Monthly Premium Refunds

Authorized lender personnel can use **Create Refund Request** on the FHA Connection's **Monthly Premiums** menu to create refund requests (**Figure 1**).

This ***FHA Connection Guide*** module focuses on monthly (periodic) premium refund transactions. The following sections describe and provide training for the monthly premium online refund process:

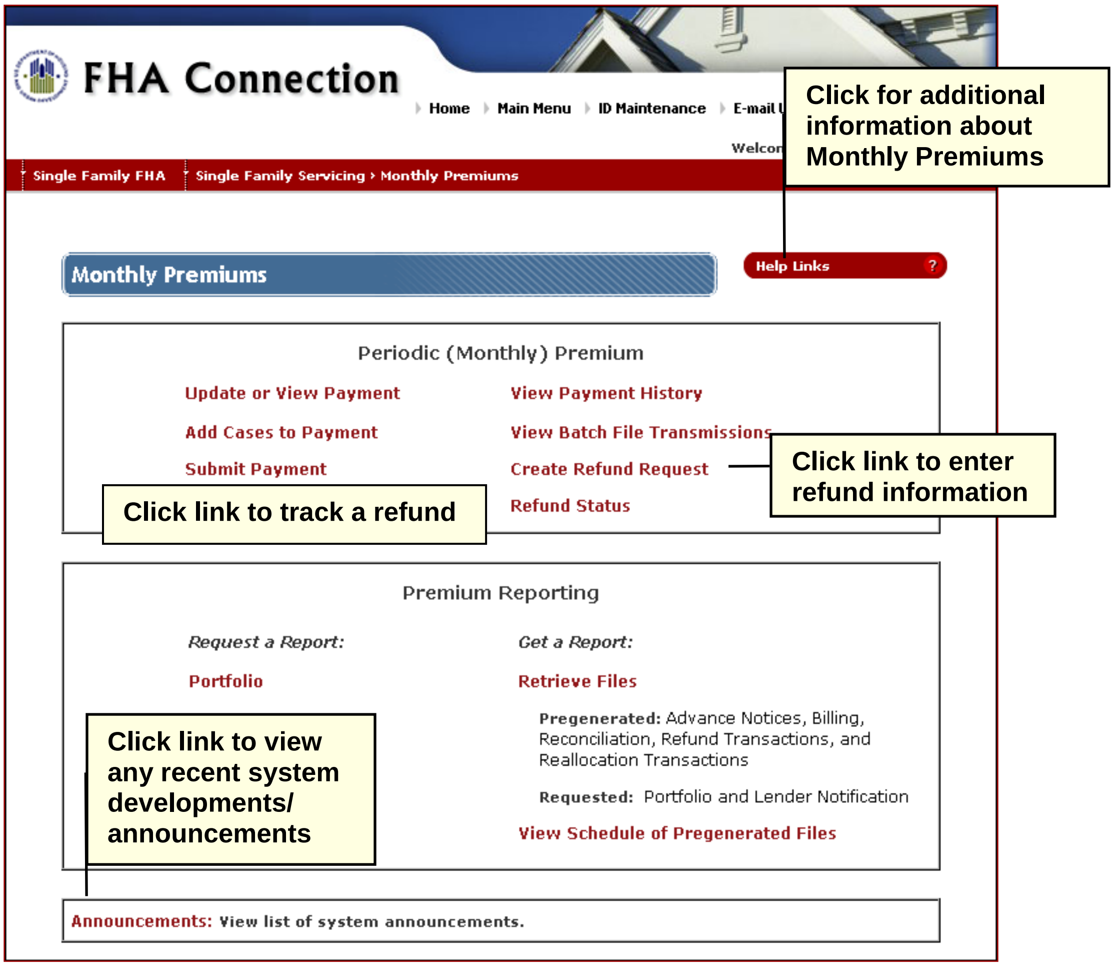


Figure 1: Monthly Premiums page

General information about **Monthly Premiums** is also available by clicking **Help Links** in the upper right portion of the **Monthly Premiums** page (**Figure 1**). Select the desired topic for detailed information.

Refund Overview & Tips

Create Refund Request is used to enter/submit a refund request for previously paid monthly (Periodic) mortgage insurance premiums. Some of the reasons a refund may be created include:

- Overpayment
- Penalty adjustment (removal of a late charge) caused an overpayment
- Payment was remitted for the wrong case
- Case was canceled (not endorsed for FHA mortgage insurance)
- Payment was made on a sold or transferred case

- Payment was made on a non-Periodic case (i.e., HECM or Title I case)
- Other reasons approved by HUD

The basic rules for a refund request are explained below.

- Up to 100 FHA cases may be manually entered on one refund request, or up to 5,000 cases may be uploaded from a Microsoft® Excel® spreadsheet; however, all cases must share the same refund reason.
- A refund cannot be created by a lender that is in bankruptcy or on HUD's **Do Not Pay List**.
- A record for the case must already exist, the case must have sufficient funds to cover the refund, and the refund amount is equal to or less than the unapplied amount.
- The *total* refund amount for *all cases combined* must be $2.00 or more. For total refund amounts less than $2.00, it is recommended that a reallocation be requested (see **Reallocation, a Refund Alternative**).
- Refund cannot be a duplicate of an existing refund that is currently being processed and has a status of *Created*.
- If a refund is dependent upon a specific payment, that payment must pass the seven-day holding period before a refund may be processed.
- If an error is detected for a case entered on the refund, an error message displays and the case is *not* added to the refund.

