

Endorsing a HECM Case

FHA-approved lenders may submit a request for FHA mortgage insurance for a Home Equity Conversion Mortgage (HECM) direct endorsement (DE) case using **HECM Insurance Application**. HECM (or reverse) mortgages are loans against homes owned by homeowners 62 years of age or older that convert home equity into monthly streams of income and/or a line of credit to be repaid when the home is no longer occupied. The **HECM Insurance Application** function on the FHA Connection (**Figure 1**) is used to request mortgage insurance for a HECM case and to add or update the request information as needed prior to endorsement.

HECM Insurance Application is used to process all of the HECM case types—*traditional*, *purchase*, and *refinance*. In a HECM *traditional* case, the equity in the homeowner's current property is used to secure the reverse mortgage. In a HECM *purchase* case, the mortgagor purchases a new principal residence with HECM (reverse) loan proceeds, and, at the time of closing, the first and second liens (initial purchase and HECM, respectively) are the only liens against the property. A HECM *refinance* case is the refinance of an existing HECM with a new HECM for the same borrower and same property with different loan specifications.

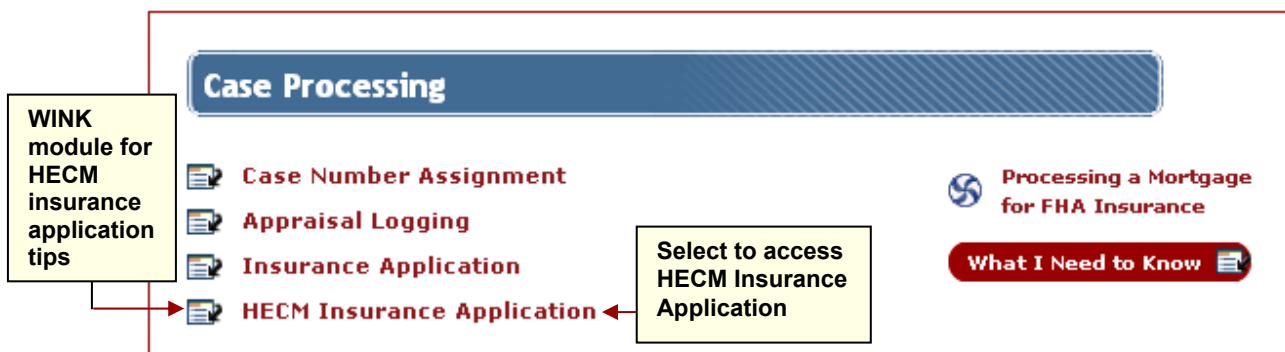



Figure 1: HECM insurance application available on the Case Processing menu

This **FHA Connection Guide** module provides the following sections to assist you in obtaining FHA mortgage insurance:

- **Basic Prerequisites and Requirements for a HECM Loan**
- **Case Binder Information Sources**
- **HECM Insurance Application Processing**, which includes:
 - **Key Steps in Using HECM Insurance Application on the FHA Connection**
 - **General Information, Worksheet Information, Borrower Information, and Mortgage Information** section-by-section illustrations and explanations of each part of the online HECM Insurance Application form. These sections also facilitate data entry by mapping the case binder document data to the fields to be completed on the HECM Insurance Application form.
- **HECM Insurance Application Results (MIC or NOR)** provides an overview of the endorsement process and briefly discusses insurance denial and resolution steps.

Notes

- For a DE forward (non-HECM) case, use the **Insurance Application** function and refer to the **FHA Connection Guide** module on that topic.
- For training and assistance in using the FHA Connection, refer to the **FHA Connection Guide** modules: **Using the FHA Connection** and **FHA Connection Training Resources**. Specific information pertaining to **HECM Insurance Application** is also available using **What I Need to Know (WINK)** accessed via the  icon located directly adjacent to the **HECM Insurance Application** function on the **Case Processing** menu (**Figure 1**).

Basic Prerequisites and Requirements for a HECM Loan

In order for a HECM loan to become FHA-insured, basic requirements must be met by both the borrower and property, and specific processing steps must be completed by the originating lender (or its sponsor/agent).

Borrower Requirements

The borrower of the HECM loan must:

- be 62 years of age or older
- own the property
- occupy the property as a primary residence
- participate in a consumer information session with an approved HECM counselor to determine the feasibility of a HECM mortgage.

Property Requirements

The HECM property must meet FHA property standards and flood requirements. Allowed property features include:

- single family home
- 1-4 unit home with one unit occupied by the borrower
- HUD-approved condominium
- manufactured home
- home on leased land

Processing Requirements

The originating lender (or its sponsor/agent) must:

- establish the case in HUD's origination system. For information on establishing a case, see the **FHA Connection Guide** modules: **Case Processing Overview** and **Case Number Assignment**.
- complete all **basic case requirements**, including paying upfront mortgage insurance premium (UFMIP), and providing complete and accurate borrower information, valid street address, appraisal information, underwriter information, and HECM housing counseling (unless waived for a refinance).
- for a HECM refinance loan, terminate FHA insurance on the prior loan.
- complete the **HECM Insurance Application** and submit the case binder (closing package) to the HUD Homeownership Center (HOC) within 60 days after the closing date of the HECM mortgage.

Once the **HECM Insurance Application** is successfully processed, the case is either endorsed by HUD or issued a NOR (see the **HECM Insurance Application Results (MIC or NOR)** section).

For additional requirements information, refer to **HECM Insurance Application WINK (Preparing to Use HECM Insurance Application, Requirements)** or **HECM Insurance Application Help (Business Background)**.

