Upfront Premium Payments and Refunds

Upfront mortgage insurance premium (MIP or UFMIP) is required for most of the FHA's Single Family mortgage insurance programs. On the FHA Connection, upfront MIP payments can be made for all Title II forward mortgages requiring upfront MIP.

Note: Home Equity Conversion Mortgage (HECM) premiums are collected through HUD's Home Equity Reverse Mortgage Information Technology (HERMIT) system (see HECM information for lenders on the HUD.gov website at https://www.hud.gov/program_offices/housing/sfh/hecm).

Overview of Upfront MIP

The current upfront MIP rate is provided in the FHA Single Family Housing Policy Handbook 4000.1, Appendix 1.0 Mortgage Insurance Premiums on the HUD.gov website at:

https://www.hud.gov/sites/documents/40001HSGH.PDF

Lenders must submit upfront MIP within 10 calendar days of the mortgage closing or disbursement date, whichever is later. Penalties are assessed on a late upfront MIP payment as follows:

- **Late**: A one-time late charge of four percent (4%) is assessed on an upfront MIP payment received more than 10 calendar days after the mortgage closing or disbursement date.
- **Interest**: A one-time interest charge is assessed on an upfront MIP payment received more than 30 calendar days after the mortgage closing or disbursement date. The interest rate is the U.S. Treasury Current Value of Funds Rate in effect when the upfront MIP payment is received.

A case cannot be endorsed for FHA mortgage insurance if insufficient upfront MIP was sent, the payment was suspended due to an error, or there are unpaid late and/or interest charges (penalties).

Upfront MIP Payment Methods

All upfront MIP payments are submitted directly to HUD, either through the:

- FHA Connection, or
- CPU to CPU batch file transmission.

HUD's Single Family Premium Collection Subsystem - Upfront (SFPCS Upfront) collects and processes the upfront MIP payment information submitted. The payment is then accepted on behalf of HUD by a secure government-wide collection service managed by the Bureau of the Fiscal Service of the U.S. Department of the Treasury. This automated service processes the payment electronically (electronic funds transfer or EFT) through the Automated Clearing House (ACH) using a business checking account or general ledger account debit. The Federal Reserve Bank of Cleveland, the ACH agent for the U.S. Department of the Treasury, is used for the ACH debit.

Note: If the lender's account has *insufficient funds* at the time of payment, the payment is given a failed status. **HUD does not re-present the payment for collection the next day**.

The lender must set up a Title II cash flow account for *Single Family Upfront Premiums* to be used by the automated collection service for withdrawing funds. The cash flow account must be identified in the Lender Electronic Assessment Portal (LEAP). Further information on LEAP and setting up a cash flow account is available on the HUD.gov website at:

https://www.hud.gov/program_offices/housing/sfh/lender/SFH_Lenders_LEAP and

https://www.hud.gov/program_offices/housing/comp/premiums/sfgetstu.

For high-volume lenders, payments can be made through CPU to CPU batch file transmission. Further information is available on the HUD.gov website at:

https://www.hud.gov/program_offices/housing/comp/premiums/sfbchinu.

FHA Mortgage Insurance Application Process and Upfront MIP

Figure 1 illustrates the FHA forward mortgage insurance application process and upfront MIP.

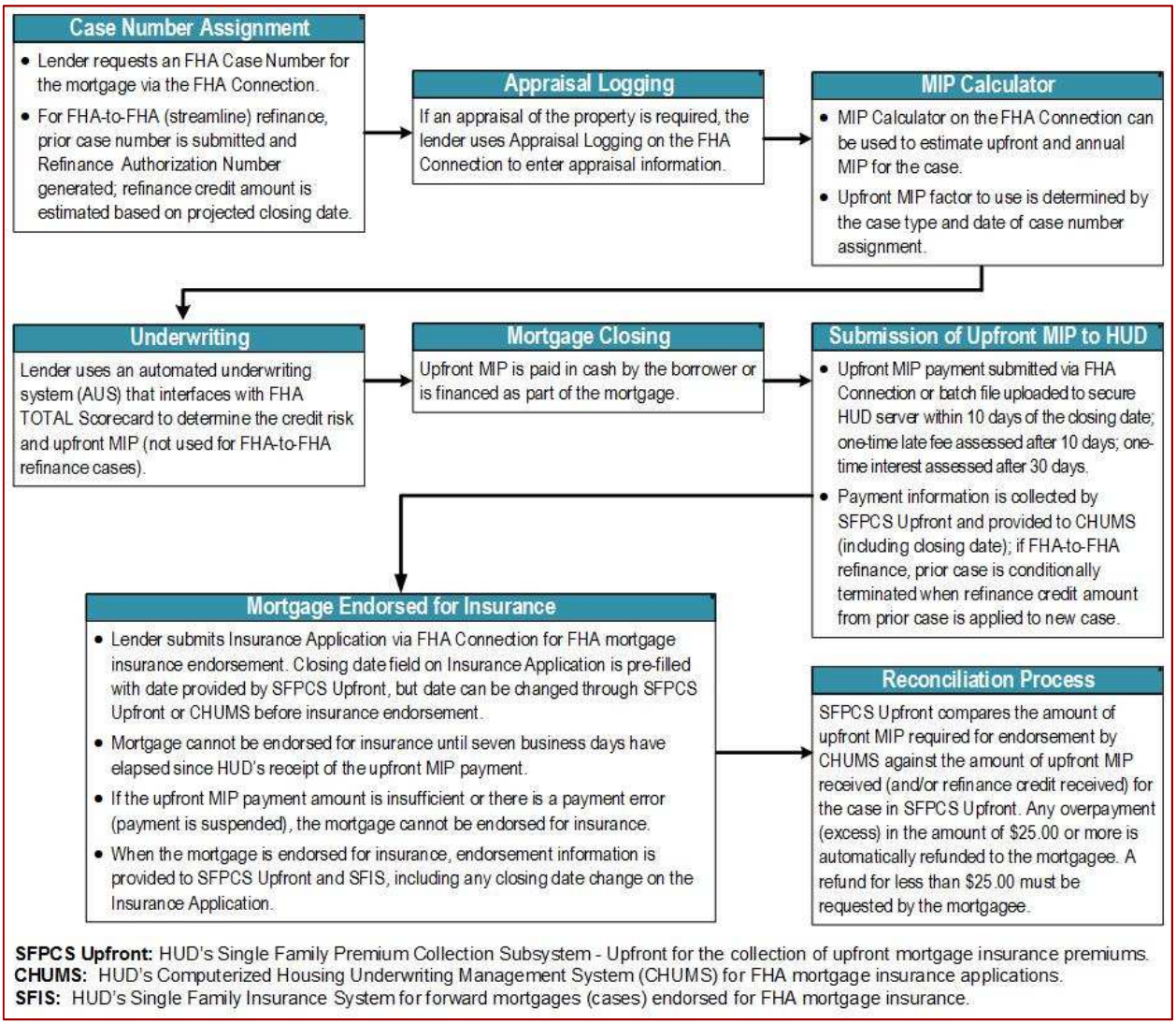

Figure 1: FHA forward mortgage insurance application process and upfront MIP

Upfront Premium Collection Menu on the FHA Connection

On the FHA Connection, lenders use the **Upfront Premium Collection** menu (**Figure 2**) to:

- Pay upfront MIP, get the status and details of a payment, and request a refund (explained in this ***FHA Connection Guide*** module).
- View and correct case information submitted with an upfront MIP payment (see ***FHA Connection Guide, Upfront Premium Case Information*** module).
- Get reports on upfront MIP payments (see ***FHA Connection Guide***, ***Upfront Premium Reports*** module).

