Home Equity Reverse Mortgage Information Technology (HERMIT)

Supplemental Claims – Frequently Asked Questions (FAQ/Issues)

Table 1 – Total Metrics

Type of Metric	Number Captured
Training	18
System Changes	6
Policy	3
HAC Meeting Questions	6
Total	33

Table 2 – Training

Issue No	Issue Description	Response
1.	**Schedule for entering Supplemental Claims (NRMLA):** HECM Servicers are very concerned about the "proposed" schedule for entering in supplemental claims that are more than 6 months old. Given the identified challenges with filing supplemental claims and with an understanding that training on the supplemental claims procedures has not yet been provided, servicers request that the proposed schedule be re-visited.	HERMIT system currently does not have any validation built to enforce the filing of supplemental claim from the approved date on a prior Claim Type 21 and 23. HECM Mortgagee will be able to file supplemental claims that are more than 6 months old, until a decision is made by HUD to implement the 6 month validation.
2.	**6 Month Deadline for Submitting Claims (NRMLA):** HUD had advised that claims paid on or after October 1, 2013 would be under regular 6 month deadline for the filing of supplemental claims. Servicers request HUD reconsider this deadline as the HERMIT supplemental claim feature is not yet fully functional.	HERMIT system currently does not have any validation currently built to enforce the filing of supplemental claim from the approved date on a prior Claim Type 21 and 23. HECM Mortgagee will be able to file supplemental claims that are more than 6 months old until a decision is made by HUD to implement the 6 month validation.
3.	**Block 6 cannot be edited (NRMLA):** If a servicer opens up a timeline with the correct date in block 6, HERMIT automatically reverts to a "current" date on the claim form. This automated recalculation of the date causes debenture interest to be incorrectly calculated because it populates a date more recent than the date the original claim was filed, which servicers were previously instructed to use. This automated reversion of the date in Block 6 also incorrectly calculates a refund of transactional debenture interest on the supplemental claim form.	HERMIT System displays Block 6 (Date form prepared) with the Complete Date of the timeline step "Servicer submits HUD 27011" upon initiation of Claim Type 24 timeline. Upon claim submission, the Block 6 (Date form prepared) date will reflect the date claim type 24 is submitted. For a Claim Type 21 supplemental, if Block 6 Date > Block 10 Date + 15 days, system currently derives the debenture interest end date as Block 6 (Date form prepared) date on the supplemental claim. This is causing debenture interest to be calculated incorrectly. HUD to prioritize a system change to derive the debenture interest end date as the Settlement Date on the original claim.
4.	**Block 311 Not Editable (NRMLA):** There are many cases where MIPs are not captured correctly in HERMIT. Servicers cannot edit block 311 to correct and/or collect the difference.	HERMIT system currently does not allow editing of Block 311 (MIPs). To claim additional MIPs not captured on the original claim (any MIPs missed prior to original claim 21 or 23 that has been submitted), HECM Mortgagee must use Block 17 (Unpaid Loan Balance) to populate the amount to get reimbursed. However, it is imperative that Mortgagees provide clear and detailed

Issue No	Issue Description	Response
	Some servicers were instructed to use the "Other" transaction code to enter these missing fees. Servicers ask that the root cause be investigated and corrected. Servicers will need clear direction on this issue in the interim.	explanation along with supporting documentation in the Notes and/or Documents section for the loan, in HERMIT. Note: HUD does not collect the MIP on the supplemental claim after the claim paid transaction date on the original claim. Therefore, the MIPs are not auto-populated as part of Block 311 (MIPs) on the supplemental to refund to the Mortgagee.
5.	**Block 107, 111 cannot be edited to claim, correct, or remove amounts (NRMLA):** Not being able to edit Block 107 is a hard stop for all claims since this field is used to recover any UPB discrepancy from the original claim. The majority of all claims have UPB variances. Block 111 Column C in part B of the claim form is also a hard stop because it cannot be edited to reclaim missed debenture interest from the unpaid principal balance on the original claim.	Block 107 (Adjustment to Loan Balance) is not editable on the supplemental claim and should not be used to recover UPB discrepancy from the original claim. Mortgagees are requested to use Block 17 (Unpaid loan balance) to add difference in the unpaid balance from the original claim. The debenture interest on the difference unpaid balance is auto-calculated by the system to be reimbursed, as part of the supplemental claim. Block 111 (Total Disbursements from line 305, Part D) is auto-calculated displaying the total disbursements from section 305 Part D of the supplemental form. Mortgagees will need to add the appropriate expenses on the loan, which auto-populates section 305 and the expenses are rolled up to auto-calculate Block 111 (Total Disbursements from line 305, Part D).
6.	**HECM servicers need ability to update UPB on block 17 (which feeds to part B, Line 107) (NRMLA):** Large volumes of supplemental claims are being amassed and creating a backlog because of the inability to update the amount in block 17.	System allows Mortgagee to enter difference in unpaid balance from the original claim in Block 17 (Unpaid loan balance) for the supplemental claims. Block 17 (Unpaid loan balance) is an editable field on the supplemental claim. Mortgagees will need to reconcile the payment history between their system and HERMIT and provide an explanation of the UPB discrepancy. It is imperative that Mortgagees provide a detailed explanation along with supporting documentation in the Notes and/or Documents section on the loan, in HERMIT.
7.	**Servicers are not able to add service fees to supplemental claims (NRMLA):** Currently, when service fees are not added to the initial claim, they are not paid. To correct the issue servicers need the ability to add service fees that are due to section 305 the part C of the 27011	To enter the missing service fees, select Corp Advance – 305 Disbursements Transaction Category, and Corp Advance – S305 Other Transaction Type in the Loan Transactions screen, with appropriate effective and Incurred Dates and transaction amount. Once the transaction is auto-populated on the supplemental claim, edit the Corp Advance – S305 other as Service Fee. It is imperative that Mortgagees provide a detailed explanation along with