Case Binder Information Sources

Information sources for HECM insurance application processing may include, but are not limited to the following:

- Appraisal Report
- Buydown Agreement
- Certificate of HECM Counseling – form HUD-92902

- Credit Report
- HECM Payment Plan
- Loan Agreement (including Repair Rider, if applicable)
- Mortgage (or other security instrument)
- Note
- Residential Loan Application for Reverse Mortgages – Fannie Mae form 1009
- Settlement Statement - form HUD-1
- Uniform Residential Loan Application (URLA) - Fannie Mae Form 1003, Freddie Mac Form 65

These documents, together with any other required documents, are included in the case binder.

HECM Insurance Application Processing

This section begins with the basic steps for processing the FHA Connection online HECM Insurance Application form, followed by sections with detailed illustration on completing each section of the form.

Key Steps in Using HECM Insurance Application on the FHA Connection

Follow these basic steps to process the HECM Insurance Application form:

1. Access **HECM Insurance Application** after sign on by following the menu path: **Single Family FHA > Single Family Origination > Case Processing > HECM Insurance Application**. The FHA Connection menu path appears as a “breadcrumb trail” in the red banner at the top of each function page.
2. On the HECM Insurance Application page (**Figure 2**), enter the case number in the **FHA Case Number** field.

Figure 2: HECM Insurance Application query page

3. Successful entry of the case number opens the HECM Insurance Application Update page in which to enter or update case information. Data entry on this very detailed page is done using multiple resources found in the case binder.

Note: The information entered on the HECM Insurance Application Update page is validated against numerous official sources. Entry of incorrect or invalid data or failure to supply information required for the loan type may result in a denial of insurance with the binder returned to the lender by HUD.

4. To assist you with (a) locating the requisite case binder information to enter on HECM Insurance Application Update and (b) processing the FHA Connection's online HECM Insurance Application form itself, refer to the following sections of this module: **General Information**, **Worksheet Information**, **Borrower Information**, and **Mortgage Information**. Each section provides processing tips followed by mapping illustrations of the inputs from the key case binder resources (other resources are referenced in each section as appropriate):

- **HUD/VA Addendum to Uniform Residential Loan Application** – form HUD-92900-A
- **Residential Loan Application for Reverse Mortgages** – Fannie Mae Form 1009

For additional data entry assistance, refer to **HECM Insurance Application Help (Steps for Processing and Field Descriptions)**. Click **Help Links** at the upper right of the HECM Insurance Application Update page (**Figure 3**).

Successful processing of the HECM Insurance Application Update page and subsequent endorsement results in issuance of the Mortgage Insurance Certificate (MIC) (**Figure 8a**). View the MIC using **Mortgage Insurance Certificate** on the Single Family Origination **Case Processing** menu.

or,

If the case is not endorsed, a NOR is issued (**Figure 8b**). Use **Notice of Return** (on the Single Family Origination **Case Processing** menu) to view and print the NOR.

For more information, refer to the **HECM Insurance Application Results (MIC or NOR)** section at the end of this module.

General Information


The **General Information** section of HECM Insurance Application Update appears in **Figure 3**, followed by some processing tips for this section. Key portions of the HUD forms used to complete this section are illustrated in **Figures 3a-3d**, following.

The screenshot shows the 'HECM Insurance Application Update' page. At the top, there are 'Help Links' and 'Other Functions' buttons. A warning message states: 'Existing conditions may affect processing. [See message(s) below]'. The 'General Information' section contains the following data:

- FHA Case Number:** 023-1231231
- Property Address:** 123 N MAPLE AVE, MESA, AZ 85204-0000
- County Code:** 013
- Sponsored Originator EIN:** 34-5345345 (QRS LENDING SERVICES)
- Sponsor/Agent ID:** 123450009 (BANK OF BANKS)
- NMLS ID:** 3345
- Loan Officer Name:** [Empty]
- Issue MIC in Sponsor Name:** Yes No
- Mail to Sponsor:** Yes No
- ADP Code:** 971 (with 'ADP Code Selector' callout)
- Program ID:** (00)-Default (with 'Lookup' callout)
- Living Units:** 01
- ADP Code Characteristics:**
 - Amortization Type: Fixed
 - Housing Program: Home Equity Mortgage (255) - Standard
 - Property Type: Not a condominium
 - Special Program: No Special Program
 - Buydown: No
- Repair Rider:** Yes No
- Repair Complete Date:** 10 / 10
- Repair Amount:** 2850 .00
- PUD:** Yes No
- Manufactured Housing:** Yes No
- Construction Code:** Existing Construction
- Enter HECM Counsel TIN:** 12 -3456789
- Counsel Date:** 09 / 01 / 09
- Purpose of Loan:** (Choose all that apply)
 - Additional Income
 - Home Improvements
 - Payments of Taxes
 - Payment of Insurance
 - Leisure
 - Medical
 - Extinguish Forward Mortgage
 - Other

Figure 3: General Information section of HECM Insurance Application Update

Processing Tips for the General Information Section (Figure 3)

Refer to the *What I Need to Know (WINK)* icon  next to the **Update an Existing Case** function on the **Case Number Assignment** menu for:

- background on updating *view-only information* entered during case number assignment
- instructions on how to change a Home Equity Conversion Mortgage (HECM) case to a non-HECM case or a non-HECM case to HECM case

Note: the **ADP Code** cannot be changed to a forward (non-HECM) case if the case was not initially established as such (or vice versa).