Below is a list of warning scenarios that require HUD review of the refund:

- lender is not the current servicer of the case, or has been servicing the case for less than 60 days,
- case has an *Invalid* status and multiple lenders have submitted monthly premium payments on the case,
- case status is *Active* or refund amount is less than $5.00 - it is recommended that a reallocation be requested instead for either of these scenarios (see **Reallocation, a Refund Alternative**), or
- total refund amount exceeds (a) the $20,000 limit, (b) the amount paid by the lender, or (c) the unapplied amount available on the case.

Once a refund request is created, it is automatically checked by the system to ensure it meets HUD's refund criteria. For cases that pass the system check, they are grouped together, approved, and authorized by the system as a single refund. The refund is given an *Authorized* status and a unique **Request ID** number is assigned to the refund for tracking purposes.

Cases that do not pass the system check but received a warning message, are grouped together and held for review by authorized HUD personnel. The refund request is given a *Created* status and a unique **Request ID** number for tracking purposes. Authorized HUD personnel review the refund/case information and either authorize or reject the refund.

Each refund is checked again by the system when it is authorized and disbursed. If any case on the refund does not pass the system check at that time, the *entire refund is rejected*.

Refund Status is used to track the progress of a refund through the entire refund process (for more information, see **Tracking a Refund**).

Manually Creating a Refund Request

Refund requests are created by authorized lender personnel. General guidance on manually entering refund information for up to 100 cases in a single refund is provided below (see **Uploading a Refund Request** for information regarding creating a refund using a Microsoft® Excel® spreadsheet with up to 5,000 cases):

1. On the FHA Connection's **Monthly Premiums** menu, click **Create Refund Request** in the **Periodic (Monthly) Premium** section.

2. The **Create Refund Request** page appears (see **Figure 2: Monthly Premiums - Create Refund Request**).

3. If the listed address is not correct, authorized lender personnel may change the Premium address in the Lender Electronic Assessment Portal (LEAP). For more information, see HUD's **LEAP Information** page at: https://www.hud.gov/program_offices/housing/sfh/lender/SFH_Lenders_LEAP.

4. Select the reason for the refund from the **Refund Reason** field.

   Note: If *R007 Other* is selected, a brief explanation must be entered in the **Comment** field.

5. Enter the FHA case number in the **Case Number** field and the amount of the refund for the case in the **Refund Amount** field.

6. Click Add to add the case information to the refund. If there are no errors, the case is added to the refund list. Repeat this process until all cases have been successfully added, up to 100 cases.

7. If the system encounters a problem with the entered case information:

   - an *error* message appears that must be corrected and the case is not added to the refund request; or
   - a *warning* message appears and the user is made aware of any potential problems. If you opt to continue with the case on the refund, it is assigned a status of *Pending Review, grouped together with other like statuses on the refund,* and will require review by authorized HUD personnel.

8. When a case is added to the refund, the case number and refund amount are listed and the sum of all cases in the refund is listed in **Total Refund Amount** (see **Figure 3**).

   Note: To delete a case from the refund *before* it is submitted, click in the *Delete* column of the row of the case number to be removed.

9. Once all cases are entered, click Send. If there are no errors, the **Create Refund Request** page appears with a Success message and a 10-digit refund request number (see **Figure 4a**).

   Note: If there is an error, a message appears. Review and close the error message, make the necessary corrections, and then continue processing the refund.

10. Use the Download Excel File link to download the refund information to a Microsoft® Excel® spreadsheet (see **Figures 4a** and **4b**).

11. To view the **Refund Request Detail** page, click the reference number listed in the **Request ID** column of the desired refund (see **Figure 4a**).

12. The **Refund Request Detail** page appears (see **Figure 5a**). Click the *Download Excel File* link to download the refund information to a Microsoft® Excel® spreadsheet (see **Figure 5b**) and save as needed.

   Once the refund request is successfully created, it is either authorized by the system, or held for review by authorized HUD personnel who, upon review, will either reject or authorize the refund. You may use **Refund Status** on the **Monthly Premiums** page to verify and track the refund request (see **Tracking a Refund**).

