Approval** triggers the following activities:

- Case sub-status is updated to CT 22-Preliminary Title Approval
- General Loan Servicing menu functions, such as Transactions, Change Of Plan, Payoff, Servicer Request, Property, Notes, Audit Tracking and Alerts, are no longer available to the servicer
- Step **Servicer Notified of Preliminary Title Approval Decision** is automatically added on the timeline and completed by the system with the current system date
- Step **Original Mortgage/Deed of Trust & Note sent to HUD** is added on the timeline but not completed
- Step **Original Mortgage/Deed of Trust & Note received by HUD** is added on the timeline but not completed
- Step **Recorded Assignment Received** is added on the timeline but not completed

8.3.3 Verification of Deed of Trust – Servicer and HUD NSC Contractor Activities

Step 1. The step **Original Mortgage/Deed of Trust & Note sent to HUD** must be completed by Servicer. To complete the step, select the step, enter the **Completion Dat**e, provide the FedEx tracking number in the step note (if available) and click **Submit**.

Step 2. The step **Original Mortgage/Deed of Trust & Note received by HUD** must be completed by HUD NSC Contractor when the Servicer completed the above step. To complete this step, select the step, enter the **Completion Date**, and click **Submit** on the **Edit Step** window.

Step 3. Completion of the above step **Original Mortgage/Deed of Trust & Note received by HUD** triggers the addition of new step **Assignment to HUD sent for recording/Servicer Files Claim Type 22 – Form 27011** on the timeline. This step must be completed by the Servicer.

8.3.4 Submission of Claim – Servicer Activities

Step 1. On the **Claims Steps** screen for Claim Type 22-Assignment timeline, click the **magnifying glass icon** beside Step Assignment to HUD sent for recording/Servicer Files Claim Type 22 – Form 27011.

Step 2. The **Claims Worksheet for Claim Type 22** window is displayed. A pop-up message is displayed for MCA Validation indicating that the claim amount will be adjusted if it exceeds Maximum Claim Amount. Click **OK** to proceed.

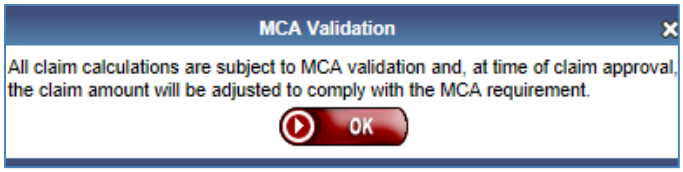


Figure 8-18: MCA Validation Message for CT 22

Step 3. The **Claims Worksheet for Claim Type 22** window is an electronic version of Claim Form HUD-27011. Data fields are pre-filled by the system. The following links are available in the window header:

- **Save Changes:** Save changes made to the claim for
- **Validate Claim:** Execute the validations on the claim form. Failed validations are displayed with a validation message.
- **View Claim:** Generate a PDF of the Claim Form HUD-27011
- **Finalize and Submit Claim:** Enables servicers to submit a claim. Claims with failed validations cannot be submitted.

Step 4. Review the data populated on the **Claim Form HUD-27011** by selecting each of the sections listed below and make any required updates.

- **Part A:** General Information
- **Part B:** Fiscal Data
- **Part C:** Support Documents (this section is N/A for CT 22)
- **Part D:** Support Documents (this section is N/A for CT 22)
- **Part E:** Support Documents (this section is N/A for CT 22)

Step 5. Click **Save Changes** after populating any data (for example: Update Mortgagee Comments field in Part A).

Step 6. Click Validate Claim, after completing the review.

Step 7. The following information is displayed at the top of the screen if any of the validations fail:

- Part of the Form HUD-27011 where the error occurred
- Field name associated with the error occurred
- Description of the error

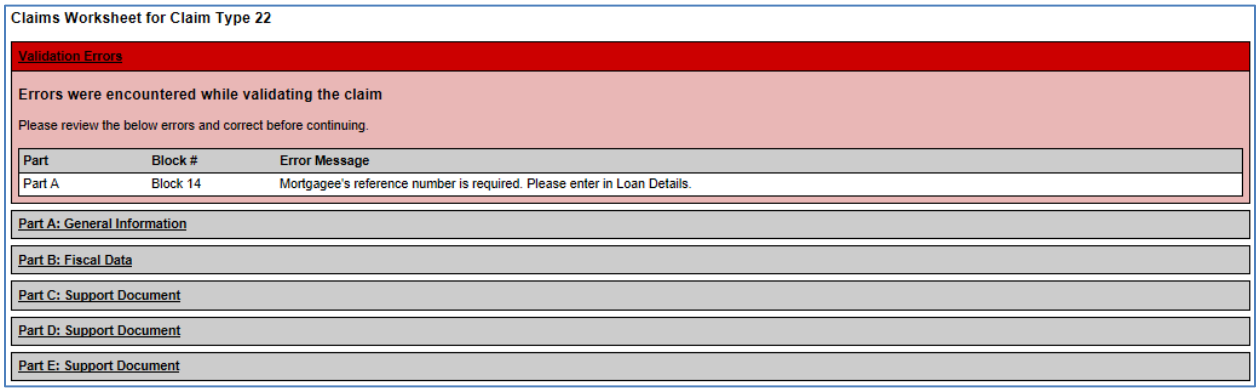


Figure 8-19: Claims Worksheet for CT 22 with Validation Errors

Step 8. Update the information and click **Save** Changes. Then, click **Validate Claim** to check if for any validations issues.

Missing Investor Banking Information: If the Investor Banking information (Routing#, Tax ID or Account#) is missing, the system will not allow the servicer to submit the claim. A validation error message will be displayed on the Claims Worksheet informing the user that the information is required to submit a claim.

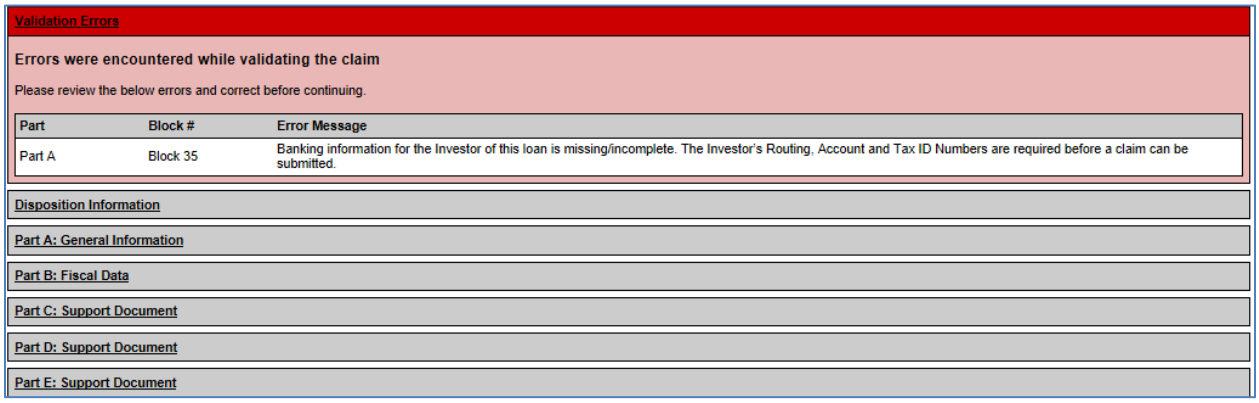


Figure 8-20: Claims Worksheet for CT 22 with Missing Banking Information Validation Error

Step 9. The success validation message is displayed, if there are no validation issues.

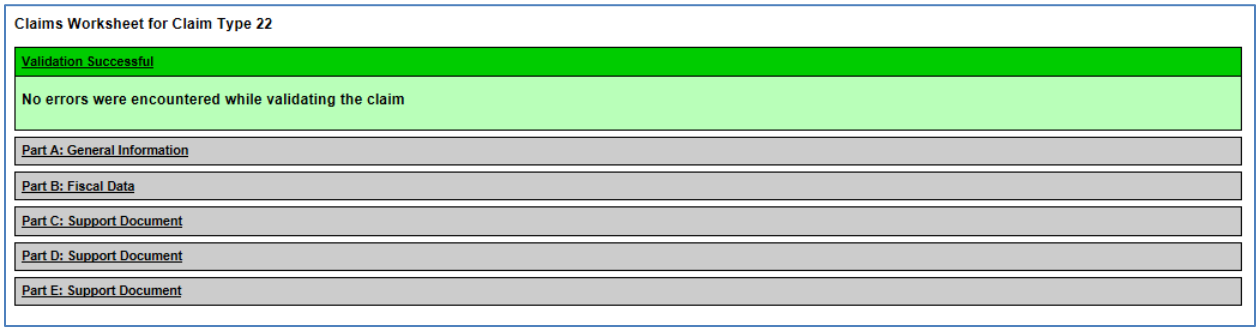


Figure 8-21: Claims Worksheet for CT 22 with No Validation Errors

Step 10. Click Finalize and Submit when the claim is ready for submission. After the claim is submitted, the claim form can no longer be updated.

Step 11. A pop-up message is displayed for MCA Validation indicating that the claim amount will be adjusted if the Maximum Claim Amount is exceeded. The pop-up message to verify the investor (Holder of the property) is also displayed. Click Yes.

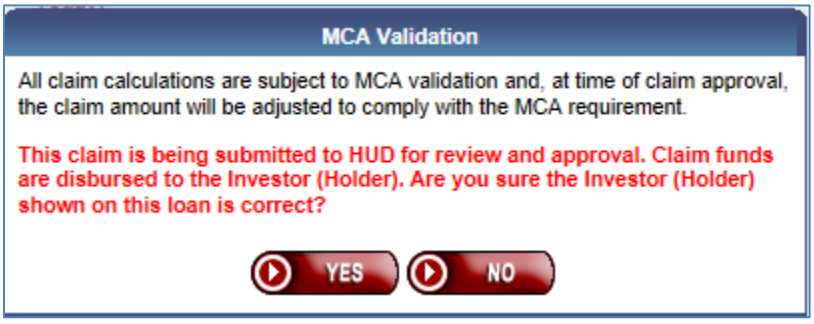


Figure 8-22: MCA and Investor Validation Message for CT 22

Step 12. A pop-up message is displayed requesting the user to Certify the claim form and confirm the transfer of servicing. Click Yes.

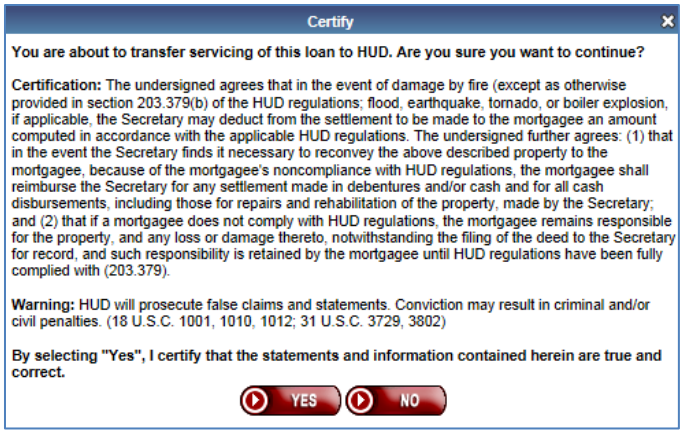


Figure 8-23: Certify Window – CT 22

Step 13. The final Claim Form HUD-27011 is auto-saved in the Documents tab. Only the View Claim link is available on the header; the remaining links to Save Changes, Validate Claim and Finalize and Submit will no longer be displayed.

Step 14. The final claim form is displayed in a file download window with options to Open, Save or Cancel.

Step 15. The completion date on the step Assignment to HUD sent for recording/Servicer Files Claim Type 22 – Form 27011 is pre-filled with the date the claim is submitted.

Step 16. The claim is auto approved. The system automatically adds the step HUD Approves Claim Type 22 for Payment which is auto-completed with the approval date.

Step 17. The Advice of Payment is auto-generated and saved in the Documents tab for review. Select the Documents screen from the menu on the left side of the screen and click the **View** link beside the **Claim Type 22 – Final Claim Calculation – AOP**. Select **Open** on the file download window to view the document.

Step 18. Once the servicer logs out after submitting a CT 22, the servicer can no longer access the loan. The loan is now transferred to HUD for servicing. The servicer name on the loan is updated to the HUD NSC Contractor name. Save the documents prior to exiting the loan.

8.3.5 Record Assignment and Final Title Approval – HUD NSC Contractor Activities

Step 1. Upon receipt and verification of documents associated with recording the assignment to HUD. To complete the step **Recorded Assignment Received**, select the step, enter the **Completion Date**, and click **Submit** on the **Edit Step** window. This triggers the addition of a new step, **HUD Issued Final Title Approval**.

Step 2. Click the **magnifying glass icon** beside the step **HUD Issued Final Title Approval** to generate the Final Title Approval letter. On the **Modify Letter Fields** window edit the salutation and click **OK**. The Final Title Approval letter is displayed.

Step 3. The **printer icon** beside the step enables the HUD NSC Contractor to auto-save the document to the **Documents** tab. Select the **printer icon**.

