**Home Equity Reverse Mortgage Information Technology**

**(HERMIT)**

**HERMIT System Changes – Release 5.6**

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**INTRODUCTION**

The Home Equity Reverse Mortgage Information Technology (HERMIT) software release version 5.6 consists of the following system changes:

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If you have any questions regarding the functionality of the software release, please contact the HERMIT Help Desk at 561-899-2610 or at servicingsupport@hermitsp.com. If you have any policy related questions, please send an email to HUD at answers@hud.gov.

## Default Key Dates Report Changes (550251)

The Default Key Dates report under Reports > Servicer Reports > Daily Reports has been updated to add 17 additional fields and rename 1 existing field. The field previously named "Obtain Appraisal - 15 Day prior to Foreclosure Sale" was renamed to "FCL\_FCL\_Sale\_Appraisal\_Date.” Below is a list of the fields and the field mapping:

|  |  |  |  |
| --- | --- | --- | --- |
| **Field Number** | **Field Name** | **Timeline (if applicable)** | **Step Completion Date / Field Name (If Applicable)** |
| 29 | FCL\_FCL\_Sale\_Appraisal\_Date | Foreclosure | Foreclosure Sale Appraisal Date |
| 98 | FHA\_Case\_Assignment\_Date | N/A | FHA Case # Assignment Date |
| 99 | Loss\_Mit\_Short\_Sale\_Deed\_Record\_Date | Loss Mitigation - Short Sale | Deed Recorded Date |
| 100 | FCL\_FCL\_Eviction\_Restriction\_Expired | Foreclosure | Eviction Restriction Expired |
| 101 | FCL\_FCL\_Eviction\_Intiation | Foreclosure | Eviction Initiation |
| 102 | D\_P\_wo\_HUD\_Notification\_Sent\_to\_Borrower | Due & Payable w/o HUD Approval | Notification Sent to Borrower |
| 103 | Corp\_Advance\_Eviction\_Balance | NA: Transaction category balance | s305 Corp Advance - Eviction  |
| 104 | CT21\_Ext\_Expiration\_Date | N/A: Claims Disposition Screen | Block #19: Exp. Date of Approved Ext (1st Legal to Commence FCL / Deed in Lieu):  |
| 105 | CT21\_DIL\_Completion\_Date | N/A: Claims Disposition Screen | Block #11b: DIL Completion Date |
| 106 | CT21\_Marketable\_Title\_Date | N/A: Claims Disposition Screen | Marketable Title Date |
| 107 | CT21\_Block\_10\_SBC\_Date | N/A: Claims Disposition Screen | Block #10 for Sale Based Claim: Sale Closing Date. The date will be displayed if it is present on the Claims Disposition Screen. |
| 108 | CT21\_Block\_10\_ABC\_DIL\_Date | N/A: Claims Disposition Screen | Block #10 for Appraisal Based Claim and DIL: DIL Completion Date + 6 months. The date will be displayed if DIL Completion Date is present on the Claims Disposition Screen. |
| 109 | CT21\_Block\_10\_ABC\_FCL\_Date | N/A: Claims Disposition Screen | Block #10 for Appraisal Based Claim and FCL: Marketable Title Date + 6 months. The date will be displayed if type is Foreclosure and Marketable Title Date is present on the Claims Disposition Screen. |
| 110 | CT21\_Indicator\_ABC | N/A: Claims Disposition Screen | "Appraisal Based Claim" indicator checked (TRUE) or not checked (FALSE) |
| 111 | CT21\_Indicator\_FCL\_or\_DIL | N/A: Claims Disposition Screen | “Foreclosure" indicator checked = FCL, "Deed in Lieu" indicator checked = DILIf BOTH “Foreclosure” and “Deed in Lieu” are checked = FCL & DIL  |
| 112 | Loss\_Mit\_Short\_Sale\_Sale\_Closing\_Date | Loss Mitigation - Short Sale | Sale Closing Date |
| 113 | Loss\_Mit\_DIL\_Deed\_Record\_Date | Loss Mitigation - Deed-in-Lieu | Deed Recorded Date |
| 114 | Indicator\_3rd\_Party\_Sale | N/A: Claims Disposition Screen | "Is this a Third Party Sale?" indicator checked (TRUE) or not checked (FALSE) |

## New Claims Validation: Expired Appraisal (550829)

New Claims Validations have been added to HERMIT to verify that there was a valid Appraisal in order to allow a claim to be filed. If the appraisal is not valid, the claim validation will prevent filing of the claim with a hard stop. CT21 3rd Party Sales are excluded from the validation check/hard stop.

