**Home Equity Reverse Mortgage Information Technology**

**(HERMIT)**

**HERMIT System Changes – Release 6.82**

**Release Date: 10/04/22**

**Document Date: 10/04/22**

October 2022

**INTRODUCTION**

The Home Equity Reverse Mortgage Information Technology (HERMIT) software release version 6.82 consists of the following system changes:

Table of Contents

[1. Claims - Claim Type 23 FHA Case # Assigned Date Before 09/19/17, Note Interest paid on Itemized Eligible Expenses up to Block 10 Deed Recorded Date / Post-Death Title Transfer 3](#_Toc127873578)

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](mailto:support@hecmsp.com). If you have any policy related questions, please send an email to HUD at [answers@hud.gov](mailto:answers@hud.gov).

## Claims - Claim Type 23 FHA Case # Assigned Date Before 09/19/17, Note Interest paid on Itemized Eligible Expenses up to Block 10 Deed Recorded Date / Post-Death Title Transfer

1. **Logic**: Claim Type 23 with FHA Case # Assigned Date Before 09/19/17 logic has been updated to calculate and pay Note Interest Rate for itemized eligible expenses through Block 10 Deed Recorded Date / Post-Death Title Transfer. Claim Type 23 with FHA Case # Assigned Date On or After 09/19/17 remains unchanged with Note Interest paid to Block 8 Due Date then DBI paid after Block 8 Due Date and subject to Curtailment.

For affected loans, this enhancement results in aligning Interest on the UPB / Block 17 and itemized eligible expenses populated on the claim form to only use Note Interest through Block 10. Note Interest will be paid through Block 10 date regardless of the loan’s Curtailment Date. Debenture Interest will begin being paid the day after Block 10 and is subject to existing curtailment rules.

The following table illustrates what type of Interest is used on CT23. Blue highlight indicates a change from previous logic.

| **Claim Type** | **FHA Case # Assigned Date** | **Interest on Expenses: Block 8 through Block 10** | **Interest on Expenses: After Block 10** | **CT24 Recalc** | **Curtailment** | **Block 17 Cutoff Date** |
| --- | --- | --- | --- | --- | --- | --- |
|  |
| CT23 | Before 9/19/2017 | Note Interest Rate | Debenture Interest Rate | n/a | **Note Interest Portion never curtailed.** DBI interest is subject to curtailment | Block 10 |  |
|  |
| On or After 9/19/17 | Debenture Interest Rate | Debenture Interest Rate | n/a | DBI interest is subject to curtailment | Block 8 (Interest Block 8 minus 1 day) |  |
|  |
| CT24 after CT23 | Before 9/19/2017 | Note Interest Rate | Debenture Interest Rate | Note Interest through Block 10, then DBI | **Note Interest Portion never curtailed.** DBI interest is subject to curtailment | n/a |  |
|  |
| On or After 9/19/17 | Debenture Interest Rate | Debenture Interest Rate | DBI | DBI interest is subject to curtailment | n/a |  |
|  |
| CT21 | Before 9/19/2017 | Debenture Interest Rate | Debenture Interest Rate | n/a | DBI interest is subject to curtailment | Block 8 (Interest Block 29 minus 1 day) |  |
| On or After 9/19/17 |  |
| CT24 after CT21 | Before 9/19/2017 | Debenture Interest Rate | Debenture Interest Rate | DBI | DBI interest is subject to curtailment | n/a |  |
| On or After 9/19/17 |  |

1. **Message**: If the claim was calculated with Note Interest on itemized eligible expenses, then the following message will be displayed in **Part** **C: Support Document**, under “HUD Comments if Any”.

*Please note: Debenture Interest column on Part B, C, and D of the claim form may include a combination of Note Interest through Block 10 and Debenture Interest after Block 10, if applicable.*

This is a different message box than where the Curtailment Message is currently displayed. Curtailment Message will continue to be displayed in field Part A: General Information, under “HUD Comments if Any”.

1. **CT24 Supplemental Claims & CT24 Subsequent Supplemental Claims:** Interest for expenses on CT24 Supplemental claims filed after CT23 will be based on the method of Interest Calculation used on the Parent CT23:

* If Parent CT23 was paid using only DBI (legacy logic) the Supplemental CT24 and Subsequent CT24 will ~~only~~ be paid at DBI (for both itemized expenses and CT24 Disposition Information “Recalculation” functionality) and curtailed as usual.
* If Parent CT23 was paid using new logic (as stated above), the Supplemental CT24 and Subsequent CT24 will be paid with Note Interest through Block 10, then DBI from Block 10 plus one day through earlier of Settlement Date or Curtailment Date. Reminder: curtailment only applies to DBI portion of interest.