Step 4. On the **Modify Letter Fields** window, edit the salutation and click **OK**. The Final Title Approval letter is displayed. This action auto-save the document in the **Documents** tab.

Step 5. To complete the step, select the step and on the **Edit Step** window, enter the **Completion Date**, add a note in the Notes field if applicable and click **Submit**.

Step 6. A **Certify** pop-up window is displayed to certify that the case status will be updated. Click **Yes**. The final title approval is complete.

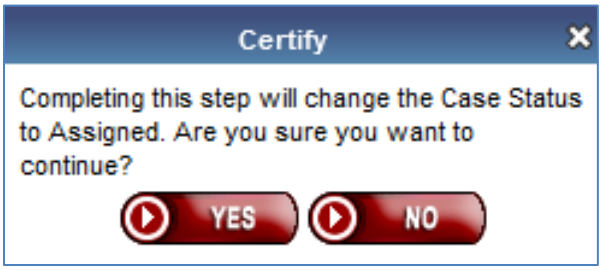


Figure 8-24: Certify Window – Final Title Approval Step

Step 7. This completes the assignment process. The case status is updated to Assigned and the case sub-status is updated to Loan Active.

8.3.6 Incomplete Assignment Package – HUD NSC Contractor and Servicer Activities

Step 1. If the assignment package is incomplete, the HUD NSC Contractor will click **New** and add the step, **HUD Decision - Pending Incomplete Package**.

Step 2. Click the **magnifying glass icon** beside the step **HUD Decision - Pending Incomplete Package** to generate the Incomplete Package - Request for Assignment letter. On the **Modify Letter Fields** window edit the salutation and click **OK**. The Final Title Approval letter is displayed.

Step 3. The **printer icon** beside the step enables the HUD NSC Contractor to auto-save the document to the **Documents** tab. Select the **printer icon**.

Step 4. On the **Modify Letter Fields** window, edit the salutation and click **OK**. The Final Title Approval letter is displayed. This action auto-save the document in the **Documents** tab and auto completes the step.

Step 5. To complete the step, select the step and on the **Edit Step** window, enter the **Completion Date**, add a note in the Notes field if applicable and click **Submit**.

Step 6. The system will auto-trigger the step **Follow-up on Incomplete Package** as a reminder for the HUD contractor to follow up when the step **HUD Decision - Pending Incomplete Package** is added on the timeline.

Step 7. When the servicer has provided the additional required documentation to HUD, the Servicer will click **New** and add the step **Additional Documentation Sent to HUD** with the **Completion Date**. Servicer must select the Documents screen from the menu on the left side of the screen and use the Upload function on the Documents screen to upload the additional required documents.

Step 8. HUD NSC Contractor will review the additional documents and if complete will follow the steps mentioned in the **Review Assignment Package and Preliminary Approval** section above.

8.3.7 Assignment Denials – HUD NSC Contractor and Servicer Activities

8.3.7.1 Servicer Activities

Servicers can request the assignment be denied between Preliminary Title Approval and Claim Submission.

To request the assignment to be denied:

Step 1. Click **New** and add the step **Servicer - Assignment Denied - Funds Due HUD** using the **Step Description** dropdown. Enter the **Completion Date**, add a note in the Notes field if applicable and click **Submit**.

8.3.7.2 HUD NSC Contractor Activities

HUD contractors can deny the assignment process between Preliminary Title Approval and Final Title Approval.

To deny assignment:

Step 1. Click **New** and add the relevant step using the **Step Description** dropdown and click **Submit**. The optional steps are:
- Assignment Denied - Funds Due HUD
- Assignment Denied - No Funds Due HUD

Note: The Assignment Request Denied Letter is available with the above optional steps. Select the magnifying glass icon beside the step to generate the letter.

Step 2. For the scenario where funds are due HUD, once the funds are received, optional step- **Funds Due HUD Received** can be added on the timeline.

8.3.8 Follow Up – HUD NSC Contractor and Servicer Activities

8.3.8.1 Servicer Activities

Servicers can add optional follow-up steps for certain actions within the timeline.

To add an optional step:

Step 1. Click **New** and add the step Servicer – Follow Up using the Step Description dropdown.

8.3.8.2 HUD NSC Contractor Activities

HUD contractors can add an optional follow-up step to send a HECM Recorded Assignment to HUD Not Received letter.

To add an optional step:

Step 1. Click **New** and add the step **HUD – Follow Up** using the **Step Description** dropdown.

Step 2. Click the **magnifying glass icon** beside the step **HUD - Follow Up** to generate the HECM Recorded Assignment to HUD Not Received letter. On the **Modify Letter Fields** window edit the subject and salutation and click **OK**. The HECM Recorded Assignment to HUD Not Received letter is displayed.

Step 3. The **printer icon** beside the step enables the HUD NSC Contractor to auto-save the document to the **Documents** tab. Select the **printer icon**.

Step 4. On the **Modify Letter Fields** window, edit the subject and salutation and click **OK**. The HECM Recorded Assignment to HUD Not Received letter is displayed. This action auto-save the document in the **Documents** tab and auto completes the step.

8.4 Initiating and Submitting Claim Type 23

This claim is initiated by a servicer on behalf of a lender/investor if the mortgagor or the mortgagor's estate sells the property and the mortgagee releases the title to facilitate the sale, but the sales proceeds are not sufficient to satisfy the debt.

This timeline requires HUD Claims Staff interaction. Upon initiation of this timeline, the case sub-status is updated to CT 23 – Short Sale. If the timeline is inactivated, the case sub-status is updated accordingly. Only one active Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) timeline can be associated with a loan.

The Servicing Management tab can be used to inactivate the timeline. If the timeline is inactivated, the case sub-status is updated accordingly. Once the timeline is inactivated, none of the steps can be edited. The timeline cannot be activated once inactivated.

To initiate a **Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl)** timeline:

Step 1. On the **Endorsed Claims Setup Search** screen, enter the loan search criteria and click **Search**.

Step 2. From the search results, select a loan to initiate the timeline.

Step 3. On the **Edit Servicing Management** Window, select Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

Servicers must report a Due and Payable event prior to Claim Type 23 initiation if the loan is Due and Payable. Refer to Endorsed Disposition/Requests timelines to initiate a Due and Payable timeline.

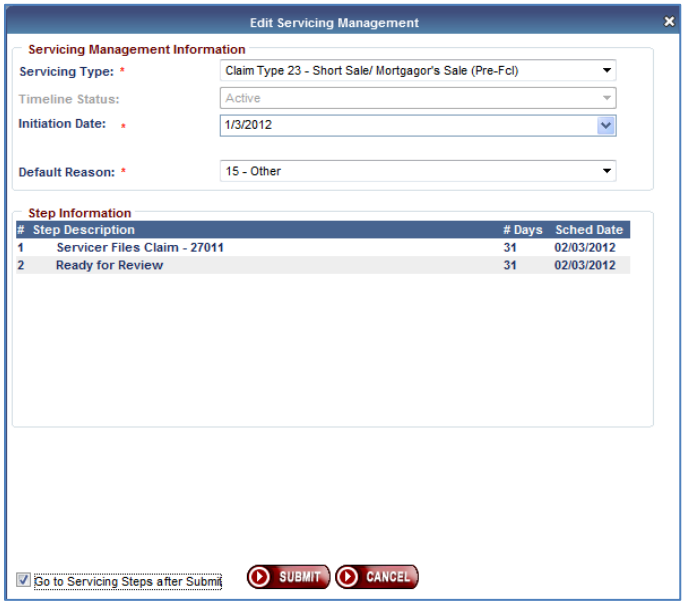


Figure 8-25: Initiating CT 23

Step 4. At the bottom of this window, check the **Go to Servicing Steps after Submit**.

Step 5. Click **Submit**. If you click **Cancel**, the **Endorsed Claims Setup Search** Screen will be displayed. The **Claims Steps** screen for Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) timeline is displayed.

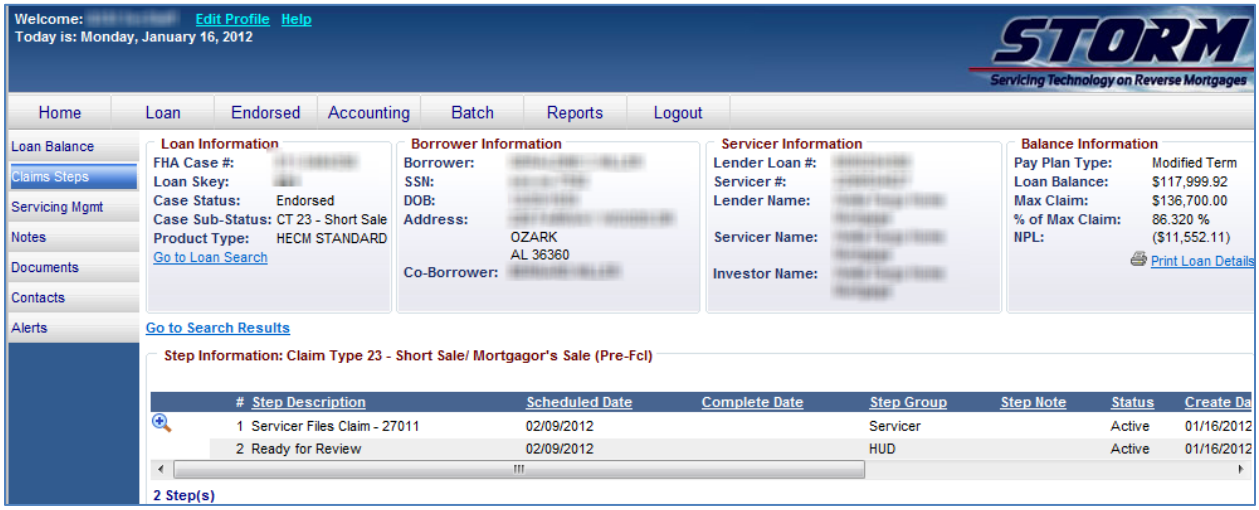


Figure 8-26: Step Information for CT 23 – DIL/FCL

Step 6. On the **Claims Steps** screen for Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) timeline, click the **magnifying glass icon** beside Step1 Servicer Files Claim – 27011.

Step 7. The **Claims Worksheet for Claim Type 23** window is displayed. A pop-up message is displayed for **MCA** Validation indicating that the claim amount will be adjusted if it exceeds MCA. Click **OK** to proceed.

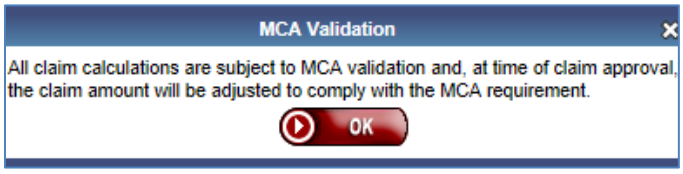


Figure 8-27: MCA Validation Message for CT 23

Step 8. The **Claims Worksheet for Claim Type 23** window is an electronic version of Claim Form HUD-27011. Data fields are pre-filled by the system from loan transactions and timelines (Due and Payable). Note: The transactions will be added on the claim form only if due and payable timeline has been initiated on the loan with exception to HUD-1 closing costs. The following links are available in the window header:

- **Save Changes:** Save changes made to the claim form
- **Validate Claim:** Execute the validations on the claim form. Failed validations are displayed with a validation message.
- **View Claim:** Generate a PDF of the Claim Form HUD-27011
- **Finalize and Submit Claim:** Enables servicers to submit a claim. Claims with failed validations cannot be submitted.

Step 9. Enter short sale information in the **Disposition Information**. This information is used by the system to prefill data fields in **Part A** of the claim form and **Block 108** on **Part B**.

Step 10. Click the **Save Changes** link after populating the relevant fields in the **Disposition Information** section.

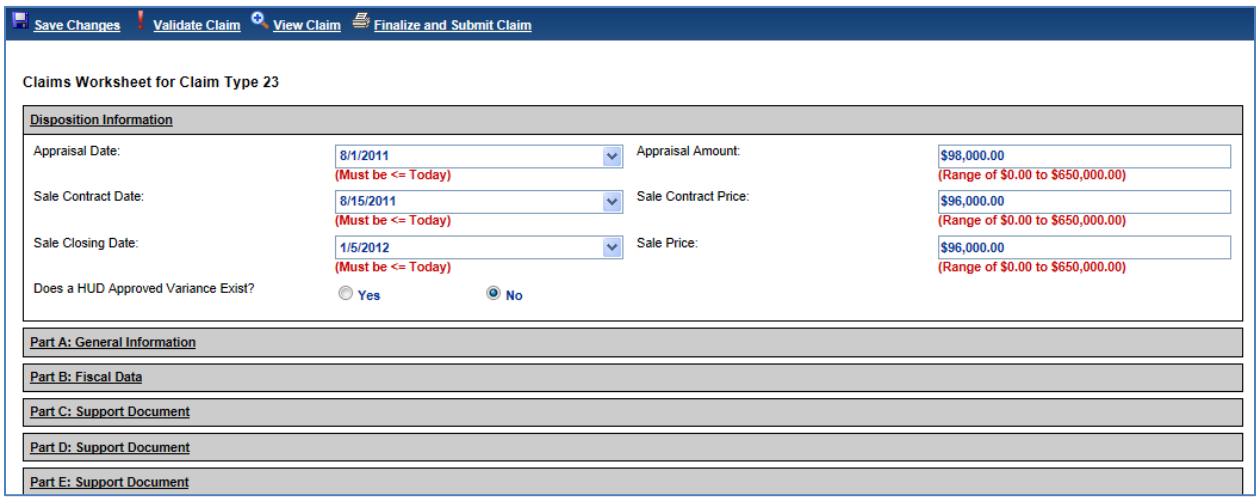


Figure 8-28: Claims Worksheet for CT 23

Step 11. Review the data populated on the **Claim Form HUD-27011** by selecting each of the sections listed below and make any required updates.

