

FHA CONNECTION

Changes and Processing Instructions

(for Lenders)

Housing Counseling Changes
Home Equity Conversion Mortgage (HECM) Changes

September 19, 2017

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1 Purpose

The purpose of this document is to explain the changes to the FHA Connection (FHAC) that affect the business processes of HUD's lending partners, effective September 19, 2017.

2 Lender Retrieval of Housing Counseling Certificates

Authorized lender personnel can now retrieve and view HECM certificates produced for their clients. However, before doing so, lenders must get written consent from the client.

Also, lender personnel must request FHA Connection authorization for **Counseling Certificate** from their FHA Connection Application Coordinator (**Figure 1**).

Authorization for CHUMS Applications:		
<input checked="" type="checkbox"/> CAIVRS Authorization	<input checked="" type="checkbox"/> Case Query	<input checked="" type="checkbox"/> Mortgage Insurance Certificate
<input checked="" type="checkbox"/> Case Transfer	<input checked="" type="checkbox"/> Refinance Authorization	<input checked="" type="checkbox"/> Underwriter Registry
<input checked="" type="checkbox"/> Underwriters	<input checked="" type="checkbox"/> Origination/Escrow Closeout Reports	<input checked="" type="checkbox"/> MIC/NOR List
<input checked="" type="checkbox"/> Mortgagee Performance Report	<input checked="" type="checkbox"/> MIP Calculator	<input checked="" type="checkbox"/> Electronic Case Binder Upload
<input checked="" type="checkbox"/> HOPE for Homeowners AUS	<input checked="" type="checkbox"/> HECM Referral	<input checked="" type="checkbox"/> Sponsored Originator Maintenance
<input type="checkbox"/> Affordable Housing Providers	<input type="checkbox"/> Community Land Trusts	<input checked="" type="checkbox"/> Counseling Certificate

Figure 1: Modified **FHA Connection ID Administration** page for lender personnel

The **Case Processing** menu was modified to include a **Counseling Certificate** option to accommodate lender users (**Figure 2**). However, all users with the **Counseling Certificate** authorization can access **Counseling Certificate** from this menu and the **Counseling Functions** menu.