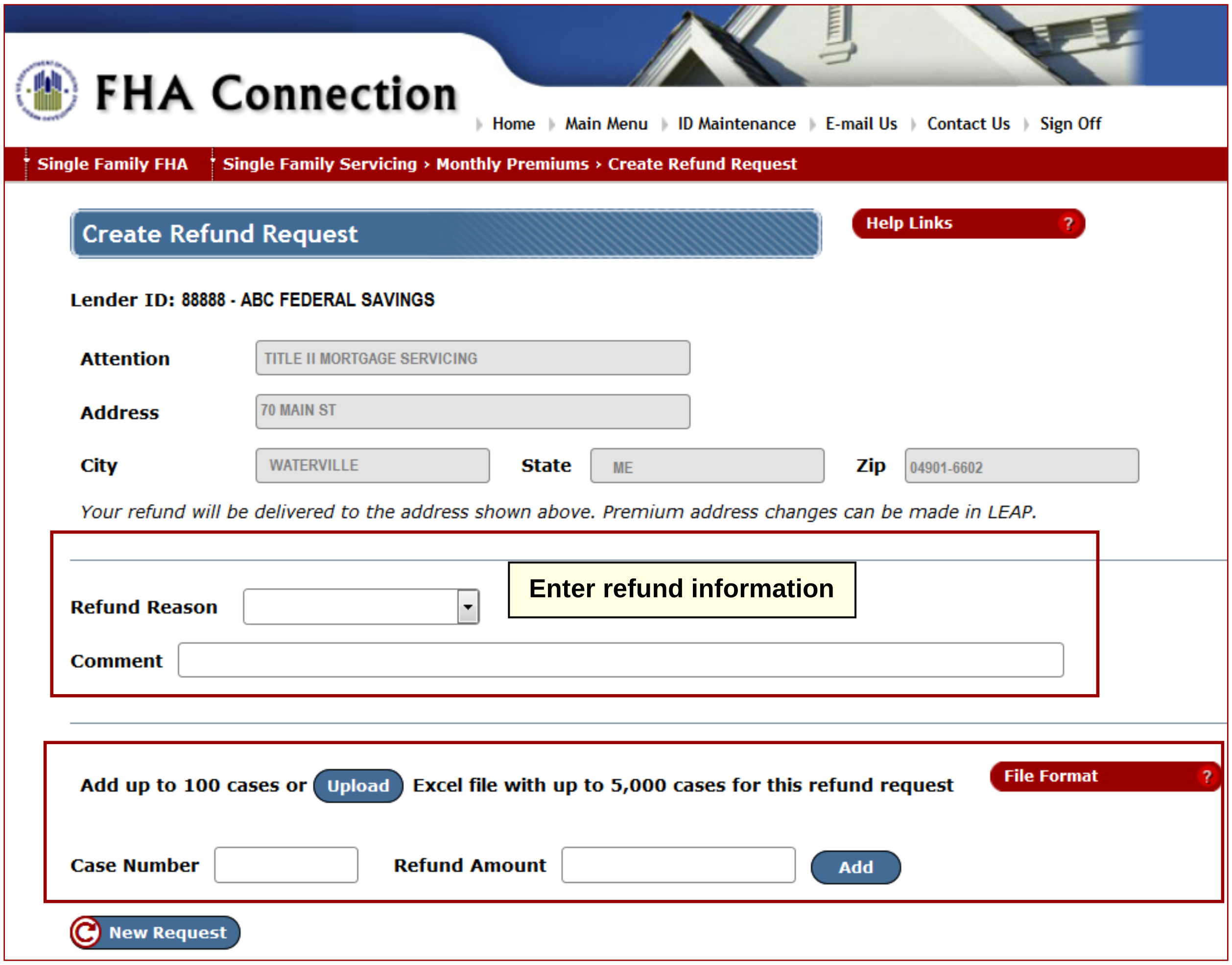


Figure 2: Monthly Premiums - Create Refund Request

For a refund with 100 or less cases, enter the FHA case number and refund amount for the case; then, click Add to enter another case to the refund.

Or, to upload refund information for up to 5,000 cases, click the Upload button to upload a Microsoft® Excel® spreadsheet. Click the File Format button to view file formatting information.

Create Refund Request

Help Links ?

Lender ID: 88888 - ABC FEDERAL SAVINGS

Attention TITLE II MORTGAGE SERVICING

Address 70 MAIN ST

City WATERVILLE **State** ME **Zip** 04901-6602

Your refund will be delivered to the address shown above. Premium address changes can be made in LEAP.

Enter criteria to create refund request

Refund Reason R001 Overpayment

Comment

A Status of *Approved* indicates the case on the refund passed all checks and the refund was authorized by the system

Add up to 100 cases for this refund request

Case Number **Refund Amount** Add

Entered case refunds

Case Number	Amount	Status	Delete
023-4402202	$ 12.01	Approved	
023-4510202	$ 32.02	Pending Review	
023-4020028	$ 63.00	Approved	
023-4502602	$ 6.00	Approved	
023-4533592	$ 122.05	Approved	
023-4534535	$ 62.76	Approved	
023-4123453	$ 11.77	Pending Review	
023-4561234	$ 22.08	Pending Review	
023-1234123	$ 22.22	Approved	
023-2020202	$ 102.10	Approved	
023-2335233	$ 11.11	Approved	
023-4233233	$ 32.12	Approved	
023-2332332	$ 442.32	Pending Review	
023-5050550	$ 32.14	Pending Review	
023-5050505	$ 322.01	Pending Review	

Click icon to delete a case from the refund request *before* clicking Send

A Status of *Pending Review* indicates the case must be reviewed by authorized HUD personnel who will either authorize or reject the refund request

Total Refund Amount: $1295.71 for 15 Case(s)

Sum of *all* cases on the refund

Send

Click to submit the refund request

Figure 3: Monthly Premiums - Create Refund Request – manually entered cases *(partially completed)*