- Disposition Information
- **Part A:** General Information
- **Part B:** Fiscal Data
- **Part C:** Support Documents
- **Part D:** Support Documents
- **Part E:** Support Documents

Notes:

- Provide the description of the expenses for description type - **Other**.
- Attach the support documentation (such as HUD-1 form, invoices for the expenses etc.) in the **Documents** tab as part of the claim package.
- Parts C, D, and E will be pre-filled with data only if the transactions are added on the loan. This can be done manually via **Transactions-> Loan** screen, or through B2G transactions file upload.
- **Missing Investor Banking Information**: If the Investor Banking information (Routing#, Tax ID or Account#) is missing, the system will not allow the servicer to submit the claim. A validation error message will be displayed on the Claims Worksheet.

At the time of claim submission, if any of the required timeframes are not met, the system will use the curtailment date (first missed date) to calculate the debenture interest on expenses (Part C, Part D and Item 409 in part E) and outstanding loan balance.

Validation Errors

Errors were encountered while validating the claim

Please review the below errors and correct before continuing.

Part	Block #	Error Message
Part A	Block 35	Banking information for the Investor of this loan is missing/incomplete. The Investor's Routing, Account and Tax ID Numbers are required before a claim can be submitted.

Disposition Information

Part A: General Information

Part B: Fiscal Data

Part C: Support Document

Part D: Support Document

Part E: Support Document

Figure 8-29: Claims Worksheet for CT 23 with Missing Banking Information Validation Error

- **Negative claim amount:** If the total claim amount does not exceed the proceeds received from sale of the property by the lender/investor (Holder of the property), the system will not allow the servicer to submit the claim. A validation error message will be displayed on the Claims Worksheet. Additional links to **View HECM Worksheet** and **Print HECM Worksheet** will be displayed with the calculations details of the negative claim amount.

Step 12. Click **Validate Claim,** after completing the review.

Step 13. The following information is displayed at the top of the screen if any of the validations fail:

- Part of the Form HUD-27011 where the error occurred
- Field name associated with the error occurred
- Description of the error

Claims Worksheet for Claim Type 23

Validation Errors

Errors were encountered while validating the claim

Please review the below errors and correct before continuing.

Part	Block #	Error Message
N/A	N/A	Sale Contract Date is required.

Disposition Information

Part A: General Information

Part B: Fiscal Data

Part C: Support Document

Part D: Support Document

Part E: Support Document

Figure 8-30: Claims Worksheet for CT 23 with Validation Errors

Step 14. Update the information and click **Save** Changes. Then, click **Validate Claim** to check if for any validations issues.

Step 15. Success validation message is displayed, if there are no validation issues.

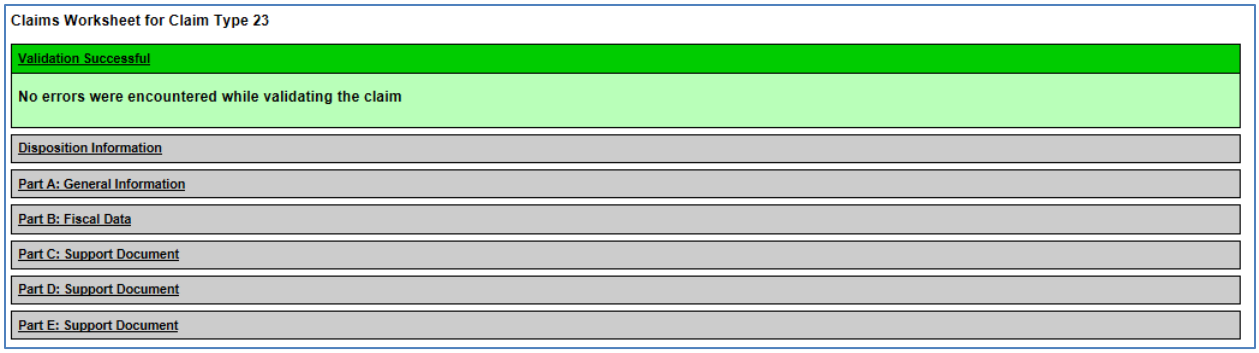


Figure 8-31: Claims Worksheet for CT 23 with No Validation Errors

Step 16. Click **Finalize and Submit** when the claim is ready for submission. After the claim is submitted, the claim form can no longer be updated.

Step 17. A pop-up message is displayed for **MCA** Validation indicating that the claim amount will be adjusted if the Maximum Claim Amount is exceeded. The pop-up message to verify the investor (Holder of the property) is also displayed. Click **Yes**.

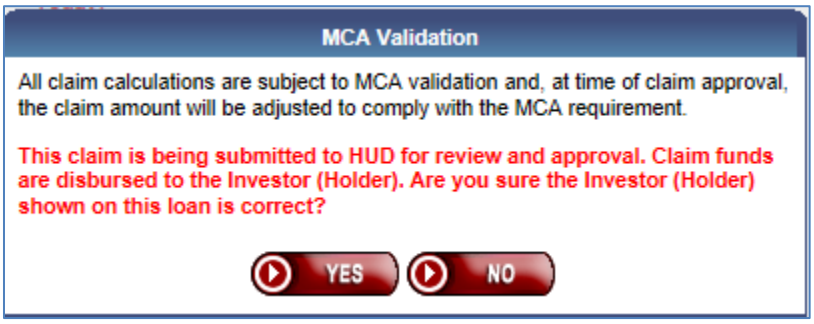


Figure 8-32: MCA and Investor Validation Message for CT 23

Step 18. A pop-up message is displayed requesting the user to **Certify** the claim form. Click **Yes**.

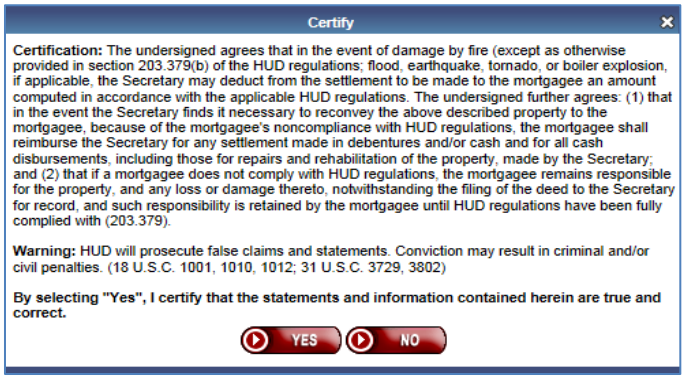


Figure 8-33: Certify Window – CT 23

Step 19. The final Claim Form HUD-27011 is auto-saved in the Documents tab. Only the **View Claim** link is available on the header; the remaining links to **Save Changes, Validate Claim** and **Finalize and Submit** will no longer be displayed.

Step 20. The final claim form is displayed in a file download window with options to Open, Save or Cancel. If the number of line items exceed in the current page of the Claim

Form HUD-27011, then the additional line items are displayed on the next page for the corresponding part (for example: If MIP expenses exceed on Part D, then the additional MIP's are displayed in the next page showing the Part D expenses).

Step 21. The completion date on the step **Servicer Files Claims – 27011** is pre-filled with the date the claim is submitted.

Step 22. The claim is now ready for HUD review. When the claim is approved by HUD, the Advice of Payment is automatically generated and displayed on the Documents screen. Select the Documents screen from the menu on the left side of the screen and click the **View** link beside the **Claim Type 23 – Final Claim Calculation – AOP**. Select **Open** on the file download window to view the document.

8.5 Initiating and Submitting Claim Type 24

This claim is initiated by a servicer on behalf of a lender/investor if additional reimbursements are required from HUD on a previously settled claim (case sub- status Terminate – CT 21 or Terminate – CT 23). This timeline requires HUD Claims Staff interaction.

CT 24 can be submitted only if prior claims CT 21 or CT 23 are submitted in the Servicing Module. The initial claim (CT 21 or CT 23) must be in paid status.

Only one active Claim Type 24 – HECM Supplemental timeline can be associated with a loan. The Servicing Management tab can be used to inactivate the timeline. Once the timeline is inactivated, none of the steps can be edited. The timeline cannot be activated once inactivated.

To initiate a **Claim Type 24 – HECM Supplemental** timeline:

Step 1. On the **Endorsed Claims Setup Search** screen, enter the loan search criteria and click **Search**.

Step 2. From the search results, select a loan to initiate the timeline.

Step 3. On the **Edit Servicing Management** Window, select Claim Type 24 – HECM Supplemental from the **Servicing Type** dropdown and populate the required fields (marked with an asterisk).

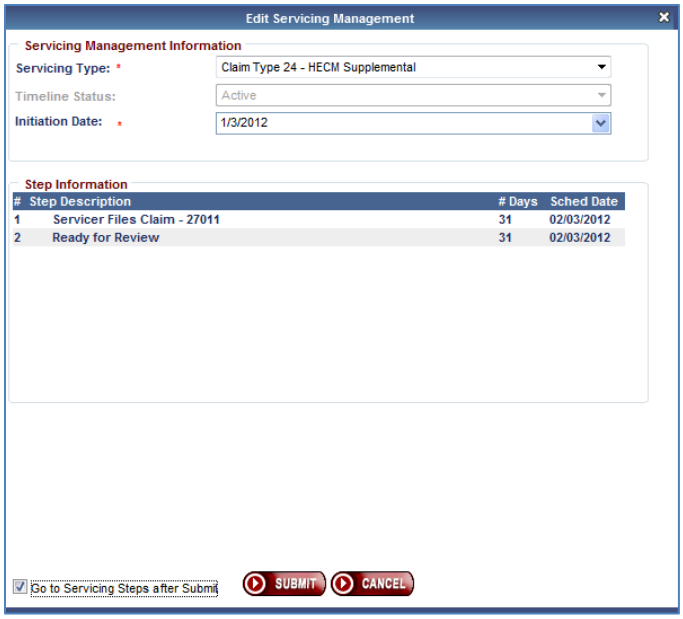


Figure 8-34: Initiating Claim Type 24

Step 4. At the bottom of this window, check the **Go to Servicing Steps after Submit**.

Step 5. Click **Submit**. If you click **Cancel**, the **Endorsed Claims Setup Search** Screen will be displayed. The **Claims Steps** screen for Claim Type 24 – HECM Supplemental timeline is displayed.

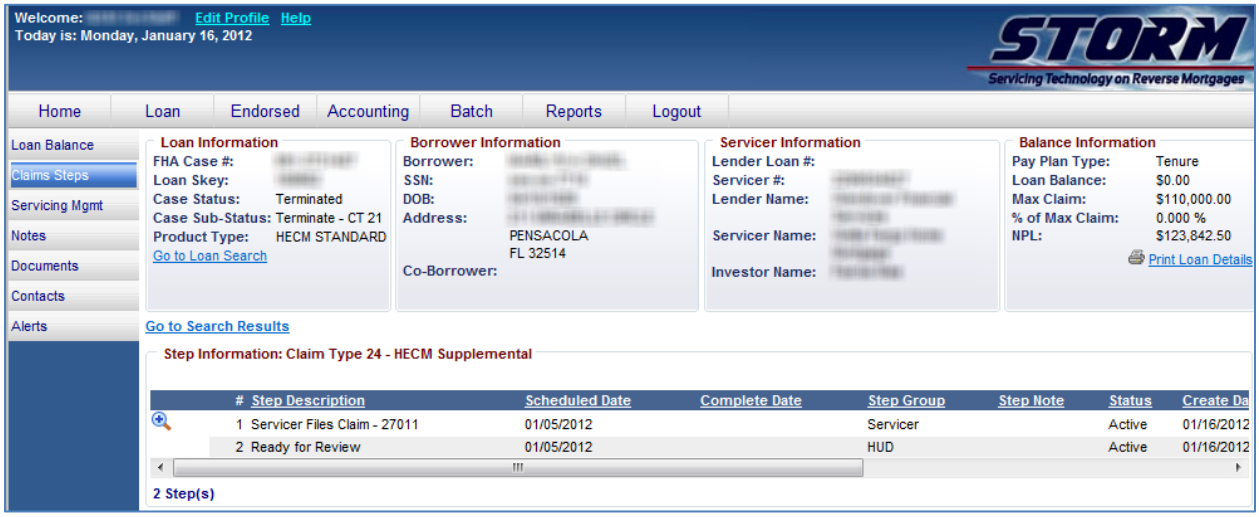


Figure 8-35: Step Information for Claim Type 24 – HECM Supplemental

Step 6. On the **Claims Steps** screen for Claim Type 24 – HECM Supplemental timeline, click the **magnifying glass icon** beside Step1 Servicer Files Claim – 27011.

