

Office of Single Family Housing



HECM Financial Assessment *and the* FHA Connection

March 2015





AGENDA

- Introductions
- HECM Financial Assessment Overview
- HECM Financial Assessment on the FHA Connection
 - Requirements beginning April 27, 2015
(see Mortgagee Letter 2015-06)
 - User authorizations
 - HECM Financial Assessment screen walkthrough
- Other related FHA Connection Changes
(Appraisal Logging & HECM Insurance Application)
- Interfacing with HERMIT
- Questions & Wrap-up





Upon conclusion of today's webinar, you will:

- Know how case data is entered in the new HECM Financial Assessment page on the FHA Connection
- Be aware of the changes pertaining to Appraisal Logging, HECM Insurance Application, and the HERMIT system as they pertain to HECM Financial Assessment
- Know where to access additional help/documentation materials for later reference in relation to HECM Financial Assessment and the FHA Connection





Materials referenced during this session include:

- Webinar handout document available:
 - Go to the Home Equity Conversion Mortgages for Lenders (HECMs) page on the HUD.GOV website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm
 - Click **HECM Financial Assessment and FHA Connection**
(listed in Reference Materials page section on the right side of the screen)

Day of webinar: (available by clicking handouts icon from webinar screen—pictured below)



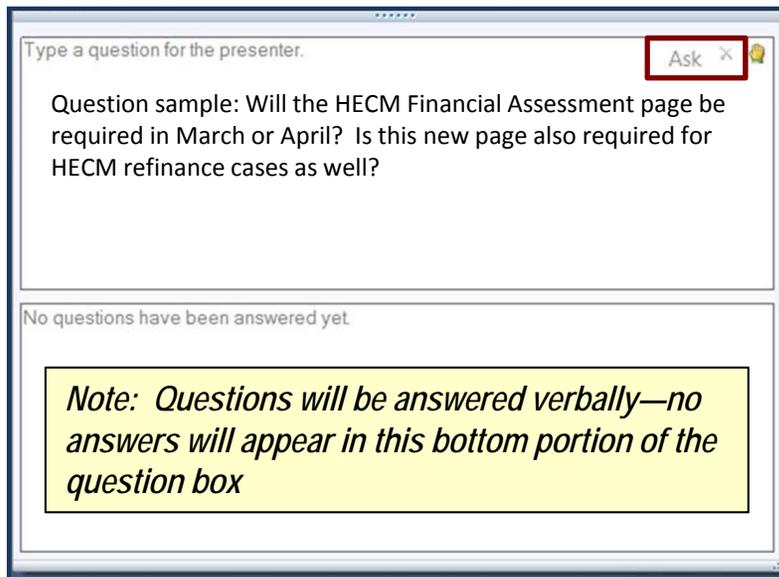
- HECM Financial Assessment and Property Charge Guide
 - Go to the Home Equity Conversion Mortgages for Lenders (HECMs) page on the HUD.GOV website at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm
 - Click **Revised HECM Financial Assessment and Property Charge Guide**
(listed in Reference Materials page section on the right side of the screen)
- Mortgagee Letters 2014-21 and 2014-22





Submitting a question:

Click Q&A icon and type question in drop-down box during webinar
(see tips below)



- Click **Q&A** to open question box
- Click in question box and type your question--multiple questions may be entered
- Do **NOT** press Enter to start a new question—just string questions together (question box has no formatting)
- Click **Ask** at top of the question box to submit question
- or -
You may edit your entered question by clicking **Edit** in the question box
- or -
You may delete previously entered questions by clicking **X** in the question box
- Click **Q&A** again to hide the question box





HECM Financial Assessment Overview

- Mortgagee Letter 2014-21 established the regulatory basis for the financial assessment required for each HECM mortgagor
- Mortgagee Letter 2014-22 provides documentation and verification standards and other guidance necessary to complete the financial assessment
- Financial assessment includes:
 - evaluation of credit history
 - evaluation of property charge payment history
 - calculation of residual income





HECM Financial Assessment Overview, *continued*

Financial assessment outcomes include:

- Determination of whether HECM can be approved
- If HECM can be approved, what conditions will apply?
 - No Life Expectancy Set-Aside required
 - Partially funded Life Expectancy Set-Aside required, or
 - Fully funded Life Expectancy Set-Aside required





HECM Financial Assessment Overview, *continued*

- The following required data, entered via the FHA Connection, mirrors the financial assessment process:
 - Credit history characteristics
 - Property charge payment history characteristics
 - Residual income
 - Compensating factors
 - Life Expectancy Set-Aside (LESA)
- Over time, data will provide FHA with the ability to analyze different aspects of the financial assessment and impact on loan performance





HECM Financial Assessment Overview, *continued*

- The financial assessment worksheet – *whether the model provided in Mortgagee Letter 2014-22 or one developed by the mortgagee* – will provide most of the information required for data entry in the FHA Connection (FHAC)
- Detailed descriptions of the data to be entered into each new field in FHAC will be provided
- Mortgagees are responsible for the accuracy of the data they enter into FHAC



Previous HUD-conducted webinar broadcast:

HECM Financial Assessment & Property Charge Requirements for Underwriters and Processors

HUD.GOV
U.S. Department of Housing and Urban Development
Secretary Julián Castro

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Single Family Archived Webinars

This page contains links to the archived versions of previously recorded webinars presented by FHA's Office of Single Family Housing. While HUD strives to ensure consistency among all four of the FHA Homeownership Centers, the information contained in these webinars may contain geographical-specific information. See the list of **current webinars and classroom offerings**.

