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.

Note: For more information about HECM loans, including access to the HECM Calculator Software, go to: https://www.hud.gov/program_offices/housing/sfh/hecm/hecmhome. Additional information is also available in the following Mortgagee Letters:

- ML 2013-27, Changes to the Home Equity Conversion Mortgagee Program Requirements
- ML-2014-07, Home Equity Conversion Mortgage (HECM) Program: Non-Borrowing Spouse
- ML-2014-21, Revised Changes to the Home Equity Conversion Mortgage (HECM) Program Requirements
- ML-2014-22, Home Equity Conversion Mortgage (HECM) Financial Assessment and Property Charge Requirements
- ML-2015-09, Home Equity Conversion Mortgage (HECM) Program – Life Expectancy Set-Aside Growth Rate and Clarification to Section 3.98 of the HECM Financial Assessment and Property Charge Guide
- ML-2016-10, Home Equity Conversion Mortgage (HECM) Program – Servicing Fee Set-Aside Growth Rate, Third Party Property Tax Verification Fees, and Financial Assessment and Property Charge Requirements (with attached HECM Financial Assessment and Property Charge Guide)

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 case information as needed prior to endorsement. It 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.

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
Basic Prerequisites and Requirements for a HECM Loan

In order for a HECM loan to become FHA-insured, basic requirements must be met by the borrower, non-borrowing spouse, 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 (Non-borrowing Spouse must be 18 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).
- terminate FHA insurance on the prior loan for a HECM refinance loan.
- complete the HECM Financial Assessment for the case. Helpful resources include:
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 Loan Agreement (including Payment Plan, Schedule of Closing Costs/Schedule of Liens, Repair Rider)
- Mortgage (or other security instrument)
- Note
- Residential Loan Application for Reverse Mortgages – Fannie Mae form 1009
- Settlement Statement/Closing Disclosure

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
2. On the HECM Insurance Application page (Figure 2), enter the case number in the FHA Case Number field.

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, Affordable Housing / Community Land Trust 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 9a). 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 9b). 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-3f, following.

![General Information section of HECM Insurance Application Update](image)

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 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 illustrate 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**  **Loan Officer Name and Loan Officer NMLS ID**

<table>
<thead>
<tr>
<th>Loan Originator’s Name (print or type)</th>
<th>Loan Originator Identifier</th>
<th>Loan Originator’s Phone Number (including area code)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Origination Company’s Name</td>
<td>Loan Origination Company Identifier</td>
<td>Loan Origination Company’s Address</td>
</tr>
</tbody>
</table>

Page 4 of 7  Fannie Mae 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 (not HUD-92900)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>VA Application for Home Loan Guaranty</td>
<td>HUD/FHA Application for Insurance under the National Housing Act</td>
<td>ADP Code</td>
</tr>
</tbody>
</table>

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.

**IL 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:

<table>
<thead>
<tr>
<th>Living Units</th>
<th>Primary Residence</th>
<th>Investment Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Title Held As:</td>
<td>Fee</td>
<td>Life Estate</td>
</tr>
<tr>
<td>Leasable</td>
<td>Leasehold Expiration Date</td>
<td></td>
</tr>
<tr>
<td>Check if title is also held as:</td>
<td>Inter Vivos (Living Trust)</td>
<td>Irrevocable Trust</td>
</tr>
<tr>
<td>Revocable Trust</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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).

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

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.
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.
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.
- For cases established on or after April 27, 2015, Total Monthly Income is carried forward from the HECM Financial Assessment page and cannot be changed on the HECM Insurance Application page.

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 follow, 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.

<table>
<thead>
<tr>
<th>Indicated Value by:</th>
<th>Sales Comparison Approach $</th>
<th>Cost Approach (if developed) $</th>
<th>Income Approach (if developed) $</th>
</tr>
</thead>
</table>

This appraisal is made □ "as is", □ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, □ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or □ 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.

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.

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

<table>
<thead>
<tr>
<th>Borrower’s Name (include Jr. or Sr., if applicable):</th>
<th>Co-Borrower’s Name (include Jr. or Sr., if applicable):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security Number:</td>
<td>Social Security Number:</td>
</tr>
<tr>
<td>DOB (MM/DD/YYYY):</td>
<td>DOB (MM/DD/YYYY):</td>
</tr>
<tr>
<td>Monthly Income: $</td>
<td>Monthly Income: $</td>
</tr>
<tr>
<td>Real Estate Assets: $</td>
<td>Real Estate Assets: $</td>
</tr>
<tr>
<td>Available Assets: $</td>
<td>Available Assets: $</td>
</tr>
<tr>
<td>Home Phone (include area code):</td>
<td></td>
</tr>
<tr>
<td>Account Number</td>
<td></td>
</tr>
</tbody>
</table>

- **Combine for Monthly Income**
- **Combine for Real Estate Assets**
- **Combine for Assets Available**

<table>
<thead>
<tr>
<th>Total Liens to be paid: $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Liens</td>
</tr>
</tbody>
</table>

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 Date**
- **Approved subject to the**

| Modified & Approved as follows: $ |

- **Loan Amount (Include UPFRONT):**
- **Interest Rate:**
- **Proposed Maturity:**
- **Monthly Payment:**
- **Amount of Up Front Premium:** $  
- **Amount of Monthly Premium:** $  
- **Term of Monthly Premium:** months

#### Additional Conditions:

- If this is a new construction, the lender certifies that the property is complete (both on site and off site improvements) and meets HUD's minimum property standards and local building codes.
- 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 mortgagees in military.