Step 7. The **Claims Worksheet for Claim Type 24** window is displayed. A pop-up message is displayed for **MCA** Validation indicating that the claim amount will be adjusted if it exceeds Maximum Claim Amount. Click **OK** to proceed.

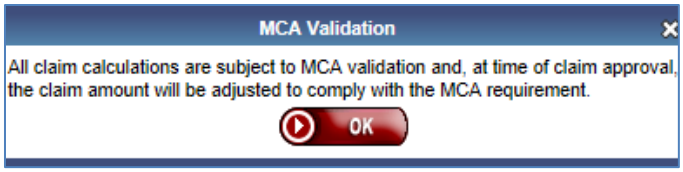


Figure 8-36: MCA Validation Message for CT 24

Step 8. The **Claims Worksheet for Claim Type 24** window is an electronic version of Claim Form HUD-27011. Data fields are pre-filled by the system from the initial claim. Note: Only the new transactions or transactions that have been adjusted post initial claim payment will be pre-filled on the claim form. The following links are available in the window header:

- **Save Changes:** Save changes made to the claim form
- **Validate Claim:** Execute the validations on the claim form. Failed validations are displayed with a validation message
- **View Claim:** Generate a PDF of the Claim Form HUD-27011
- **Finalize and Submit Claim:** Enables servicers to submit a claim. Claims with failed validations cannot be submitted

Step 9. Update the data fields on claim worksheet as needed. Click the **Save Changes.**

Step 10. Review the data populated on the **Claim Form HUD-27011** by selecting each of the sections listed below and make any required updates.

- **Part A:** General Information
- **Part B:** Fiscal Data
- **Part C:** Support Documents
- **Part D:** Support Documents
- **Part E:** Support Documents

Notes:

- Provide the description of the expenses for description type - **Other**.
- Attach the support documentation (such as HUD-1 form, invoices for the expenses etc.) in the **Documents** tab as part of the claim package.
- Parts C, D, and E will be pre-filled with data only if the transactions are added on the loan. This can be done manually via **Transactions-> Loan** screen, or through B2G transactions file upload.

- **Missing Banking Information**: If the Investor Banking information (Routing#, Tax ID or Account#) is missing, the system will not allow the servicer to submit the claim. A validation error message will be displayed on the Claims Worksheet.

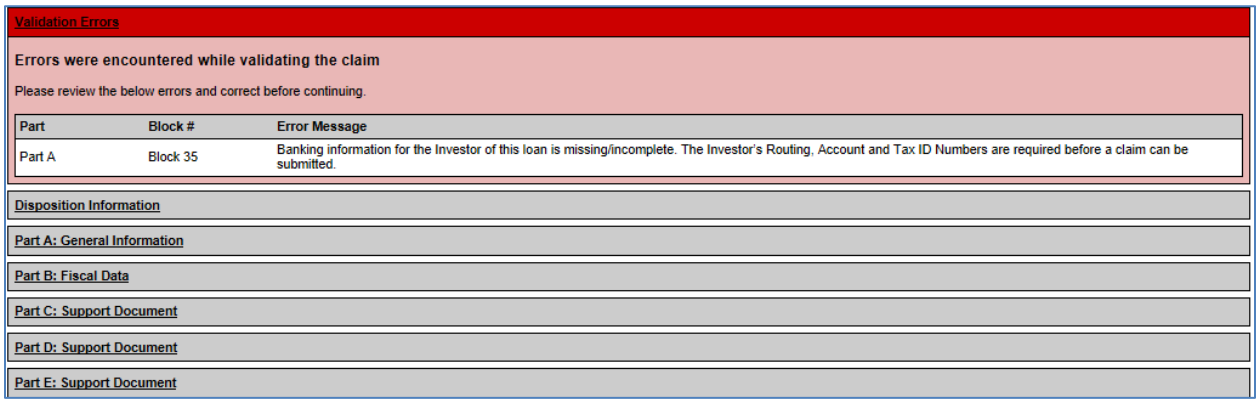


Figure 8-37: Claims Worksheet for CT 24 with Missing Investor Banking Information Validation Error

- **Negative Claim Amount**: If the total claim amount does not exceed the proceeds received from sale of the property by the lender/investor (Holder of the property), the system will not allow the servicer to submit the claim. A validation error message will be displayed on the Claims Worksheet.

Step 11. Click **Validate Claim,** after completing the review.

Step 12. The following information is displayed at the top of the screen if any of the validations fail:

- Part of the Form HUD-27011 where the error occurred
- Field name associated with the error occurred
- Description of the error

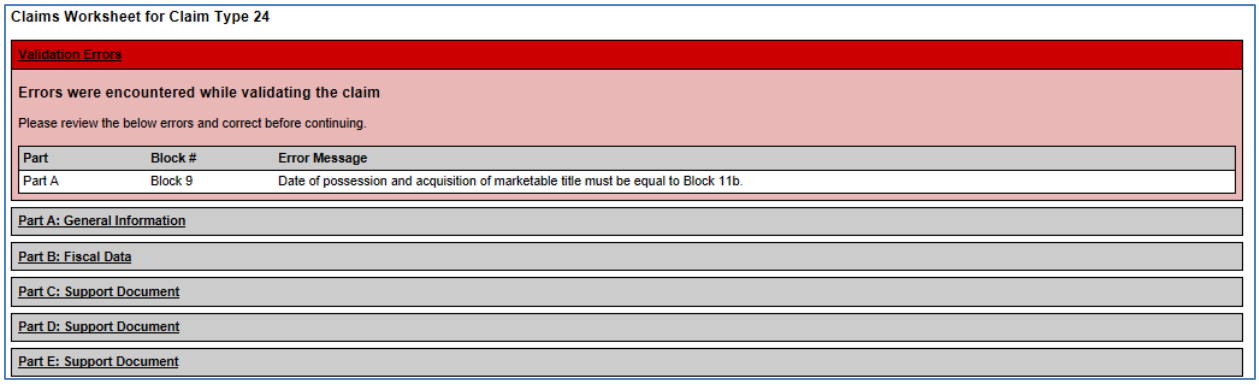


Figure 8-38: Claims Worksheet for CT 24 with Validation Errors

Step 13. Update the information and click **Save** Changes. Then, click **Validate Claim** to check if for any validations issues.

Step 14. Success validation message is displayed, if there are no validation issues.

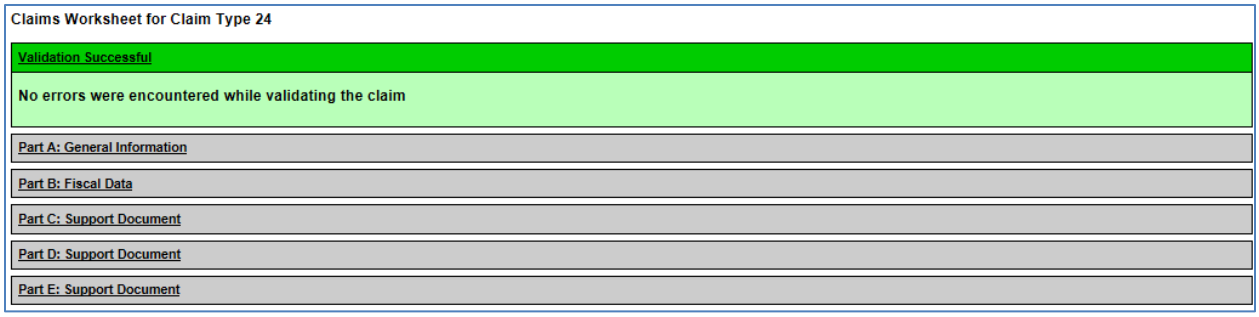


Figure 8-39: Claims Worksheet for CT 24 with no Validation Errors

Step 15. Click **Finalize and Submit** when the claim is ready for submission. After the claim is submitted, the claim form can no longer be updated.

Step 16. A pop-up message is displayed for **MCA** Validation indicating that the claim amount will be adjusted if the Maximum Claim Amount is exceeded. The pop-up message to verify the investor (Holder of the property) is also displayed. Click **Yes**.

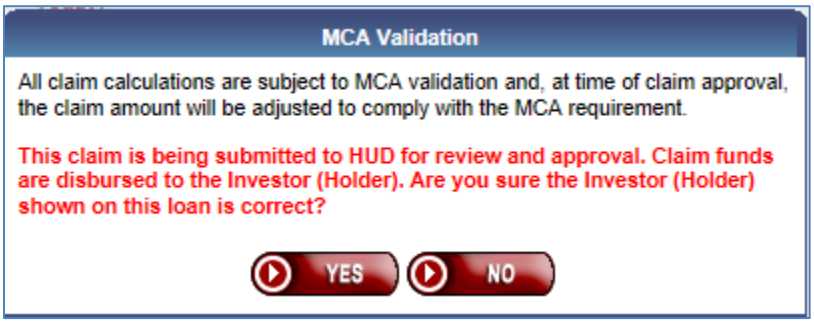


Figure 8-40: MCA and Investor Validation Message for CT 24

Step 17. A pop-up message is displayed requesting the user to **Certify** the claim form. Click **Yes**.

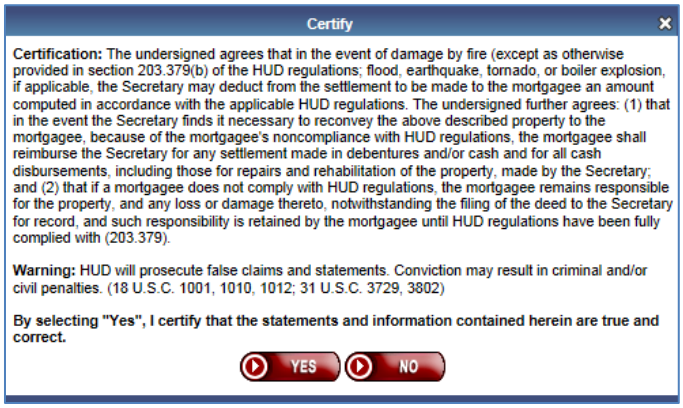


Figure 8-41: Certify Window – CT 24

Step 18. The final Claim Form HUD-27011 is auto-saved in the Documents tab. Only the **View Claim** link is available on the header; the remaining links to **Save Changes, Validate Claim** and **Finalize and Submit** will no longer be displayed.

Step 19. The final claim form is displayed in a file download window with options to Open, Save or Cancel. If the number of line items exceed in the current page of the Claim

Form HUD-27011, then the additional line items are displayed on the next page for the corresponding part (for example: If MIP expenses exceed on Part D, then the additional MIP's are displayed in the next page showing the Part D expenses).

Step 20. The completion date on the step **Servicer Files Claims – 27011** is pre-filled with the date the claim is submitted.

Step 21. The claim is now ready for HUD review. When the claim is approved by HUD, the Advice of Payment is automatically generated and displayed on the Documents screen. Select the Documents screen from the menu on the left side of the screen and click the **View** link beside the **Claim Type 24 – Final Claim Calculation – AOP**. Select **Open** on the file download window to view the document.

8.6 Reviewing and Processing Claims

Once a claim is submitted, HUD Claims staff can use the Endorsed Claims Search screen to search for submitted claims.

The following table provides the claim type and status search criteria:

Workflow Activity	Servicing Type	Claim Status	Servicing Status
Search claims that have been submitted and require review by HUD Note: Applicable only for CT 21, 23 & 24	• Claim Type 21 – DIL/FCL • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Filed by Servicer	Ready for Review
Search claims that have been re-submitted and require re-review by HUD Note: Applicable only for CT 21, 23 & 24	• Claim Type 21 – DIL/FCL • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Pending Additional Info	Re Review
Search approved claims Note: The timeline status must be selected as "All".	• Claim Type 21 – DIL/FCL • Claim Type 22 – Assignment • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Approved for Payment	N/A
Search for claims that have been approved but cancelled prior to payment submission to the Accounting Module	• Claim Type 21 – DIL/FCL • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Approved for Payment	Re Review
Search denied claims Note: The timeline status must be selected as "All".	• Claim Type 21 – DIL/FCL • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Denied	N/A

Workflow Activity	Servicing Type	Claim Status	Servicing Status
Search for claims that have been submitted for payment Note: The timeline status must be selected as "All".	• Claim Type 21 – DIL/FCL • Claim Type 22 – Assignment • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Submitted for Payment	N/A
Search for claims that have been paid Note: The timeline status must be selected as "All".	• Claim Type 21 – DIL/FCL • Claim Type 22 – Assignment • Claim Type 23 - Short Sale/ Mortgagor's Sale (Pre-Fcl) • Claim Type 24 – HECM Supplemental	Claim Paid	N/A

Table 8-4: Search Criteria by Claim Type

8.6.1 Approving a Claim

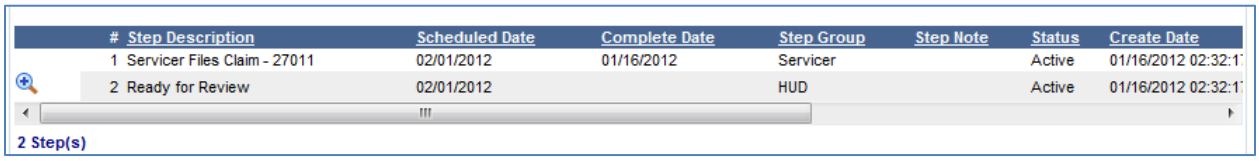
To approve a claim:

Step 1. On the **Endorsed Claims Search** Screen, enter the search criteria to review the submitted claims and click **Search.**

Claim Type 22 is auto-approved upon submission.