In order to view the archived webinar you will need to click on your selected webinar's **Registration** link, provide your registration information, and click on the Launch Webcast button that appears on the next page.

Webinars presented after 2/2/2015 may be inaccessible for users with hearing or vision impaired. Once you enter registration information, you will be able to view the webinar by clicking on the Captions button.

Webinar Archives List:

- ▶ **HECM Financial Assessment and Property Charge Requirements for Underwriters and Processors** (Broadcast Live on 2/2/2015). This webinar focuses on the Home Equity Conversion Mortgage (HECM) Financial Assessment and Property Charge requirements, as published in Mortgagee Letters 2014-21 & 2014-22. Included is a detailed review of the HECM Financial Assessment and Property Charge Guide. Discussion is centered on: Financial Assessment requirements; evaluating the credit and property charge payment history; underwriting and documentation requirements; calculating residual income; evaluating whether a Property Charge Set-Aside is required, and if so, calculating the correct amount. **Webinar duration:** 84 minutes. **Course Materials, Registration and Access to archived version.**

Federal Housing Administration
Insuring More Than 40 Million Mortgages Since 1934
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Help for America's Homeowners
LEARN MORE

Avoiding Foreclosure
Whether you're in foreclosure now or worried about it in the future, we have resources that can help.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/events/sfh_webinars



HECM Financial Assessment Page on *FHA Connection*

- Page available/required for *all* HECM case numbers assigned on or after April 27, 2015, *as per ML-2015-06*
- Page will *not* be available for HECM case numbers assigned *prior* to April 27, 2015
- Information may be entered before or after completing the **Appraisal Logging** page
- **HECM Insurance Application** *cannot* be started until **HECM Financial Assessment** *and* **Appraisal Logging** are successfully processed
- FHA Connection users with **Insurance Application** authorization of *Add/Update or greater* may access the page





References/sources of case information include:

- HUD Mortgage Letters 2014-21 and 2014-22
- HECM Financial Assessment and Property Charge Guide *(dated March 2, 2015) (attachment included with Mortgage Letter 2014-22)*
- Model HECM Financial Analysis Worksheet *(included in the HECM Financial Assessment and Property Charge Guide)*
- Residential Loan Application for Reverse Mortgages *(Fannie Mae form 1009)*
- HUD/VA Addendum to Uniform Residential Loan Application *(form HUD_92900-A)*
- Home Equity Conversion Loan Agreement, and
- Loan Note



New option available from Case Processing menu

Case Processing

- Case Number Assignment
- Appraisal Logging
- Insurance Application
- HECM Insurance Application
- Borrower/Address Change
- CAIVRS Authorization
- Case Query
- Case Transfer
- Conditional Commitment
- EEM Calculator
- Electronic Binder Additions Upload
- Electronic Case Binder Upload
- Escrow Closeout
- Firm Commitment **New function**

HECM Financial Assessment

- Inspector Assignment
- MIC/NOR List
- MIP Calculator
- Mortgage Credit Reject
- Mortgage Insurance Certificate
- Notice of Return
- Post-endorsement Borrower SSN Correction
- Refinance Authorization
- Refinance Credit Query
- Secondary Financing

Processing a Mortgage for FHA Insurance

What I Need to Know

Sign on to the FHA Connection:
<https://entp.hud.gov/clas/index.cfm>

Navigate to the Case Processing page by selecting:

- *Single Family FHA*
- *Single Family Origination*
- *Case Processing*
- *HECM Financial Assessment*



Enter the HECM *FHA Case Number*

HECM Financial Assessment

Help Links ?

FHA Case Number: 123 - 1234567

Send

Reset

HSG HUD Multifamily Ho



Click link to access available help information for the displayed page

HECM Financial Assessment Update

Help Links ?

Other Functions

FHA Case Number: 123-1234567

Current property address on record (pulled from Case Number Assignment)

Property Address:
123 HAPPY DR
SUN CITY CENTER, FL 33573-0000

Last Action:
ID: H12345
Date: Feb 10, 2015

Credit Characteristics

Real Estate Taxes Current

HOA, PUD, Condo Fees Current

Real Estate Debt Current

Other Installment Debt Current (Non-Real Estate)

Revolving Debt Current

Real Estate Taxes Delinquent Last 24 Months

HOA, PUD, Condo Fees Delinquent Last 24 Months

Real Estate Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months

Other Installment Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months

Revolving Debt No 90 Day Lates < 3 60 Day Lates in Last 12 Months

Monthly Effective Income

Imputed Monthly Income from Dissipation of Assets

Monthly Income from All Other Sources

Total Monthly Income:

Monthly Expenses

Real Estate Debt Monthly Payments

Non-Real Estate Debt Monthly Payments

Other Monthly Expense Payments

Total Monthly Expense Payments:

Monthly Property Charges

Total Monthly Property Charges:

User ID and date pertaining to last time page processed

New HECM Financial Assessment Pages



HECM Financial Assessment Update

Help Links ?

