

# Upfront Premium Payments

Lenders use the FHA Connection **Upfront Premium Collection** menu options (**Figure 1**) to pay and monitor upfront mortgage insurance premium (UFMIP or MIP) payments. Using this menu, lenders can view a history of upfront MIP payments, retrieve current upfront MIP payment information on requested cases, and generate upfront MIP summary reports at the lender and branch level. In addition, lenders can access the message board from HUD's upfront premium collection system.

This **FHA Connection Guide** module focuses on submitting upfront MIP payments. The following sections describe and provide training for the upfront MIP online payment process:

- **Overview of Upfront MIP**
- **Upfront MIP Payment Options**
  - **Paying Premium**
  - **Paying Penalties**
- **Processing Upfront MIP Payments**
- **Viewing Payment History**
- **Tools for Researching Payment-related Information**

**Note:** Find the **FHA Connection Guide** documentation for the other **Upfront Premium Collection** options as follows:

- **Upfront Premium Case Information** provides training for viewing upfront MIP information for a specific case
- **Upfront Premium Reports** provides guidelines for retrieving lender and/or branch level information through various reports



Figure 1: Upfront Premium Collection menu

## Overview of Upfront MIP

The upfront MIP for a case varies based on the date an FHA case number was assigned to the loan:

- **On or after January 1, 2009 (refinance cases only):**  
See *Mortgagee Letter 2008-40*.
- **On or after October 1, 2008:**  
See *Mortgagee Letter 2008-22*. For HOPE for Homeowners loans, see *Mortgagee Letter 2008-29*.
- **Between July 14, 2008 and September 30, 2008:**  
See *Mortgagee Letter 2008-16* for risk-based premium pricing structure.
- **Before July 14, 2008:**  
Upfront MIP is charged at one and one-half percent (1.5%) of the mortgage amount.

The **MIP Calculator** on the FHA Connection's **Case Processing** menu can be used to determine the upfront MIP.

Mortgagees must remit upfront MIP within 10 calendar days of the mortgage closing or disbursement date, whichever is later. Penalties are assessed on late upfront premium payments 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 insurance if insufficient upfront MIP was sent and/or there are unpaid late and/or interest charges (penalties). To determine the case information on record at the time of endorsement (e.g., closing/disbursement date, upfront MIP paid/due, and any penalties due), see **Tools for Researching Payment-related Information** at the end of this module.

## Upfront MIP Payment Options

All upfront MIP payments are sent electronically, either through the Internet using the FHA Connection or through CPU to CPU batch file transmissions, and processed using Pay.gov, a secure federal government-wide collection portal managed by the Financial Management Service bureau of the U.S. Department of the Treasury. Pay.gov processes a payment electronically (electronic funds transfer or EFT) through the Automated Clearing House (ACH) using a checking account debit. The Federal Reserve Bank of Cleveland, which maintains the Pay.gov system, 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.**


In order to pay upfront MIP using Pay.gov, the lender must set up an active banking cash flow account for *Single Family Upfront* to be used by Pay.gov for withdrawing funds. This cash flow account setup also includes the lender's primary and secondary contacts who will receive an automated e-mail with the status of each payment that is submitted. See the **FHA Connection Guide** module, **Cash Flow Account Setup**, to set up a cash flow account.

**Pay Upfront Premium** options, located on the **Upfront Premium Collection** menu (**Figure 1**), enable authorized users to make upfront MIP payments online via the FHA Connection. Payments can be submitted on business days between the hours of 7:00 a.m. to 9:00 p.m. ET. However, only payments submitted before 8:00 p.m. ET are processed that 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.) Penalties are assessed based on the "received date". More than one payment can be submitted per day.

**Note:** Payments can be made for all Title II cases requiring upfront MIP, except Home Equity Conversion Mortgage (HECM) cases.

**Pay Upfront Premium** options for submitting payments via the FHA Connection include:

- Pay upfront MIP for purchase cases (includes conventional refinance cases)
- Pay upfront MIP for refinance cases (FHA to FHA refinance cases only)
- Pay late and interest penalties only

General information about **Pay Upfront Premium** options and assistance in retrieving information is also available by clicking **Help Links**  in the upper right portion of any of the **Upfront Premium Collection** pages (e.g., **Figure 2**). Select the desired topic for detailed information.