Step 2. From the search results, select a claim to review.

Step 3. On the **Claims Steps** screen for the claim type timeline, select the **magnifying glass icon** beside Step 2 **Ready for Review**.



#	Step Description	Scheduled Date	Complete Date	Step Group	Step Note	Status	Create Date
1	Servicer Files Claim - 27011	02/01/2012	01/16/2012	Servicer		Active	01/16/2012 02:32:1
2	Ready for Review	02/01/2012		HUD		Active	01/16/2012 02:32:1

2 Step(s)

Figure 8-42: Step Information for a Claim Type

Step 4. A new window with the **Claims Worksheet** for Claim Type is displayed.

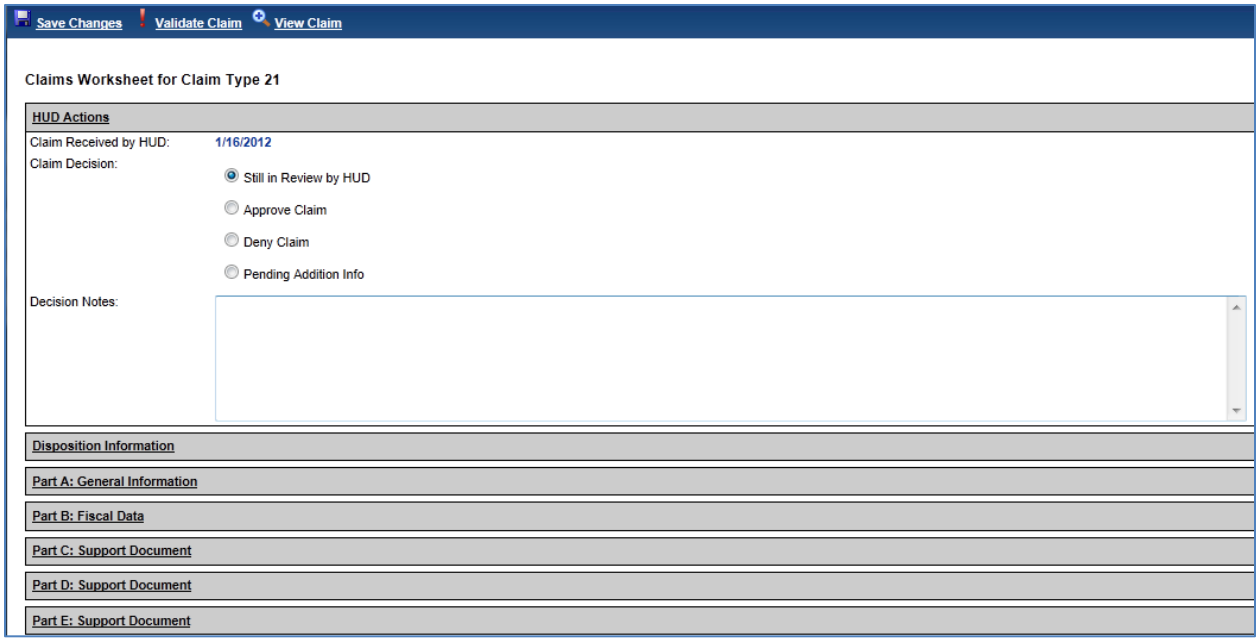


Figure 8-43: Sample Claims Worksheet

Step 5. The Claims Worksheet for **Claim Type** window is an electronic version of Claim Form HUD-27011 that was submitted by a servicer. The following links are available on the window header:

- **Save Changes:** Save the changes made to the HUD Actions section
- **Validate Claim:** Executes the validations on the claim form. Failed validations are displayed with validation message.
- **View Claim:** Generates a PDF of the Claim Form HUD-27011

Step 6. Review the claim by each section. Note: Refer to **Documents** tab for claims package attached by the servicers during claims submission.

- HUD Actions
- Disposition Information (only for CT 21 and CT 23)
- **Part A:** General Information
- **Part B:** Fiscal Data
- **Part C:** Support Documents
- **Part D:** Support Documents
- **Part E:** Support Documents

Step 7. After completing the review, click **Approve**. You can optionally add **Decision Notes**.

Step 8. Click **Save Changes** to save the **HUD Actions** section. The Claim Form HUD-27011 is auto-saved in the **Documents** tab.

Step 9. The claim form is displayed via a file download window with options to **Open, Save** or **Cancel**.

Step 10. Close the **Claims Worksheet** after viewing the claim form.

Step 11. The Completion Date on the step, **Ready for Review**, is pre-filled with the approved date. The claim is now approved for payment.

Step Information: Claim Type 21 - DIL/FCL

#	Step Description	Scheduled Date	Complete Date	Step Group	Step Note	Status	Create Date
1	Servicer Files Claim - 27011	01/05/2012	01/16/2012	Servicer		Active	01/03/2012 05:12:34 PM
2	Ready for Review	01/05/2012	01/16/2012	HUD		Active	01/03/2012 05:12:34 PM
3	Approved for Payment	01/16/2012	01/16/2012	HUD		Active	01/16/2012 11:58:18 AM

3 Step(s)

Figure 8-44: Sample Claim Approval Step

Step 12. A new step, Approved for Payment, is automatically added with Completion Date pre-filled with the approved date.

Step 13. When the claim is approved by HUD, the Advice of Payment is automatically generated and displayed on the Documents screen. Select the Documents screen from the menu on the left side of the screen and click the View link beside the Claim Type XX – Final Claim Calculation – AOP. Select Open on the file download window to view the document.

Step 14. When the claim is approved for payment, a transaction code is captured on the Transactions - Claim screen. This transaction code is sent to the Accounting Module for further payment processing.

8.6.2 Denying a Claim

To deny a claim:

Step 1. On the **Endorsed Claims Search** Screen, enter the search criteria to review the submitted claims and click **Search.**

Claim Type 22 is auto-approved upon submission and cannot be denied.

Step 2. From the search results, select a claim to review.

Step 3. On the **Claims Steps** screen for the claim type timeline, select the **magnifying glass icon** beside Step 2 **Ready for Review.**

#	Step Description	Scheduled Date	Complete Date	Step Group	Step Note	Status	Create Date
1	Servicer Files Claim - 27011	02/01/2012	01/16/2012	Servicer		Active	01/16/2012 02:32:1
2	Ready for Review	02/01/2012		HUD		Active	01/16/2012 02:32:1

2 Step(s)

Figure 8-45: Step Information for a Claim Type

Step 4. A new window with the **Claims Worksheet** for Claim Type is displayed.

Step 5. The Claims Worksheet for **Claim Type** window is an electronic version of Claim Form HUD-27011 that was submitted by a servicer. The following links are available on the window header:

- **Save Changes:** Save the changes made to the HUD Actions section
- **Validate Claim:** Executes the validations on the claim form. Failed validations are displayed with validation message.
- **View Claim:** Generates a PDF of the HUD Claim Form-27011

Step 6. Review the claim by each section. Note: Refer to **Documents** tab for claims package attached by the servicers during claims submission.

- HUD Actions

- Disposition Information (only for CT 21 and CT 23)
- **Part A:** General Information
- **Part B:** Fiscal Data
- **Part C:** Support Documents
- **Part D:** Support Documents
- **Part E:** Support Documents

Step 7. After completing the review, click **Deny**. Enter **Decision Notes** to proceed.

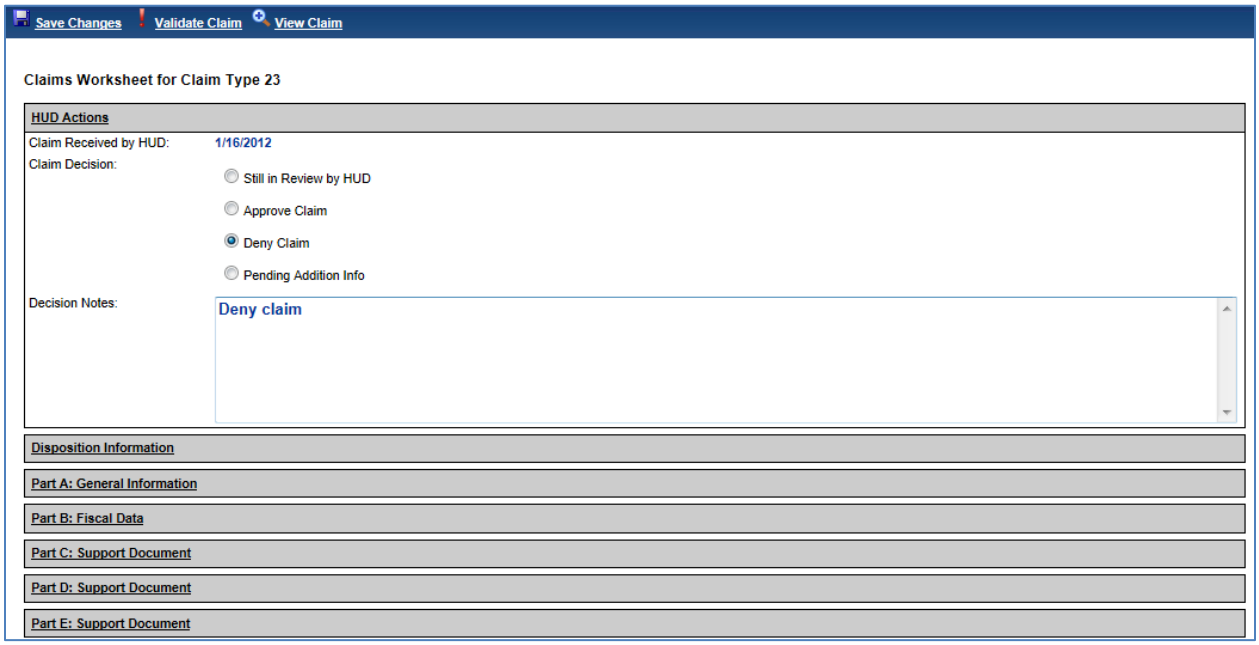


Figure 8-46: Sample Claims Worksheet – Deny Claim

Step 8. Click **Save Changes** to save the **HUD Actions** section. The Claim Form HUD-27011 is auto-saved in the **Documents** tab.

Step 9. The claim form is displayed via a file download window with options to **Open, Save** or **Cancel**.

Step 10. Close the **Claims Worksheet** after viewing the claim form.

Step 11. The Completion Date on the step, **Ready for Review**, is pre-filled with the denied date. The claim is now denied.

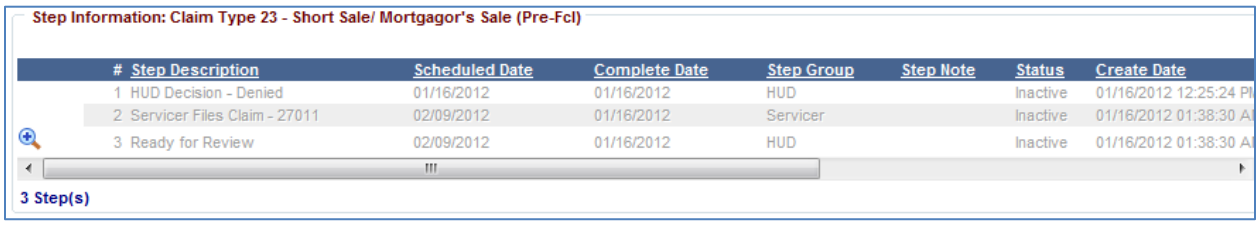


Figure 8-47: Sample Claim Denied Step

Step 12. A new step, **HUD Decision - Denied**, is automatically added with **Completion Date** pre-filled with the denied date.