To assist the homeowner in making an informed decision as to whether the HECM program meets their needs, consumer education and counseling by a HUD-approved HECM counselor is required. The following related fields are completed to record the counseling: **HECM Counsel TIN** (taxpayer identification number) or **HECM Counseling Certificate Number**, and **Counsel Date**. HECM counseling can be waived for a HECM refinance case if the Home Equity Conversion Mortgage (HECM) Anti-Churning Disclosure (form HUD-92901) is included in the case binder and the other conditions for a waiver are met (refer to **HECM Insurance Application WINK (Preparing to Use HECM Insurance Application, Requirements)** for additional information regarding waiver requirements).

Case Binder Sources for Entering General Information

Figures 3a-3f illustrates the source form fields for the specific **General Information** fields to which they relate. The callouts (pointing to the form fields) are the field names found on the HECM Insurance Application Update page.

Loan Officer Name and **Loan Officer NMLS ID** appear on the **Residential Loan Application for Reverse Mortgages**, Fannie Mae Form 1009. Information previously entered on **Case Number Assignment** but may be updated on **HECM Insurance Application** if needed.

Loan Originator's Signature X	Loan Officer Name and Loan Officer NMLS ID		Date
Loan Originator's Name (print or type)	Loan Originator Identifier	Loan Originator's Phone Number (including area code)	
Loan Origination Company's Name	Loan Origination Company Identifier	Loan Origination Company's Address	
Page 4 of 7		Fannie Mae Form 1009 02/10	

Figure 3a: Subsection of the Residential Loan Application for Reverse Mortgages, Fannie Mae Form 1009

ADP Code appears on the **HUD/VA Addendum to Uniform Residential Loan Application**, form HUD-92900-A.

Part I - Identifying Information (mark the type of application)		2. Agency Case No. (include any suffix)	3. Lender's Case No.	4. Section of the Act (for HUD cases)
1. <input type="checkbox"/> VA Application for Home Loan Guaranty	<input type="checkbox"/> HUD/FHA Application for Insurance under the National Housing Act		ADP Code	

Figure 3b: Subsection of the HUD/VA Addendum to Uniform Residential Loan Application, form HUD-92900-A

Living Units appears on the Residential Loan Application for Reverse Mortgages, Fannie Mae Form 1009.

II. Primary Residence Property Information			
Subject Property Address (street, city, state, county, and ZIP code):			
Legal Description of Subject Property (attach description if necessary):			
Property Title is Held in These Names (please list all names on property title):			
No. of Units:	Year Built:	Estimate of Appraised Value:	
<input checked="" type="checkbox"/> Living Units	<input type="checkbox"/> Primary Residence	<input type="checkbox"/> Investment Property	
Property Title Held As:	<input type="checkbox"/> Fee Simple	<input type="checkbox"/> Life Estate	<input type="checkbox"/> Leasehold Leasehold Expiration Date
Check if title is also held as:		<input type="checkbox"/> Inter Vivos (Living) Trust	<input type="checkbox"/> Irrevocable Trust <input type="checkbox"/> Revocable Trust

Figure 3c: Section II of the Residential Loan Application for Reverse Mortgages (Fannie Mae Form 1009)

HECM Counsel TIN, Counsel Date, and HECM Counseling Certificate Number appear on the Certificate of HECM Counseling (form HUD-92902).

		HECM Counseling Certificate Number
Certificate of HECM Counseling		Certificate Number: 105329523 OMB No. 2502-0524 (expires 2/28/2011)
<p>U.S. Department of Housing and Urban Development Office of Housing</p> <p>Provision of this information is required to obtain benefits. 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.</p> <p>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 12, 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.</p>		
Homeowner(s) Name(s) STAN S STANLEY, STACY S STANLEY		
Property Address City/State/Zip 123 ORANGE DR, TITUSVILLE, FL 32780		
<p>The U. S. Department of Housing and Urban Development (HUD) requires that homeowner(s) 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 FHA's guidelines 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.</p> <p>Counselor Certification:</p> <p>In accordance with Section 2555, Housing and Community Development Act of 2006, HUD requires that HECM counselors certify that they have provided the required information to the potential HECM mortgagor and that they have provided the required information to the potential HECM mortgagor and that they have provided the required information to the potential HECM mortgagor.</p>		

Figure 3d: Top subsection of the Certificate of HECM Counseling (form HUD-92902)

7. The Home Equity Conversion Mortgage (HECM) is a reverse mortgage loan that is repaid when the borrower lives in the mortgaged property, or when any other covenants of the mortgage have been violated. (Borrowers are those parties who have signed the Note and Mortgage or Deed of Trust.)

I hereby certify that the homeowner(s) listed above have received counseling according to the requirements of this certificate and the standards of the U.S. Department of Housing and Urban Development, as described in mortgagee letters, handbooks, regulations, and statute. This interview was held **via Telephone** and the amount of time required to cover the above items was as follows: **55 minutes**.

Counselor's Name (Printed): KIMBERLY KIMBERS	HUD-Approved Counseling Agency Name: FAMILY DEBT MANAGEMENT SERVICES	
Counselor Name (Signature & Date): <i>X Kimberly Kimbers 03-29-2010</i>	Address (Street/City/State/Zip) 123 OCEAN AVENUE CLEARWATER, FL 33760	
	Telephone No: 800-555-1234	Agency Employer Identification No: 87654 — HECM Counsel TIN

HomeOwner Certification:
I/we hereby certify that I/we have discussed the financial implications of and alternatives to a HECM with the above Counselor. I/we understand the advantages and disadvantages of a HECM and each type of payment plan, as well as the costs of a HECM and when the HECM will become due and payable. This information will enable me/us to make more informed decisions about whether I/we want to proceed with obtaining a HECM. I/we understand that I/we may be charged a counseling fee that may be paid upfront to the counseling agency or if I decide to proceed with a HECM loan, financed into the mortgage and payment under any of these methods will be reflected in the 800 series on the HUD-1 settlement statement in accordance with HUD's Real Estate Settlement Procedure regulations at 24 CFR part 3500 (see 24 CFR 3500.8).