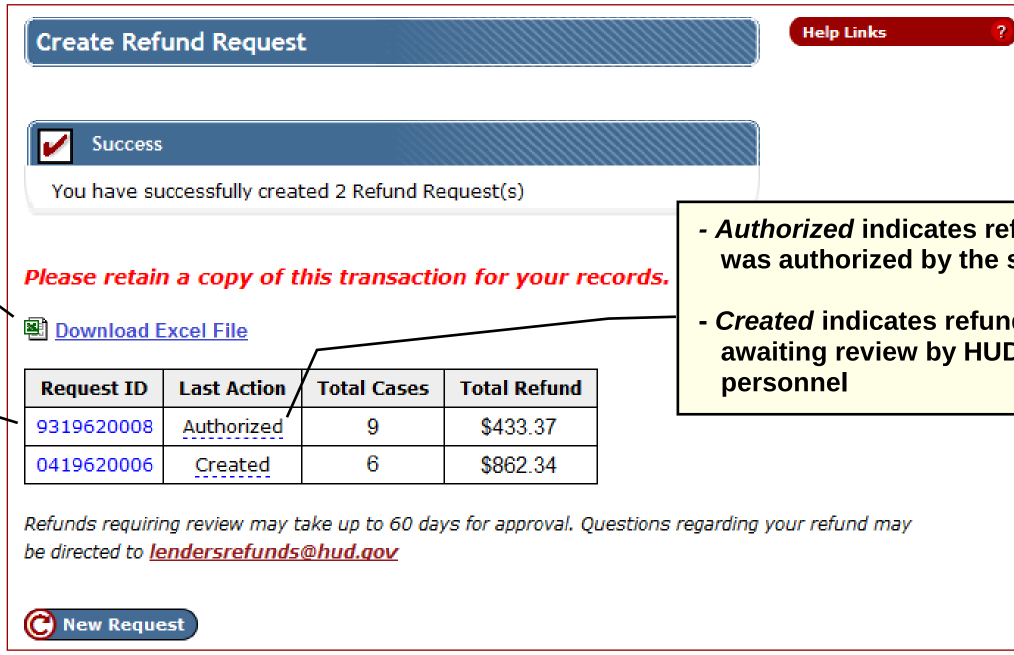
Print this page and retain for your records for later reference purposes

Click to download *all* refund information to an Excel® spreadsheet (see Figure 4b)

Note the listed reference number for tracking purposes and click Request ID link for more refund information (see Figures 5a and 5b)

- *Authorized* indicates refund was authorized by the system

- *Created* indicates refund is awaiting review by HUD personnel



Create Refund Request

Help Links

Success

You have successfully created 2 Refund Request(s)

Please retain a copy of this transaction for your records.

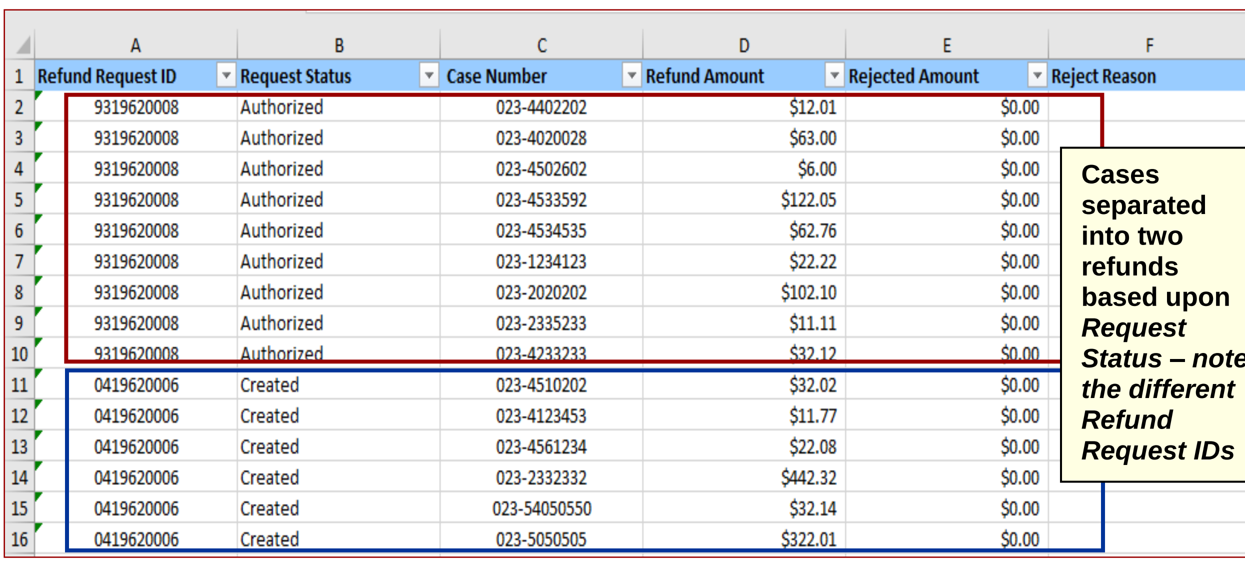
Download Excel File

Request ID	Last Action	Total Cases	Total Refund
9319620008	Authorized	9	$433.37
0419620006	Created	6	$862.34

Refunds requiring review may take up to 60 days for approval. Questions regarding your refund may be directed to lendersrefunds@hud.gov

