

# 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:

- **Refund Overview & Tips**
- **Creating a Refund Request**
- **Tracking a Refund**
- **Reallocation as a Refund Alternative**

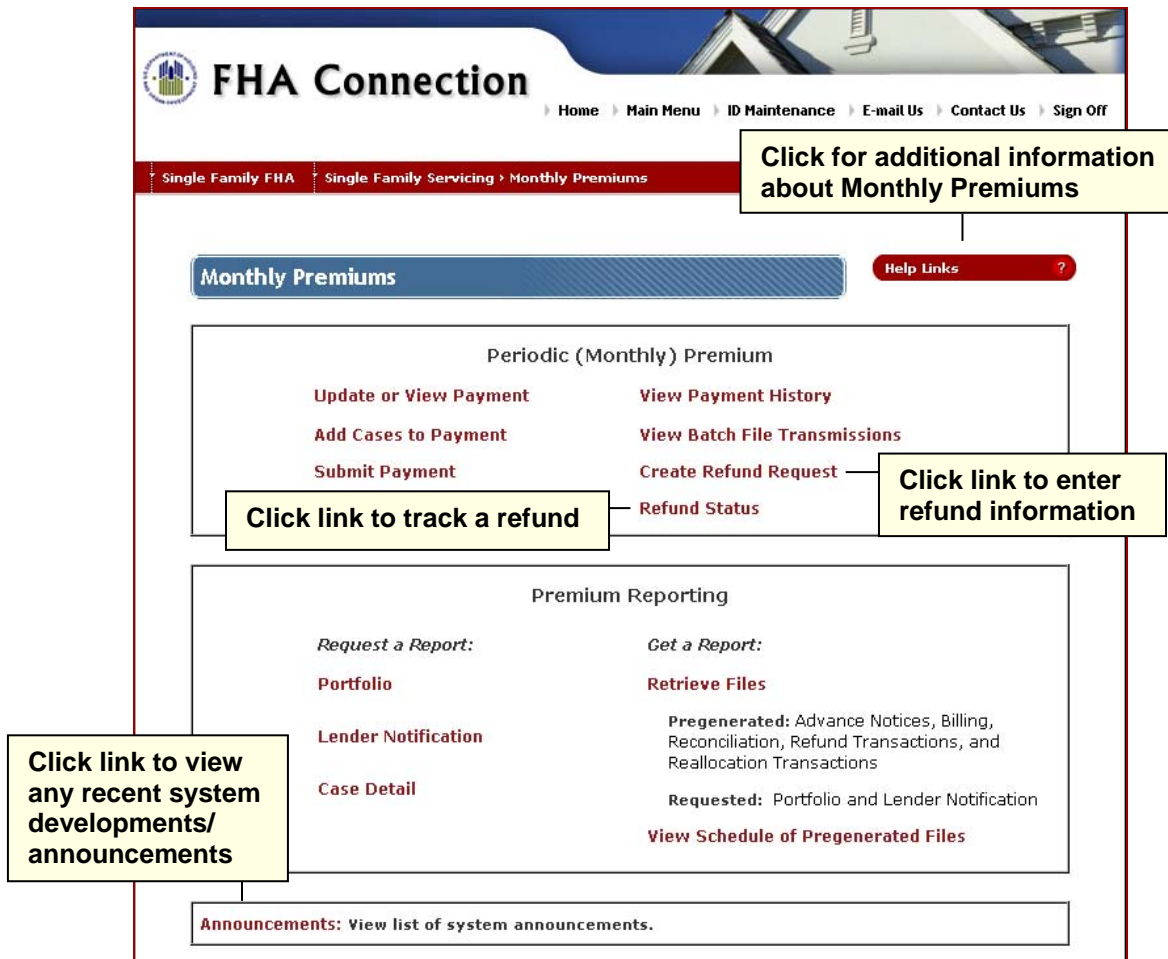


Figure 1: Monthly Premiums page

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 processing a refund request are explained below.

- Up to 10 FHA cases may be entered on one refund request; 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 and the case must have sufficient funds to cover the refund.
- A duplicate refund request for the same case number and amount cannot be in process.
- The total refund amount must be \$2.00 or more. For refund amounts less than \$2.00, it is recommended that a reallocation be requested (see **Reallocation, a Refund Alternative**).
- If a refund is dependent upon a specific payment, that payment must pass the seven-day holding period before a refund may be processed.


When the refund request is created, it is automatically checked by the system to ensure it meets HUD's refund criteria. If it passes the system checks, it is reviewed by HUD personnel and authorized or rejected. The refund request is checked again by the system when the refund request is authorized and disbursed. Any case that does not have sufficient funds at that time is rejected. If it was the only case included in the refund request, the entire refund request is rejected.

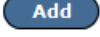
**Refund Status** is used to track the progress of a refund through the entire refund process (for more information, see **Tracking a Refund**).

## Creating a Refund Request

Refund requests are entered by authorized lender personnel. General guidance on entering refund information is provided below:

1. On the **Monthly Premiums** menu in the FHA Connection, click **Create Refund Request** available from the **Periodic (Monthly) Premium** menu section.
2. The **Create Refund Request** page appears (**Figure 2: Create Refund Request**).
3. If the listed address is not correct, authorized 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](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 provided in the **Comment** field.
5. Enter the FHA case number in the **Case Number** field and the amount of the case refund in the **Refund Amount** field.