Homeowner Signature & Date: _____ Homeowner Signature & Date: _____
X _____ X _____

(All homeowners shown on the deed must sign the mortgage and this counseling certificate.)

Upfront Fee for Counseling Session: **None** Financed Fee for Counseling Session: **None** **Fees were waived**
Date Counseling Completed: **03/29/2010** Certificate Expiration Date: **09/25/2010** (180 days from date HECM counseling completed)

Counsel Date → **03/29/2010** form HUD-92902 (8/2008)

Figure 3e: Bottom subsection of the Certificate of HECM Counseling (form HUD-92902)

Purpose of Loan appears on the **Residential Loan Application for Reverse Mortgages**, Fannie Mae Form 1009.

I. Type of Mortgage and Terms of Loan		
Mortgage Applied for: <input type="checkbox"/> FHA Traditional HECM* <input type="checkbox"/> FHA Refinance HECM* <input type="checkbox"/> FHA Purchase HECM* \$ _____ Sales Contract Price \$ _____ Land Installment Contract Price \$ _____ Borrower's Investment _____ Other _____ (specify) *Complete HUD/VA Addendum HUD 92900-A	FHA Case No. (HECM): _____ Loan Payment Plans: <input type="checkbox"/> Line of Credit <input type="checkbox"/> Term <input type="checkbox"/> Modified Term <input type="checkbox"/> Tenure <input type="checkbox"/> Modified Tenure <input type="checkbox"/> Undecided	Lender Case No.: _____ Purpose of Loan: (Check all that apply) <input type="checkbox"/> Additional Income <input type="checkbox"/> Home Improvements <input type="checkbox"/> Payment of Taxes <input type="checkbox"/> Payment of Insurance <input type="checkbox"/> Leisure <input type="checkbox"/> Medical <input type="checkbox"/> Extinguish Forward Mortgage <input type="checkbox"/> Other _____ (Specify)
Features (Check the applicable boxes): Special Loan Features: <input type="checkbox"/> Equity Share _____ Other (specify) _____ Index Type: _____ LIBOR _____ Other (specify) _____ ARM Type: _____ Monthly _____ Annual Fixed Rate Type: _____ Open End _____ Closed End Other: _____ Explain _____	\$ _____ Loan Origination Fee	

Purpose of Loan (enter all that are selected)


Figure 3f: Section I of the Residential Loan Application for Reverse Mortgages (Fannie Mae Form 1009)

Refer to the case binder and **HECM Insurance Application Help (Field Descriptions)** if you need assistance in determining:

- **Construction Code** (Appraisal Report)
- **Program ID** (only **(00)-Default** is accepted)
- **Property Type** (Appraisal Report)
- **PUD, Manufactured Housing** (Appraisal Report)
- **Repair Rider, Repair Complete Date, Repair Amount** (Loan Agreement – Repair Rider)
- **Total Children**

Worksheet Information

The **Worksheet Information** section of HECM Insurance Application Update appears in **Figure 4**, immediately followed by some processing tips for this section. This portion of the page contains monetary and other supporting information that is key to the case. If this information is not accurate and complete, it may impede successful processing of the HECM Insurance Application and delay/prevent endorsement. Key portions of the HUD forms used to complete this section are illustrated in **Figures 4a-4e**, following.

Worksheet Information			
Property Value:	<input type="text" value="990000"/> .00	Monthly Income:	<input type="text" value="1500"/> .00
Sale Price:	<input type="text"/> .00	Assets Available:	<input type="text"/> .00
Closing Costs:	<input type="text" value="13393"/> .00	Debts (non-Real Estate):	<input type="text"/> .00
Origination Fee:	<input type="text"/> .00	Real Estate Assets:	<input type="text" value="990000"/> .00
Existing Liens:	<input type="text" value="226538"/> .00	Real Estate Debts:	<input type="text"/> .00
Borrower Investment:	<input type="text"/> .00	Underwriter Approval Date:	<input type="text" value="11"/> / <input type="text" value="09"/> / <input type="text" value="07"/> 
Underwriter ID:	<input type="text" value="A123"/>		
Underwriter Name:	JONES, JOAN		

System-generated after application is processed

Calendar user aid

Figure 4: Worksheet Information section of HECM Insurance Application Update

Processing Tips for the Worksheet Information Section (Figure 4)

Tips include:

- in monetary value fields, dollar signs (\$), commas, or cents are not entered (they are “understood” by the system).
- use the calendar user aid if needed to enter/change the **Underwriter Approval Date**.
- For a HECM purchase case, the **Sale Price** and **Borrower Investment** fields are required; leave these fields blank for other HECM case types.

Mapping of the HUD form sources for completing the **Worksheet Information** fields appears in the **Case Binder Sources for Entering Worksheet Information** section that follows (**Figures 4a-4e**).

Case Binder Sources for Entering Worksheet Information

In **Figures 4a-4e** that follows, the callouts (pointing to the form fields) are the field names found on the HECM Insurance Application Update page.

Property Value appears on the **Appraisal Report**, e.g., the **Uniform Residential Appraisal Report**, Fannie Mae Form 1004.