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	within HERMIT.	supporting documentation in the Notes and/or Documents section on the loan, in HERMIT.
8.	**Expense from block 305 won't populate on the claim form due to date issue (Help Desk):**	For supplemental claims filed after 9/30/2013, if the expense is reported in the Loan transactions screen and the date criteria is met per the current business rules, the expense is auto-populated on the supplemental form. For supplemental claims filed before 9/30/2013, the Mortgagee is advised to inactivate the existing Claim Type 24 timeline on the loan and initiate a new timeline.
9.	**Update Block 9 and Block 10 on the supplemental claim (Help Desk):** Servicer would like to update Block 9 and Block 10 as they were incorrect on the original claim.	System prefills Block 9 (Date of Marketable Title) and Block 10 (Date deed or assignment filed for record or date of closing or appraisal) from the original claim submitted and are not editable on the supplemental claim. It is the responsibility of the Mortgagee to ensure the correct dates are populated on the original claim types 21 and 23.
10.	**Change Block 31 on the supplemental claim (Help Desk):** Servicer would like to update Block 31 on the supplemental claim.	System prefills Block 31 (Mortgagee Reported Curtailment Date) from the original claim submitted and is not editable on the supplemental claim. It is the responsibility of the Mortgagee to ensure the correct dates are populated on the original claim types 21 and 23.
11.	**Add additional MIPs to Block 311 (Help Desk):** Transactions in block 311 are labeled as "monthly accruals" and there is not an option to add additional MIPs that were not claimed on the original claim.	HERMIT system currently does not allow editing of Block 311 (MIPs). To claim additional MIPs not captured on the original claim (any MIPs missed prior to original claim 21 or 23 that has been submitted), HECM Mortgagee can use Block 17 (Unpaid loan balance) to populate the amount to get reimbursed. However, it is imperative that Mortgagees provide clear and detailed explanation along with supporting documentation in the Notes and/or Documents section for the loan, in HERMIT. Note: HUD does not collect the MIP on the supplemental claim after the claim paid transaction date on the original claim. Therefore, the MIPs are not auto-populated as part of Block 311 (MIPs) on the supplemental to refund to the Mortgagee.
12.	**Incorrect data from legacy system on converted loans (Help Desk):** Fields are incorrect on the supplemental claim. Loan was part of data-conversion. Block 20 cannot be edited to change extension date.	If the data was incorrect in the legacy system, and was converted into HERMIT, a HERMIT Help Desk ticket must be submitted by the Mortgagee. Once the data fields are corrected, a supplemental claim must be filed in HERMIT. HUD to prioritize a system change to make Block 20 (Date of