New Request

Figure 4a: Monthly Premiums - Create Refund Request



	A	B	C	D	E	F
1	Refund Request ID	Request Status	Case Number	Refund Amount	Rejected Amount	Reject Reason
2	9319620008	Authorized	023-4402202	$12.01	$0.00	
3	9319620008	Authorized	023-4020028	$63.00	$0.00	
4	9319620008	Authorized	023-4502602	$6.00	$0.00	
5	9319620008	Authorized	023-4533592	$122.05	$0.00	
6	9319620008	Authorized	023-4534535	$62.76	$0.00	
7	9319620008	Authorized	023-1234123	$22.22	$0.00	
8	9319620008	Authorized	023-2020202	$102.10	$0.00	
9	9319620008	Authorized	023-2335233	$11.11	$0.00	
10	9319620008	Authorized	023-4233233	$32.12	$0.00	
11	0419620006	Created	023-4510202	$32.02	$0.00	
12	0419620006	Created	023-4123453	$11.77	$0.00	
13	0419620006	Created	023-4561234	$22.08	$0.00	
14	0419620006	Created	023-2332332	$442.32	$0.00	
15	0419620006	Created	023-54050550	$32.14	$0.00	
16	0419620006	Created	023-5050505	$322.01	$0.00	

Cases separated into two refunds based upon *Request Status – note the different Refund Request IDs*

Figure 4b: Microsoft© Excel© Spreadsheet downloaded from Create Refund Request

Click to download the list of refunds available from the Detail screen *(includes only the listed cases which all share the same refund request status)*

Note the status of the refund which changes as it progresses through the refund lifecycle

Refund Request Detail

ABC FEDERAL SAVINGS (88888)

TITLE II MORTGAGE SERVICING

70 MAIN ST

WATERVILLE, ME 04901-6602

Download Excel File

Request ID:	9319620008	Received Date:	02/04/2019
Created By:	M11111	Create Date:	02/04/2019
Authorized By:	SYSTEM	Authorized Date:	02/04/2019
Request Status:	Authorized	Status Date:	02/04/2019
Refund Amount:	$433.37	Rejected Amount:	$0.00
Request Reason:	Overpayment	Check Number:	N/A

Case Number	Refund Amount	Rejected Amount	Reject Reason	Warning
023-1234123	$22.22			
023-2020202	$102.10			
023-2335233	$11.11			
023-4020028	$63.00			
023-4233233	$32.12			
023-4402202	$12.01			
023-4502602	$6.00			
023-4533592	$122.05			
023-4534535	$62.76			

OK

Figure 5a: Monthly Premiums – Refund Request Detail *(System-Authorized Refund)*

Refund information downloaded to a Microsoft® Excel® file

	A	B	C	D	E
1	Refund Request ID:	9319620008			
2	Received Date:	02/04/2019			
3	Created By:	JOAN JONES (M11111)			
4	Authorized By:	(SYSTEM)			
5	Create Date:	02/04/2019			
6	Authorized Date:	02/04/2019			
7	Request Status:	Refund request is authorized			
8	Status Date:	02/04/2019			
9	Total Refund Amount:	$433.37			
10	Total Rejected Amount:	$0.00			
11	Lender ID:	88888			
12	Request Reason:	Overpayment			
13	Lender Name:	ABC FEDERAL SAVINGS			
14	Attention:	TITLE II MORTGAGE SERVICING 70 MAIN ST WATERVILLE ME 04901-6602			
15					
16	Case Number	Refund Amount	Rejected Amount	Reject Reason	Warning
17	023-1234123	$22.22	$0.00		
18	023-2020202	$102.10	$0.00		
19	023-2335233	$11.11	$0.00		
20	023-4020028	$63.00	$0.00		
21	023-4233233	$32.12	$0.00		
22	023-4402202	$12.01	$0.00		
23	023-4502602	$6.00	$0.00		
24	023-4533592	$122.05	$0.00		
25	023-4534535	$62.76	$0.00		

Figure 5b: Microsoft© Excel© spreadsheet downloaded from Refund Request Detail

Uploading a Refund Request

A refund can include up to 5,000 cases by uploading each FHA case number and the corresponding refund amount using a Microsoft® Excel® spreadsheet file. All cases must share the same refund reason and be in the required file format. General guidance on the file format and uploading the refund information is provided below (see **Manually Creating a Refund Request** for information regarding manually creating refunds with 100 or less cases):

1. Prior to uploading refund information, you must create a Microsoft® Excel® refund file using the following requirements:
    a. Use only the first sheet (*Sheet 1*) of the spreadsheet file.
    b. Refund information must be saved in two columns as outlined below:
        i. *Column A* must contain the FHA case number that:
            1. Must be 10 digits in length,
            2. If the FHA case number begins with a zero, the zero must be entered, and
            3. May be entered with or without a hyphen.
        ii. *Column B* must contain the refund amount for the corresponding FHA case and:
            1. The column must have a Number format,
            2. Do not enter a dollar sign ($) or comma,
            3. Numbers are rounded to the nearest penny (applies only to amounts derived using a formula with the result being a three-digit number—for example, 6.207 would be rounded to 6.21).
    c. *Row 1* may contain column headers (e.g., Case Number or Refund Amount) or be left blank.
    d. Row 2 must begin the list of case refund information that must be listed in each consecutive row up to and including row 5,001. Do not leave a row blank/skip a row.
    e. Below is a sample file format (**Figure 6**):

Columns

Rows

	A	B
1	Case Number	Refund Amount
2	492-45454.54	6.25
3	093-4111111	6.83
4	023-8888888	999.99
5	012-0120120	1.75
6	123-4567890	1.99

Figure 6: Example of Microsoft© Excel© spreadsheet file layout

2. On the **Monthly Premiums** menu in the FHA Connection, click **Create Refund Request** in the **Periodic (Monthly) Premium** section (see **Figure 1**).
3. The **Create Refund Request** page appears (see **Figure 2**).
4. If the listed address is not correct, authorized lender personnel may change the Premium address in the Lender Electronic Assessment Portal (LEAP). For more information, see HUD's **LEAP Information** page at: https://www.hud.gov/program_offices/housing/sfh/lender/SFH_Lenders_LEAP.