6. Click  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. A maximum of 10 cases may be added to a single refund request.


**Note:** Because only a maximum of 10 cases may be added to a refund request,  is *not* displayed on **Create Refund Request** after successfully entering the 10<sup>th</sup> cases to the refund.

7. If the system encounters a problem with the entered case information, such as a user entered 11 cases to a refund:

- an *error* message appears that must be corrected or the refund *cannot* continue; or,
- a *warning* message appears and the user is made aware of any potential problems, but the refund is allowed to continue.

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

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

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

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

10. Click **View Request Details** at the bottom of the page to display the **Refund Request Detail** pop-up page with refund details (see **Figure 5**) or click **Download Excel** File to download a Microsoft® Excel® spreadsheet with the refund details.

Once the refund request is successfully created, it must be reviewed by HUD personnel and either authorized or rejected. You may use **Refund Status** on the **Monthly Premiums** page to verify and track the refund request (see **Tracking a Refund**).

**FHA Connection** Home Main Menu ID Maintenance E-mail Us Contact Us Sign Off

Single Family FHA Single Family Servicing > Monthly Premiums > Create Refund Request

**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: [Dropdown]

Comment: [Text Area]

Add up to 10 cases for this refund request

Case Number	Refund Amount	Add
[Input]	[Input]	[Add]

Total Refund Amount: \$0.00 for 0 Case(s)

[Send]

Enter refund information and click Add to add each case to the refund (maximum 10). Button is not displayed after 10 cases are successfully added to a refund.

Figure 2: Monthly Premiums - Create Refund Request

**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: [Text Area]

Add up to 10 cases for this refund request

Case Number	Refund Amount	Add
[Input]	[Input]	[Add]

Case Number	Amount	Delete
011-3999999	\$3.50	[Delete Icon]
222-2222222	\$2.52	[Delete Icon]
412-4124124	\$7.52	[Delete Icon]

Total Refund Amount: \$13.54 for 3 Case(s)

[Send]

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

Case refunds listed

Click to submit the refund request

Sum of all case refunds

Figure 3: Monthly Premiums - Create Refund Request (partially completed)

Create Refund Request

Help Links ?

✓
Success

Refund request number [ 9970910007 ] successfully created

Please retain a copy of this transaction for your records.

📄
Download Excel File

Click to download refund information to an Excel® spreadsheet

Case Number	Status	Reason
011-3999999	<a href="#">Successful</a>	Case is eligible for refund
222-2222222	<a href="#">Successful</a>	Case is eligible for refund
412-4124124	<a href="#">Successful</a>	Case is eligible for refund

Your refund may take up to 60 days for review and approval. Questions regarding your refund may be directed to [lendersrefunds@hud.gov](mailto:lendersrefunds@hud.gov)

View Request Details

Create Another Request

Figure 4: Monthly Premiums - Create Refund Request

Click to view additional information about the refund

Refund Request Detail ✕

ABC MORTGAGE COMPANY (01234)

SERVICING DEPT  
 PO BOX 12345  
 SAN DIEGO, CA 92186-5304

Request ID:	99709100007	Received Date:	04/06/2018
Created By:	M12345	Create Date:	04/06/2018
Request Status:	Created	Status Date:	04/06/2018
Refund Amount:	\$13.54	Rejected Amount:	\$0.00

Request Reason: [Overpayment](#)

Request Comment: Cases in refund were reviewed by Servicing Dept

Case Number	Refund Amount	Rejected Amount	Reject Reason	Warning
011-3999999	\$3.50			
222-2222222	\$2.52			
412-4124124	\$7.52			

Checkout

Close

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

Figure 5: Monthly Premiums - Refund Request Detail

## 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 6**). Refund statuses include:

- *Created*: Initial status of a refund request that successfully passes the system checks.
- *Authorized*: Refund was reviewed and approved by an authorized HUD representative.
- *Pending Rejection*: Refund was reviewed and rejected by an authorized HUD representative. The status of this refund is changed to *Rejected* in the overnight system processing.
- *Rejected*: Refund was rejected 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.

**Refund Status**

Lender: ABC FEDERAL SAVINGS

Displayed information may be sorted by clicking the up/down arrow in the column

Request ID	Last Action	Total Cases	Total Refund	Date Created	Authorization Review Date	Refund Disbursed Date	Refund Confirmed Date	Refund Returned Date
<a href="#">6043420002</a>	Confirmed	7	\$1,149.01	03/06/2018	03/15/2018	03/19/2018	03/23/2018	
<a href="#">2732520002</a>	Disbursed	2	\$262.46	03/08/2018	03/19/2018	03/23/2018		
<a href="#">5532520007</a>	Authorized	6	\$845.68	03/13/2018	03/19/2018			
<a href="#">6043420002</a>	Created	7	\$902.80	03/15/2018				

Review transaction dates to track progression of refund

Click link to view the Refund Request Detail page for the listed refund (see Figure 5)

Figure 6: Monthly Premiums – Refund Status

**Note:** The last 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](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.