8.6.3 Requesting Pending Additional Information About a Claim

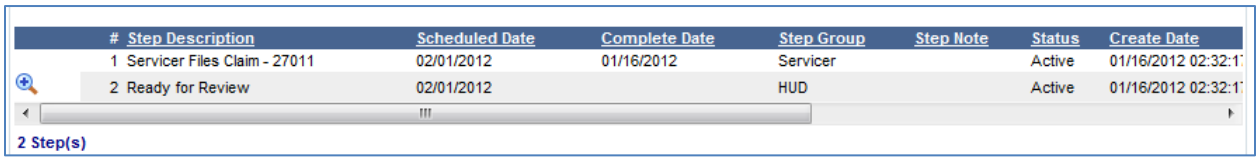
To request additional information:

Step 1. On the **Endorsed Claims Search** Screen, enter the search criteria to review the submitted claims and click **Search.**

Step 2. From the search results, select a claim to review.

Claim Type 22 is auto-approved upon submission and cannot be re-sent to Servicer requesting for additional information.

Step 3. On the **Claims Steps** screen for the claim type timeline, select the **magnifying glass icon** beside Step 2 **Ready for Review**.



#	Step Description	Scheduled Date	Complete Date	Step Group	Step Note	Status	Create Date
1	Servicer Files Claim - 27011	02/01/2012	01/16/2012	Servicer		Active	01/16/2012 02:32:1
2	Ready for Review	02/01/2012		HUD		Active	01/16/2012 02:32:1

2 Step(s)

Figure 8-48: Step Information for a Claim Type

Step 4. A new window with the **Claims Worksheet** for Claim Type is displayed.

Step 5. The Claims Worksheet for **Claim Type** window is an electronic version of Claim Form HUD-27011 that was submitted by a servicer. The following links are available on the window header:

- **Save Changes:** Save the changes made to the HUD Actions section
- **Validate Claim:** Executes the validations on the claim form. Failed validations are displayed with validation message.
- **View Claim:** Generates a PDF of the Claim Form HUD-27011

Step 6. Review the claim by each section. Note: Refer to **Documents** tab for claims package attached by the servicers during claims submission.

- HUD Actions
- Disposition Information (only for CT 21 and CT 23)
- **Part A:** General Information
- **Part B:** Fiscal Data
- **Part C:** Support Documents
- **Part D:** Support Documents
- **Part E:** Support Documents

Step 7. After completing the review, click **Pending Additional Info**. Enter **Decision Notes** to proceed.

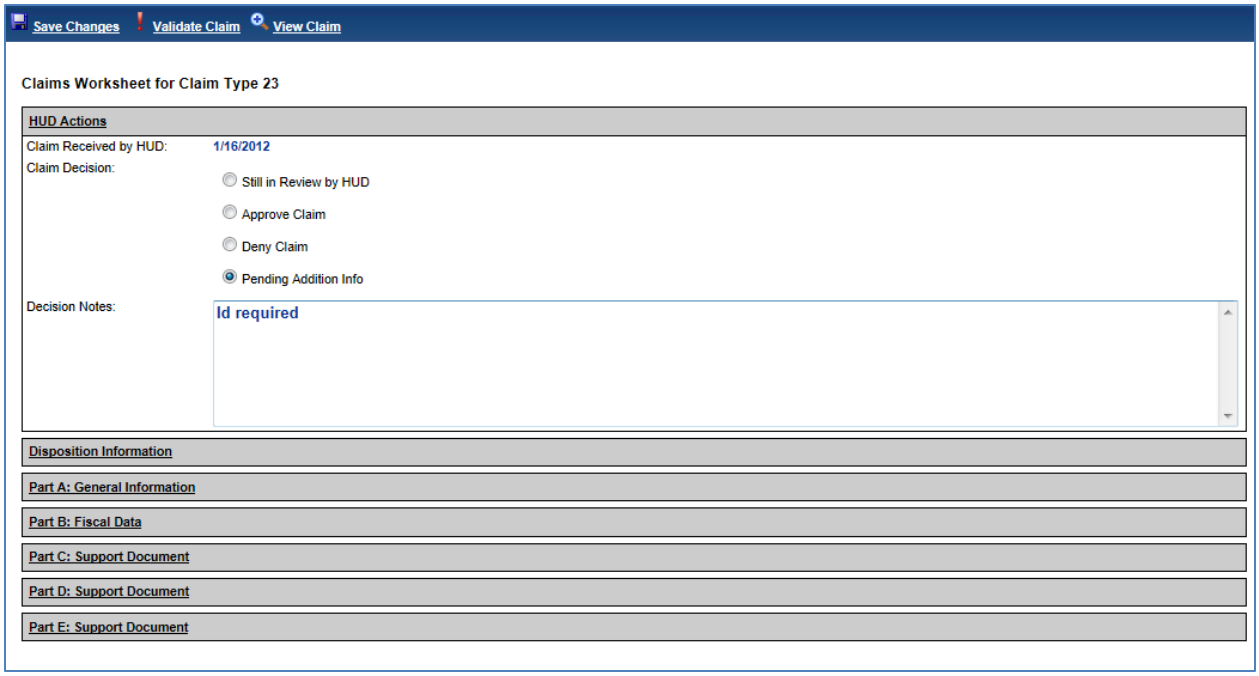


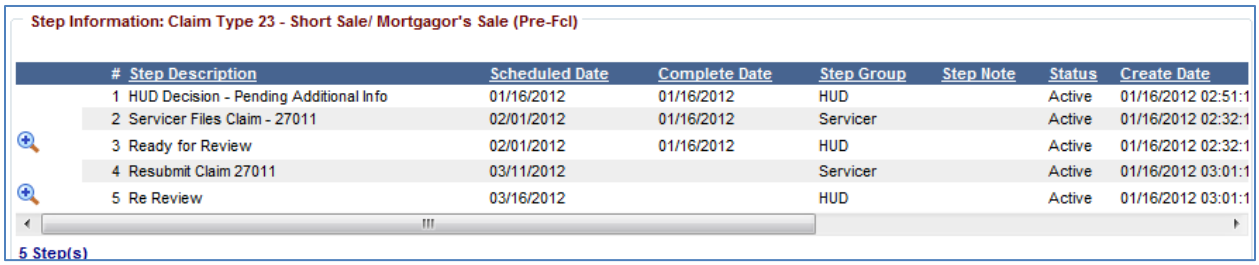
Figure 8-49: Sample Claims Worksheet – Pending Additonal Information

Step 8. Click **Save Changes** to save the **HUD Actions** section. The Claim Form HUD-27011 is auto-saved in the **Documents** tab.

Step 9. The claim form is displayed via a file download window with options to **Open, Save** or **Cancel**.

Step 10. Close the **Claims Worksheet** after viewing the claim form.

Step 11. The Completion Date on the step, **Ready for Review**, is pre-filled with the pre filled with the request date.



#	Step Description	Scheduled Date	Complete Date	Step Group	Step Note	Status	Create Date
1	HUD Decision - Pending Additional Info	01/16/2012	01/16/2012	HUD		Active	01/16/2012 02:51:1
2	Servicer Files Claim - 27011	02/01/2012	01/16/2012	Servicer		Active	01/16/2012 02:32:1
3	Ready for Review	02/01/2012	01/16/2012	HUD		Active	01/16/2012 02:32:1
4	Resubmit Claim 27011	03/11/2012		Servicer		Active	01/16/2012 03:01:1
5	Re Review	03/16/2012		HUD		Active	01/16/2012 03:01:1

Figure 8-50: Sample Claim Pending Additonal Information Step

Step 12. Three new steps are added:

- **HUD Decision -** Pending Additional Info is automatically added with Completion date pre-filled with the request date.
- **Resubmit Claim 27011:** The servicer must re-submit the Claim Form HUD-27011. Upon resubmission the completion date is pre-filled with the date the claim was re-submitted.
- **Re Review:** The HUD Claims staff must re review the Claim Form HUD-27011. Upon HUD action (approve, deny or pending additional info), the completion date is pre-filled with the date.

8.6.3.1 Resubmitting a Claim

To resubmit a claim:

Step 1. On the **Endorsed Claims Search** screen, enter the loan search criteria and click **Search**.

Step 2. From the search results, select a claim to resubmit.

Step 3. The **Claims Step** screen for the claim type timeline is displayed.

#	Step Description	Scheduled Date	Complete Date	Step Group	Step Note	Status	Create Date
1	HUD Decision - Pending Additional Info	01/16/2012	01/16/2012	HUD		Active	01/16/2012 02:51:1
2	Servicer Files Claim - 27011	02/01/2012	01/16/2012	Servicer		Active	01/16/2012 02:32:1
3	Ready for Review	02/01/2012	01/16/2012	HUD		Active	01/16/2012 02:32:1
4	Resubmit Claim 27011	03/11/2012		Servicer		Active	01/16/2012 03:01:1
5	Re Review	03/16/2012		HUD		Active	01/16/2012 03:01:1

5 Step(s)

Figure 8-51: Step Information for a Claim Resubmission

Step 4. Click the magnifying glass icon beside Step - **Resubmit Claim 27011**.

Step 5. A new window with the **Claims Worksheet** for claim type is displayed. A pop-up message is displayed for **MCA** Validation indicating that the claim amount will be adjusted if it exceeds Maximum Claim Amount. Click **OK** to proceed.

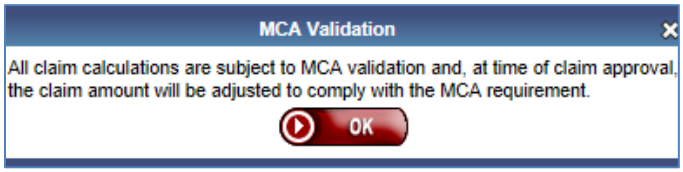


Figure 8-52: MCA Validation Message CT 21, CT 23 and CT 24

Step 6. Comments entered by HUD Claims staff requesting additional information is displayed in the **Claims Worksheet** window. The following links are available in the window header:

- **Save Changes:** Save changes made to the claim form
- **Validate Claim:** Execute the validations on the claim form. Failed validations are displayed with a validation message.
- **View Claim:** Generate a PDF of the Claim Form HUD-27011
- **Finalize and Submit Claim:** Enables servicers to submit a claim. Claims with failed validations cannot be submitted.

Step 7. Enter the requested information on claim worksheet. Click the **Save Changes.**

Step 8. Review the data populated on the **Claim Form HUD-27011** by selecting each of the sections listed below and make any required updates.

- Disposition Information (only for CT 21 and CT 23)
- **Part A:** General Information
- **Part B:** Fiscal Data
- **Part C:** Support Documents
- **Part D:** Support Documents
- **Part E:** Support Documents

Notes:

- Provide the description of the expenses for description type - **Other**.

- Attach the support documentation (such as HUD-1 form, invoices for the expenses etc.). in the **Documents** tab as part of the claim package.
- Parts C, D, and E will be pre-filled with data only if the transactions are added on the loan. This can be done manually via **Transactions - Loan** screen, or through B2G transactions file upload.

Step 9. Click **Validate Claim,** after completing the review.

Step 10. The following information is displayed at the top of the screen if any of the validations fail:
- Part of the Form HUD-27011 where the error occurred
- Field name associated with the error occurred
- Description of the error

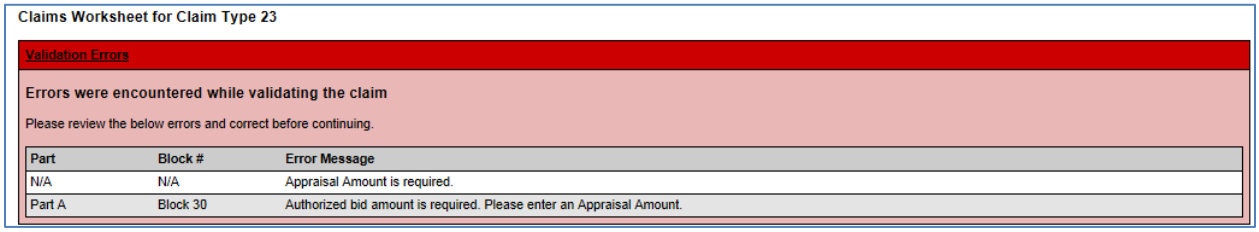


Figure 8-53: Sample Claims Worksheet with Validation Errors

Step 11. Update the information and click **Save** Changes. Then, click **Validate Claim** to check if for any validations issues.

Step 12. Success validation message is displayed, if there are no validation issues.

Figure 8-54: Sample Claims Worksheet with no Validation Errors

Step 13. Click **Finalize and Submit** when the claim is ready for submission. After the claim is submitted, the claim form can no longer be updated.

Step 14. A pop-up message is displayed for **MCA** Validation indicating that the claim amount will be adjusted if the Maximum Claim Amount is exceeded. Click **OK**.

Step 15. A pop-up message is displayed requesting the user to certify the claim form. Click **Yes**.