Other Functions

FHA Case Number: 123-1234567

Property Address:
123 HAPPY DR
SUN CITY CENTER, FL 33573-0000

Select Yes, No, N/A from the drop-down list beside each question below

Credit Characteristics

Real Estate Taxes Current	No ▾	Real Estate Taxes Delinquent Last 24 Months	Yes ▾
HOA, PUD, Condo Fees Current	N/A ▾	HOA, PUD, Condo Fees Delinquent Last 24 Months	N/A ▾
Real Estate Debt Current	N/A ▾	Real Estate Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	N/A ▾
Other Installment Debt Current (Non-Real Estate)	Yes ▾	Other Installment Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	Yes ▾
Revolving Debt Current	N/A ▾	Revolving Debt No 90 Day Lates < 3 60 Day Lates in Last 12 Months	N/A ▾

Monthly Effective Income

Imputed Monthly Income from Dissipation of Assets

Monthly Income from All Other Sources

Total Monthly Income:

Monthly Expenses

Real Estate Debt Monthly Payments

Non-Real Estate Debt Monthly Payments

Other Monthly Expense Payments

Total Monthly Expense Payments:

Monthly Property Charges

Total Monthly Property Charges:



HECM Financial Assessment Update

Help Links ?

Other Functions

FHA Case Number: 123-1234567

Property Address:
123 HAPPY DR
SUN CITY CENTER, FL 33573-0000

Last Action:
ID: H12345
Date: Feb 10, 2015

Credit Characteristics

Real Estate Taxes Current	<input type="text" value="No"/>	Real Estate Taxes Delinquent Last 24 Months	<input type="text" value="Yes"/>
HOA, PUD, Condo Fees Current	<input type="text" value="N/A"/>	HOA, PUD, Condo Fees Delinquent Last 24 Months	<input type="text" value="N/A"/>
Real Estate Debt Current	<input type="text" value="N/A"/>	Real Estate Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	<input type="text" value="N/A"/>
Other Installment Debt Current (Non-Real Estate)	<input type="text" value="Yes"/>	Other Installment Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	<input type="text" value="Yes"/>
	<input type="text" value="N/A"/>	Revolving Debt No 90 Day Lates < 3 60 Day Lates in Last 12 Months	<input type="text" value="N/A"/>

Enter each amount in this page section

Monthly Effective Income

Imputed Monthly Income from Dissipation of Assets	<input type="text" value="1000.00"/>
Monthly Income from All Other Sources	<input type="text" value="500.00"/>
Total Monthly Income:	<input type="text" value="1500.00"/>

Total Monthly Income must equal the sum of the previous two fields (system checks total only when page is processed)

Monthly Expenses

Real Estate Debt Monthly Payments	<input type="text"/>
Non-Real Estate Debt Monthly Payments	<input type="text"/>
Other Monthly Expense Payments	<input type="text"/>
Total Monthly Expense Payments:	<input type="text"/>

Monthly Property Charges

Total Monthly Property Charges:

Monthly Effective Income	
Imputed Monthly Income from Dissipation of Assets	1000.00
Monthly Income from All Other Sources	500.00
Total Monthly Income:	1500.00
Monthly Expenses	
Real Estate Debt Monthly Payments	
Non-Real Estate Debt Monthly Payments	
Other Monthly Expense Payments	
Total Monthly Expense Payments:	
Monthly Property Charges	
Monthly Real Estate Taxes	
Monthly Hazard Insurance	
Monthly Flood Insurance	
Monthly Property Charges Subtotal:	
Monthly HOA, PUD, Condo Fees	
Monthly Other Property Charges	
Total Monthly Property Charges:	
Projected Life Expectancy Property Charges	
Monthly Property Charges Subtotal x 1.2	
TALC Life Expectancy (in Months)	
Expected Rate	
Compounding Rate (Expected Rate + 1.25%)	
Projected Life Expectancy Property Charge	
Monthly Residual Income	
Family Size	
Residual Income Standard	
Total Monthly Income	1500.00
Total Monthly Expense Payments	
Total Monthly Property Charges	
Residual Income:	
Residual Income Standard	
Residual Income	
Monthly Residual Income Shortfall:	

Amount entered in **Total Monthly Income** is brought forward by the system to the same field in the **Monthly Residual Income** page section (below).

Edits to the total amount must be done in the **Monthly Effective Income** page section (where the amount is originally entered).

Field brought forth by the system from **Monthly Effective Income** page section and is *view-only* in this page section.

HECM Financial Assessment Update

Help Links ?

Other Functions

FHA Case Number: 123-1234567

Property Address:
123 HAPPY DR
SUN CITY CENTER, FL 33573-0000

Last Action:
ID: H12345
Date: Feb 10, 2015

Credit Characteristics

Real Estate Taxes Current	<input type="text" value="No"/>	Real Estate Taxes Delinquent Last 24 Months	<input type="text" value="Yes"/>
HOA, PUD, Condo Fees Current	<input type="text" value="N/A"/>	HOA, PUD, Condo Fees Delinquent Last 24 Months	<input type="text" value="N/A"/>
Real Estate Debt Current	<input type="text" value="N/A"/>	Real Estate Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	<input type="text" value="N/A"/>
Other Installment Debt Current (Non-Real Estate)	<input type="text" value="Yes"/>	Other Installment Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	<input type="text" value="Yes"/>
Revolving Debt Current	<input type="text" value="N/A"/>	Revolving Debt No 90 Day Lates < 3 60 Day Lates in Last 12 Months	<input type="text" value="N/A"/>

Enter dollar amounts using this format: *nnnnnnn.nn* (e.g., 1225.50) - no dollar sign. For zero amounts, enter 0 (do not leave blank).