Issue No	Issue Description	Response
		Notice/Extension to Convey) editable on the supplemental form.
13.	**Block 11 not editable on the supplemental form (Help Desk):** Block 11 not editable on the supplemental form.	Block 11 (Date of Firm Commitment) is not editable on the supplemental claim and is pre-filled from the original claim. It is the responsibility of the Mortgagee to ensure the correct dates are populated on the original claim types 21 and 23.
14.	**Negative Claim Amount Error (Help Desk):** CT 24 Error received – Do not file claim; It will result in a negative claim.	HERMIT system does not allow Mortgagee to submit the supplemental claim, if the total claim amount on the loan results in a negative amount. A hard stop message will be displayed when submitting the claim.
15.	**Correct fields on supplemental (Help Desk):** Block 34 cannot be edited.	Block 34 (Brief Legal Description of the Property) is not editable on the supplemental claim and is pre-filled from the original claim. It is the responsibility of the Mortgagee to ensure the correct data are populated on the original claim types 21 and 23.
16.	**Refunding more on Repayments (Help Desk):** Debenture interest on repayments is refunding more than was claimed.	The debenture interest on the supplemental claim is calculated per current calculation rules on original Claim Type 21 and 23. In scenarios, where Block 19 (Expiration date of extension to foreclose/assign) was not populated on the original claim, but was populated on the supplemental claim, system calculates the debenture interest on expenses populated on the supplemental taking into account the extension date. Hence, the debenture interest end date may not always be the same as on the original claim, as it is recalculated with dates and expenses populated on the supplemental form. Example: D&P Date = 5/4/2011 DBI End Date on original claim = 11/4/2011 Block 19 = Not populated On supplemental form, Block 19 = 2/2/2012 DBI End Date = recalculated to Block 10 + 15 days per the business rules on

Issue No	Issue Description	Response
		claim type 21 supplemental.
17.	**DIL Date incorrect on original Claim (Help Desk):** Deed-in-lieu date is wrong on original claim and that field is not editable. Trying to add a legal repayment to the claim and it's not showing up on the claim form.	The Deed-In-Lieu date is currently not editable on the supplemental form and is pre-filled from the original claim. It is the responsibility of the Mortgagee to ensure the correct dates are populated on the original claim types 21 and 23. The supplemental claim auto-populates any expenses not part of the original claim, and added on the loan after the original claim was paid, provided the date criteria is met for the expense added. Mortgagee is requested to verify the effective and incurred dates, if the expense is not populating on the supplemental claim.
18.	**Supplemental claims filed before 9/30/2013 are incorrect (Help Desk):** Servicers filed supplemental claims prior to 9/30/2013 and incorrect values are populated.	If supplemental claims were filed prior to 9/30/2013 and not submitted, the Claim Type 24 timeline can be inactivated on the loan and a new Claim Type 24 timeline can be initiated in HERMIT. Mortgagees will be able to file supplemental claims that are more than 6 months old, until a decision is made by HUD to implement the 6 month validation.

Table 3 – System Changes

No	Description	Response
1.	HECM Servicers are unable to remove prior curtailments from the initial 27011 settlement on supplemental claims, or add extension information (NRMLA). Initial claims were paid short on debenture interest because of HERMIT's inability to initially capture a HUD-approved extension. HUD's new policy allows for additional debenture interest for Due&Payable short sale claims. In both instances, Servicers need to be able to claim additional debenture interest when filing supplemental claims. Servicers are able to add an extension to block 19, which is required for the first legal action deadline, or the servicer extension. Servicers cannot, however add the block 20 extension for filing a sales-based claim after expiration of 6 months of marketable title	<u>Editing Prior Curtailments</u> System prefills Block 31 (Mortgagee Reported Curtailment Date) from the original claim submitted and is not editable on the supplemental claim. Mortgagee currently cannot edit or remove curtailments populated on the supplemental claim. It is the responsibility of the Mortgagee to ensure the correct dates are populated on the original claim types 21 and 23. <u>Add Extension Information:</u> Mortgagees have the ability to edit/enter the extension date (Block 19) on the supplemental form. In order to claim the additional debenture interest on the original claim, Mortgagees will need to calculate the difference debenture interest amount on the original claim using the new extension date and enter the amount in Block 17 (Unpaid Loan Balance) on the supplemental claim. A detailed explanation of the breakdown of the calculated debenture interest amount must be provided to HUD. Note: If any expenses are added on the loan and auto-populated on the supplemental claim, the debenture interest is calculated by the system considering the extension date business rules. HUD to prioritize a system change to make Block 20 (Date of Notice/Extension to Convey) editable on the supplemental form.