1. **Validation: Appraisal is late after an Appraisal Extension**. This condition checks for expired appraisal when there is an Extension Expiration Date on an Approved “Extension – Appraisal” timeline. If this condition applies, subsequent conditions will not be checked.
	1. For CT23: If “Sale Closing Date” step completion date from the Loss Mitigation - Short Sale timeline is AFTER “Extension Expiration Date” from the Extension – Appraisal timeline, then hard stop validation shall prevent claim from being submitted.
		* Example: Sale Closing Date 08/01/18 is AFTER Extension Expiration Date 07/15/18, therefore the appraisal is expired and invalid. The claim cannot be filed with this appraisal date.
	2. For CT21: If Block 10 date is AFTER “Extension Expiration Date” from the Extension – Appraisal timeline, then hard stop validation shall prevent claim from being submitted.
		* Example: Block 10 date 08/01/18 is AFTER Extension Expiration Date 07/15/18, therefore the appraisal is expired and invalid. The claim cannot be filed with this appraisal date.
	3. **Validation Message**: If the hard stop applies for this reason, the validation message will read:
		* **For CT23:** The Sale Closing Date from the Loss Mitigation Short Sale timeline is after the approved Appraisal extension Expiration Date, therefore the appraisal is invalid.
		* **For CT21**: Block 10 is after the approved Appraisal extension Expiration Date, therefore the appraisal is invalid
2. **Validation: Appraisal is expired.** This condition checks for the Sale Closing Date or Block 10 date occurring after the appraisal has expired. The appraisal expires 120 days after the appraisal date.
	1. For CT23: If “Sale Closing Date” is AFTER “Appraisal Date +120 days”, then hard stop validation shall prevent claim from being submitted.
		1. Example: Appraisal Date is 03/01/18. Appraisal Date + 120 days is 06/29/18. Sale Closing Date 07/15/18 is AFTER Appraisal Date + 120 Days: 06/29/18, therefore the appraisal is expired and invalid. The claim cannot be filed with this appraisal date.
	2. For CT21 SBC: If “Block 10” is > “Appraisal Date +120 days”, then hard stop validation shall prevent claim from being submitted.
		1. Example: Appraisal Date is 03/01/18. Appraisal Date + 120 days is 06/29/18. Block 10 date 07/15/18 is AFTER Appraisal Date + 120 Days: 06/29/18, therefore the appraisal is expired and invalid. The claim cannot be filed with this appraisal date.
	3. For CT21 ABC: If Block 10 is AFTER 2nd “Appraisal Date +120 days”, then hard stop validation shall prevent claim from being submitted.

**NOTE**: the date used in this validation is the 2nd Appraisal Date on the Claims Disposition screen, and is located underneath the “Appraisal Based Claim” radio button