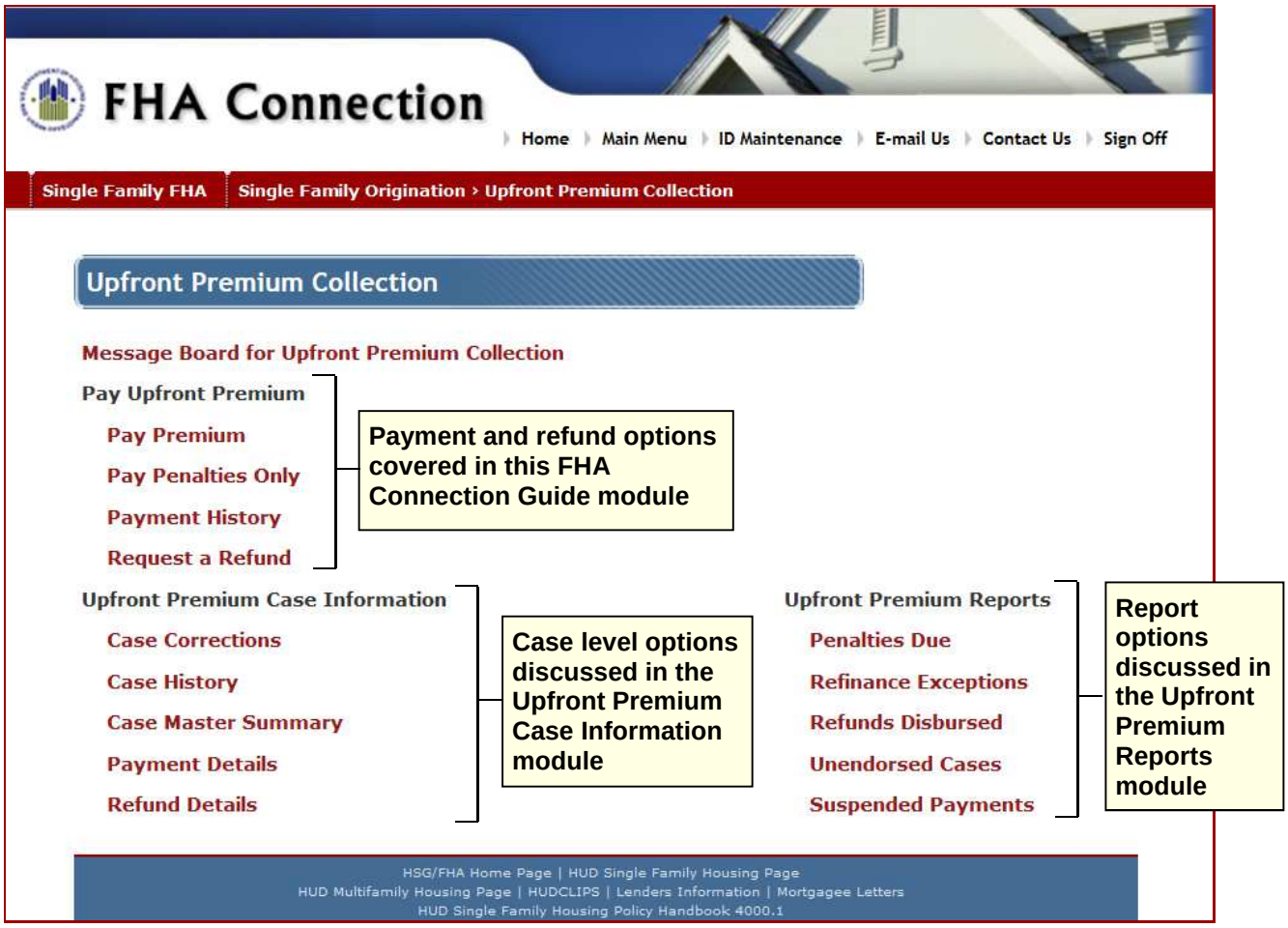

Figure 2: Upfront Premium Collection menu

Upfront MIP payments can be submitted on business days between the hours of 7:00 a.m. to 9:00 p.m. ET through the FHA Connection's **Upfront Premium Collection** menu. However, only payments submitted before 8:00 p.m. ET are processed the same day. Payments received after 8:00 p.m. ET have a "received date" of the next business day. (The Federal Reserve holiday calendar is observed.) Interest and late charges (penalties) are assessed based on the "received date". More than one payment can be submitted per day.

Accessing the Upfront Premium Collection Menu

To sign on to the FHA Connection and access the **Upfront Premium Collection** menu you must first be:

- an authorized employee of an FHA-approved lender,
- registered to use the FHA Connection, and
- authorized to use upfront MIP applications.

If you do not have an FHA Connection user ID, see the ***FHA Connection Guide***, ***FHA Connection Registration Procedures*** module. If you already have a user ID but are unable to access the options you need to use on the **Upfront Premium Collection** menu, contact your Application Coordinator to request authorization.

After signing on to the FHA Connection, follow this menu path: **Single Family FHA > Single Family Origination > Upfront Premium Collection**. The **Upfront Premium Collection** menu appears (**Figure 2**). The FHA Connection menu path appears as a "breadcrumb trail" in the red banner at the top of each page and can be used for navigation.

Researching Upfront MIP Required

Before making an upfront MIP payment, research on the FHA Connection may be required to verify case information, determine the upfront MIP required for a case, and verify whether upfront MIP was already paid. The FHA Connection provides these tools for research:

- **Case Query** on the **Case Processing** menu can be used to verify case information in HUD's Computerized Homes Underwriting Management System (CHUMS). (CHUMS is the system that processes mortgage insurance applications.) Use **Case Query** to view and verify:
  - Upfront MIP due or received
  - Originator or sponsor/agent of the mortgage (case) is your lending institution. (Use **Case Transfer** on the **Case Processing** menu if the mortgage was transferred.)
  - Case type (e.g., purchase or refinance)
  - Closing or disbursement date

  (See the ***FHA Connection Guide***, ***Case Processing Support Functions*** module for further information.)
- **MIP Not Paid by Mortgagee Report** is a CHUMS report that provides a list of cases for which upfront MIP is required and has not been paid (note that HECM cases may be included in the report). Use **Origination Reports Request** and **Origination Reports Retrieval** on the **Origination Reports** menu to request and retrieve the report. (See the ***FHA Connection Guide***, ***Origination Reports*** module.)
- **Payment History** can be used to follow up on payments submitted through the FHA Connection or CPU to CPU batch file transmissions. See **Viewing Payment History** later in this document.
- The **Upfront Premium Case Information** section of the **Upfront Premium Collection** menu (**Figure 2**) has these options:
  - **Case Master Summary** provides case information submitted with a payment, upfront MIP payments received, upfront MIP available for endorsement, late and/or interest charges assessed, adjusted late and/or interest charges, and refunds.
  - **Payment Details** displays payment information for a specific case, including any unpaid late and/or interest charges. If the payment was suspended, the reason for the suspension is also provided (see **Suspended Payment** later in this document).
  - **Case History** lists all the upfront MIP transactions for a case.

  (See the ***FHA Connection Guide***, ***Upfront Premium Case Information*** module for further information.)
- The **Upfront Premium Reports** section of the **Upfront Premium Collection** menu (**Figure 2**) provides the following reports for cases with assessed late and/or interest charges:
  - **Penalties Due** lists cases in your institution's portfolio with unpaid late and/or interest charges.
  - **Unendorsed Cases** report lists cases that have not yet been endorsed for FHA insurance and includes unpaid late and/or interest charges that were assessed for a late payment.

  (See the ***FHA Connection Guide***, ***Upfront Premium Reports*** module for further information.)

Upfront MIP Payment Options

The **Pay Upfront Premium** section of the **Upfront Premium Collection** menu **(Figure 2**) includes the following options:

- **Pay Premium:**
  - Pay upfront MIP for purchase cases. See **Paying Upfront MIP for a Purchase or Conventional Refinance Case** later in this document.
  - Pay upfront MIP for conventional refinance cases (prior mortgage was not FHA insured). See **Paying Upfront MIP for a Purchase or Conventional Refinance Case** later in this document.
  - Pay upfront MIP for FHA-to-FHA refinance cases (prior mortgage was FHA insured; also referred to as a streamline refinance). See **Paying Upfront MIP for an FHA-to-FHA Refinance Case** later in this document.