For more information on batch file transmissions, see the **Upfront Mortgage Insurance Premium Batch Payment Processing Instructions for CPU to CPU Transmissions** located at <http://www.hud.gov/offices/hsg/comp/premiums/sfbchinu.cfm>.

## Paying Premium

The **Pay Premium for Purchase Cases** and **Pay Premium for Refinance Cases** choices enable authorized users to submit upfront premium payments online, via the FHA Connection. If necessary, upfront penalties, i.e., late and/or interest, can be submitted with the MIP payment. See the **Processing Upfront MIP Payments** section for step-by-step instructions.

**Note:** For refinance cases, use the **Pay Premium for Refinance Cases** option if the old loan was FHA-insured and the new loan is being FHA-insured. If the old loan was *not* FHA-insured and the new loan is being FHA-insured (i.e., conventional refinance), the new loan must be processed as a purchase case, and the **Pay Premium for Purchase Cases** menu option is used instead.

## Paying Penalties

Using the **Pay Penalties Only** option, authorized lender employees may submit late and/or interest fees associated with a case or group of up to 15 cases. (Keep in mind, the **Pay Penalties Only** option does not accommodate premium payments; if you need to combine submission of premium *and* penalty payments for a case, use **Pay Premium for Purchase Cases** or **Pay Premium for Refinance Cases**.)

To make a penalty only payment, select the **Pay Penalties Only** option and follow the general instructions outlined in the **Processing Upfront MIP Payments** section that follows.

## Processing Upfront MIP Payments

The instructions that follow illustrate how to submit an upfront MIP payment for a purchase case. These steps serve as instructions for making any type of upfront payment (as listed above) to HUD via FHA Connection to be processed using Pay.gov. The payment is automatically taken from your lending institution's checking account that is designated in the cash flow account set up for the branch ID submitting the payment.

After identifying your lending institution (**Figure 2**), there are five steps, i.e., **Pay Premium** or **Pay Penalties** pages, that lead you through an upfront payment transaction (**all five steps are required**):

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

Each of these pages lists the five required steps at the top of the page. As illustrated in **Figure 3**, the current step is indicated in bold text at the top of the corresponding **Upfront Premium Collection** page to indicate the current step.


1. After signing on to the FHA Connection, follow the menu path: **Single Family FHA > Single Family Origination > Upfront Premium Collection**.

**Note:** The FHA Connection menu path appears as a “breadcrumb trail” in the red banner at the top of each function page and can be used for navigation.

2. On the **Upfront Premium Collection** menu page (**Figure 1**), click the payment transaction to perform, for example, **Pay Premium for Purchase Cases**. The Pay Upfront Premium - Purchase Cases page appears (**Figure 2**).



Figure 2: Pay Upfront Premium - Purchase Cases page

3. Type the last five digits of the FHA-assigned mortgagee identification number in the **Mortgagee ID (10-digit)** field. This must be the branch ID associated with the correct cash flow account. Click  **Send**. The Upfront Payment List - Purchase Cases page appears.