- **Other:** (specify)

- **This mortgage was rated as an “accept” or “approve” by FHA's Total Mortgage Scorecard.**

- **Mortgage Representative:**

- **Direct Endorsement Underwriter:**

- **The Mortgagor, its owners, officers, employees or directors do not have a financial interest in or a relationship, by affiliation or ownership, with the builder or seller involved in this transaction.**

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 (Settlement Statement/Closing Disclosure)
- Real Estate Debts (Credit Report)

Affordable Housing / Community Land Trust Information

The Affordable Housing / Community Land Trust Information section of HECM Insurance Application Update appears in Figure 5.

Note: Regarding the Affordable Housing / Community Land Trust Information page section, you must select No or N/A for the question fields and the EIN fields must be left blank until further notice. This page section information is being provided for future reference purposes.

![Figure 5: Affordable Housing / Community Land Trust section of HECM Insurance Application Update](image)

Refer to the case binder and HECM Insurance Application Help (Field Descriptions) to determine the fields related to this section of HECM Insurance Application Update.

Note: If an affordable housing or community land trust was used, it must first be established in HUD’s system through the Affordable Housing Providers or Community Land Trusts function on the FHA Approval Lists menu.

Borrower Information

A subsection of the Borrower 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.

![Figure 6: Borrower Information section of HECM Insurance Application Update](image)

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.

A maximum of 3 non-borrowing spouses is allowed per case.
Processing Tips for the Borrower Information Section (Figure 6)

Tips include:

- If the borrower’s/coborrower’s or non-borrowing spouse’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 6a-6b).

**Case Binder Sources for Entering Borrower Information**

Figures 6a-6b 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.

---

**Figure 6a (above) and Figure 6b (below):**

Borrower 1 information appears on the left; Borrower 2 information appears on the right.

**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 7** immediately followed by some processing tips for this section. Key portions of the HUD forms used to complete this section are illustrated in **Figures 7a-7b**, following.

![Figure 7: Mortgage Information section of HECM Insurance Application Update](image)

**Processing Tips for the Mortgage Information Section** (**Figure 7**)

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.

- **Initial 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.

- **Single Disbursement Lump Sum** cannot be selected as the **Payment Plan** option for cases assigned prior to September 30, 2013.

- If the sum of **Mandatory Obligations (Does not include cash)** (includes Repair Set Aside and Taxes/Insurance 1st Yr Payments) and **Additional 10% of IPL Usage Amount** is more than 60% of Initial Principal Limit, the **MIP Factor** must be 2.5%; otherwise, the **MIP Factor** is 0.5%.

- The amount entered for **Net LESA** must be the Life Expectancy Set Aside (LESA) minus **Taxes/Insurance 1st Yr Payments**.

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 7a-7b**).
Case Binder Sources for Entering Mortgage Information

In Figures 7a-7b, 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 7a-7b with specific form references.

<table>
<thead>
<tr>
<th>Figure 7a: Section I of the Residential Loan Application for Reverse Mortgages (Fannie Mae Form 1009)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Mortgage and Terms of Loan</strong></td>
</tr>
<tr>
<td><strong>Mortgage Applied for:</strong></td>
</tr>
<tr>
<td>FHA Traditional HECM*</td>
</tr>
<tr>
<td>FHA Refinance HECM*</td>
</tr>
<tr>
<td>FHA Purchase HECM*</td>
</tr>
<tr>
<td><strong>Sales Contract Price</strong></td>
</tr>
<tr>
<td><strong>Land Installment</strong></td>
</tr>
<tr>
<td><strong>Contract Price</strong></td>
</tr>
<tr>
<td><strong>Borrower’s Investment</strong></td>
</tr>
<tr>
<td><strong>Other</strong></td>
</tr>
<tr>
<td><strong>Specify</strong></td>
</tr>
<tr>
<td><strong>Loan Payment Plans:</strong></td>
</tr>
<tr>
<td>Line of Credit</td>
</tr>
<tr>
<td>Term</td>
</tr>
<tr>
<td>Modified Term</td>
</tr>
<tr>
<td>Tenure</td>
</tr>
<tr>
<td>Modified Tenure</td>
</tr>
<tr>
<td>Undecided</td>
</tr>
<tr>
<td><strong>Lender Case No.:</strong></td>
</tr>
<tr>
<td><strong>Purpose of Loan:</strong> (Check all that apply)</td>
</tr>
<tr>
<td>Additional Income</td>
</tr>
<tr>
<td>Home Improvements</td>
</tr>
<tr>
<td>Payment of Taxes</td>
</tr>
<tr>
<td>Payment of Insurance</td>
</tr>
<tr>
<td>Leisure</td>
</tr>
<tr>
<td>Medical</td>
</tr>
<tr>
<td>Extinguish Forward Mortgage</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>(Specify)</td>
</tr>
</tbody>
</table>