    Note: Any late and/or interest charges are automatically calculated and added to the upfront MIP payment. Each payment can include up to 15 cases.
  - **Pay Penalties Only:** Pay late and/or interest charges only. Each payment can include up to 15 cases. See **Paying Penalties** later in this document.

Also, the **Payment History** option is used to view or download the details of a payment and reprint the payment summary. See **Viewing Payment History** later in this document.

Basic Steps for Processing a Payment

There are five basic steps for processing an upfront MIP payment transaction (***all* five steps are required**). The current step you are at is indicated in bold text near the top of the **Upfront Premium Collection** page on which you are working. The five steps are:

1. Add Cases (**Figure 4**)
2. Verify Cases (**Figure 5**)
3. Payment Summary (**Figure 6**)
4. Send Payment
5. Payment Results (**Figure 7)**

Paying Upfront MIP for a Purchase or Conventional Refinance Case

The instructions that follow illustrate how to submit an upfront MIP payment for a purchase or conventional refinance case. They serve as basic instructions for submitting any type of upfront payment to HUD via the FHA Connection.

1. Access the **Upfront Premium Collection** menu as previously outlined.
2. On the **Upfront Premium Collection** menu, click **Pay Premium**. The **Pay Upfront Premium** page appears (**Figure 3**).

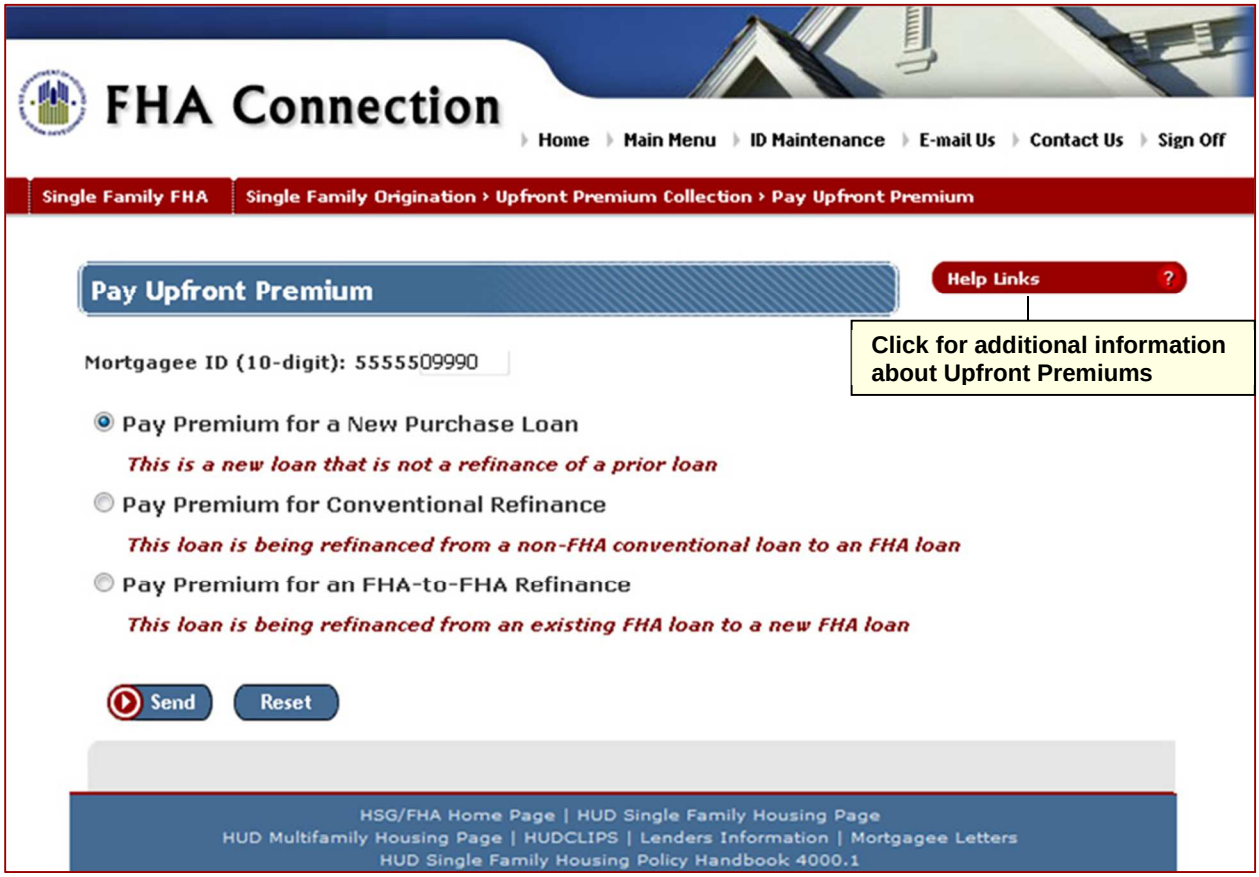

Figure 3: Pay Upfront Premium page

3. On the **Pay Upfront Premium** page (**Figure 3**), enter the last five digits of the FHA-assigned mortgagee identification number in the **Mortgagee ID (10-digit)** field. It must be the branch ID associated with the correct cash flow account.
4. Select **Pay Premium for a New Purchase Loan** or **Pay Premium for a Conventional Refinance** and click Send. The **Upfront Payment List – Purchase/Conventional Refinance** page appears (**Figure 4**).

   Note: Purchase and conventional refinance cases can be included in the same payment.