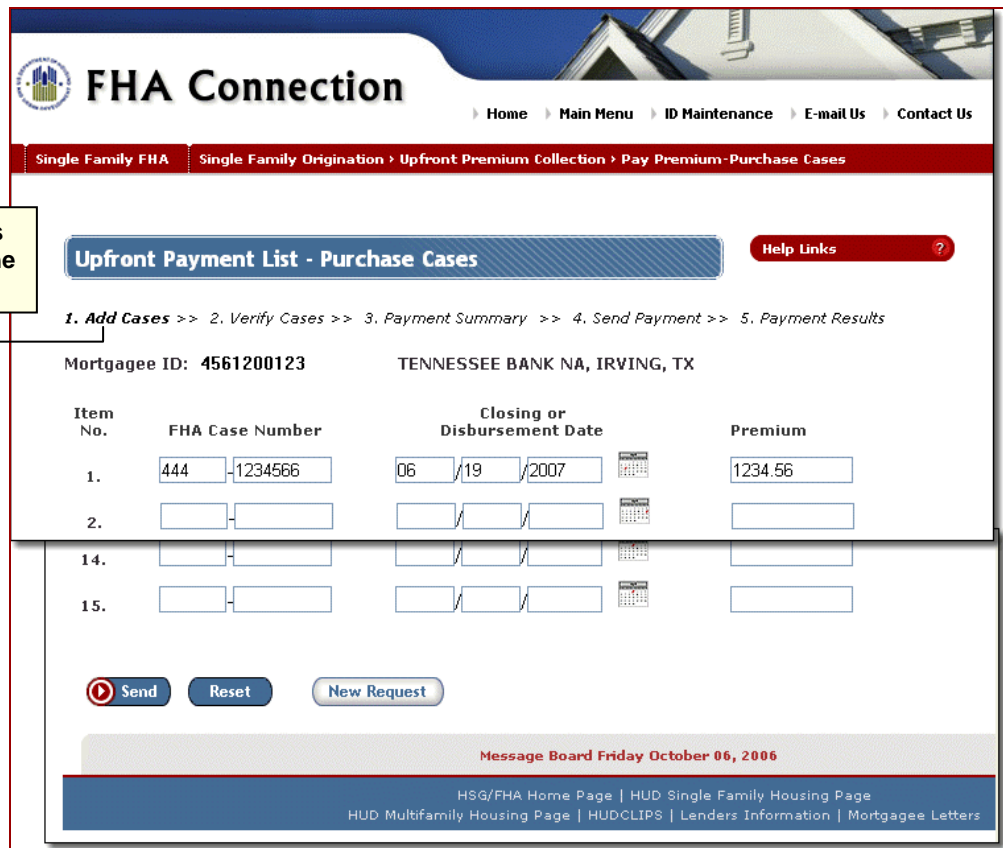



Figure 3: Upfront Payment List - Purchase Cases page

4. For each case payment, type 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 boxes, and click  **Send**. The Upfront Payment Verification - Purchase Cases page appears (**Figure 4**).

Bold step indicates where you are in the payment process



Figure 4: Upfront Payment Verification - Purchase Cases page

- 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, go to step 6.
- When the payment information is correct, click **Send**. The Upfront Payment Summary - Purchase Cases page appears (Figure 5).