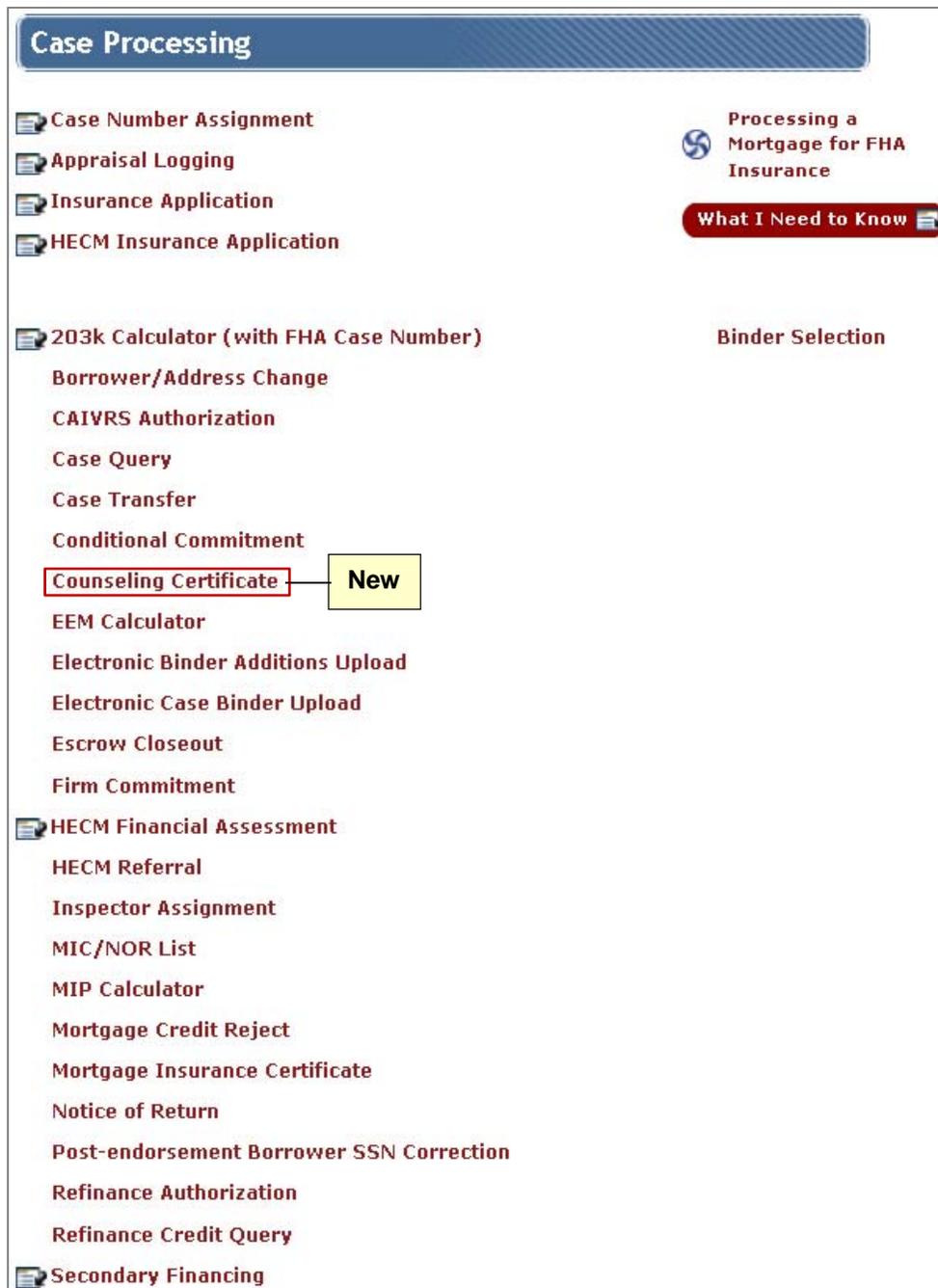


Figure 2: Modified *Case Processing* menu

When the **Counseling Certificate** menu option is selected, the **Counseling Certificate Request** page appears (Figure 3). The **Certificate Type** field has only a *HECM* option. A statement is displayed near the bottom of the page requiring lenders to have authorization by the client before retrieving the certificate.

Counseling Certificate Request Help Links ?

Sorted by: Borrower/Client Name

Certificate Type: HECM

Certificate ID:

Borrower/Client Last Name: Williamson

Borrower/Client First Name: William

Zip Code: 22030

Counseling Completion Date: 08 / 01 / 17 - 08 / 15 / 17

Lender access to Counseling Certificate data requires authorization from client counseled.

Figure 3: New **Counseling Certificate Request** page for lender personnel

To get the client’s certificate, the unique nine-digit identifier issued for the certificate is entered in the **Certificate ID** field on the **Counseling Certificate Request** page (**Figure 3**).

-OR-

The following search criteria must be entered:

- The type of certificate is selected from the drop-down list in the **Certificate Type** field (*HECM*).
- The last name of the borrower or client is entered in the **Borrower/Client Last Name** field. The entire last name must be entered.
- The first name of the borrower or client is entered in the **Borrower/Client First Name** field. All or part of the first name (three characters or more) can be entered.
- The zip code for the geographical area in which the borrower/client resides is entered in the **Zip Code** field.
- A date range for when the counseling was completed is entered in the **Counseling Completion Date** field.

Send is clicked to process the search. When there is a match, the **Counseling Certificate List** page appears (**Figure 4**).

Counseling Certificate List Help Links ?

SUCCESS
COUNSELING CERTIFICATE LIST REQUEST SUCCESSFULLY COMPLETED

Counseling Certificate(s) on file as of 08/16/2017
(1 records were selected, 1 records displayed.)

Certificate ID	Certificate Type	Borrower/Client Name	Counselor ID	Counselor Name	Counseling Completion Date	State	Zip Code
171929304	HECM	WILLIAMSON, WILLIAM	ABC123	SWEENIE, JEANNIE T	08/09/2017	VA	22030

Search criteria:

Sorted by: Borrower/Client Name

Certificate Type: HECM

Certificate ID:

Borrower/Client Last Name: WILLIAMSON

Borrower/Client First Name: WILLIAM

Zip Code: 22030

Counseling Completion Date: 08/01/17 - 08/15/17

[New Request](#)

Message from webpage

 I certify that the counseled client has given me consent in writing to view the counseling certificate.

Figure 4: Counseling Certificate List page

On the **Counseling Certificate List** page, the certificate ID is clicked to view the certificate details. A pop-up dialog box appears for certifying whether the client provided written consent for the lender to view the certificate (**Figure 4**). If so, **OK** is clicked and the view-only certificate details are displayed on the **HECM Counseling Certificate Results (Figure 5)**. At the bottom of the page, *Generate Counseling Certificate* is clicked to generate the *Certificate of HECM Counseling, form HUD-92902*.

HECM Counseling Certificate Results Help Links ?