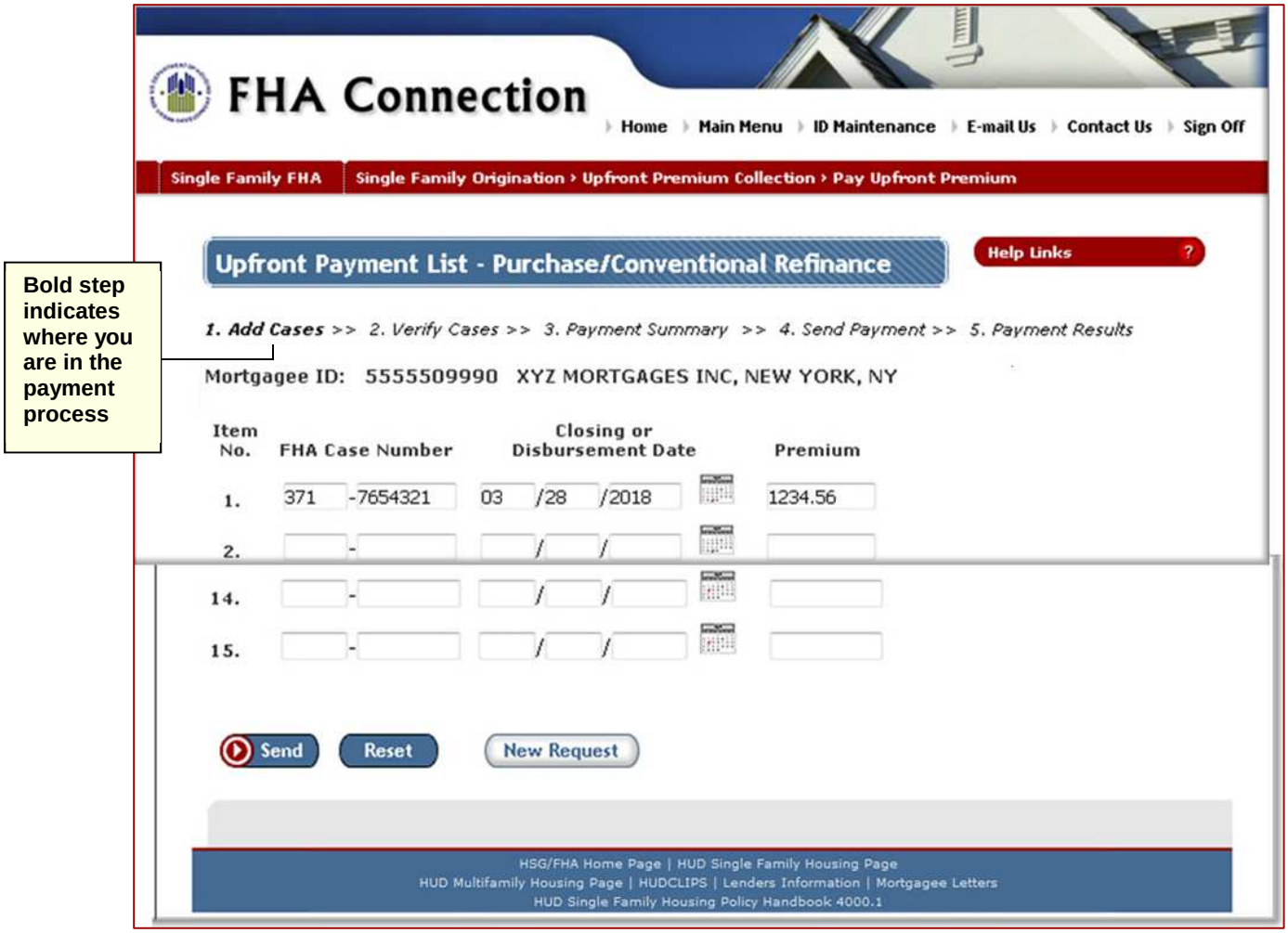

Figure 4: Upfront Payment List – Purchase/Conventional Refinance page

5. For each case payment, enter the 10-digit FHA case number for the new mortgage being insured, the closing (or disbursement) date, and the upfront MIP payment amount in the appropriate fields. Then, click Send. The **Upfront Verification – Purchase/Conventional Refinance** page appears (**Figure 5**).

Figure 5: Upfront Verification – Purchase/Conventional Refinance page

6. Verify the entered information. Note that the system automatically calculates any late and/or interest charges and adds these to the payment total.
   - If corrections are necessary, click < Go Back and Edit and update the information.
   - If the information is correct, click Send. **The Upfront Summary – Purchase/Conventional Refinance** page appears (**Figure 6**).

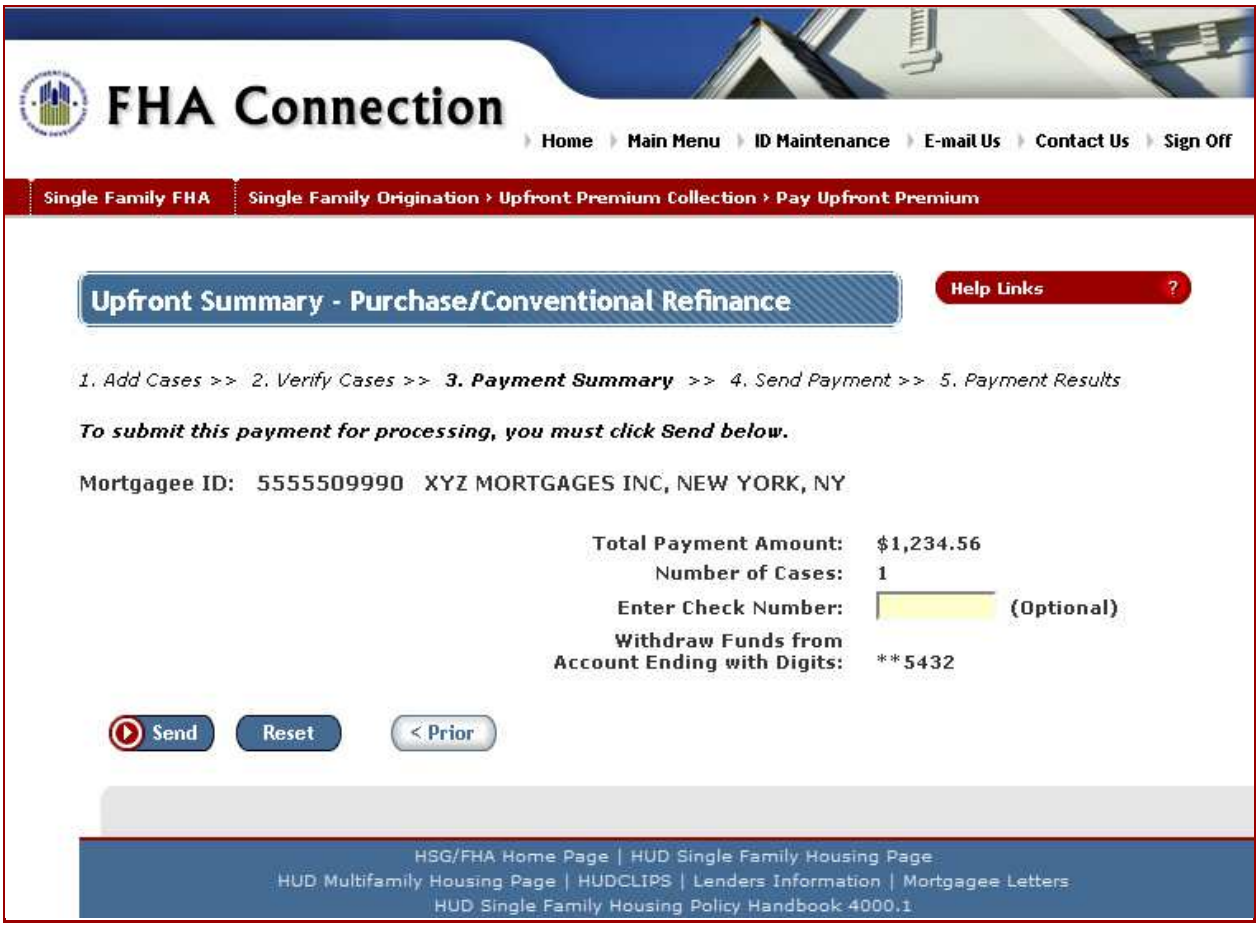

Figure 6: Upfront Summary – Purchase/Conventional Refinance page

7. Review the payment summary information, especially noting the **Account Ending with Digits** field. Optionally, enter a check number. If payment information is correct, click Send to submit the payment.
8. A page briefly appears stating the payment is being submitted. When submission of the payment information is complete, the **Upfront Results – Purchase/Conventional Refinance** page appears (**Figure 7**).
9. Review and print the **Upfront Results – Purchase/Conventional Refinance** page for use as a reference. The **HUD Upfront Tracking ID** identifies the payment transaction.