Monthly Effective Income

Imputed Monthly Income from Dissipation of Assets	<input type="text" value="1000.00"/>
Monthly Income from All Other Sources	<input type="text" value="500.00"/>
Total Monthly Income:	<input type="text" value="1500.00"/>

Enter each amount in these two page sections:
- Monthly Expenses
- Monthly Property Charges

Monthly Expenses

Real Estate Debt Monthly Payments	<input type="text" value="100.00"/>
Non-Real Estate Debt Monthly Payments	<input type="text" value="50.00"/>
Other Monthly Expense Payments	<input type="text" value="50.00"/>
Total Monthly Expense Payments:	<input type="text" value="200.00"/>

Total Monthly Expense Payments Income must equal the sum of the previous three fields in this page section

Monthly Property Charges

Monthly Real Estate Taxes	<input type="text" value="400.00"/>
Monthly Hazard Insurance	<input type="text" value="50.00"/>
Monthly Flood Insurance	<input type="text" value="50.00"/>
Monthly Property Charges Subtotal:	<input type="text" value="500.00"/>
Monthly HOA, PUD, Condo Fees	<input type="text" value="0.00"/>
Monthly Other Property Charges	<input type="text" value="25.00"/>
Total Monthly Property Charges:	<input type="text" value="525.00"/>

Monthly Property Charges Subtotal must equal the sum of the previous three fields in this page section

Total Monthly Property Charges is the sum of:
Monthly Property Charges Subtotal plus
Monthly HOA, PUD, Condo Fees plus
Monthly Other Property Charges

Monthly Effective Income	
Imputed Monthly Income from Dissipation of Assets	1000.00
Monthly Income from All Other Sources	500.00
Total Monthly Income:	1500.00

Monthly Expenses	
Real Estate Debt Monthly Payments	100.00
Non-Real Estate Debt Monthly Payments	50.00
Other Monthly Expense Payments	50.00
Total Monthly Expense Payments:	200.00

Monthly Property Charges	
Monthly Real Estate Taxes	400.00
Monthly Hazard Insurance	50.00
Monthly Flood Insurance	50.00
Monthly Property Charges Subtotal:	500.00
Monthly HOA, PUD, Condo Fees	0.00
Monthly Other Property Charges	25.00
Total Monthly Property Charges:	525.00

Projected Life Expectancy Property Charges	
Monthly Property Charges Subtotal x 1.2	
TALC Life Expectancy (in Months)	
Expected Rate	
Compounding Rate (Expected Rate + 1.25%)	
Projected Life Expectancy Property Charge	

Monthly Residual Income	
Family Size	
Residual Income Standard	
Total Monthly Income	1500.00
Total Monthly Expense Payments	200.00
Total Monthly Property Charges	525.00
Residual Income:	
Residual Income Standard	
Residual Income	
Monthly Residual Income Shortfall:	

Entered totals are carried forward by the system and used in the *Monthly Residual Income* page section below.

Edits to the totals must be done in the page section where the amount was originally entered.

Fields brought forth by the system from *previous* page sections are *view-only* -- no changes can be made to the totals in this page section.

Monthly Property Charges	
Monthly Real Estate Taxes	400.00
Monthly Hazard Insurance	50.00
Monthly Flood Insurance	50.00
Monthly Property Charges Subtotal:	500.00
Monthly HOA, PUD, Condo Fees	0.00
Monthly Other Property Charges	25.00
Total Monthly Property Charges:	525.00

Projected Life Expectancy Property Charges	
Monthly Property Charges Subtotal x 1.2	600.00
TALC Life Expectancy (in Months)	156
Expected Rate	6.175
Compounding Rate (Expected Rate + 1.25%)	7.425
Projected Life Expectancy Property Charge	62400.00

Residual Income Standard	
Total Monthly Income	1500.00
Total Monthly Expense Payments	200.00
Total Monthly Property Charges	525.00
Residual Income:	
Residual Income Standard	
Residual Income	
Monthly Residual Income Shortfall:	

Compensating Factors			
Property Charge Payment History	<input type="checkbox"/>	Access to Other Income or Resources	<input type="checkbox"/>
Non-Borrowing Spouse Income	<input type="checkbox"/>	Expected SSI or Pension Income	<input type="checkbox"/>
Overtime, Seasonal, Part-time or Bonus Income	<input type="checkbox"/>	Imputed Income from HECM	<input type="checkbox"/>
Assets Equal to Life Expectancy Property Charges	<input type="checkbox"/>	HECM Sufficient to Pay off Debts	<input type="checkbox"/>

Life Expectancy Set Aside Requirement	
Requirement:	Select Life Expectancy Requirement <input type="button" value="v"/>
Amount:	0.00

Monthly Property Charges Subtotal X 1.2

Life expectancy of youngest borrower X 12 (see HECM Financial Assessment Worksheet, Appendix 2 for life expectancy chart). In this example, the youngest borrower is age 72 and chart lists 13 years as life expectancy. Multiply 13 years X 12 months = 156 months.