SUCCESS

COUNSELING CERTIFICATE DATA RETRIEVED SUCCESSFULLY
USER NOT AUTHORIZED TO UPDATE; QUERY ONLY

Certificate Number: 171929304

*** Homeowner Information ***

<i>First Name:</i>	<i>Middle Initial:</i>	<i>Last Name:</i>	<i>Suffix:</i>
Borrower: WILLIAM	W	WILLIAMSON	JR
<hr/>			
Coborrower: WILMA	W	WILLIAMSON	
<hr/>			
Coborrower: _____			
<hr/>			
Coborrower: _____			
<hr/>			
Coborrower: _____			

<i>First Name:</i>	<i>Middle Initial:</i>	<i>Last Name:</i>	<i>Suffix:</i>
Power of Attorney: _____			

Property Address:

Street Address: **9901 FHAC STREET**

City: **FAIRFAX** State: **Virginia** Zip Code: **22030**

*** Counseling Information ***

This counseling session was held on: 08/09/2017

It was conducted Via Telephone and lasted 60 minutes to adequately complete the requirements of counseling.

Counseling was conducted by:
JEANNIE T SWEENEY

Counseling was conducted on behalf of:
(89999) GOTHAM COUNSELING SERVICES INC
123 FIRST STREET
GOTHAM NY 21998
800-555-9999

Counselor: _____

Date of counseling: _____

Certificate of HECM Counseling U.S. Department of Housing and Urban Development
Office of Housing Certificate Number: 171929304
OMB No. 2502-0524 (expires 4/30/2017)

Provision of this information is required to obtain mortgage financing. HUD may not collect this information, and you are not required to complete this form, unless the form has a currently valid OMB control number.

Privacy Act Notice: The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in the form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated at Title 24, Code of Federal Regulations. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Homeowner(s) Name(s) Power of Attorney (if present)
WILLIAM W WILLIAMSON JR, WILMA W WILLIAMSON

Non-Borrower spouse (if applicable) _____

Current Property Address City/State/Zip of collateral securing the HECM if known at the time of counseling
9901 FHAC STREET, FAIRFAX, VA 22030

The U. S. Department of Housing and Urban Development (HUD) requires that homeowner(s) and if applicable, non-borrower spouse interested in pursuing a Home Equity Conversion Mortgage (HECM) receive information about the implications of and alternatives to a reverse mortgage. The HECM counselor must adhere to all of HUD's guidelines and protocol regarding information that must be provided to the potential HECM mortgagor and must tailor the session to address the unique financial circumstances of the household being counseled.

Counselor Certification:
In accordance with Section 265 of the National Housing Act and 24CFR 206.41, I have discussed in detail the following items with the above referenced homeowner(s) and other participants

- Options other than a HECM that are available to the homeowner(s), including other housing, social service, health and financial options.
- Other home equity conversion options that are or may become available to the homeowner(s), such as other reverse mortgages, HECM for Purchase, HECM Saver, sale-leaseback financing, deferred payment loans, and property tax deferral.
- The financial implications of entering into a HECM.
- A disclosure that a HECM may have tax consequences, affect eligibility for assistance under Federal and State programs, and have an impact on the estate and heirs of the homeowner(s).

Approve

Cancel

Complete

Client

Mortgage

Comments

Generate Counseling Certificate

New Request

Figure 5: View-only certificate information with link for generating the certificate

3 Home Equity Conversion Mortgage (HECM) Changes

HECM changes are explained in the following paragraphs and comply with Final Rule FR-5353-F-03, Federal Housing Administration: Strengthening the Home Equity Conversion Mortgage Program, revising 24 CFR parts 30 and 206.

3.1 HECM Desktop Calculator Version 2.4 Implemented

HECM Desktop Calculator Version 2.4 is being implemented by September 19, 2017. Lenders can upgrade their existing HECM software by downloading the appropriate files from the HUD.gov website at:

http://www.hud.gov/pub/chums/hecm_upgrade.html

If the software is not already installed, instructions are available for installation on the HUD.gov website at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/hecminst

3.2 Appraisal Logging Changes

The *HECM Information* section of **Appraisal Logging** (which is only displayed for HECM cases) was modified as explained below.

The following fields were added to **Appraisal Logging**:

- **Net LESA:** Fully or partially funded Life Expectancy Set Aside (LESA) minus **Taxes/Insurance 1st Yr Payments**. The amount in this field must match (in dollars and cents) the LESA requirement amount entered through **HECM Financial Assessment** on the FHA Connection.
- **Servicing Fee Set Aside:** Funds used for the payment of the monthly servicing fee that increases each month at a rate equal to one-twelfth of the sum of the expected average mortgage interest rate (Expected rate), plus the annual mortgage insurance premium rate from the date the loan is funded.

The following **Appraisal Logging** fields were changed:

- **Initial MIP Factor:** For mortgages assigned an FHA case number on or after October 2, 2017, the new rate is displayed and is view only. (Per Mortgagee Letter 2017-12, the new rate is two percent (2%.) For mortgages assigned an FHA case number before October 2, 2017, this field has a drop-down list from which the MIP factor can be selected.