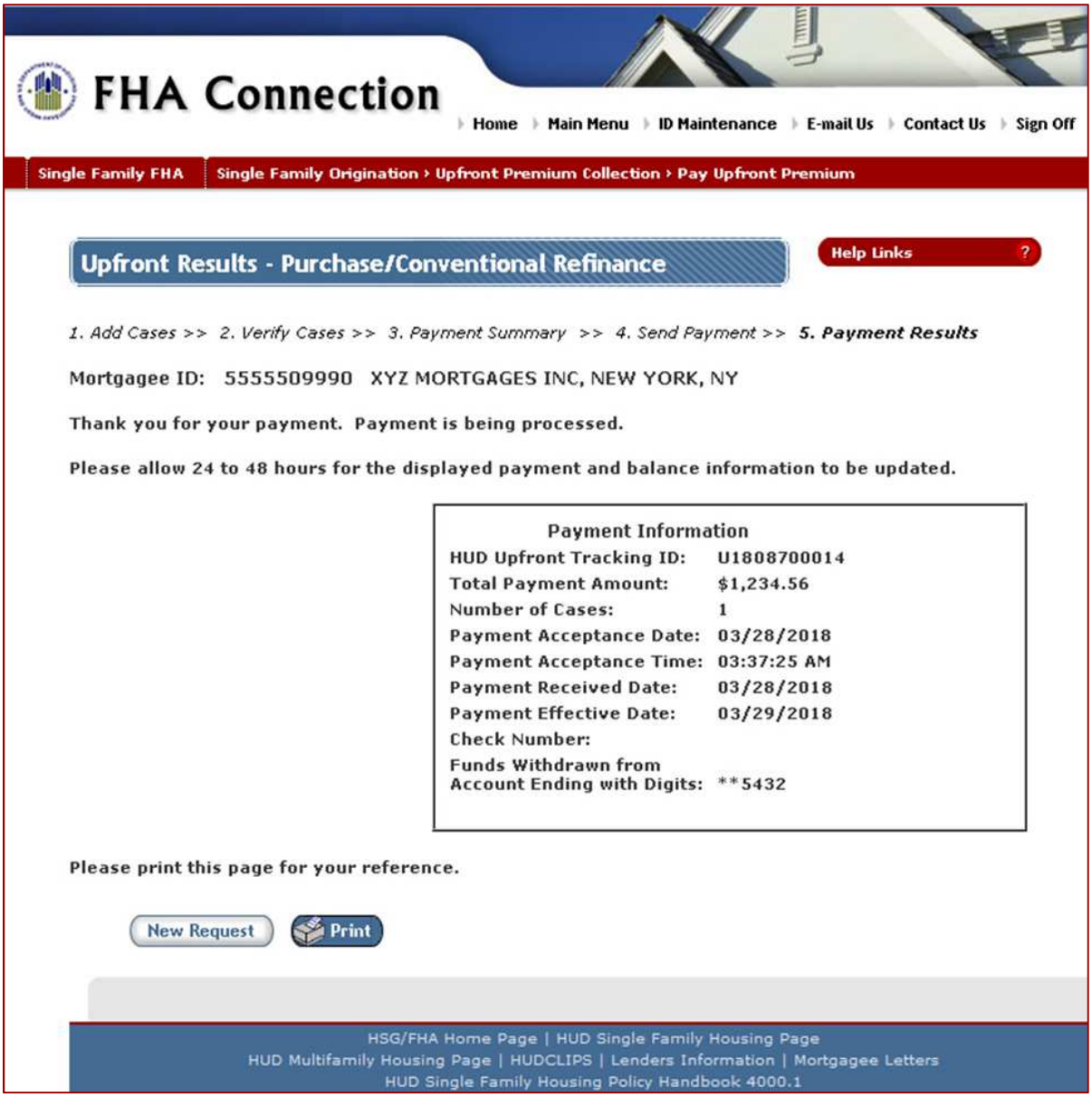

Figure 7: Upfront Results – Purchase/Conventional Refinance page

Paying Upfront MIP for an FHA-to-FHA Refinance Case

When a mortgage insured by the FHA is being refinanced and the new mortgage will also be insured by the FHA, it is referred to as an FHA-to-FHA refinance or streamline refinance case. Any refinance credit (upfront MIP that was paid but not earned by HUD) from the prior case is applied to the new case when an upfront MIP payment is submitted for the new case. The refinance credit amount is based on the closing or disbursement date provided for the new mortgage.

1. Access the **Upfront Premium Collection** menu as previously outlined.
2. On the **Upfront Premium Collection** menu, click **Pay Premium**. The **Pay Upfront Premium** page appears (**Figure 3**).
3. On the **Pay Upfront Premium** page (**Figure 3**), enter the last five digits of the FHA-assigned mortgagee identification number in the **Mortgagee ID (10-digit)** field. It must be the branch ID associated with the correct cash flow account.

4. Select **Pay Premium for an FHA-to-FHA Refinance** and click Send. The **Upfront Payment List – FHA-to-FHA Refinance** page appears (**Figure 8**).

Figure 8: Upfront Payment List – FHA-to-FHA Refinance page (partially displayed)

5. For each case, enter the 10-digit FHA case numbers for the new and prior (old) mortgages, the closing (or disbursement) date for the new mortgage, and the upfront MIP payment amount in the appropriate fields. Then, click Send. The **Upfront Verification – FHA-to-FHA Refinance** page appears (similar to **Figure 5**). **Note:** The **Old FHA Case No.** is the FHA-insured mortgage being refinanced.
6. Verify the entered information. Note that the system automatically calculates any late and/or interest charges and adds these to the payment total.
   - If corrections are necessary, click < Go Back and Edit and update the information.
   - If the information is correct, click Send. **The Upfront Summary – FHA-to-FHA Refinance** page appears (similar to **Figure 6**).
7. Review the payment summary information, especially noting the **Account Ending with Digits** field. Optionally, enter a check number. If payment information is correct, click Send to submit the payment.
8. A page briefly appears stating the payment is being submitted. When submission of the payment information is complete, the **Upfront Results – FHA-to-FHA Refinance** page appears (similar to **Figure 7**).
9. Review and print the **Upfront Results – FHA-to-FHA Refinance** page for use as a reference. The **HUD Upfront Tracking ID** identifies the payment transaction.

Paying Penalties Only

Late and interest charges (penalties) are based on the difference between the closing/disbursement date and the payment received date. The **Penalties Due** report can be used to determine cases that have unpaid late and/or interest charges. Penalties can be paid with the submission of a MIP payment or a payment for only penalties can be made as follows:

1. Access the **Upfront Premium Collection** menu as previously outlined.
2. On the **Upfront Premium Collection** menu, click **Pay Penalties Only**. The **Pay Upfront Penalties Only** page appears (**Figure 9**).

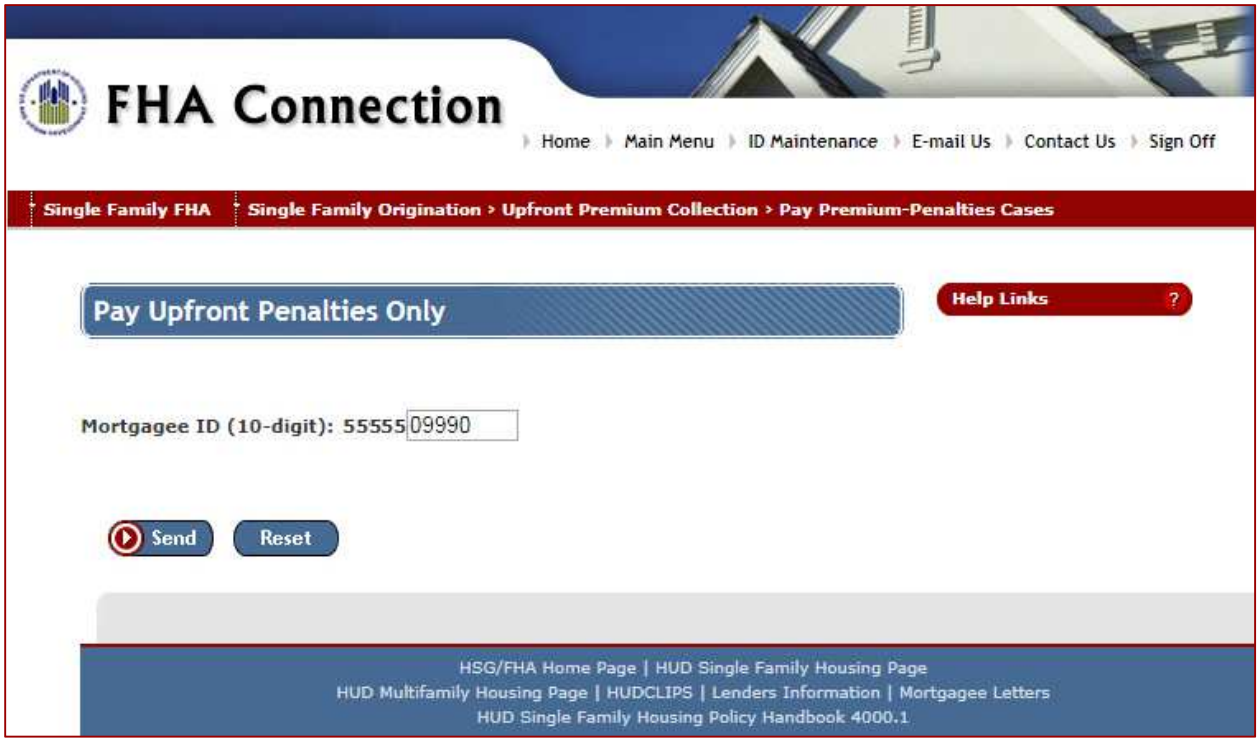

Figure 9: Pay Upfront Penalties Only page

3. On the **Pay Upfront Penalties Only** page (**Figure 9**), enter the last five digits of the FHA-assigned mortgagee identification number in the **Mortgagee ID (10-digit)** field. It must be the branch ID associated with the correct cash flow account.
4. Click Send. The **Upfront Penalty Payment List** page appears (**Figure 10**).