See Sections 5.2 and 5.3 of the HECM Financial Assessment and Property Charge Guide for specific instructions on calculating this field

Expected Rate entered above plus 1.25% (annual mortgage insurance premium rate)

Monthly Residual Income	
Family Size	2
Residual Income Standard	998
Total Monthly Income	1500.00
Total Monthly Expense Payments	200.00
Total Monthly Property Charges	525.00
Residual Income:	775.00
Residual Income Standard	998
Residual Income	775.00
Monthly Residual Income Shortfall:	223.00

See Section 3.100 of the *HECM Financial Assessment and Property Charge Guide* for instructions on determining this field

Residual Income is the difference of:
Total Monthly Income minus
Total Monthly Expense Payments minus
Total Monthly Property Charges

Calculate the difference of *Residual Income Standard* minus *Residual Income*.
 If amount is 0 or a negative number, enter 0; otherwise, enter the difference amount.

- | | | | |
|--|--------------------------|-------------------------------------|--------------------------|
| Property Charge Payment History | <input type="checkbox"/> | Access to Other Income or Resources | <input type="checkbox"/> |
| Non-Borrowing Spouse Income | <input type="checkbox"/> | Expected SSI or Pension Income | <input type="checkbox"/> |
| Overtime, Seasonal, Part-time or Bonus Income | <input type="checkbox"/> | Imputed Income from HECM | <input type="checkbox"/> |
| Assets Equal to Life Expectancy Property Charges | <input type="checkbox"/> | HECM Sufficient to Pay off Debts | <input type="checkbox"/> |

Life Expectancy Set Aside Requirement

Requirement: Amount:

Compensating Factors

Click box beside each factor applicable to the borrower's situation (*check as many or none from the below list*)

Property Charge Payment History	<input type="checkbox"/>	Access to Other Income or Resources	<input type="checkbox"/>
Non-Borrowing Spouse Income	<input type="checkbox"/>	Expected SSI or Pension Income	<input type="checkbox"/>
Overtime, Seasonal, Part-time or Bonus Income	<input checked="" type="checkbox"/>	Imputed Income from HECM	<input type="checkbox"/>
Assets Equal to Life Expectancy Property Charges	<input type="checkbox"/>	HECM Sufficient to Pay off Debts	<input type="checkbox"/>

Life Expectancy Set Aside Requirement

Requirement: Required - Partially Funded Amount:

- Select Life Expectancy Requirement
- Not Required
- Voluntary - Fully Funded
- Required - Fully Funded
- Required - Partially Funded

LESA set-aside amount is based on the selected **Requirement** option (*on left*) and the amount entered in the **Projected Life Expectancy Property Charge** field (*pictured below*). Enter as described in the following:

- If **Not Required** then **Amount** must be left blank
- If **Voluntary – Fully Funded -or- Required – Fully Funded**, then **Amount** must equal **Projected Life Expectancy Property Charge** amount
- If **Required – Partially Funded**, then **Amount** must be less than the **Projected Life Expectancy Property Charge** amount

Select the Life Expectancy Set Aside (LESA) requirement option from the drop-down list (see Section 5 of the *HECM Financial Assessment and Property Charge Guide* for guidance on making this determination)

Previous page section

Projected Life Expectancy Property Charges	
Monthly Property Charges Subtotal x 1.2	<input type="text" value="600.00"/>
TALC Life Expectancy (in Months)	<input type="text" value="156"/>
Expected Rate	<input type="text" value="6.175"/>
Compounding Rate (Expected Rate + 1.25%)	<input type="text" value="7.425"/>
Projected Life Expectancy Property Charge	<input type="text" value="62400.00"/>

Processing the *HECM Financial Assessment* page

HECM Financial Assessment Update

ERROR

HECM FINANCIAL ASSESSMENT NOT PROCESSED DUE TO ERROR(S) [Review Error\(s\)](#)

Help Links ?

Other Functions

Upon processing the page, a message displays if errors are detected. Click *Review Error(s)* link to view error details at bottom of page. Fields related to the error(s) are displayed in red.

Review and correct detected error(s), then process the page again. If no further errors, the *HECM Financial Assessment Results* page displays (below).

Monthly Effective Income

Imputed Monthly Income from Dissipation of Assets 1000.00

Monthly Income from All Other Sources 500.00

Total Monthly Income: 1550.00

Monthly Expenses

Real Estate Debt Monthly Payments 100.00

Non-Real Estate Debt Monthly Payments 50.00

Other Monthly Expense Payments 50.00

Total Monthly Expense Payments: 200.00

Monthly Property Charges

Monthly Real Estate Taxes 400.00

Monthly Hazard Insurance 50.00

Monthly Flood Insurance 50.00

Monthly Property Charges Subtotal: 500.00

Monthly HOA, PUD, Condo Fees 0.00

Monthly Other Property Charges 25.00

Total Monthly Property Charges: 525.00

Projected Life Expectancy Property Charges

Monthly Property Charges Subtotal x 1.2 600.00

TALC Life Expectancy (in Months) 156

Expected Rate 6.175

Compounding Rate (Expected Rate + 1.25%) 7.425

Projected Life Expectancy Property Charge 62400.00

Monthly Residual Income

Family Size 2

Residual Income Standard 998

Total Monthly Income 1550.00

Total Monthly Expense Payments 200.00

Total Monthly Property Charges 525.00

Residual Income: 775.00

Residual Income Standard 998

Residual Income 775.00

Monthly Residual Income Shortfall: 223.00

Compensating Factors

Access to Other Income or Resources

Non-Borrowing Spouse Income

Expected SSI or Pension Income

Overtime, Seasonal, Part-time or Bonus Income

Imputed Income from HECM

Assets Equal to Life Expectancy Property Charges

HECM Sufficient to Pay off Debts

Life Expectancy Set Aside Requirement

Requirement: Required - Partially Funded

Amount: 59280.00

Details

Error(s) Detected: [\[Top\]](#)

Total Monthly Income DOES NOT EQUAL THE SUM OF Imputed Monthly Income from Dissipation of Assets PLUS Monthly Income from All Other Sources

Residual Income MUST EQUAL Total Monthly Income MINUS Total Monthly Expense Payments MINUS Total Monthly Property Charges

Send Reset New Request

Click Other Functions to display the drop-down list of other functions that can be directly accessed for the displayed case number.