RECONCILIATION	Indicated Value by:		
	Sales Comparison Approach \$	Cost Approach (if developed) \$	Income Approach (if developed) \$
This appraisal is made <input type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair.			
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ _____, as of _____, which is the date of inspection and the effective date of this appraisal.			

Property Value

Figure 4a: Reconciliation section of the Uniform Residential Appraisal Report (Fannie Mae Form 1004)

Figures 4b-4d illustrate the form fields' sources found on the Residential Loan Application for Reverse Mortgages, Fannie Mae Form 1009.

I. Type of Mortgage and Terms of Loan		
Mortgage Applied for: <input type="checkbox"/> FHA Traditional HECM* <input type="checkbox"/> FHA Refinance HECM* <input type="checkbox"/> FHA Purchase HECM* \$ _____ Sales Contract Price \$ _____ Land Installment Contract Price \$ _____ Borrower's Investment Other _____ (specify) _____	FHA Case No. (HECM): Loan Payment Plans: <input type="checkbox"/> Line of Credit <input type="checkbox"/> Term <input type="checkbox"/> Modified Term <input type="checkbox"/> Tenure <input type="checkbox"/> Modified Tenure <input type="checkbox"/> Undecided	Lender Case No.: Purpose of Loan: (Check all that apply) <input type="checkbox"/> Additional Income <input type="checkbox"/> Home Improvements <input type="checkbox"/> Payment of Taxes <input type="checkbox"/> Payment of Insurance <input type="checkbox"/> Leisure <input type="checkbox"/> Medical <input type="checkbox"/> Extinguish Forward Mortgage <input type="checkbox"/> Other _____ (Specify) _____
*Complete HUD/VA Addendum HUD 92900-A Features (Check the applicable boxes): Special Loan Features: <input type="checkbox"/> Equity Share <input type="checkbox"/> Other (specify) _____ Index Type: <input type="checkbox"/> LIBOR <input type="checkbox"/> Other (specify) _____ ARM Type: <input type="checkbox"/> Monthly <input type="checkbox"/> Annual Fixed Rate Type: <input type="checkbox"/> Open End <input type="checkbox"/> Closed End Other: <input type="checkbox"/> Explain _____		\$ _____ Loan Origination Fee

Figure 4b: Section I of the Residential Loan Application for Reverse Mortgages (Fannie Mae Form 1009)

III. Borrower Information			
Borrower's Name (include Jr. or Sr., if applicable):		Co-Borrower's Name (include Jr. or Sr., if applicable):	
Social Security Number:	DOB (MM/DD/YYYY):	Social Security Number:	DOB (MM/DD/YYYY):
Monthly Income: \$	Combine for Monthly Income	Monthly Income: \$	
Real Estate Assets: \$		Real Estate Assets: \$	Combine for Real Estate Assets
Available Assets: \$		Available Assets: \$	
Home Phone (include area code):		Home Phone (include area code):	
Combine for Assets Available			
Account Number			
Total Liens to be paid: \$		Existing Liens	

Figure 4c: Section III (top) and Section IV (bottom) of the Residential Loan Application for Reverse Mortgages (Fannie Mae Form 1009)

V. Total Non-Real Estate Debts	
Total Amount of Non-Real Estate Debts: \$	Debts (non-Real Estate)

Figure 4d: Section V of the Residential Loan Application for Reverse Mortgages (Fannie Mae Form 1009)

Underwriter Approval Date

Approved: Approved subject to the additional conditions stated below, if any.
 Date Mortgage Approved _____ Date Approval Expires _____

Loan Amount (include UFMP)	Interest Rate	Proposed Maturity		Monthly Payment	Amount of Up Front Premium	Amount of Monthly Premium	Term of Monthly Premium
\$	%	Yrs.	Mos	\$	\$	\$	months

Modified & Approved as follows:

Additional Conditions:

If this is proposed construction, the builder has certified compliance with HUD requirements on form HUD-92541.

If this is new construction, the lender certifies that the property is 100% complete (both on site and off site improvements) and the property meets HUD's minimum property standards.

Form HUD-92544, Builder's Warranty is required.

The property has a 10-year warranty.

Owner-Occupancy **Not** required (item (b) of the Borrower's Certificate does not apply).

The mortgage is a high loan-to-value ratio for non-occupant mortgagor in military.

Other: (specify) _____

This mortgage was rated as an "accept" or "approve" by a FHA-approved automated underwriting system. As such, the undersigned representative of the mortgagee certifies to the integrity of the data supplied by the lender used to determine the quality of the loan, that a Direct Endorsement Underwriter reviewed the appraisal (if applicable) and further certifies that this mortgage is eligible for HUD mortgage insurance under the Direct Endorsement program. I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4

Mortgagee Representative _____

FHA-Approved Automated Underwriting System _____

This mortgage was rated as a "refer" or "caution" by a FHA-approved automated underwriting system, and/or was manually underwritten by a Direct Endorsement underwriter. As such, the undersigned Direct Endorsement underwriter certifies that I have personally reviewed the appraisal report (if applicable), credit application, and all associated documents and have used due diligence in underwriting this mortgage. I find that this mortgage is eligible for HUD mortgage insurance under the Direct Endorsement program and I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4

Underwriter ID

Direct Endorsement Underwriter _____ DE's CHUMS ID Number _____

FHA-Approved AUS (if appropriate) _____

Figure 4e: Subsection of the HUD/VA Addendum to Uniform Residential Loan Application, form HUD-92900-A

Note: The underwriter's name appears in the **Underwriter Name** field after the HECM Insurance Application page is successfully submitted for processing.