* + 1. Example: Second Appraisal Date is 03/01/18 and 2nd Appraisal Date + 120 days is 07/05/18. Block 10 date 07/15/18 is AFTER 2nd Appraisal Date + 120 Days 07/05/18, therefore the appraisal is expired and invalid. The claim cannot be filed with this appraisal date.
	1. **Validation Message**: If the hard stop applies for this reason, the validation message will read:
		1. **For CT23:**  The Sale Closing Date from the Loss Mitigation Short Sale timeline did not occur within 120 days of the Appraisal Date, therefore the appraisal is invalid.
		2. **For CT21**: Block 10 did not occur within 120 days of the Appraisal Date, therefore the appraisal is invalid.
1. **Validation: Appraisal is late.** This condition checks that when an Appraisal date is after the Sale Closing Date or Block 10 date that the appraisal is not more than 120 days after Sale Closing or Block 10. On CT21 SBC, current HUD policy allows for the servicer to obtain an appraisal **after** the Block 10 (Sale Closing) date if no valid appraisal prior to the Sale Closing date exists in order to support the current sales price. An appraisal more than 120 days after the Sale Closing Date or Block 10 date is not valid.
	1. For CT23: If “Appraisal Date” is AFTER “Sale Closing Date +120 days”, then hard stop validation shall prevent claim from being submitted.
		1. Example: Sale Closing Date is 05/03/18. Sale Closing Date +120 days is 08/31/18. Appraisal Date 09/01/18 is AFTER the Sale Closing Date + 120 days: 08/31/18, therefore the appraisal is expired and invalid. The claim cannot be filed with this appraisal date.
	2. For CT21 SBC: If “Appraisal Date” is AFTER “Block 10 +120 days”, then hard stop validation shall prevent claim from being submitted.
		1. Example: Block 10 date is 05/03/18. Block 10 +120 days is 08/31/18. Appraisal Date 09/01/18 is AFTER the Block 10 date + 120 days: 08/31/18, therefore the appraisal is expired and invalid. The claim cannot be filed with this appraisal date.
	3. For CT21 ABC: If 2nd “Appraisal Date” is AFTER “Block 10 +120 days”, then hard stop validation shall prevent claim from being submitted.

**NOTE**: the date used in this validation is the 2nd Appraisal Date on the Claims Disposition screen, and is located underneath the “Appraisal Based Claim” radio button.

* + 1. Example: Block 10 date is 05/03/18. Block 10 + 120 days is 08/31/18. The second Appraisal Date 09/01/18 is AFTER the Block 10 date + 120 days: 08/31/18, therefore the appraisal is expired and invalid. The claim cannot be filed with this appraisal date.
	1. **Validation Message**: If the hard stop applies for this reason, the validation message will read:
		1. **For CT23:**  The Appraisal Date is more than 120 days after Sale Closing Date from Loss Mitigation Short Sale Timeline, therefore the appraisal is invalid.
		2. **For CT21**: The Appraisal Date is more than 120 days after Block 10, therefore the appraisal is invalid.

## Miscellaneous TRANSACTION (31691 - 546350)

A new tab named “Miscellaneous” shall be added under the Transactions tab on the left menu in the HERMIT application. The new Miscellaneous tab will be added below Transactions/Claims tab.

The following users will have access to view the Miscellaneous Transaction tab.

* + Contractor Cash
	+ Contractor Cash Spvr
	+ HUD SF Premium Mgr
	+ HUD SF Staff
	+ CLS-Customer Service
	+ CLS-Default
	+ CLS-Documentation
	+ CLS-First Mortgage
	+ CLS-Release
	+ CLS-Release Supervisor
	+ CLS-Supervisor/Management
	+ HUD Claims-A/R
	+ HUD Claims-Mgr I
	+ HUD Claims-Mgr II
	+ HUD Claims-Staff
	+ HUD Financial Mgr
	+ HUD NSC-Mgr
	+ HUD NSC-Staff
	+ HUD Read Only
	+ HUD P & P

The following User Roles will have access to create the Miscellaneous Income transactions in the Transaction -> Miscellaneous Screen with the “NEW” button on the page.

* + Contractor Cash
	+ Contractor Cash Spvr
	+ HUD SF Premium Mgr
	+ HUD SF Staff

The Miscellaneous Income transaction can be entered via the UI on the Loan > Transactions/ Miscellaneous page and will be restricted to loans serviced by HUD where the Servicer ID is 9999909990.

The Miscellaneous Income Transaction shall be recorded as an income transaction and will not affect the Loan balance.

Multiple Miscellaneous Income transactions can be created on the same FHA Case Number

**Report:**

The Miscellaneous Income transaction shall be included in Transaction Activity report.

## Post Assignment Corporate Advance Transaction (31692 - 546351)

**For Endorsed loans – Transaction:**

A new Transaction Code will be created to allow users to enter Corporate Advance transactions. The new Transaction shall be named “Corp Adv - S305 – State Prohibited Legal”.

The Corp Adv – S305 – State Prohibited Legal Transaction shall be recorded as a Corporate Advance Transaction via Loan > Transactions and shall not affect the Loan balance.