Figure 10: Upfront Penalty Payment List page (partially displayed)

5. For each case, enter the 10-digit FHA case number and click Send. The **Upfront Penalty Payment Verification** page appears (similar to **Figure 5**).
6. Verify the information displayed.
   - If corrections are necessary, click < Go Back and Edit and update the information.
   - If the information is correct, click Send. **The Upfront Payment Penalty Summary** page appears (similar to **Figure 6**).
7. Review the payment summary information, especially noting the **Account Ending with Digits** field.

   Optionally, enter a check number. If payment information is correct, click Send to submit the payment.
8. A page briefly appears stating the payment is being submitted. When submission of the payment information is complete, the **Upfront Penalty Payment Processing Results** page appears (similar to **Figure 7**).
9. Review and print the **Upfront Penalty Payment Processing Results** page for use as a reference. The **HUD Upfront Tracking ID** identifies the payment transaction.

Viewing Payment History

Use **Upfront Premium Payment History** to view and check the status of upfront MIP payments made by your lending institution/branch. Online payments made via the FHA Connection can be viewed directly after submission. Batch file transmission results are typically available within one to two hours after file submission.

1. Access the **Upfront Premium Collection** menu as previously outlined.
2. On the **Upfront Premium Collection** menu, click **Payment History**. The **Upfront Premium Payment History Query** page appears (**Figure 11**).

Figure 11: Upfront Premium Payment History Query page

3. Enter the last five digits of your FHA-assigned branch/mortgagee identification number in the **Mortgagee ID (10-digit)** field.
4. The date range defaults to the current date. If necessary, revise the dates in the **Payment Received Date (mm/dd/yyyy): from** and **to** fields.
5. Click Send. The **Upfront Premium Payment History List** page appears (**Figure 12**).

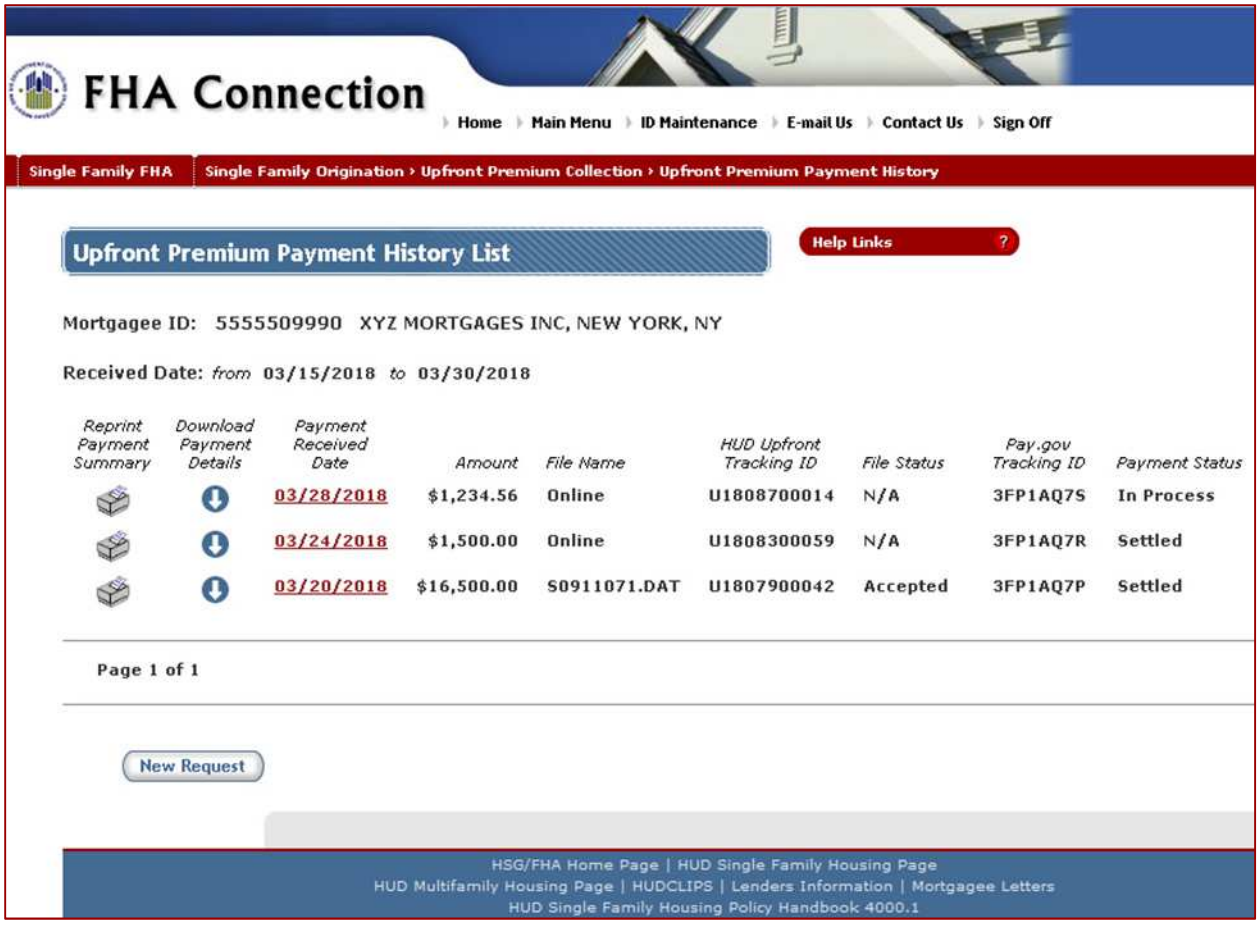

Figure 12: Upfront Premium Payment History List page

Payment history lists all upfront MIP payments submitted online via the FHA Connection and through CPU to CPU batch file transmissions. Besides the payment amount and received date, the **Upfront Premium Payment History List** page includes the following:

- **File Name** displays the payment method: *Online* for an online payment made via the FHA Connection or *[filename].DAT* for a batch file payment transmission.
- **HUD Upfront Tracking ID** is HUD's unique identifier for the payment transaction.
- **File Status** field displays the status of *Accepted* or *Rejected* for a batch file payment transmission and *N/A for* an online FHA Connection payment.
- **Pay.gov Tracking ID** is the collection service's unique identifier for the payment transaction.
- **Payment Status** indicates whether the payment transaction was successfully completed by the collection service:
  - *Failed*: Payment transaction failed processing (e.g., failed due to insufficient funds).
  - *In Process*: Payment transaction is currently being processed.
  - *Processing error; contact SF Admin Help Desk*: An internal processing error occurred. Contact the Single Family FHA Help Desk (sfadmin@hud.gov).
  - *Settled:* Payment transaction was successfully completed.

  Payment Status information is available within 24-48 hours after the payment is transmitted (online or via batch file).

6. For additional payment information, you may:
   - View the details of a payment by clicking the date in the **Payment Received Date** field (**Figure 12**); the **Upfront Premium Payment History Details** page appears (**Figure 13**).
   - Reprint the payment summary by clicking the printer icon beside the corresponding payment (**Figure 12**); the **Upfront Premium Payment History Reprint** page appears (**Figure 14**).
   - Download the payment details to a Microsoft® Excel® spreadsheet file by clicking the download icon beside the corresponding payment (**Figure 12**).