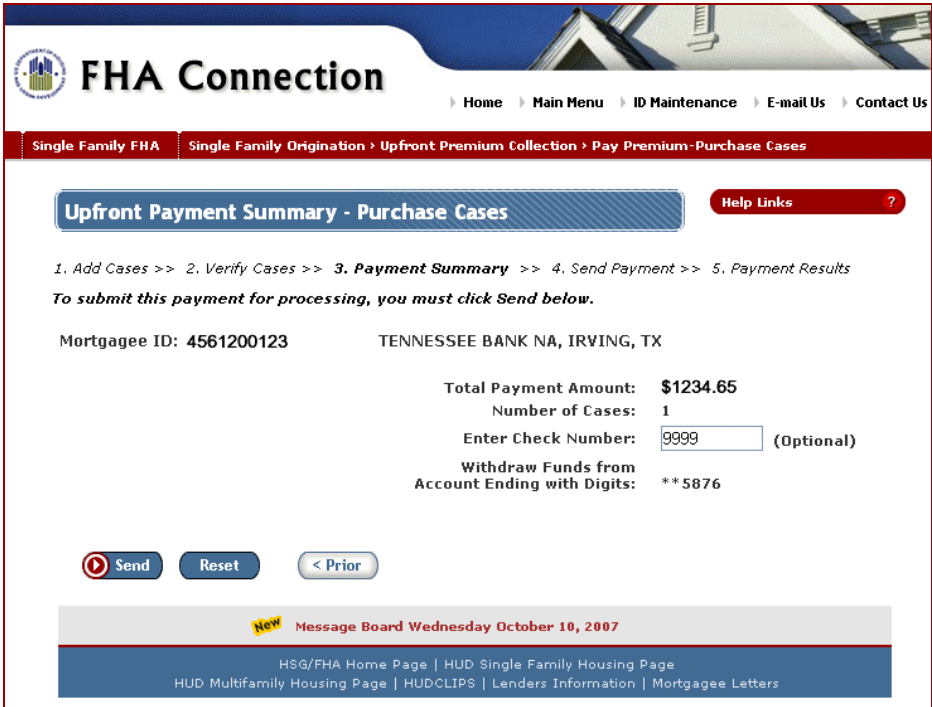

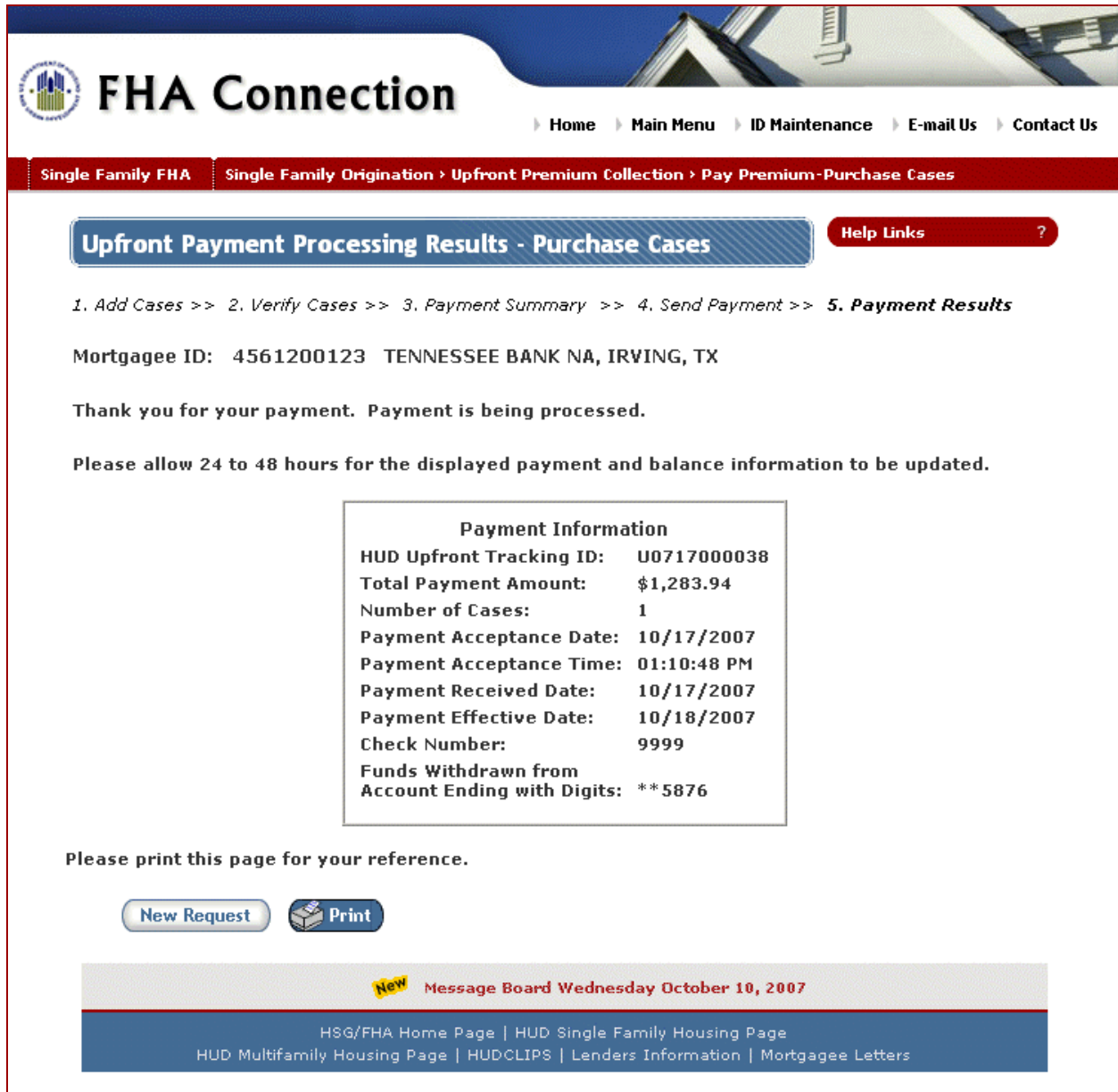


Figure 5: Upfront Payment Summary - Purchase Cases page

- Review the payment summary information, especially noting the **Account Ending with Digits** field. Optionally, enter a check number. If payment information is correct, click  to submit the payment.
- The Upfront Payment Processing - Purchase Cases page appears indicating the payment is being submitted. When submission of the payment information is complete, the Upfront Payment Processing Results - Purchase Cases page appears (**Figure 6**).



**FHA Connection**

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Single Family FHA Single Family Origination > Upfront Premium Collection > Pay Premium-Purchase Cases

**Upfront Payment Processing Results - Purchase Cases** [Help Links ?](#)

1. Add Cases >> 2. Verify Cases >> 3. Payment Summary >> 4. Send Payment >> **5. Payment Results**

Mortgage ID: 4561200123 TENNESSEE BANK NA, IRVING, TX

Thank you for your payment. Payment is being processed.