5. Select the reason for the refund from the **Refund Reason** field.

   Note: If *R007 Other* is selected, a brief explanation must be provided in the **Comment** field.

6. Click **Upload** and using the displayed pop-up window, navigate to, select, and open the Microsoft® Excel® spreadsheet file.

7. Once uploaded, the case refund information is displayed on the **Create Refund Request** page (see **Figure 7**):

   a. if any cases do not match the required format, formatting information is displayed to assist the user and the detected errors are listed separately, e.g., *Case number length is invalid*; otherwise,

   b. the cases that match the required format are listed with the **Status** of *Format Verified*.

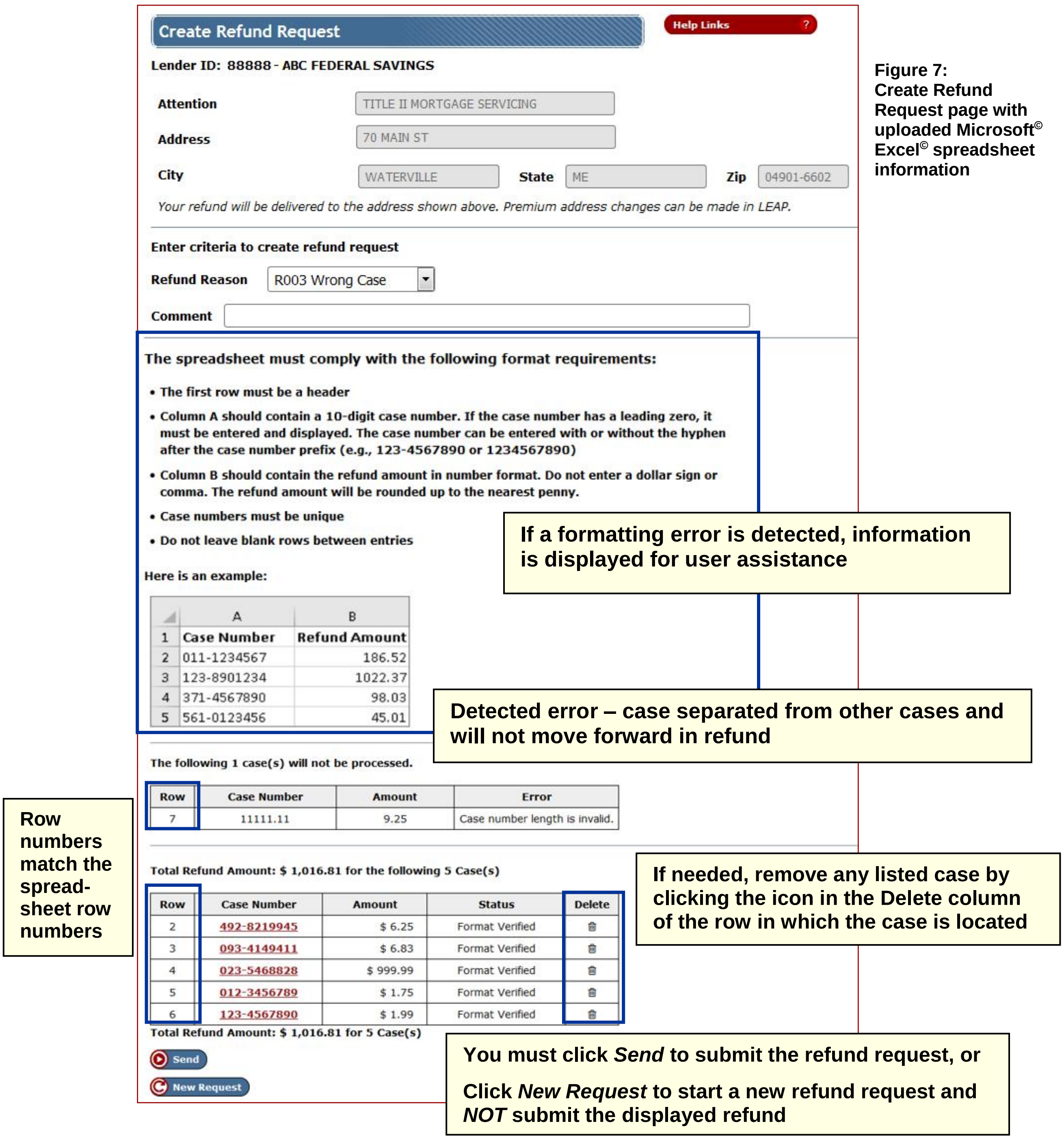


Figure 7: Create Refund Request page with uploaded Microsoft© Excel© spreadsheet information

Figure 7: Create Refund Request page with uploaded Microsoft© Excel© spreadsheet information

8. Upon reviewing the displayed information, you may remove any cases by clicking the icon in the row of the designated case.

9. Click to submit the case refund information.

   Note: If you do not want the displayed cases submitted for refund processing, click to remove the uploaded case information and start a new refund request.