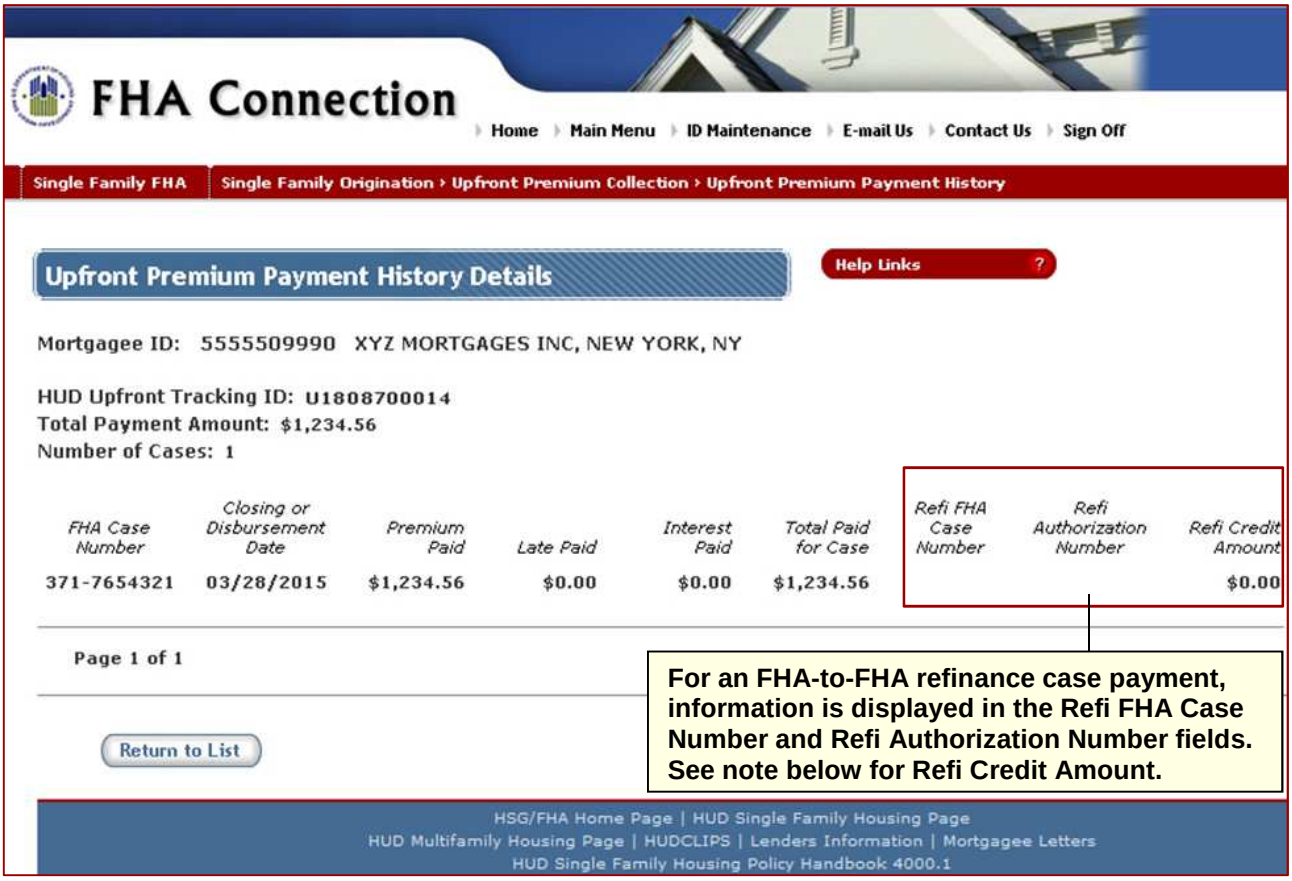

Figure 13: Upfront Premium Payment History Details page

Note: The **Refi Credit Amount** field always displays $0.00 because this information is not known at the time the payment is received. For an FHA-to-FHA refinance case, use **Case History** or **Case Master Summary** on the **Upfront Premium Collection** menu to determine if a refinance credit amount from the prior case is applied to the new case (see ***FHA Connection Guide, Upfront Premium Case Information*** module).

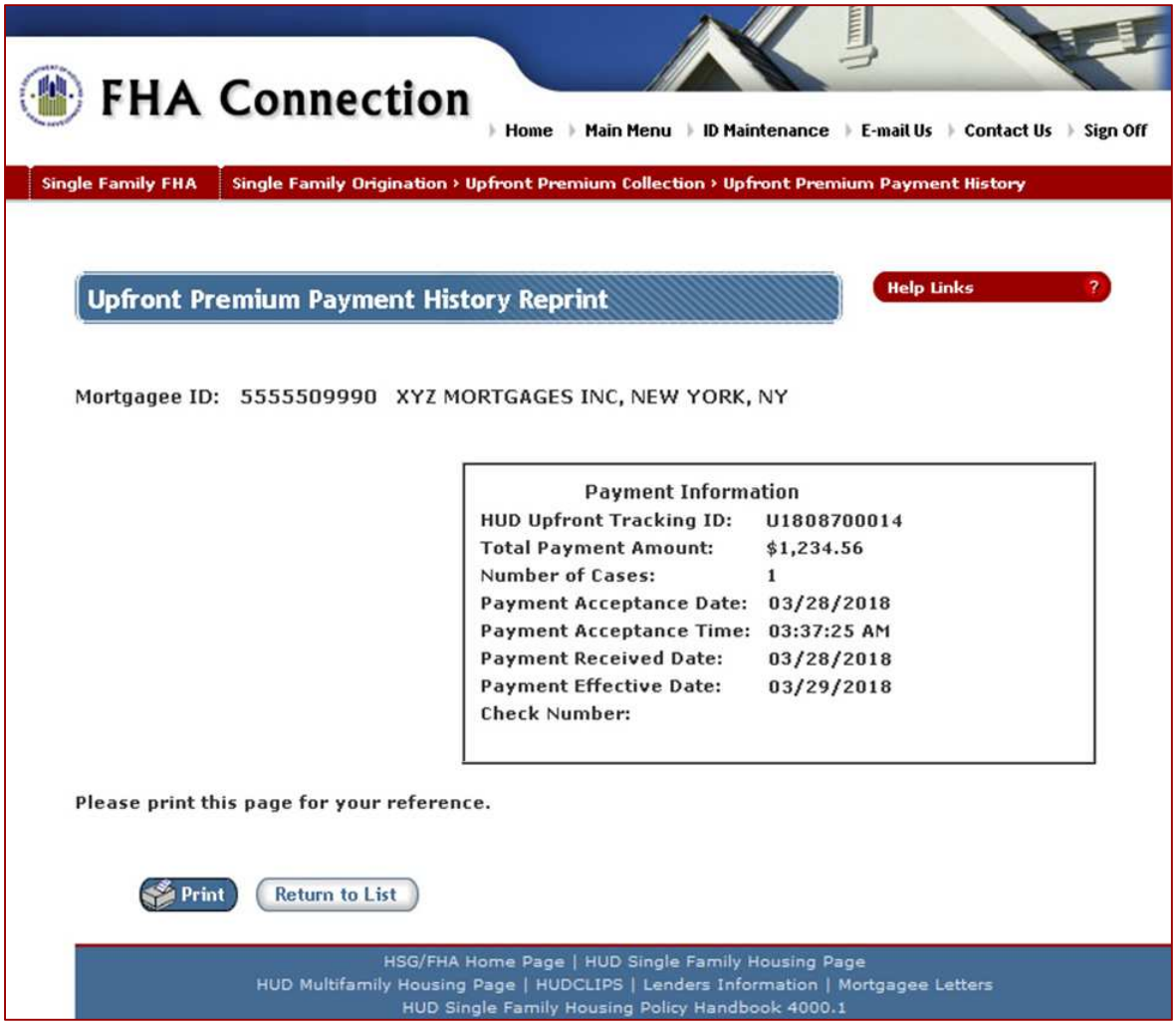

Figure 14: Upfront Premium Payment History Reprint page

Suspended Payment

When information received with a payment is incorrect, invalid, or inconsistent with previously received case, it is suspended. The case cannot be endorsed for FHA mortgage insurance if the suspended payment is needed to satisfy the upfront MIP required by CHUMS. The **Suspended Payments** report on the **Upfront Premium Collection** menu (**Figure 2**) provides a list of the lender's cases with suspended payments (see the ***FHA Connection Guide***, ***Upfront Premium Reports*** module). A payment may be suspended for any of the following reasons:

- The closing date provided with the suspended payment is different from the closing date provided with the prior payment(s) for the case.
- The closing date provided with the suspended payment is later than the received date of the payment or later than the received date of the first payment for the case.
- The case number does not exist in CHUMS. If the case number is not corrected within 14 days of the date the payment was received, a refund is automatically issued.
- The mortgagee's ID does not exist in LEAP.
- The payment was submitted under a mortgagee ID that was different from the prior payment(s).