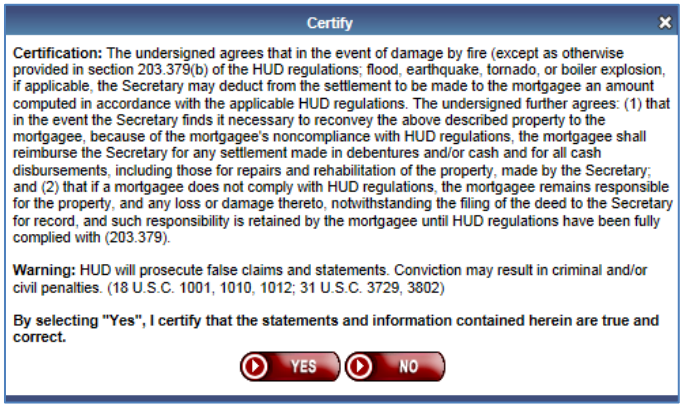


Figure 8-55: Certify Window – CT 21, CT 23 and CT 24

Step 16. The final Claim Form HUD-27011 is auto-saved in the Documents tab. Only the **View Claim** link is available on the header; the remaining links to **Save Changes, Validate Claim** and **Finalize and Submit** will no longer be displayed.

Step 17. The final claim form is displayed in a file download window with options to Open, Save or Cancel.

Step 18. The completion date on the step **Resubmit Claim 27011** is pre-filled with the date the claim is re-submitted.

Step 19. The claim is now ready for HUD re review.

#	Step Description	Scheduled Date	Complete Date	Step Group	Step Note	Status	Create Date
1	HUD Decision - Pending Additional Info	01/16/2012	01/16/2012	HUD		Active	01/16/2012 02:51:1
2	Servicer Files Claim - 27011	02/01/2012	01/16/2012	Servicer		Active	01/16/2012 02:32:1
3	Ready for Review	02/01/2012	01/16/2012	HUD		Active	01/16/2012 02:32:1
4	Resubmit Claim 27011	03/11/2012	01/16/2012	Servicer		Active	01/16/2012 03:01:1
5	Re Review	03/16/2012		HUD		Active	01/16/2012 03:01:1

5 Step(s)

Figure 8-56: Claim Ready for HUD Re Review

8.6.3.2 Re Reviewing a Claim

To re review a claim:

Step 1. On the **Endorsed Claims Search** Screen, enter the search criteria to review the submitted claims and click **Search.**

Step 2. From the search results, select a claim to review.

Step 3. On the **Claims Steps** screen for the claim type timeline, select the **magnifying glass icon** beside Step **Re Review.**

#	Step Description	Scheduled Date	Complete Date	Step Group	Step Note	Status	Create Date
1	HUD Decision - Pending Additional Info	01/16/2012	01/16/2012	HUD		Active	01/16/2012 02:51:1
2	Servicer Files Claim - 27011	02/01/2012	01/16/2012	Servicer		Active	01/16/2012 02:32:1
3	Ready for Review	02/01/2012	01/16/2012	HUD		Active	01/16/2012 02:32:1
4	Resubmit Claim 27011	03/11/2012	01/16/2012	Servicer		Active	01/16/2012 03:01:1
5	Re Review	03/16/2012		HUD		Active	01/16/2012 03:01:1

5 Step(s)

Figure 8-57: Step Information for a Claim Type – Re Review

Step 4. A new window with the **Claims Worksheet** for Claim Type is displayed.

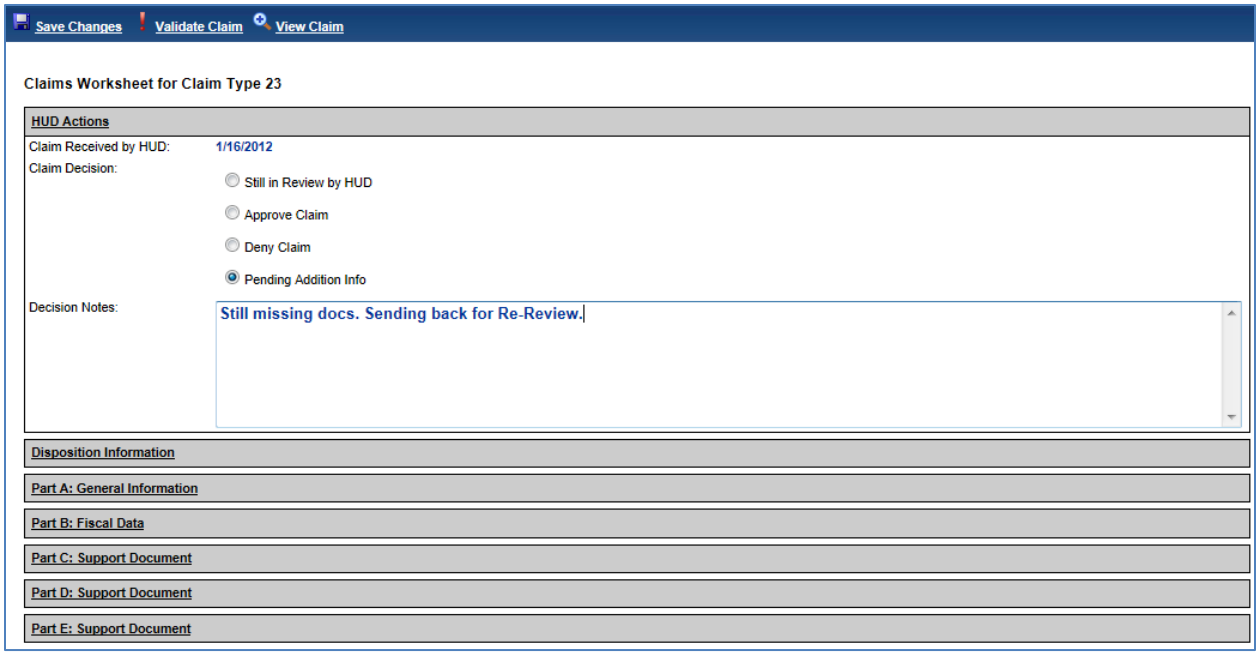


Figure 8-58: Sample Claims Worksheet – Re Review

Step 5. The Claims Worksheet for **Claim Type** window is an electronic version of Claim Form HUD-27011 that was submitted by a servicer. The following links are available on the window header:

- **Save Changes:** Save the changes made to the HUD Actions section
- **Validate Claim:** Executes the validations on the claim form. Failed validations are displayed with validation message.
- **View Claim:** Generates a PDF of the Claim Form HUD-27011

Step 6. Review the claim by each section. Note: Refer to **Documents** tab for claims package attached by the servicers during claims submission.

- HUD Actions
- Disposition Information (only for CT 21 or CT 23)
- **Part A:** General Information
- **Part B:** Fiscal Data
- **Part C:** Support Documents
- **Part D:** Support Documents
- **Part E:** Support Documents

Step 7. After completing the review, select an Approve, Deny or Pending Additional Info under HUD Actions section. Decision Notes are required for Deny or Pending Additional Info.

Step 8. Click **Save Changes** to save the **HUD Actions** section. The Claim Form HUD-27011 is auto-saved in the **Documents** tab.

Step 9. The claim form is displayed via a file download window with options to **Open, Save** or **Cancel**.

Step 10. Close the **Claims Worksheet** after viewing the claim form.

Step 11. The Completion Date on the step, **Re Review**, is pre-filled with the above decision date.

#	Step Description	Scheduled Date	Complete Date	Step Group	Step Note	Status	Create Date
1	HUD Decision - Pending Additional Info	01/16/2012	01/16/2012	HUD		Active	01/16/2012 02:51:1
2	HUD Decision - Pending Additional Info	01/16/2012	01/16/2012	HUD		Active	01/16/2012 03:23:0
3	Servicer Files Claim - 27011	02/01/2012	01/16/2012	Servicer		Active	01/16/2012 02:32:1
4	Ready for Review	02/01/2012	01/16/2012	HUD		Active	01/16/2012 02:32:1
5	Resubmit Claim 27011	03/11/2012		Servicer		Active	01/16/2012 03:32:5
6	Resubmit Claim 27011	03/11/2012	01/16/2012	Servicer		Active	01/16/2012 03:01:1
7	Re Review	03/16/2012		HUD		Active	01/16/2012 03:32:5
8	Re Review	03/16/2012	01/16/2012	HUD		Active	01/16/2012 03:01:1

8 Step(s)

Figure 8-59: Sample Claim Re Review Step

Step 12. Based on the action taken by HUD new steps will be automatically added:

- **Approved for Payment** is automatically added with Completion date pre-filled with the decision date. **Advice of Payment** will be displayed on the **Documents** tab.
- **Denied HUD Decision - Denied** is automatically added with Completion date pre-filled with the decision date.
- **Pending Additional Info**:
  - **HUD Decision - Pending Additional Info** is automatically added with Completion date pre-filled with the decision date.
  - **Resubmit Claim 27011:** The servicer must re-submit the Claim Form HUD-27011. Upon resubmission the completion date is pre-filled with the date the claim was re-submitted.
  - **Re Review:** The HUD Claims staff must re review the Claim Form HUD-27011. Upon HUD action (approve, deny or pending additional info), the Completion Date is pre-filled with the decision date.

8.7 No Pay Order

The Servicing Module allows the authorized user to add a No Pay Order on a loan or Servicer. When a No Pay Order is added on a loan or Servicer:

- The Servicer will not be able to submit a claim associated with the loan.
- If a claim is already submitted prior to the No Pay order, the claim cannot be approved by HUD Claims staff (the claim timeline will be inactivated upon No Pay Order).
- If a claim is already approved for payment and payment transaction has not been sent to the Accounting Module, the claim payable request will not be sent to Accounting Module (the claim timeline will be inactivated upon No Pay Order).
- If a claim has already been submitted for payment, the system cannot withdraw the payment request sent to the Accounting Module.

8.7.1 Adding a No Pay Order on a Loan

To add a No Pay Order on a loan:

Step 1. Click the **Loan** tab.

Step 2. Enter the search criteria for the loan that requires no pay order and click **Search.**

Step 3. Select the loan from the **Search Results** section.

Step 4. Click **Loan Details** on the left side of the **Loan Balance** screen.

Step 5. Click **Edit** at the bottom of the **Loan Identifiers** section on the **Loan Details** screen.

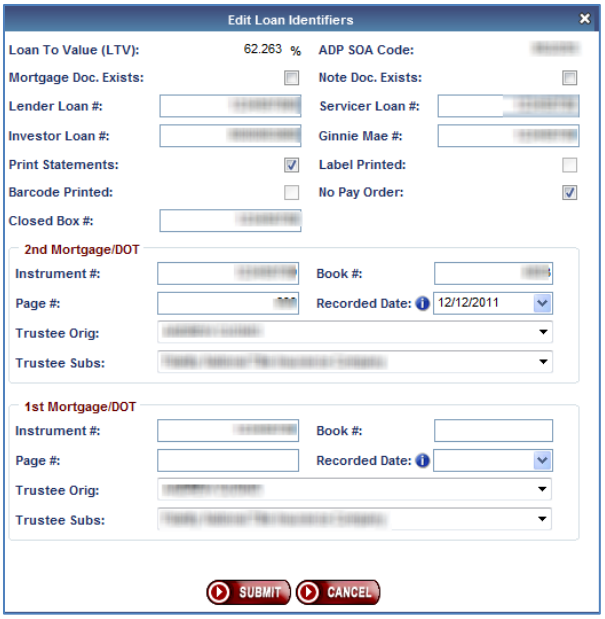


Figure 8-60: No Pay Order – Edit Loan Identifiers Window

Step 6. Select the checkbox beside the **No Pay Order** field and click **Submit** on **the Edit Loan Identifiers** window.

Step 7. A pop-up window is displayed, requesting the user to confirm action and notifying user that all claims timelines associated with the loan that have not been submitted to Accounting Module for payment will be inactivated. Click **OK.**

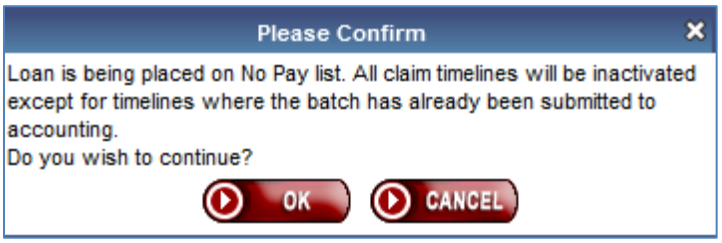


Figure 8-61: No Pay Order – Confirmation Window

Step 8. This completes the no pay order on a loan.

Step 9. To remove the no pay order, select the loan and uncheck the No Pay Order checkbox and click **Submit.**

8.7.2 Adding a No Pay Order on a Servicer

To add a No Pay Order on a servicer:

Step 1. Click the **Admin** tab.

Step 2. Click **Servicer** at the left side of the **Admin** screen.

Step 3. Enter the search criteria of the Servicer that requires no pay order, click **Search**.

Step 4. Select the Servicer from the **Search Results**.