No	Description	Response
2.	HECM Servicers are not able to add credits (refunds) to the supplemental claims (NRMLA). With paper supplemental claims, claim processors could add back refunds or overpayments from the initial claims to return funds to HUD using block 109. Currently, there is no functionality in HERMIT to add credits or refunds as block 109 is not editable. Certain servicers are utilizing a "repayment" transaction code in each of the sections to apply credits. Other servicers have been asked not to use these transaction codes. Servicers need clear direction on what the process should be.	HUD to prioritize a system change to for Block 109 (Escrow Balance) to be editable to allow Mortgagees to enter refund amount, when they cannot enter them on Part D on the supplemental claim. Mortgagees are advised to use the "repayment" transaction code in HERMIT to apply credits, as long as the overall supplemental claim amount does not go negative.
3.	Block 6 cannot be edited (NRMLA). If a servicer opens up a timeline with the correct date in block 6, HERMIT automatically reverts to a "current" date on the claim form. This automated recalculation of the date causes debenture interest to be incorrectly calculated because it populates a date more recent than the date the original claim was filed, which servicers were previously instructed to use. This automated reversion of the date in Block 6 also incorrectly calculates a refund of transactional debenture interest on the supplemental claim form.	For a Claim Type 21 supplemental, if Block 6 Date > Block 10 Date + 15 days, system currently derives the debenture interest end date as Block 6 date on the supplemental. This is causing debenture interest to be calculated incorrectly. HUD to prioritize a system change to derive the debenture interest end date as the Settlement Date on the original claim.
4.	The section provided for servicer notes and comments on Part A of the 27011 is very limited and does not allow for servicers to provide the proper amount of detail (Help Desk). Due to the need to detail and provide explanation for items on supplemental filing, we have found the space to do so is too limited. The notes section needs to be expanded.	HERMIT system currently allows a maximum of 500 characters for servicer notes and comments. The loan Notes and Documents section can be used to provide explanation or upload necessary documentation for review by HUD.

No	Description	Response
5.	Servicers are unable to add trailing expenses that were incurred prior to the sale of the property (Block 10) but paid after the date provided in Block 10 (Help Desk). Every property has trailing expense and for sections 305, 306, 308 and 309. HERMIT will not accept an expense with a paid date after the date in Block 10. It has been confirmed that this is a HERMIT problem and the current coding needs to be appropriately modified.	HERMIT system currently accepts the expense date until the date populated in Block 10 (Date deed or assignment filed for record or date of closing or appraisal). HUD to prioritize a system change to add expenses incurred within Block 8 (Due date last complete installment paid) and Block 10, but paid after Block 10 on the original claim and the supplemental.
6.	Repayment transactions are generating too much DBI due to date populated in Block 6 (HD).	On the original claim, if there was no extension populated, the debenture interest is calculated per current business rules. On the supplemental, with addition of extension, if the submission timeframe was met, debenture interest is not curtailed and the submission date of supplemental form is used. HUD to prioritize a system change to derive the debenture interest end date as the Settlement Date on the original claim.

Table 4 – Policy

No	Description	Response
1.	MIP incorrectly calculated on original claim, system does not currently provide ability to enter the correct amount on supplemental (HD).	HERMIT system currently does not allow editing of Block 311 (MIPs). To claim additional MIPs not captured on the original claim, HECM Mortgagee can use Block 17 (Unpaid loan balance) to populate the amount to get reimbursed. However, it is imperative that Mortgagees provide clear and detailed explanation along with supporting documentation in the Notes and/or Documents section for the loan, in HERMIT. Note: HUD does not collect the MIP on the supplemental claim after the claim paid transaction date on the original claim. Therefore, the MIPs are not auto-populated as part of Block 311 (MIPs) on the supplemental to refund to the Mortgagee.
2.	Servicers need the ability to add service fees that are due to section 305 the part C of the 27011 within HERMIT.	To enter the missing service fees, select Corp Advance – 305 Disbursements Transaction Category, and Corp Advance – S305 Other Transaction Type in the Loan Transactions screen, with appropriate effective and Incurred Dates and transaction amount. Once the transaction is auto-populated on the supplemental claim, edit the Corp Advance – S305 other as Service Fee. It is imperative that Mortgagees provide a detailed explanation along with supporting documentation in the Notes and/or Documents section on the loan, in HERMIT.

No	Description	Response
3.	**Debenture Interest Incorrect (Help Desk):** Debenture interest is incorrect by $xxxx.xx – this amount needs to be added to the interest of line 111. We currently cannot edit this field.	If debenture interest is incorrect on original claim for expenses populated in Part C of the original claim, Mortgagee will need to add the correct expense difference amount on the loan transactions screen using Corp Advance – S305 transaction type with appropriate Incurred and effective dates, so a debenture interest is not calculated. Mortgagee will need to calculate the difference debenture interest from the original claim excluding the debenture interest for expenses populated on the supplemental claim. Select Corp Advance – 305 Disbursements Transaction Category, and Corp Advance – S305 Other Transaction Type in the Loan Transactions screen, with appropriate effective and Incurred Dates and debenture interest difference amount. Once the transaction is auto-populated on the supplemental claim, edit the Corp Advance – S305 other as Debenture Interest Difference. Note: For expenses entered as part of supplemental claim, system will automatically calculate the debenture interest, if the business rules are met. It is imperative that Mortgagees provide clear and detailed explanation along with supporting documentation in the Notes and/or Documents section for the loan, in HERMIT.