Refer to the case binder and **HECM Insurance Application Help (Field Descriptions)** if you need assistance in determining:

- **Closing Costs** (HUD-1 or Payment Plan)
- **Real Estate Debts** (Credit Report)

Borrower Information

A subsection of the **Borrower Information** section of HECM Insurance Application Update appears in **Figure 5**, immediately followed by some processing tips for this section. Key portions of the HUD forms used to complete this section are illustrated in **Figures 5a-5b**, following.

Borrower Information

Borrower 1:

Name: SSN: -- Date of Birth: //1921

Borrower Information: Ethnicity:

Race(s):

American Indian: <input type="checkbox"/>	Asian: <input type="checkbox"/>	Black: <input type="checkbox"/>	Sex: <input type="text" value="Female"/>
Native Hawaiian: <input type="checkbox"/>	White: <input checked="" type="checkbox"/>		

Note: Fields identical to those shown above for Borrower 1 are provided for Borrowers 2-5, but are omitted from this illustration due to space constraints.

Native Hawaiian: White:

Total Children: Application Received by:

Figure 5: Borrower Information section of HECM Insurance Application Update

Processing Tips for the Borrower Information Section (Figure 5)

Tips include:

- If the borrower’s/coborrower’s **Name**, **SSN**, and/or **Date of Birth** are added or updated, the HECM Insurance Application process validates the new identification information overnight with the Social Security Administration (SSA). The following message is displayed on the Update and/or Results page: *Warning: Pending Borrower Validation; Check Holds Tracking Next Business Day.*
- **Important:** Check **Holds Tracking** the next business day to determine the status of the borrower validation. If the borrower validation fails, the case cannot be endorsed for FHA insurance without Homeownership Center (HOC) acknowledgment of the warning.

See **HECM Insurance Application WINK (Completing the Insurance Application, Tips for Changing Borrower Information)** for details.

Mapping of the HUD form sources for completing the **Borrower Information** fields appears in the **Case Binder Sources for Entering Borrower Information** section that follows (Figures 5a-5b).

Case Binder Sources for Entering Borrower Information

Figures 5a-5b illustrate the form fields’ sources found on the **Residential Loan Application for Reverse Mortgages**, Fannie Mae Form 1009. The callouts (pointing to the form fields) are the field names found on HECM Insurance Application Update page.

III. Borrower Information

Borrower 1 Name | Borrower 2 Name

Borrower’s Name (include Jr. or Sr., if applicable): | Co-Borrower’s Name (include Jr. or Sr., if applicable):

Social Security Number: | DOB (MM/DD/YYYY): | Social Security Number: | DOB (MM/DD/YYYY):

SSN (Borrower 1) | Date of Birth (Borrower 1) | Monthly Income: \$ | SSN (Borrower 2) | Date of Birth (Borrower 2)

Real Estate Assets: \$ | Real Estate Assets: \$

Figure 5a (above) and Figure 5b (below): Borrower 1 information appears on the left; Borrower 2 information appears on the right

VIII. Information for Government Monitoring Purposes

Borrower 1 | Borrower 2

Ethnicity | Ethnicity

Race(s) | Race(s)

Sex | Sex

Application Received by

To be Completed by Loan Originator:
 This information was provided:
 In a face-to-face interview
 In a telephone interview
 By the applicant and submitted by fax or mail
 By the applicant and submitted via e-mail or the Internet

Note: If applicable, refer to the case binder for the above information for (Co)Borrower 3, (Co)Borrower 4, and (Co)Borrower 5.

Mortgage Information

The **Mortgage Information** section of HECM Insurance Application Update appears in **Figure 6** immediately followed by some processing tips for this section. Key portions of the HUD forms used to complete this section are illustrated in **Figures 6a-6b**, following.

Mortgage Information

Interest Rate (%):	5.560	Expected Rate (%):	5.560	Expected Rate Index:	N/A
ARM:	N/A	Maximum:		ARM Index:	N/A
Margin:		Payment Plan:	Line of Credit	10 Year Rate Lock:	N/A
Length of Term (months):		UFMIP Financed:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Principal Limit:	73260.00
Maximum Claim Amount:	110000.00	Closing Date:	04/26/10	Disbursement Date:	
Appraiser ID:	AZ11223	Date of Application:		System-generated information based on Appraiser ID	
Appraiser Name:	STEINER, STAN S				

Figure 6: Mortgage Information section of HECM Insurance Application Update

Processing Tips for the Mortgage Information Section (Figure 6)

Tips include:

- **Date of Application** for traditional and purchase HECM loans, the date cannot be more than 90 calendar days prior to the date of HECM counseling. For refinance HECM cases, the date cannot be more than 90 calendar days prior to the date of case number assignment.
- **Disbursement Date** must be at least four business days but not more than 45 calendar days after the **Closing Date**.
- **Maximum Claim Amount** may be manually entered but must not exceed the system-calculated amount. Upfront mortgage insurance premium is based on this amount.
- **Principal Limit** is based upon the age of the youngest borrower (homeowner), expected average mortgage interest rate, and the **Maximum Claim Amount**. Incorrectly entering any of these items may result in an inaccurate principal limit.
- **Property Value** for a HECM refinance may be less than the **Maximum Claim Amount** on the prior case (*effective August 3, 2007*).
- If the appraised value (**Property Value**) of a refinance HECM case is lower than the **Property Value** of the original HECM case, the upfront mortgage insurance premium (UFMIP) for the refinance case is zero; however, a refund is not issued for any remaining available UFMIP on the original HECM case.

Mapping of the HUD form sources for completing the **Mortgage Information** fields appears in the **Case Binder Sources for Entering Mortgage Information** section that follows (**Figures 6a-6d**).