Non-monetary payment Information can be corrected using **Case Corrections** on the **Upfront Premium Collection** menu (see the ***FHA Connection Guide***, ***Upfront Premium Case Information*** module).

Payment Refunds

A refund request of paid upfront MIP and/or penalties can be submitted using **Request a Refund** on the **Upfront Premium Collection** menu (**Figure 2**). Valid reasons for a refund include the following:

- Overpayment
- Payment was remitted for the wrong case
- Duplicate payment
- Case was canceled (not endorsed for FHA mortgage insurance)
- Mortgagee determined the case was ineligible for FHA mortgage insurance
- Payment was made on a case that is not a Title II forward mortgage (i.e., HECM or Title I case)
- Other reasons approved by HUD

Also, some refunds are automatically processed depending on the circumstances (see **Automatic Refunds** later in this document).

Requesting a Refund

Refund requests are processed by HUD's Single Family Insurance Operations Division (SFIOD). If approved, the refund check is sent to the *Endorsement* address specified in LEAP for the lending institution (corporate level). Confirmation of the refund request is sent to the e-mail address associated with the FHA Connection user ID of the user who made the request. To request a refund, do the following:

1. Access the **Upfront Premium Collection** menu as previously outlined.
2. On the **Upfront Premiums Collection** menu, click **Request a Refund**. The **Upfront Refund Request** page appears (**Figure 15**).
3. On the **Upfront Refund Request** page, enter the 10-digit number assigned to the mortgage in the **FHA Case Number** field.
4. Enter the amount of the refund for the case in the **Amount $** field.
5. Select the reason for the refund from the drop-down list in the **Reason Code** field. If *Other - Comment is required* is selected as the **Reason Code**, type an explanation for the refund request in the **Comments** field (up to 50 characters). Otherwise, information in this field is optional.

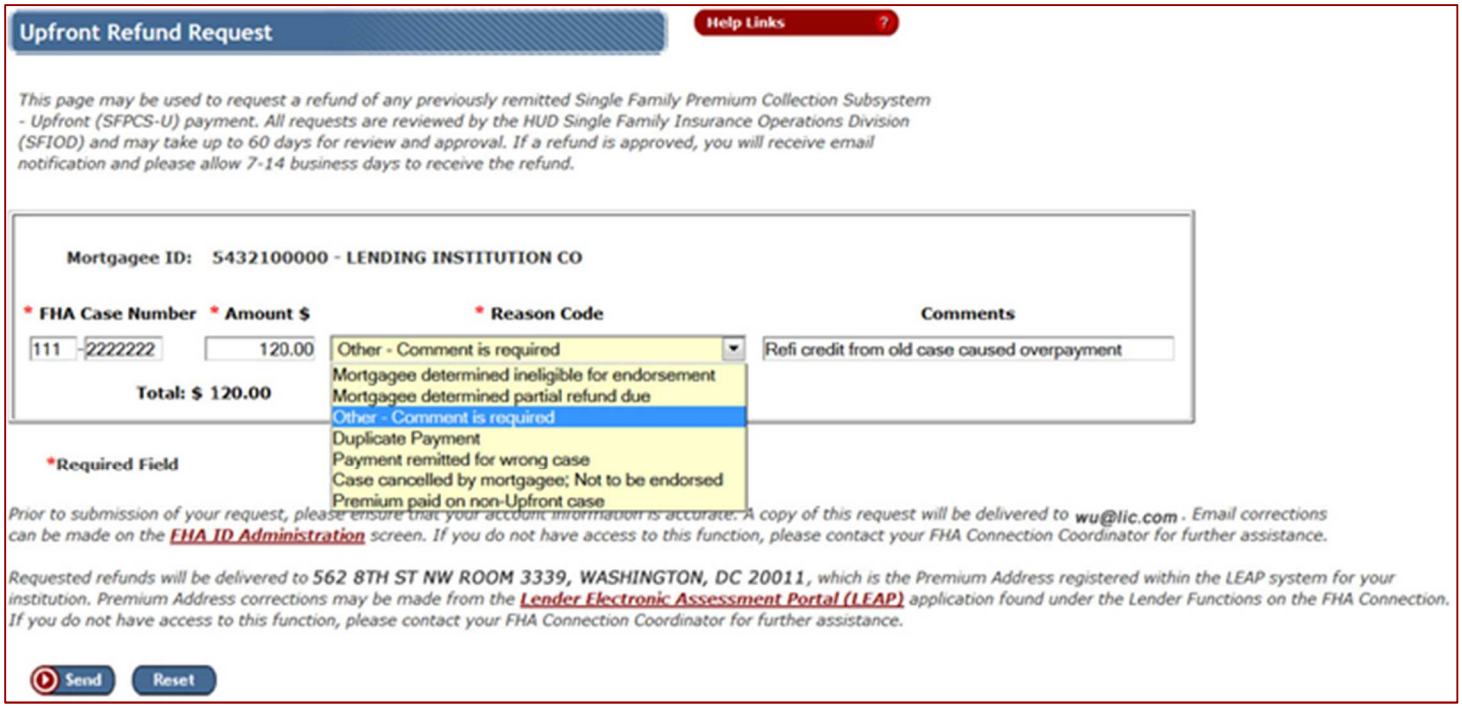

Figure 15: Upfront Refund Request page

Note: Near the bottom of the **Upfront Refund Request** page, review the e-mail address to which a confirmation of the refund request is sent and the address to which an approved refund is mailed.

6. When everything is in order, click Send. The **Upfront Refund Request Results** page appears when processing is successful. An e-mail message confirming receipt of the request by SFIOD is sent to the user who requested the refund (**Figure 16**).

From: LendersRefunds@hud.gov
Sent:
To: Username
Subject: Upfront Refund Request from LENDING INSTITUTION CO

The following refunds were requested by usend MSC001 on behalf of LENDING INSTITUTION CO

System: Upfront

Lender ID: 54321

Lender Name: LENDING INSTITUTION CO

Date Requested: 3/29/18 04:47 PM

FHA Case Nbr	Amount	Reason Code	Comments
1112222222	120.00	Overpayment	

Total Refund Requested Amount: $120.00

Requested refunds will be delivered to *333 9TH ST NW ROOM 3339, WASHINGTON, DC 20011*, which is the Premium Address registered within the LEAP system for your institution. Premium Address corrections may be made from the Lender Electronic Assessment Portal (LEAP) application found under the Lender Functions on the FHA Connection. If you do not have access to this function, please contact your FHA Connection Coordinator for further assistance.

If you have any questions regarding this request, please contact the Call Center at 1-800-697-6967.

Figure 16: E-mail message confirming receipt of an upfront premium refund request

Automatic Refunds

A refund is automatically sent to the remitting lender under the following circumstances:

- Any overpayment amount is refunded approximately two weeks after a case is endorsed for FHA mortgage insurance.
- A payment made for an invalid case number is refunded within 14 days (unless the lender corrects the case number beforehand or the payment is reallocated).

  Note: A payment received for a HECM case is handled as an invalid case number and is automatically refunded within 14 days.
- A non-endorsed case was canceled by the mortgagee. Upfront MIP remitted for the case is refunded approximately 6-8 weeks after the case is canceled.
- A non-endorsed case was automatically canceled by CHUMS after 18 months of inactivity. Upfront MIP remitted for the case is refunded approximately 6-8 weeks after the case is canceled.

An automatic refund for an amount less than $25.00 is created but not authorized and issued. The lender must request the refund.

Tracking the Status of a Refund

Use **Refund Details** on the **Upfront Premium Collection** menu to determine the status of a refund. Use **Refunds Disbursed** to view a list of refunds that were issued to the lender within a given date range (see the ***FHA Connection Guide***, ***Upfront Premium Reports*** module).