

U.S. Department of Housing and Urban Development  
Washington, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY  
FOR HOUSING/FEDERAL HOUSING COMMISSIONER

TO: ALL HUD APPROVED MORTGAGEES

Welcome to the Home Equity Conversion Mortgage (HECM) Demonstration. The Department is requiring that all mortgagees who participate in the HECM program transmit premium payments and update cases with current data electronically. In order to do this you will need to have an IBM compatible PC, a modem, a printer, a communication package and establish a preauthorized debit account capability for the bank account from which you will authorize HUD to withdraw amounts to pay premiums.

HUD has selected Computer Data Systems, Inc. of Rockville, Maryland to act as agent for the Department in collecting all premiums and maintaining a current database for each case in the HECM program. Enclosed is a set of instructions for establishing a PAD account and information on obtaining a communication package.

Thank you for your interest in the HECM program.

Sincerely,

Min-Li Chung  
Chief, Insurance Operations  
Systems Management Branch  
Insurance Operations Division

Enclosures

INSTRUCTIONS FOR ESTABLISHING A PAD ACCOUNT FOR HECM LOANS

The Department's agent, Computer Data Systems Inc. (CDSI) will require the authority to initiate preauthorized debits (PAD) against each participating mortgagee's bank account for the purpose of collecting premiums for each HECM loan.

To establish a PAD account the mortgagee will need to:

- 1.Fill out the enclosed letter authorizing a PAD.
- 2.Identify the financial institution holding the account to be debited by name, address and the nine (9) character transmit routing number.
- 3.Attach a VOIDED check the the letter from the account to avoid transposition errors.
- 4.Identify your ten digit HUD mortgagee number, mortgagee name, address, contact person and a phone number. If one branch is going to do data entry and pay the premiums for the entire company one PAD is sufficient. If each individual branch has the authority to do data entry and pay premiums then a PAD must be established for each branch.
- 5.Have an authorized officer of the mortgage company sign the request and return it to HUD's agent.

A test will be run to validate the ABA transit routing number and to prove the financial institution's ability to process PADs.

Any changes in the PAD must be reported immediately to avoid late charges because a transaction cannot be completed. Late charges and interest will not be excused if the mortgagee fails to supply changes in a PAD account to the agent. In emergencies the PAD may be sent by facsimile to 301/921-0165 and the original may be subsequently mailed.

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INSTRUCTIONS FOR COMMUNICATIONS SOFTWARE

It will be necessary for mortgagees to access the agent's computer system to enter new loans, authorize premium payments and to update loan data as required. In order for mortgagees to

access the system they will need to purchase a communications package from the agent. The software package is called PROCOMM and it will provide automatic dialing and sign on to the agent's system. The cost of the program is thirty dollars (\$30.00) and can be obtained by making a check payable in that amount to Computer Data Systems, Inc. when the PAD letter is returned. CDSI will provide the software in diskette form. The check for PROCOMM should be mailed to:

Ms. Kerry Lynn Marks  
Computer Data Systems, Inc.  
One Curie Court  
Rockville, MD 20850

If you have any questions, Ms. Marks may be reached by telephone at 301/921-7271.

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Ms. Kerry Lynn Marks  
Computer Data Systems, Inc.  
One Curie Court  
Rockville, MD 20850

Dear Ms. Marks

This letter authorizes your company to establish a pre-authorized debit (PAD) for the Home Equity Conversion Mortgage (HECM) program from which HUD will withdraw amounts to pay mortgage insurance premiums. The required information is as follows:

Mortgagee Number (HUD 10 digit) \_ \_ \_ \_ \_  
Mortgagee Name \_\_\_\_\_  
Mortgage Address \_\_\_\_\_  
Street \_\_\_\_\_  
City, State, Zip \_\_\_\_\_  
Contact Person Name \_\_\_\_\_  
Telephone Number \_\_\_\_\_  
  
Financial Institution for PAD \_\_\_\_\_  
Address \_\_\_\_\_  
Street \_\_\_\_\_  
City, State, Zip \_\_\_\_\_  
Telephone No. Financial Institution Area Code ( ) \_\_\_\_ - \_\_\_\_\_  
Checking Account Number \_\_\_\_\_  
Transmit Routing Number (9 digits) \_\_\_\_\_  
Type of Disk 5 1/4 \_\_\_\_\_ or 3 1/2 \_\_\_\_\_  
Communication Port \_\_\_\_\_ Modem Speed \_\_\_\_\_

This authorization will remain in effect until I (we) submit written notice cancelling or modifying the PAD.

Sincerely

Authorizing Officer Signature

\_\_\_\_\_  
Typed Signature and Date