The Corp Adv – S305 – State Prohibited Legal transaction will not be subject to the 97.5% or 98% MCA limit validation rules for CT22; meaning the Corp Adv – S305 – State Prohibited Legal transaction will not be included in the MCA limit check. The check against MCA for a CT22 is only against loan balance affecting transactions.

The Corp Adv – S305 – State Prohibited Legal transaction shall have an adjustment Transaction Code

The Corp Adv – S305 – State Prohibited Legal can be entered via the B2G

The Corp Adv – S305 – State Prohibited Legal can be entered via the Batch > Servicer Transactions page

Multiple Corp Adv – S305 – State Prohibited Legal transactions can be created on the same FHA Case Number

Remove check on timeline that would ensure there were no Corporate Advances on the case except for Corp Adv – S305 – State Prohibited Legal transactions. Corp Adv – S305 – State Prohibited Legal transactions can be > 0 at Assignment. Currently Corporate Advance balance must be zero at Assignment.

**Claims Changes:**

Total Corp Adv – S305 – State Prohibited Legal transactions amount entered in HERMIT will be included into the Block 17 amount on the 27011 claims form for Claim Type 22- Assignment.

Total Corp Adv – S305 – State Prohibited Legal transactions amount will be listed under Expense section of the AOP for all claim types.

Any Corp Adv – S305 – State Prohibited Legal transactions entered in HERMIT will be pulled into the 27011 claims form for CT21, CT23, CT21 Supplemental and CT23 Supplemental claims into Section 305.

**For Assigned loans – Disbursement:**

The existing Transaction Category dropdown will be updated to allow users to enter Corp Advance Disbursements on Assigned loans. The Transaction Category is called “Corp Advance – Section 305 Disbursements” and currently shows on the Endorsed side today.

The Corp Adv – S305 – State Prohibited Legal disbursements can be entered via the UI on the Loan > Disbursement page for Assigned loans and shall not affect the Loan balance.

Allow users to enter Corp Adv – S305 – State Prohibited Legal disbursement through the New Disbursement window. The new Transaction Desc shall be named “Corp Adv – S305 – State Prohibited Legal”.

The Corp Adv – S305 – State Prohibited Legal disbursement shall have an adjustment Transaction Code if check is voided.

Multiple Corp Adv – S305 – State Prohibited Legal disbursements can be created on the same FHA Case Number

The Corp Adv – S305 – State Prohibited Legal disbursements amount shall be entered under Corp. Adv. Amt bucket after disbursement is printed/ ACH is clear.

The Corp Adv – S305 – State Prohibited Legal disbursements will use the same existing vendors in the system to create disbursements.

Authorized users shall have ability to search Corp Adv – S305 – State Prohibited Legal disbursement on Accounting/Disbursements page under Disb. Type “Corporate Advance - Check” and “Corporate Advance - ACH”

Authorized users shall have ability to print Corp Adv – S305 – State Prohibited Legal disbursement on Accounting/Disbursements page.

Once the Check is printed or ACH is exported, Corp Adv – S305 – State Prohibited Legal transaction shall be added to Loan > Transactions page with Lender (mortgagee) = HUD

**Report:**

The Corp Adv – S305 – State Prohibited Legal transaction shall be included in Transaction Activity report.

**Claim Type 22 - Assignment Checklist:**

In the compliance package checklist, a new item is added immediately after “Documentation that any applicable Repair set-aside balance is zero”

New item to have check boxes for acceptable and unacceptable. Item to state:” Are Corporate Advances Greater than Zero? No box, Yes box, then $\_\_\_\_\_\_\_\_.”

Directly under that response it should state: “If yes, has documentation been provided to support state specific requirements which prevent the expense to be included in the unpaid loan balance?”

Directly under that response it should state: “If Yes, then proceed with Assignment Review, If No, deny Assignment Request.”

## Non-Cash Adjustment Transaction Foreclosure and DIL (31693 - 546352)

**New Adjustment codes for 2 Terminations:**

Two new transaction adjustment codes for Terminate – DIL Conveyed and Terminate – FCL Conveyed transactions were added. These new transaction adjustment codes are restricted to loans serviced by HUD where the Servicer ID is 999909990. Following two new codes were added to HERMIT.