- **Initial Disbursement Limit:** For mortgages assigned a case number on or after September 19, 2017, the **Initial Disbursement Limit** field now displays the system-generated amount that is the lesser of A. or B. below:
 - A. The greater of 60% of the **Initial Principal Limit (IPL)** or the sum of **Mandatory Obligations (Does not include cash)** and **Additional 10% of IPL Usage Amount** available during the first 12-month disbursement period, not to exceed 100% of the **Initial Principal Limit (IPL)**.
 - B. **Initial Principal Limit (IPL)** amount less the sum of the **Net LESA** and **Servicing Fee Set Aside**, not to exceed 100% of the Initial Principal Limit (IPL).

See **Figure 8**. Changes were also made to **Appraisal Logging** for FHAC B2G.

See also *2.1 HECM Counseling Changes for Case Number Assignment and HECM Insurance Application*.

* HECM Information *			
Maximum Claim Amount:	<input type="text" value="636150"/>	Initial Principal Limit (IPL):	<input type="text" value="375965"/>
Initial MIP Factor:	<input type="text" value="2.0%"/>	Initial Disbursement Limit:	<input type="text" value="225,579"/>
Mandatory Obligations: (Does not include cash)	<input type="text" value="20541"/>	Mandatory Obligations Cash from Borrower:	<input type="text" value="0"/>
Mandatory Obligations Cash from Lender:	<input type="text" value="2518"/>	Taxes/Insurance 1st Yr Payments:	<input type="text" value="6000"/>
Repair Set Aside:	<input type="text" value="No"/>	Repair Set Aside Amount:	<input type="text"/>
Net LESA:	<input type="text" value="133862.00"/>	Servicing Fee Set Aside:	<input type="text" value="50.00"/>
Additional 10% of IPL Usage:	<input type="text" value="N/A"/>	Additional 10% of IPL Usage Amount:	<input type="text"/>

Note: A yellow box labeled "New" points to the 2.0% value in the Initial MIP Factor field. A red box highlights the Net LESA and Servicing Fee Set Aside fields.

Figure 8: Modified *HECM Information* section of **Appraisal Logging**

3.3 HECM Insurance Application Changes

The changes for **Appraisal Logging** are also applicable to **HECM Insurance Application**. The **Net LESA** and **Servicing Fee Set Aside** amounts entered for **Appraisal Logging** are carried over to **HECM Insurance Application** (**Figure 9**). If one of these amounts is updated for **HECM Insurance Application**, it is automatically updated for **Appraisal Logging**. As mentioned above, the **Net LESA** must be equal to the LESA requirement amount entered for **HECM Financial Assessment** minus **Taxes/Insurance 1st Yr Payments**.

Changes were also made to **HECM Insurance Application** for FHAC B2G.

Mortgage Information					
Interest Rate (%):	<input type="text" value="3.675"/>	Expected Rate (%):	<input type="text" value="4.000"/>	Expected Rate Index:	<input type="text" value="10 Year LIBOR Swap"/>
ARM:	<input type="text" value="Annual"/>	Maximum:	<input type="text" value="9.474"/>	ARM Index:	<input type="text" value="1 Year LIBOR"/>
Margin:	<input type="text" value="2.750"/>	Payment Plan:	<input type="text" value="Line of Credit"/>	10 Year Rate Lock:	<input type="text" value="No"/>
Length of Term (months):	<input type="text"/>	UFMIP Financed:	<input checked="" type="radio"/> Yes <input type="radio"/> No	Initial Principal Limit (IPL):	<input type="text" value="375965"/> .00
Initial Disbursement Limit:	<input type="text" value="225579.00"/>	Initial MIP Factor:	<input type="text" value="2.00%"/> New	Maximum Claim Amount:	<input type="text" value="636150"/> .00
Mandatory Obligations (Does not include cash):	<input type="text" value="20541"/> ?	Mandatory Obligations Cash from Borrower:	<input type="text" value="0"/>	Mandatory Obligations Cash from Lender:	<input type="text" value="2518"/>
Taxes / Insurance 1st Yr Payments:	<input type="text" value="6000"/>	Additional 10% of IPL Usage:	<input type="text" value="N/A"/>	Additional 10% of IPL Usage Amount:	<input type="text"/>
Net LESA:	<input type="text" value="133862.00"/>	Servicing Fee Set Aside:	<input type="text" value="50.00"/>	Disbursement Date:	<input type="text" value="07/10/17"/>
Date of Application:	<input type="text" value="05/08/17"/>	Closing Date:	<input type="text" value="07/03/17"/>	Appraiser ID:	<input type="text" value="FLRD9999999"/>
Appraiser Name:	<input type="text" value="HECKUM, HENRY H"/>				

Figure 9: Modified *Mortgage Information* section of HECM Insurance Application