HECM Financial Assessment Results

SUCCESS

HECM FINANCIAL ASSESSMENT SUCCESSFULLY COMPLETED

FHA Case Number: 123-1234567

Property Address: 123 HAPPY DR
SUN CITY CENTER, FL 33573-0000

Last Action: ID: H12345
Date: Feb 13, 2015

Credit Characteristics

Real Estate Taxes Current	No	Real Estate Taxes Delinquent Last 24 Months	Yes
HOA, PUD, Condo Fees Current	N/A	HOA, PUD, Condo Fees Delinquent Last 24 Months	N/A
Real Estate Debt Current	N/A	Real Estate Debt No Lates in Last 12 Months < 30 Day Lates in Last 24 Months	N/A
Other Installment Debt Current (Non-Real Estate)	Yes	Other Installment Debt No Lates in Last 12 Months < 30 Day Lates in Last 24 Months	Yes
Revolving Debt Current	N/A	Revolving Debt No 90 Day Lates < 30 Day Lates in Last 12 Months	N/A

Edits to *HECM Financial Assessment* case information may be made (as needed) until the case is endorsed.

HECM Financial Assessment Results

SUCCESS
HECM FINANCIAL ASSESSMENT SUCCESSFULLY COMPLETED

FHA Case Number: 123-1212121

Property Address:
210 WATERVIEW RD
STEVENSVILLE, MD 21666-0000

Last Action:
ID: H12345
Date: Feb 13, 2015

Credit Characteristics

Real Estate Taxes Current	Yes	Real Estate Taxes Delinquent Last 24 Months	No
HOA, PUD, Condo Fees Current	N/A	HOA, PUD, Condo Fees Delinquent Last 24 Months	N/A
Real Estate Debt Current	Yes	Real Estate Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	Yes
Other Installment Debt Current (Non-Real Estate)	Yes	Other Installment Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	Yes
Revolving Debt Current	Yes	Revolving Debt No 90 Day Lates < 3 60 Day Lates in Last 12 Months	Yes

Monthly Effective Income

Imputed Monthly Income from Dissipation of Assets	505.00
Monthly Income from All Other Sources	1100.00
Total Monthly Income:	1605.00

Monthly Expenses

Real Estate Debt Monthly Payments	0.00
Non-Real Estate Debt Monthly Payments	220.00
Other Monthly Expense Payments	15.00
Total Monthly Expense Payments:	235.00

Monthly Property Charges

Monthly Real Estate Taxes	210.00
Monthly Hazard Insurance	40.00
Monthly Flood Insurance	0.00
Monthly Property Charges Subtotal:	250.00
Monthly HOA, PUD, Condo Fees	0.00
Monthly Other Property Charges	0.00
Total Monthly Property Charges:	250.00

Projected Life Expectancy Property Charges

Monthly Property Charges Subtotal x 1.2	300.00
TALC Life Expectancy (in Months)	144
Expected Rate	6.000
Compounding Rate (Expected Rate + 1.25%)	7.250
Projected Life Expectancy Property Charge	28972.00

Monthly Residual Income

Family Size	2
Residual Income Standard	998
Total Monthly Income	1605.00
Total Monthly Expense Payments	235.00
Total Monthly Property Charges	250.00
Residual Income:	1120.00
Residual Income Standard	998
Residual Income	1120.00
Monthly Residual Income Shortfall:	0.00

Compensating Factors

Property Charge Payment History	Access to Other Income or Resources
Non-Borrowing Spouse Income	Expected SSI or Pension Income
Overtime, Seasonal, Part-time or Bonus Income	Imputed Income from HECM
Assets Equal to Life Expectancy Property Charges	HECM Sufficient to Pay off Debts

Life Expectancy Set Aside Requirement

Requirement: **Not Required** Amount: 0.00

Buttons: Send, Reset, New Request

**Example 2:
LESA Requirement: *Not Required***

Click Other Functions to display the drop-down list of other functions that can be accessed directly for the displayed case.