* + 2898 – Terminate – DIL Conveyed – Adj.
	+ 2897 – Terminate – FCL Conveyed – Adj.

**Removed two Terminate transaction types from Endorsed loans:**

User shall not use Terminate Endorsed loans with Terminate – DIL Conveyed and Terminate – DCL Conveyed Transaction types. Removed following transaction types from Endorsed loans.

* + Terminate – DIL Conveyed
	+ Terminate – FCL Conveyed

## Ability for Claims to have Read Only access to D&P, Loss MIT, FCL timelines (31918 - 560763)

Following Claims users will have the ability to have Read Only access to D&P Timelines: Endorsed -> Requests

Endorsed -> Disposition

Loss Mitigation Timelines (Endorsed -> Disposition)

Foreclosure Timelines (Endorsed -> Foreclosure)

* + HUD Claims-A/R
	+ HUD Claims-Mgr I
	+ HUD Claims-Mgr II
	+ HUD Claims-Staff
	+ HUD Financial Mgr

## NSC Reporting Requirements (31683; 32087 – 539468)

Add Fields to Search Screen Results

This requirement applies to all Assigned and Endorsed Timeline Search Screens.

This requirement applies to results displayed on the timeline search screen and in the Excel (CSV) file.

Add field “Step Name” to the results. Field shall display the “Step” chosen on the Search Screen.

Add field “Step Completion Date” to the results. Field shall display the completion date of that timeline step.

For the new fields to be displayed in the results, the following search criteria needs to be entered.

* + “Servicing Type”
	+ “Step”

“Completion Date” start or end date. If only the start date is entered, the end date shall be today. If only the end date is entered, the start date shall include all step completion dates up to the end date.

Lock Down Step Completion Dates

The Step Completion Date shall be locked down to the current day for the following steps. User shall not be able to select a previous date when completing the step. Note: Steps that are auto-completed or are completed upon upload of a document are not listed because these dates are already set to current date.



Audit Track Banking / ACH fields

Add new user role permission to view Banking Information. Only User Roles with access to the new permission shall be able to view Banking information changes. This applies anywhere Banking information is visible, such as on the Audit Tracking screen in the UI and in the Audit Tracking Report. For User Roles without this permission, banking information changes shall not be displayed in Audit Tracking results.

Add the following Bank Account fields to Audit Tracking:

* + ABA Routing #
	+ Account #
	+ Account Type
	+ Payment Method

Include the 4 above Banking fields in the Reports > Assigned Notes Reports > Daily Reports “Audit Tracking” drop down list.

Include the 4 Banking fields on the Audit Tracking UI “Audit Filter” drop down.

Report Update – Default Key Dates Report: Due & Payable information

If a servicer is entered there are no date range restrictions. (existing functionality)

If a servicer is not entered (run for all servicers) then we need the following date range restrictions:

Default Key Dates Report (limit date range to 2 year).

HUD User Roles that can run the reports will be able to search by Servicer as well as running the report for ALL

**Note**: The purpose of this is to provide HUD with access to Default information, such as Default Date and Default reason for all loans in the HECM portfolio.

Report Update – Claims Detail report: Add fields

If a servicer is entered there are no date range restrictions. (existing functionality)

If a servicer is not entered (run for all servicers) then we need the following date range restrictions:

Claims Detail Report (limit date range to 6 months)

HUD User Roles that can run the reports will be able to search by Servicer as well as running the report for ALL

Add 3 fields to Claims Detail Report: Servicer when Claim Paid, Investor when Claim Paid, and Responsible Party.

Servicer when Claim Paid shall display the Servicer at the time the claim was paid by HUD, as stored in the Claim Transactions data.

Investor when Claim Paid shall display the Investor at the time the claim was paid by HUD, as stored in the Claim Transactions data.

Responsible Party shall display the user ID of the HUD Responsible Party. The field is displayed in HERMIT on the Servicing Management tab of the claims timeline.

**Note**: The purpose of this is to provide HUD with access to information on who the servicer and investor were when the claim was paid by HUD.