Table 5 – HAC Meeting Questions

No	Description	Response
1.	What is the date criteria for expenses included in box 305, 308 and 309 corporate advances? I believe the logic is flawed for the effective date.	For 21 Supplemental (305 Corporate Advances), The expenses are included on the claim form if below criteria is met: Non-Service Fee Incurred Date < Block 29 and Effective Date >= Block 29 Incurred Date >= Block 29 and <= Block 10 (Effective Date > Block 29 or Effective Date > Block 10) Service Fee If Effective Date > month of date on Block 8 and <= month of date on Block 9 For 23 Supplemental (305 Corporate Advances), The expenses are included on the claim form if below criteria is met: Non-Service Fee Incurred Date < Block 8 and (Effective Date >= Block 8 and <= Block 10) Incurred Date >= Block 8 and <= Block 10 (Effective Date >= Block 8 and <= Block 10) Service Fee If Effective Date > month of date on Block 8 and <= month of date on Block 10 For 21 Supplemental (308 Corporate Advances), Incurred Date >= Block 29 and <= Block 10 (Effective Date > Block 29 or Effective Date > Block 10) For 23 Supplemental (308 Corporate Advances), Incurred Date is < Item 8 and (Effective Date >= Item 8 and <= Item 10)

No	Description	Response
		Incurred Date is >= Item 8 and <= Item 10 and (Effective Date >= Item 8 and <= Item 10) For 21 Supplemental (309 Corporate Advances), Incurred Date is < Item 29 and Effective Date >= Item 29 Incurred Date >= Item 29 and <= Item 10 (Effective Date > Item 29 or Effective Date > Item 10) For 23 Supplemental (309 Corporate Advances), Incurred Date is < Item 8 and (Effective Date >= Item 8 and <= Item 10) Incurred Date is >= Item 8 and <= Item 10 and (Effective Date >= Item 8 and <= Item 10)
2.	FAQ#9 (Block 9 and Block 10), 10 (Block 31), 13 (Block 11) and 18 (DIL Date) indicates that corrections to particular data are not available in the supplemental claim. Is this the official policy of HUD that the data originally submitted will never be allowed to be corrected? Where is this officially published?	In review by HUD.
3.	On the original claim, when you enter an extension in Block 19, it automatically curtails you to end of extension even if you made your first legal.	System currently checks to see if Block 11 (1st legal Date) exceeds the extension date in Block 19; if so system curtails the debenture interest end date to the extension date (provided the curtailment date is not populated), per the current business rules.
4.	Revisiting the HERMIT based HECM Supplemental claim filing schedule distributed in the HAC meeting, is this a "suggested schedule" similar to the "1st suggested schedule" that was initially distributed by HUD?	Yes, this is the schedule provided by HUD.

No	Description	Response
5.	HERMIT recently changed their mapping for Claim Type 23 filings to calculate debenture interest from block #8 to curtailment and/or settlement on 9/30/13. Prior to 9/30/13, HERMIT calculated debenture interest only from the block #10 date, while the UPB was claimed up to the block #8 date. Is the Servicer able to file a supplemental claim for retroactive claims filed in HERMIT where the servicer did not see the debenture interest paid from block #8?	Yes, Mortgagee can file a supplemental claim for retroactive claims filed in HERMIT prior to 9/30/2013 for which the debenture interest was not originally reimbursed from Block 8. To claim the debenture interest difference, Mortgagee will need to add the debenture interest amount on the loan transactions screen using Corp Advance – S305 transaction type with appropriate Incurred and effective dates, so a debenture interest is not calculated on the debenture interest. Mortgagee will need to calculate the difference debenture interest from the original claim excluding the debenture interest for expenses populated on the supplemental claim. Select Corp Advance – 305 Disbursements Transaction Category, and Corp Advance – S305 Other Transaction Type in the Loan Transactions screen, with appropriate effective and Incurred Dates and debenture interest difference amount. Once the transaction is auto-populated on the supplemental claim, edit the Corp Advance – S305 other as Debenture Interest Difference due to September 2013 changes.
6.	If the expense is incurred during the claim period (block #8-block #10), but is paid after block #10, how is this handled? For example, an insurance premium may be paid after block #10, but the policy covers a portion of time when the property was being marketed before an ABC was filed.	System currently does not populate the trailing expenses populated after Block 10. HUD to prioritize a system change to add expenses incurred within Block 8 (Due date last complete installment paid) and Block 10, but paid after Block 10 on the original claim and the supplemental.