HECM Financial Assessment Results

SUCCESS
HECM FINANCIAL ASSESSMENT SUCCESSFULLY COMPLETED

FHA Case Number: 244-1231231

Property Address:
123 WATERVIEW RD
STEVENSVILLE, MD 21666-0000

Last Action:
ID: H12345
Date: Feb 13, 2015

Credit Characteristics

Real Estate Taxes Current	Yes	Real Estate Taxes Delinquent Last 24 Months	Yes
HOA, PUD, Condo Fees Current	Yes	HOA, PUD, Condo Fees Delinquent Last 24 Months	Yes
Real Estate Debt Current	Yes	Real Estate Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	Yes
Other Installment Debt Current (Non-Real Estate)	Yes	Other Installment Debt No Lates in Last 12 Months < 3 30 Day Lates in Last 24 Months	Yes
Revolving Debt Current	Yes	Revolving Debt No 90 Day Lates < 3 60 Day Lates in Last 12 Months	Yes

Monthly Effective Income

Imputed Monthly Income from Dissipation of Assets	205.00
Monthly Income from All Other Sources	907.00
Total Monthly Income:	1112.00

Monthly Expenses

Real Estate Debt Monthly Payments	0.00
Non-Real Estate Debt Monthly Payments	214.00
Other Monthly Expense Payments	0.00
Total Monthly Expense Payments:	214.00

Monthly Property Charges

Monthly Real Estate Taxes	290.00
Monthly Hazard Insurance	50.00
Monthly Flood Insurance	77.00
Monthly Property Charges Subtotal:	417.00
Monthly HOA, PUD, Condo Fees	30.00
Monthly Other Property Charges	0.00
Total Monthly Property Charges:	447.00

Projected Life Expectancy Property Charges

Monthly Property Charges Subtotal x 1.2	500.40
TALC Life Expectancy (in Months)	144
Expected Rate	6.000
Compounding Rate (Expected Rate + 1.25%)	7.250
Projected Life Expectancy Property Charge	48286.00

Monthly Residual Income

Family Size	1
Residual Income Standard	529
Total Monthly Income	1112.00
Total Monthly Expense Payments	214.00
Total Monthly Property Charges	447.00
Residual Income:	451.00
Residual Income Standard	529
Residual Income	451.00
Monthly Residual Income Shortfall:	78.00

Compensating Factors

Property Charge Payment History	Access to Other Income or Resources
Non-Borrowing Spouse Income	Expected SSI or Pension Income
Overtime, Seasonal, Part-time or Bonus Income	Imputed Income from HECM
Assets Equal to Life Expectancy Property Charges	HECM Sufficient to Pay off Debts

Life Expectancy Set Aside Requirement

Requirement: **Required - Fully Funded** Amount: **48286.00**

Example 3:
LESA Requirement: Required – Fully Funded

Click Help Links to access help information for the displayed page if needed.



FHA Connection

[Business Background](#)
General background information on this application including the business model and function of this screen in the overall process.

[Steps for Processing](#)
Steps required to complete this portion of the business process.

[Field Descriptions](#)
Detailed descriptions of all of the fields and their contents on this screen. Includes data validation rules and format for all data.

[Help Index](#)
Alphabetical index of all FHA Connection Single Family Origination help.

Comments or Questions [<SF Administration>](#)



Appraisal Logging Page Change

Taxes/Insurance 1st Yr Payments field *(in HECM Information page section)*

- Modified to allow entry of total amount of taxes and hazard/flood insurance bills paid from HECM proceeds, or funds from a life expectancy property charge set aside, within the first 12-month disbursement period
- Use sum of insurance premium and tax amounts *(if a new tax bill not issued, enter prior year's amount multiplied by 1.2%)*
- Enter zero if taxes/insurance not paid from HECM proceeds or property charge set aside

* HECM Information *			
Maximum Claim Amount:	410,000	Initial Principal Limit (IPL):	<input type="text" value="250100"/>
Initial MIP Factor:	<input type="text" value="0.5%; <= 60% IPL"/> ▾	Initial Disbursement Limit:	150,060
Mandatory Obligations: (Does not include cash)	<input type="text" value="0"/> ?	Mandatory Obligations Cash from Borrower:	<input type="text" value="0"/>
Mandatory Obligations Cash from Lender:	<input type="text" value="0"/>	Taxes/Insurance 1st Yr Payments:	<input type="text" value="6300"/>
Repair Set Aside:	<input type="text" value="No"/> ▾	Repair Set Aside Amount:	<input type="text"/>
Additional 10% of IPL Usage:	<input type="text" value="N/A"/> ▾	Additional 10% of IPL Usage Amount:	<input type="text"/>

Previously field information was not collected and only 0 could be entered





HECM Insurance Application Page Changes

(Worksheet Information page section)

- **Total Monthly Income:** Field name change (previously Monthly Income) and now prefilled from HECM Financial Assessment page (may not be edited on this page)
- **Real Estate Debts:** Field should *not* include real estate debts to be paid off with HECM proceeds at closing

Worksheet Information	
Property Value:	<input type="text" value="410000"/> .00
Sale Price:	<input type="text"/> .00
Closing Costs:	<input type="text"/> .00
Origination Fee:	<input type="text"/> .00
Existing Liens:	<input type="text"/> .00
Borrower Investment:	<input type="text"/> .00
Underwriter ID:	<input type="text"/>
Underwriter Name:	
Total Monthly Income:	1500.00
Assets Available:	<input type="text"/> .00
Debts (non-Real Estate):	<input type="text"/> .00
Real Estate Assets:	<input type="text"/> .00
Real Estate Debts:	<input type="text"/> .00
Underwriter Approval Date:	<input type="text"/> / <input type="text"/> / <input type="text"/>





HECM Insurance Application Page Changes, *continued*

New Credit Scores fields (*in Borrower Information page section*)

- Now collecting FICO credit scores for each borrower
- A minimum of 300 and maximum of 850 can be entered for each score
- Enter *N/A* if FICO credit scores not available for borrower