| **Features (Check the applicable boxes):** |
| Special Loan Features |
| Equity Share |
| Other |
| Other (specify) |
| **Index Type:** |
| LIBOR |
| Other |
| Other (specify) |
| **ARM Type:** |
| Monthly |
| Annual |
| **Fixed Rate Type:** |
| Open End |
| Closed End |
| **Other:** |
| **Explain** |

<table>
<thead>
<tr>
<th><strong>Figure 7b: Section VII of the Residential Loan Application for Reverse Mortgages (Fannie Mae Form 1009)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acknowledgment and Agreement</strong></td>
</tr>
<tr>
<td>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) this 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.</td>
</tr>
</tbody>
</table>

Acknowledgment: Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors, and assigns, may verify or reverify 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.

Certification: I/we certify that the information provided in this application is true and correct as of the date set forth opposite my 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 liability, 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.

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

- **10 Year Rate Lock** (Payment Plan)
- **Additional 10% of IPL Usage Amount**
- **ARM Index** (Note)
- **Disbursement Date** (Settlement Statement/Closing Disclosure)
- **Initial MIP Factor**
- **Interest Rate (%)** (Note)
- **Mandatory Obligations**-related fields
- **Maximum** (Note)
- **Taxes / Insurance 1st Yr Payments** (on or after April 27, 2015, entered on/brought forward from the Appraisal Logging page)
- **Initial 10 Year Rate Lock** (Payment Plan)
- **Additional 10% of IPL Usage**
- **Appraiser ID** (Appraisal Report)
- **Closing Date** (Payment Plan)
- **Expected Rate Index** (Note)
- **Initial Principal Limit** (Payment Plan)
- **Length of Term (months)** (Payment Plan)
- **Margin** (Note)
- **Maximum Claim Amount** (Payment Plan)
- **UFMIP Financed** (Settlement Statement/Closing Disclosure)

**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 8).

![Figure 8: Subsection of the HECM Insurance Application Endorsement Information](image)

Endorsement information indicates the case is insured

After a case is submitted for endorsement, lenders may use the MIC/NOR List (Figure 9) function on the Case Processing menu to retrieve a list of their cases that were either:

a. endorsed and issued a MIC (Figure 9a), or
b. not endorsed and issued a NOR (Figure 9b)

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.
Figure 9: MIC/NOR List Request page
**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**

<table>
<thead>
<tr>
<th>FHA Case Number:</th>
<th>ADP Code</th>
<th>Amortization Plan</th>
<th>Program I.D.</th>
<th>LTV Ratio</th>
<th>Borrower Type</th>
<th>Using Units</th>
<th>Control Number</th>
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</thead>
<tbody>
<tr>
<td>371-1234567</td>
<td>961</td>
<td></td>
<td>00</td>
<td>0.00</td>
<td>1</td>
<td>01</td>
<td>0907654321</td>
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</tbody>
</table>

<table>
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<tr>
<th>Name of Mortgagor (Last, first, M.I.):</th>
<th>Mortgage Amount</th>
<th>Interest Rate</th>
<th>Monthly Payment (P/I)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khat, Kitty C.</td>
<td>6.540</td>
<td>REVERSE</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Co-Mortgagor (Last, first, M.I.):</th>
<th>Maturity Date</th>
<th>First Payment</th>
<th>Endorsement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khat, Thomas E.</td>
<td></td>
<td></td>
<td>10/15/2013</td>
</tr>
</tbody>
</table>

**Address of Property:**

1234 SIAMESE LN, CICERO, NY 130390800

**Mortgagee Name, Address, and ID Number:**

22233400001

CATSKILLS MORTGAGE BANK NA

GOVERNMENT INSURING

1233 WHISKEY WAY #123

MINNEAPOLIS, MN 55467-8000

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Figure 9a: Mortgage Insurance Certificate page
Review the NOR, update the case binder/correct HECM Insurance Application, and submit for reconsideration.

Figure 9b: Notice of Return Results page

- Mortgagor's ID, Name & Address: 2233400001
- ADP Code: 961
- Name: BARNES, ANITA
- FHA Case Number: 352-9876543
- Address: 123 COLT AVE, SADDLE BROOK, NJ 07663-0000
- FHA Connection
- ENDORSEMENT
- Notice of Return Results
- Success
- NOR Issued Date: 10/10/2013
- 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
- Mortgagor's ID, Name & Address: 2233400001
- Pony Express Bank NA
- Government Insuring
- 1234 Trigger Way #11
- Minneapolis, MN 55467-8000
- New Request