Case Binder Sources for Entering Mortgage Information

In **Figures 6a-6b**, the callouts (pointing to the form fields) are the field names found on the HECM Insurance Application Update page; the form fields' sources are found on the **Residential Loan Application for Reverse Mortgages**, Fannie Mae Form 1009. A listing of other HECM Insurance Application page fields is provided following **Figures 6a-6b** with specific form references.

I. Type of Mortgage and Terms of Loan		
Mortgage Applied for: <input type="checkbox"/> FHA Traditional HECM* <input type="checkbox"/> FHA Refinance HECM* <input type="checkbox"/> FHA Purchase HECM* \$ _____ Sales Contract Price \$ _____ Land Installment _____ Contract Price \$ _____ Borrower's Investment _____ Other _____ (specify) *Complete HUD/VA Addendum HUD 92900-A	FHA Case No. (HECM): Loan Payment Plans: <input type="checkbox"/> Line of Credit <input type="checkbox"/> Term <input type="checkbox"/> Modified Term <input type="checkbox"/> Tenure <input type="checkbox"/> Modified Tenure <input type="checkbox"/> Undecided <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-top: 10px;">Payment Plan</div>	Lender Case No.: Purpose of Loan: (Check all that apply) <input type="checkbox"/> Additional Income <input type="checkbox"/> Home Improvements <input type="checkbox"/> Payment of Taxes <input type="checkbox"/> Payment of Insurance <input type="checkbox"/> Leisure <input type="checkbox"/> Medical <input type="checkbox"/> Extinguish Forward Mortgage <input type="checkbox"/> Other _____ (Specify)
Features (Check the applicable boxes): Special Loan Features _____ Equity Share _____ Other (specify) _____ Index Type: _____ LIBOR _____ Other (specify) _____ ARM Type: _____ Monthly _____ Annual _____ Fixed Rate Type: _____ Open End _____ Closed End _____ Other: _____ Explain _____	\$ _____ Loan Origination Fee	

ARM

Figure 6a: Section I of the Residential Loan Application for Reverse Mortgages (Fannie Mae Form 1009)

VII. Acknowledgment and Agreement	
<p>Each of the undersigned specifically represents to Lender and Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors, and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors, or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors, and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented in this application should change prior to closing the Loan; (8) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; and (9) neither Lender nor its agents, brokers, insurers, servicers, successors, or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property.</p> <p>Acknowledgment: Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors, and assigns, may verify or re-verify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.</p> <p>Certification: I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liabilities including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq. for monetary damages to the Lender, its agents, successors and assigns, insurers, and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made on this application.</p>	
Borrower's Signature _____ <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-top: 5px;">Date of Application</div>	Date _____ Co-Borrower's Signature _____ Date _____

Figure 6b: Section VII of the Residential Loan Application for Reverse Mortgages (Fannie Mae Form 1009)

Refer to the case binder and **Insurance Application Help (Field Descriptions)** if you need to determine:

- **10 Year Rate Lock** (Payment Plan)
- **Appraiser ID** (Appraisal Report)
- **ARM Index** (Note)
- **Closing Date** (Payment Plan)
- **Disbursement Date** (HUD-1 form)
- **Expected Rate Index** (Note)
- **Interest Rate (%)** (Note)
- **Length of Term (months)** (Payment Plan)
- **Margin** (Note)
- **Maximum** (Note)
- **Maximum Claim Amount** (Payment Plan)
- **Principal Limit** (Payment Plan)
- **UFMIP Financed** (HUD-1 form)

Note: For a HECM case, UFMIP is also referred to as *initial MIP* or *initial fee*.

HECM Insurance Application Results (MIC or NOR)

Once the **HECM Insurance Application** is completed and successfully submitted, an authorized HOC staff representative endorses the case using the **Endorsement Information** section of **HECM Insurance Application**. If there are no problems, the endorsement information appears at the bottom of the page indicating that the case is insured (**Figure 7**).

* Endorsement Information *			
Technical Review:	No	Insurance Date:	10 / 06 / 10
Insurance Decision:	Yes	Pre-endorsement Delinquency Status:	None
Insured by:	M23456		

Endorsement information indicates the case is insured

Figure 7: Subsection of the HECM Insurance Application Endorsement Information

After a case is submitted for endorsement, lenders may use the **MIC/NOR List** (**Figure 8**) function on the **Case Processing** menu to retrieve a list of their cases that were either:

- a. endorsed and issued a MIC (**Figure 8a**), or
- b. not endorsed and issued a NOR (**Figure 8b**)

From the retrieved list, the lender can view and/or print the MIC or NOR.

Note: For more information on **MIC/NOR List** and resolving a NOR, refer to:

- **HECM Insurance Application WINK** (*HECM Insurance Application – Accepted or Rejected?, Retrieving Mortgage Insurance Certificate (MIC), or Resolving a Notice of Return (NOR)*)
- **MIC/NOR List Help** (*Business Background and Steps for Processing*)

The electronic MIC serves as evidence of FHA insurance of the mortgage loan. HUD issues the NOR to indicate that a mortgage loan cannot be endorsed for FHA insurance; the reason(s) for nonendorsement are provided. The case binder (closing package) is returned to the originator or sponsor/agent of the loan. The lender may address the NOR by resolving the noted problems, updating case information, and resubmitting the case binder for reconsideration and possible endorsement.

FHA Connection

Home Main Menu ID Maintenance E-mail Us Contact Us

Single Family FHA Single Family Origination > Case Processing > MIC/NOR List

MIC/NOR List Request Help Links ?