Borrower Information				
Name:	<input type="text" value="CARLSON, CARLA C"/>	Married to NBS:	<input type="text" value="No"/> ▼	
		SSN:	<input type="text" value="001"/> - <input type="text" value="02"/> - <input type="text" value="0003"/>	
		Date of Birth:	<input type="text" value="01"/> / <input type="text" value="01"/> /1943	
Borrower Information:	<input type="text" value="Select Borrower Information"/> ▼		Ethnicity:	<input type="text" value="Select Ethnicity"/> ▼
Race(s):	<input type="checkbox"/> American Indian <input type="checkbox"/> Asian <input type="checkbox"/> Black		Sex:	<input type="text" value="Select Sex"/> ▼
	<input type="checkbox"/> Native Hawaiian <input type="checkbox"/> White			
Credit Scores:	Experian/FICO: <input type="text"/>	Equifax/Beacon®: <input type="text"/>	TransUnion/Empirica®: <input type="text"/>	





HECM Insurance Application Page Changes, *continued*

Taxes/Insurance 1st Yr Payments field (in *Mortgage Information* page section)

- Amount prefilled from *Appraisal Logging* page
- Field may be edited *if needed* and will update field on *Appraisal Logging* page

Mortgage Information					
Interest Rate (%):	<input type="text"/>	Expected Rate (%):	<input type="text"/>	Expected Rate Index:	<input type="text" value="N/A"/>
ARM:	<input type="text" value="N/A"/>	Maximum:	<input type="text"/>	ARM Index:	<input type="text" value="N/A"/>
Margin:	<input type="text"/>	Payment Plan:	<input type="text" value="N/A"/>	10 Year Rate Lock:	<input type="text" value="N/A"/>
Length of Term (months):	<input type="text"/>	UFMIP Financed:	<input type="radio"/> Yes <input type="radio"/> No	Initial Principal Limit (IPL):	<input type="text" value="250100"/> .00
Initial Disbursement Limit:	150060.00	Initial MIP Factor:	<input type="text" value="0.5%; <= 60% IPL"/>	Maximum Claim Amount:	<input type="text" value="410000"/> .00
Taxes/Insurance 1st Yr Payments:	<input type="text" value="6300"/>	Mandatory Obligations Cash from Borrower:	<input type="text"/>	Mandatory Obligations Cash from Lender:	<input type="text"/>
Date of Application:	<input type="text"/>	Additional 10% of IPL Usage:	<input type="text" value="N/A"/>	Additional 10% of IPL Usage Amount:	<input type="text"/>
Appraiser ID:	<input type="text" value="VA4001000123"/>	Closing Date:	<input type="text"/>	Disbursement Date:	<input type="text"/>
		Appraiser Name:	WOODS, JAMES H		





HECM Financial Assessment & HERMIT

Both the *Appraisal Logging* and *HECM Financial Assessment* pages on the FHA Connection must be successfully completed *before* case information is sent from CHUMS to the HERMIT system for Lender Setup





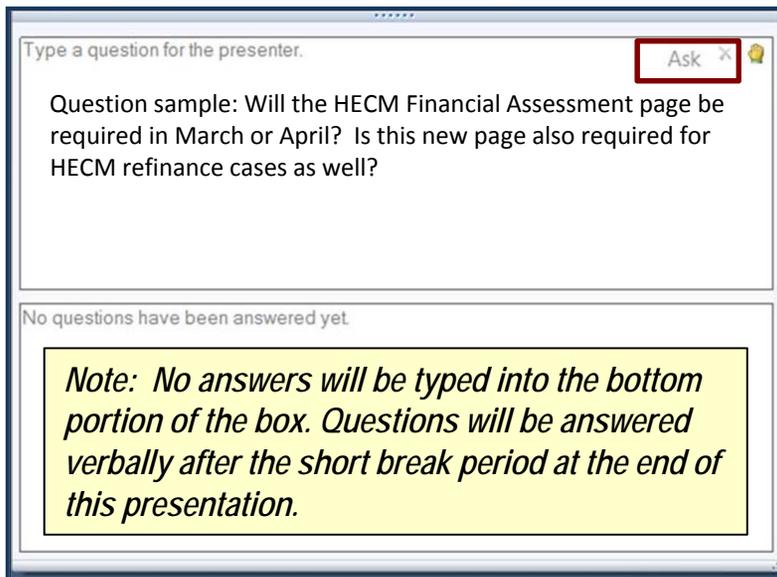
Questions & Webinar Wrap-up





Submitting a question:

Click the Q&A icon at the top of your screen and type your question in the drop-down box—follow instructions listed below.



- Click **Q&A** to open question box
- Click in question box and type your question--multiple questions may be entered
- Do **NOT** press Enter to start a new question—just string questions together (question box has no formatting)
- Click **Ask** at top of the question box to submit question
- or -
You may edit your entered question by clicking **Edit** in the question box
-or-
You may delete previously entered questions by clicking **X** in the question box
- Click **Q&A** again to hide the question box





Additional HECM Financial Assessment questions?

E-mail them to:

HECMADMIN@HUD.GOV





- Handout still available for a short time to download.
- ***We want to hear from you*** - a short survey will be e-mailed to the e-mail address you used to register for this webinar. Please complete the survey to help us improve future presentations.



Thank you for your participation today!