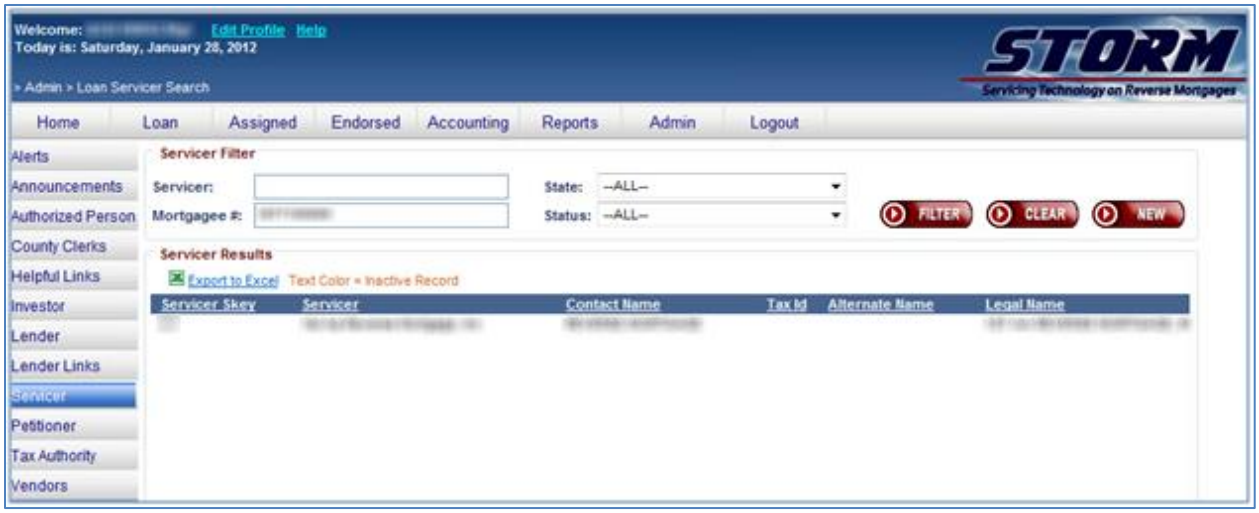


Figure 8-62: Admin - Servicer Screen

Step 5. Select the checkbox beside the **No Pay** field under the **No Pay Information** section and click **OK**.

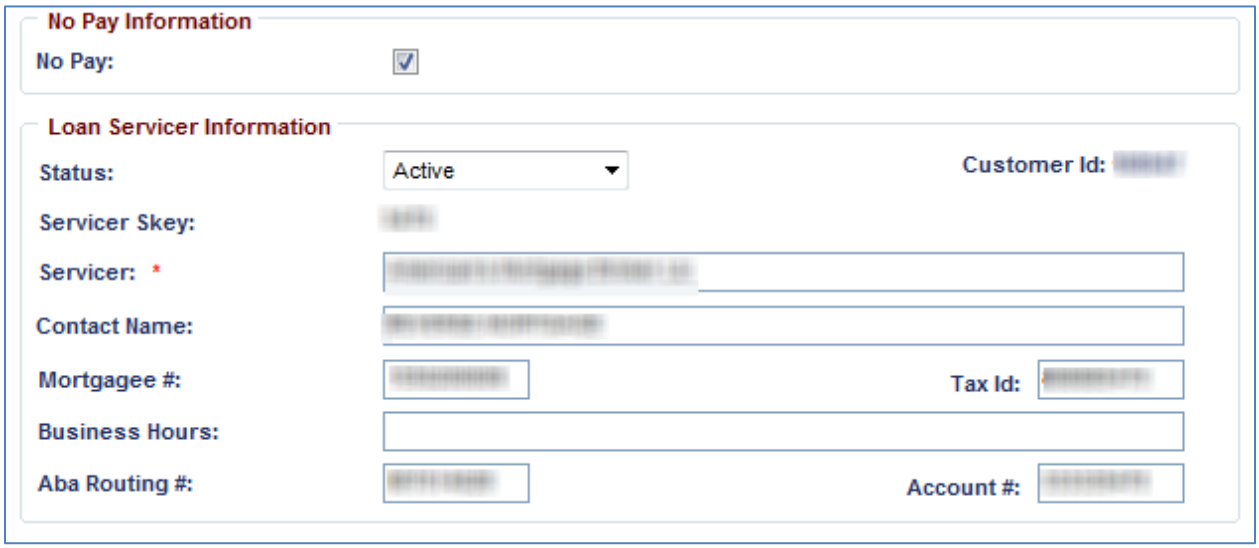


Figure 8-63: No Pay - Servicer Profile Screen

Step 6. A pop-up window is displayed, requesting the user to confirm action and notifying user that all claims timelines associated with the Servicer that have not been submitted to Accounting Module for payment will be inactivated. Click **OK**.

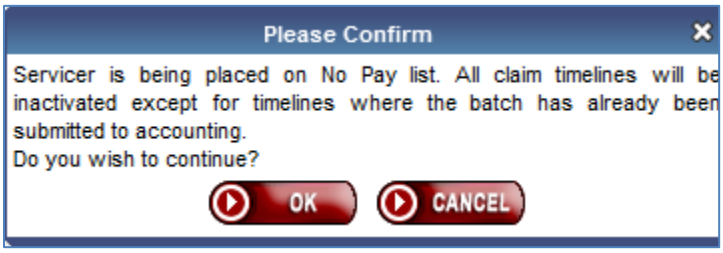


Figure 8-64: No Pay – Confirmation Window

Step 7. This completes the no pay order on the Servicer.

Step 8. To remove the no pay order, select the Servicer and uncheck the No Pay checkbox and click **OK**.

8.8 Cancel Payment

The Servicing Module allows cancellation of claim payment, if a claim was approved for payment inadvertently, provided the claim payable request has not been sent to Accounting Module. Once the transaction has been sent to the Accounting Module, the payment cannot be cancelled.

Step 1. Click **Accounting - Claims** tab from the top menu

Step 2. Enter the search criteria and click **Search** on the **Claims Search** screen to display the claims transactions. Claims that need cancellation can also be searched by selecting the **Batch status** of Pending and **Claim Status** of Approved for Payment.

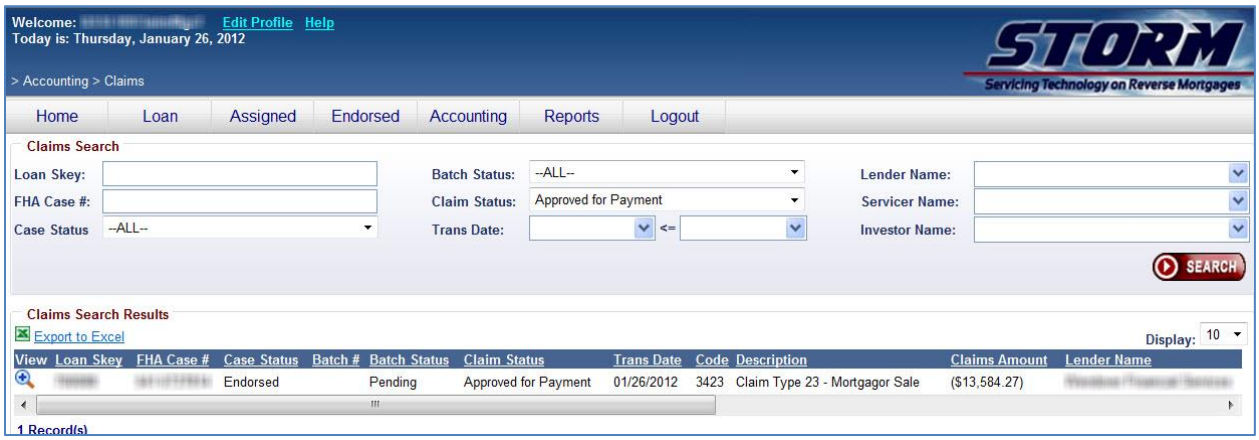


Figure 8-65: Accounting – Claims Screen

Step 3. The search results matching the search criteria are displayed in the **Search Results** section.

Step 4. Select the record displayed in the search results. The **Edit Claim** window is displayed.

Step 5. On the **Edit Claim** window, select Cancelled from the **Claim Status** dropdown.

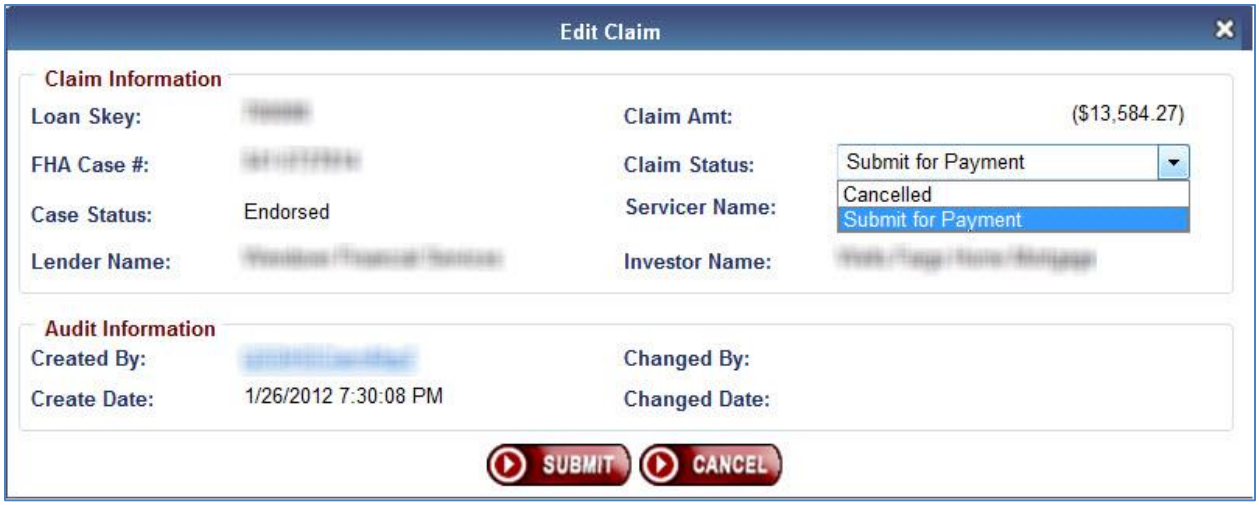


Figure 8-66: Edit Claim Window

Step 6. Click **Submit** to save the changes. A certify window is displayed requesting the user to confirm action. Enter the password and click **Yes.**

Figure 8-67: Certify Window

Step 7. The Claim Status is updated to Cancelled. To exit the window without saving the changes, click **Cancel**.

8.9 Payment Processing

This section explains the claims payment processing in HERMIT (Servicing and Accounting Modules) system.

1. The claim transaction is generated when the claim is approved in the Servicing Module. These FHA cases are sent to the Accounting Module for generation of payables via an interface file with exception to payment cancellation (documented in Cancel Payment section) or a No Pay flag (documented in No Pay Order section).
2. The Servicing Module assigns a batch ID and batch status for the payable request to track the payment status. Once the file is generated and sent to the Accounting Module, the batch status (Sent to GL - Held) is updated to indicate that the transaction has been sent to the Accounting Module. The system adds a new step Submitted for Payment on the claims timeline, this step is auto-completed with the date the interface file is sent to Accounting Module.

3. The Accounting Module processes the file, records the payable in a held status and sends a response file to the Servicing Module. The Servicing Module processes the response file from the Accounting Module and updates the batch status (Success – Held).
4. The Servicing Module sends the release transaction to the Accounting Module via an interface file. The Accounting Module processes the file, records the payable in the release status and sends a response file to the Servicing Module. The Servicing Module processes the response file from the Accounting Module and updates the batch status (Success – Disburse).
5. The HUD Financial Operations and Control Section (FOCS) will receive the PM 103 report for the claims processed in the Accounting Module. The HUD FOCS will generate the claims batch transmittal report from the Transmittals screen in the Servicing Module and manually validate the claims batch transmittal report against the PM 103. Upon completion, the HUD FOCS will populate the Disbursement Transmittal Report and send, via email or fax, the Disbursement Transmittal Report along with the Claims Payable Batch Transmittal Report to HUD's CMB.
6. The CMB will complete budget check processes in the FHASL and attach the budget check report to the transmittal. The Accounting Module will generate a disbursement schedule file in Treasury SPS format for all daily approved claims payable requests. The daily SPS files will be placed on the HUD server for access by CMB.
7. The completed, approved transmittal with all attachments is used by a CMB DEO to select the appropriate Accounting Module Disbursement files placed on HUD's server for final review. If the disbursement file and Disbursement Transmittal Report are in agreement, a CMB certifying officer certifies the schedules and transmits them to the Treasury Regional Finance Center for payment.
8. Once Treasury completes the payments, the HERMIT accounting support team will download the RFC report and confirm the payment schedules in the Accounting Module. The Accounting Module will then send the disbursement confirmation to the Servicing Module via an interface file.
9. The Servicing Module processes this file and the batch status is updated to Disbursed. The system updates the claim status to Paid and adds a step Claim Paid on the claims timeline, this step is auto-completed with the date the file has been processed.

The table below shows the claim type, case status and case sub-status updates upon receipt of payment confirmation from Accounting Module:

Claim Type	Case Status	Case Sub-Status
CT 21	Terminated	Terminate – CT 21
CT 22	No Update	No Update
CT 23	Terminated	Terminate – CT 23
CT 24	Terminated	Terminate – CT 21/23

Table 8-5: Update of Case Status and Case Sub-Status - Receipt of Payment Confirmation