



National Reverse Mortgage Lenders Association
1400 16th Street, N.W.
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VIA E-Mail: (Colette.Pollard@hud.gov)

Collette Pollard
Reports Management Officer, QDAM
Department of Housing and Urban Development
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Re: Notice of Proposed Information Collection; Performing Loan Servicing for the Home Equity Conversion Mortgage (HECM) OMB Control No. 2502-0611; Form Numbers HUD-27011, HUD-5002, HUD 50012.

Introduction

The National Reverse Mortgage Lenders Association (“NRMLA”) is the national voice of the reverse mortgage industry. With over 300 member companies and over 2,000 member delegates, NRMLA serves as an educational resource, policy advocate and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage industry. Our mission includes educating industry participants on best practices, regulatory requirements and market dynamics; providing helpful information to consumers about reverse mortgages; enforcing our Code of Ethics and Professional Responsibility;¹ and offering insight to policymakers working on reverse mortgage matters and related issues. NRMLA members make over 90% of the reverse mortgages originated today.

Overview

On February 12, 2021, the Office of the Assistant Secretary for Housing - Federal Housing Commissioner, Department of Housing and Urban Development (“HUD”), issued a Notice seeking approval from the Office of Management and Budget (“OMB”) for the information collection regarding a comprehensive collection of requirements for mortgagees that service HECM mortgage and HECM borrowers. HUD is requesting comment from all interested parties on whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including (1) whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses. Comments are due April 13, 2021.

¹ *Code of Ethics & Professional Responsibility*, NRMLA, <http://www.nrmlaonline.org/nrmla/ethics/conduct.aspx>.

The forms on which information is being collected are HUD-27011, HUD-5002, and HUD 50012 (the, “Subject Forms”).

As the national voice of the reverse mortgage industry, and based upon feedback from our membership, we are pleased to submit the comments below.

Comments

With the launch in 2012 of HUD’s online system for Home Equity Conversion Mortgages (“HERMIT”), which was designed to improve the processes associated with the endorsement of HECMs, as well as the processing of servicing and claims within HUD, the Subject Forms have lost all utility. The information collected on the Subject Forms are presently incorporated into HERMIT and therefore the Subject Forms, as a practical matter, are no longer in use. While the Proposed Notice of Information Collection does not specifically state HUD’s intention to retire these forms, we assume it is contemplated, and, to the extent that is the case, NRMLA welcomes this development.

Notwithstanding retirement of the Subject Forms, the processes within HERMIT, including those not related to the Subject Forms, are not error-free or devoid of inaccurate or burdensome automated processes or information collection techniques. For this reason, on January 29, 2013, HUD created a HERMIT working group, involving key HUD representatives, and interested industry representatives (the “Working Group”). The purpose of the Working Group is to identify and resolve deficient or sub-optimal processes within HERMIT. The Working Group last met on June 27, 2019 and NRMLA has requested HUD to resume periodic meetings of the Working Group to facilitate resolution of unresolved system deficiencies.

With respect to Form HUD-50012, documenting Mortgagee’s Request for Extensions of Time, we note that although HERMIT has automated this request, it has done so in a manner that is contrary to regulatory requirements applicable to HECMs with case numbers issued prior to September 19, 2017 (the “Legacy HECMs”).

In particular, HUD’s final rule codifying several significant changes to the HECM program became effective on September 19, 2017 (the “Final Rule”).² Mortgagee Letter 2017-11 provides that the servicing-related provisions in the Final Rule *do not apply* to HECMs with case numbers assigned prior to the effective date of the Final Rule. Thus, Legacy HECMs remain subject to the requirement that the mortgagee must “commence foreclosure of the HECM within six months of giving notice to the mortgagor that the mortgage is due and payable, or six months of the Mortgagor’s death, if applicable, or within such additional time as may be approved by the Secretary.”³ Thus, for Legacy HECMs, the Mortgagee must commence foreclosure within six months of *giving notice to the mortgagor that the HECM is due and payable*, rather than six months from *HUD’s approval to call the loan due and payable*. Unfortunately, HERMIT limits all extension requests, including extension requests for Legacy HECMs, to six months from the date of *HUD’s approval to call the HECM due and payable*. Since the Mortgagee of a Legacy HECM has thirty days to send the due and payable notice to the mortgagor(s) following HUD’s approval to call the loan due and payable, the more limited time frame assigned by HERMIT to

² See 82 FR 7094.

³ See 24 CFR 206.125 (effective prior to 9/17/2017).

Legacy HECMs effectively precludes mortgagor(s) a full opportunity to obtain an extension to market and sell a property securing a Legacy HECM or to satisfy a Legacy HECM.⁴

The inability of HERMIT to process extension requests consistent with applicable regulatory requirements should be of obvious concern to mortgagees, mortgagors and HUD. We encourage HUD's resumption of Working Group meetings and its further attention and progress in resolving material HERMIT deficiencies.

Conclusion

NRMLA appreciates your consideration of our comments herein. We trust that you will find our comments above helpful and that you will view and act upon them with favor.

Very truly yours,



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⁴ See Mortgagee Letter 2015-10.