SUCCESS
MIC/NOR LIST REQUEST SUCCESSFULLY COMPLETED

MIC/NORs on file for Lender ID 2233400001 as of 07/20/2006
(1 records were selected, 1 records displayed.)

[Download Report to Excel File](#)

Case Number	Borrower Name	Address	MIC Report Date
3711234567	KHAT, KITTY C.	1234 SIAMESE LN CICERO, NY 130390000	07/20/2006

Search criteria:

Sorted by: **Case Number**

Home Office ID:

Lender ID: **2233400001**

Cases Originated by: **Originator**

Last Action: **Insured**

Begin Date: **07/20/2006**

End Date:

Figure 8: MIC/NOR List Request page

FHA Connection

Home Main Menu ID Maintenance E-mail Us Contact Us

Single Family FHA Single Family Origination > Case Processing > Mortgage In

Print the MIC and retain as evidence of FHA mortgage insurance

Mortgage Insurance Certificate

SUCCESS

MORTGAGE INSURANCE CERTIFICATE SUCCESSFULLY COMPLETED

This Certificate is evidence of insurance of the mortgage loan described herein under the indicated Section of the National Housing Act (P.L. 479 48 Stat. 1246, 12 U.S.C., 1701 et seq.) and regulations of the U.S. Department of Housing and Urban Development published in the Code of Federal Regulations (24 CFR 200.1 et seq.).


HOME EQUITY CONVERSION MORTGAGE (HECM)
THE MAXIMUM CLAIM AMOUNT IS \$ 105,000

FHA Case Number:	ADP Code	Amortization Plan	Program I.D.	LTV Ratio	Borrower Type	Living Units	Control Number
371-1234567	971		00	.00	1	01	0987654321
Name of Mortgagor (last, first, MI):				Mortgage Amount	Interest Rate	Monthly Payment (P/I)	
KHAT, KITTY C.					6.540	REVERSE	
Name of Co-Mortgagor (last, first, MI):				Maturity Date	First Payment	Endorsement Date	
KHAT, THOM E.						10/15/2010	
Address of Property: 1234 SIAMESE LN, CICERO, NY 130390000							
Mortgagee Name, Address, and ID Number: 2233400001 CATSKILLS MORTGAGE BANK NA GOVERNMENT INSURING 1233 WHISKER WAY #123 MINNEAPOLIS, MN 55467-8000							

Help Links ?

Other Functions

Figure 8a: Mortgage Insurance Certificate page



Review the NOR, update the case binder/ correct HECM Insurance Application, and submit for reconsideration

[Home](#) | [Main Menu](#) | [ID Maintenance](#) | [E-mail Us](#) | [Contact Us](#)

[Single Family FHA](#) | [Single Family Origination > Case Processing > Notice of Return](#)

Notice of Return Results

[Help Links ?](#)

SUCCESS

NOTICE OF RETURN SUCCESSFULLY COMPLETED

Mortgagee's ID, Name & Address: 2233400001

**PONY EXPRESS BANK NA
GOVERNMENT INSURING
1234 TRIGGER WAY #11
MINNEAPOLIS, MN 55467-8000**

ADP Code: 971

*Addr: 123 COLT AVE
SADDLE BROOK, NJ 07663-0000*

Name: BARNES, ANITA

FHA Case Number: 352-9876543

This Mortgage and Note cannot be endorsed for the reasons indicated below:

<input type="checkbox"/> <i>First PI date more than 3 months after closing date</i>	<input type="checkbox"/> <i>Maturity date misstated by more than 1 year</i>
<input checked="" type="checkbox"/> <i>Underwriter not approved</i>	<input type="checkbox"/> <i>Insufficient one-time MIP</i>
<input type="checkbox"/> <i>Monthly payment does not amortize</i>	<input type="checkbox"/> <i>Mortgage amt exceeds max allowed</i>
<input type="checkbox"/> <i>Missing Note</i>	<input type="checkbox"/> <i>Note not on approved form</i>
<input type="checkbox"/> <i>Missing Mortgage or Deed of Trust</i>	<input type="checkbox"/> <i>Mortgage not on approved form</i>
<input type="checkbox"/> <i>Missing HUD-92900-A</i>	<input type="checkbox"/> <i>Missing Settlement Statement</i>
<input type="checkbox"/> <i>Missing HUD-92900-WS/-PUR</i>	<input type="checkbox"/> <i>Certifications missing from 92900-A</i>
<input type="checkbox"/> <i>Required entry missing-92900-WS</i>	<input type="checkbox"/> <i>Certifications missing from 92800</i>
<input type="checkbox"/> <i>Missing Appraisal or CRV</i>	<input type="checkbox"/> <i>Condo/PUD not approved</i>
<input type="checkbox"/> <i>Final Compliance Insp. not logged</i>	
<input type="checkbox"/> <i>Late due</i>	

NOR Issued Date: 10/10/2010 Issued by: C22222

Comments:

LENDER FAILED TO PROVIDE LDP/GSA CHECK W/THE CORRECT SPELLING OF THE BORROWER'S NAME. MISSING NOTICE TO BORROWER, TWO COPIES OF EXHIBIT 2, AND THREE COPIES OF EXHIBIT 1.

The following conditions are outstanding from the Closing Package:

NO OTHER OUTSTANDING CONDITIONS EXIST

Mortgagee's ID, Name & Address: 2233400001

**PONY EXPRESS BANK NA
GOVERNMENT INSURING
1234 TRIGGER WAY #11
MINNEAPOLIS, MN 55467-8000**

New Request

Figure 8b: Notice of Return Results page