10. Once submitted, all cases that previously passed the format validation check are reviewed again by the system to determine if they meet HUD's refund criteria. The **Create Refund Request** page appears with the results of the check, similar to **Figure 4a**.

Rejecting (Canceling) a Created or Authorized Refund Request

A refund with the status of *Created* or *Authorized* may be rejected (*or canceled*) by authorized lender personnel.

1. Using **Refund Status**, locate/click the refund to be rejected, the **Refund Request Detail** page appears (**Figure 9**).

2. Enter the reason for rejecting the refund in the yellow message box and click .

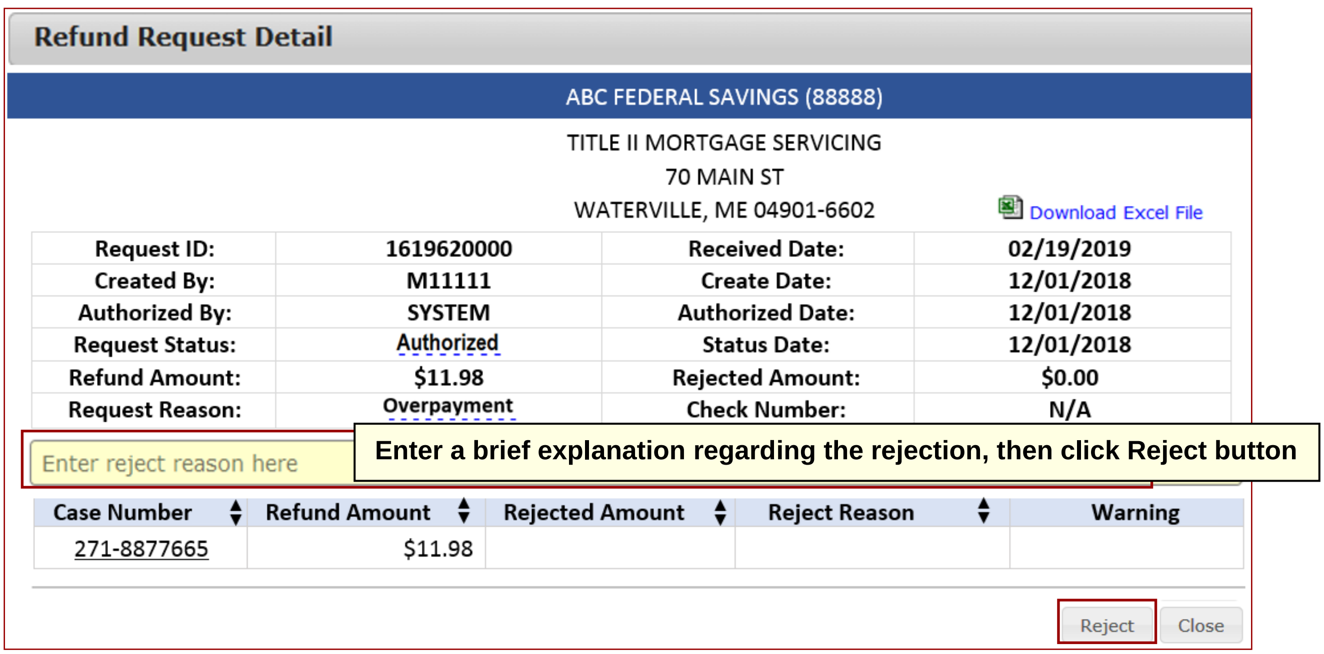


Figure 9: Refund Request Detail page to reject a refund

3. Once successfully processed, the **Refund Status [Results]** page appears with a message confirming the rejected refund (**Figure 10**). You may use **Refund Status** to confirm the rejected refund (see **Tracking a Refund**).

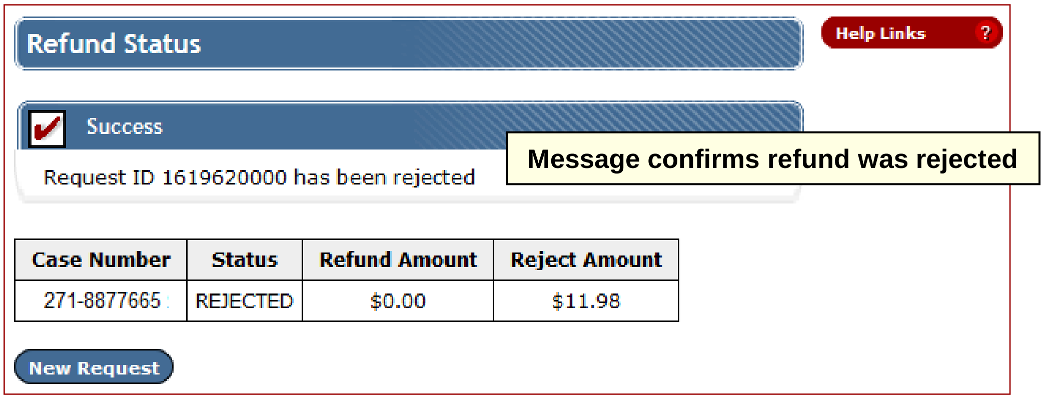


Figure 10: Refund Status page with a rejected refund

Tracking a Refund

The progress of a refund may be tracked using the **Refund Status** option on the **Monthly Premiums** menu (see **Figure 1**). **Refund Status** provides the details and status of a refund request. As a refund progresses through its lifecycle, the date on which the refund status changed is listed separately in the corresponding column (see **Figure 11**). Refund statuses include:

- *Created*: Initial status of a refund request that was *not* authorized by the system and must be reviewed by authorized HUD personnel who, upon review, will either reject or authorize the refund.
- *Authorized*: Refund was reviewed and approved by either the system or an authorized HUD representative.
- *Pending Rejection*: Refund was rejected and the status will change to *Rejected* the next business day.
- *Rejected*: Refund was rejected by HUD or the lender and cannot progress further in the refund lifecycle.
- *Disbursed*: Funds were deducted from the case and the refund information was sent to the U.S. Department of the Treasury.
- *Confirmed*: U.S. Department of the Treasury confirmed receipt of the refund information. A check is mailed to the lender for the refund amount.
- *Returned*: A previously issued refund check was reported missing or was returned uncashed. The check is canceled by the U.S. Department of the Treasury and the funds are reapplied to the case(s).

When **Refund Status** is selected on the **Monthly Premiums** menu, the **Refund Status** page appears if there are refund requests for the lender. The list of refund requests may be sorted by clicking the up/down arrows in the header of the desired column.

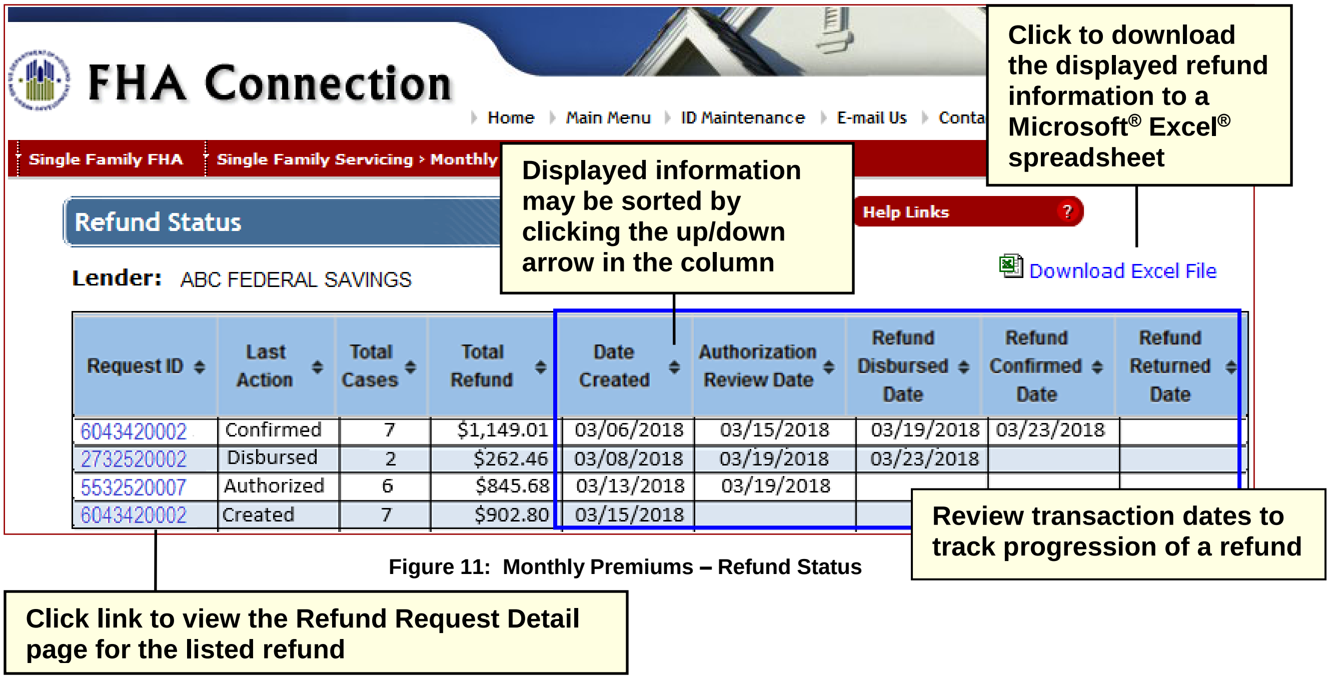


Figure 11: Monthly Premiums – Refund Status

Note: Up to 500 refund requests are listed on the **Refund Status** page. If more than 500 refunds exist for the lender, click the **Get More Data** button, located at the bottom of the page, to retrieve up to 5,000 of the latest refunds.

In addition to using **Refund Status**, you may also use the **Refund Transactions** pre-generated report to obtain refund information. See the ***Monthly Premium Reports*** module of the ***FHA Connection Guide*** for more information.

Reallocation as a Refund Alternative

A reallocation can be requested as an alternative to a refund request. A Reallocation is the transfer of funds from one case to up to three cases. For amounts below $2.00 and for active cases, HUD recommends reallocation of the funds to another case instead of entering a refund request.

Basic reallocation information is available from the ***Single Family Premium Collection Subsystem-Periodic Information Packet*** (https://www.hud.gov/program_offices/housing/comp/premiums/sfpcsp5). Once at the Information Packet page, no sign on is required, find the *Answers to Mortgagee Questions* section and click the link for *Reallocation*. Here you will find reallocation topics such as:

- Who can request a reallocation,
- Valid reasons for a reallocation,
- How to request a reallocation, and
- Contact information.