**Home Equity Reverse Mortgage Information Technology**

**(HERMIT)**

**HERMIT System Changes – Release 5.81**

**Release Date: 07/13/19**

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July 2019

**INTRODUCTION**

The Home Equity Reverse Mortgage Information Technology (HERMIT) software release version 5.8 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.

# Servicer Related Changes

## Update to Expected Interest Rate

In FY 2018, HUD lowered the effective interest rate floor for PLF determination from 5.00 to 3.00 percent. Thus, all interest rates of 3.00 percent or less will show the same, identical PLFs for each borrower age. HERMIT has been modified to allow the entry of an expected average mortgage interest rate (expected rate) that is below 3%.

For HECMs that closed prior to July 15, 2019, with an expected rate that is less than 3% that could not be entered in HERMIT, mortgagees may request a refund of the initial mortgage insurance premium (MIP) late charges and interest when performing Loan Setup in the HERMIT system. Mortgagees must use the instructions below to request the initial MIP refund.

*To request a refund of MIP Late Charges and Interest, logon to the HERMIT system and complete the following steps:*

Step 1. Select the Loan tab.

Step 2. Enter the FHA case number of the loan. Click Search.

Step 3. Click Setup link beside the loan displayed under the Loan Search Results section.

Step 4. The Loan Setup screen is displayed.

Step 5. Enter a closing date under the Loan Dates section (this date must be 15 days prior to the current date for the late charge occurrence or 30 days prior to current date for occurrence of penalty interest) for the Late Charge and Penalty Interest section to be displayed at the bottom of the screen.

Step 6. Select the Refund Request checkbox.

Step 7. In the Refund Comments box, enter “Unable to complete Loan Setup due to inability to complete enter an Expected Interest Rate that is lower than 3%.”

Step 8. Complete Loan Setup of the case, by entering all other required details. Click Save & Next.

Step 9. The refund request is added on the loan and displayed on the Refunds screen under Accounting tab with a status of Pending.

Step 10. The HUD SF Premiums Manager can now select the loan and approve or deny the refund.