Please allow 24 to 48 hours for the displayed payment and balance information to be updated.

Payment Information	
HUD Upfront Tracking ID:	U0717000038
Total Payment Amount:	\$1,283.94
Number of Cases:	1
Payment Acceptance Date:	10/17/2007
Payment Acceptance Time:	01:10:48 PM
Payment Received Date:	10/17/2007
Payment Effective Date:	10/18/2007
Check Number:	9999
Funds Withdrawn from Account Ending with Digits:	**5876

Please print this page for your reference.

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Figure 6: Upfront Payment Processing Results - Purchase Cases page

- Review and print the Upfront Payment Processing Results - Purchase Cases page for use as a reference. The **HUD Upfront Tracking ID** identifies the payment transaction.


For assistance with field definitions, click [Help Links ?](#).

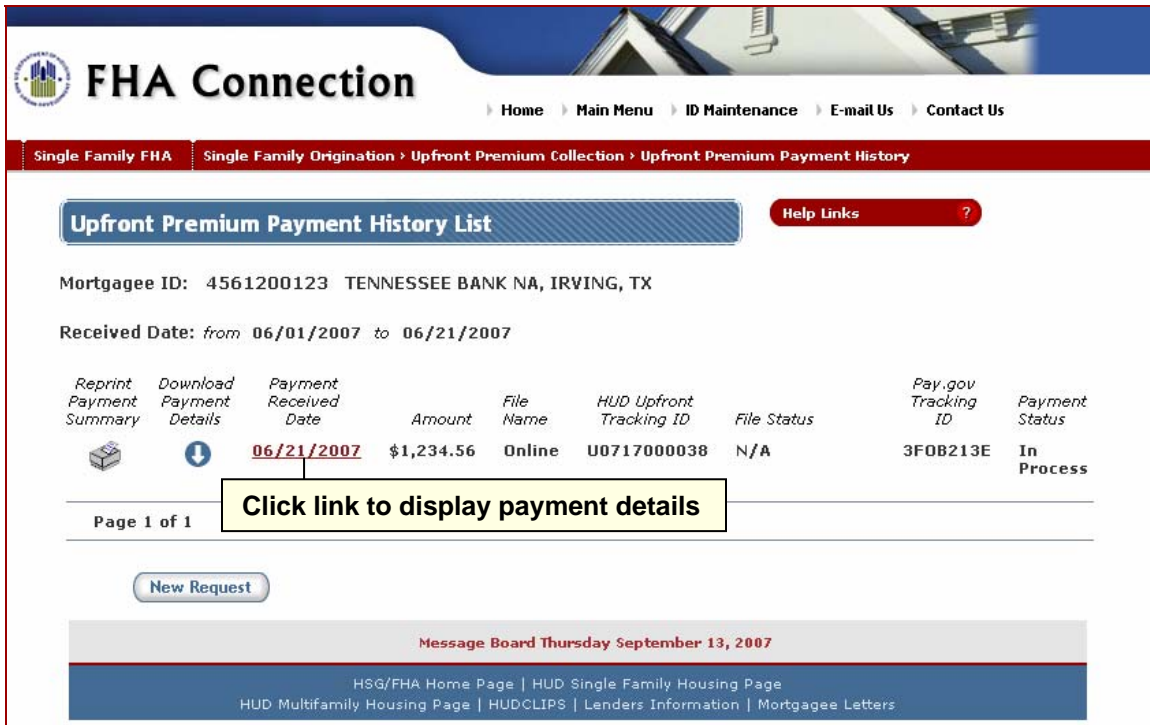
## Viewing Payment History

Use **Upfront Premium Payment History** to view and check the status of upfront MIP payments made by your lending institution/branch. Access your upfront payment history using the following steps:

1. After sign on, follow the menu path: **Single Family FHA > Single Family Origination > Upfront Premium Collection**.
2. On the **Upfront Premium Collection** menu page (**Figure 1**), click **Payment History**. The Upfront Premium Payment History - Query page appears.
3. Type the last five digits of your FHA-assigned branch/mortgagee identification number in the **Mortgagee ID (10-digit)** field.
4. Optionally, revise the dates in the **Payment Received Date (mm/dd/yyyy): from** and **to** fields.
5. Click . The Upfront Premium Payment History List page appears (**Figure 7**).

Payment history lists all payments submitted online via the FHA Connection, as well as any submitted through CPU to CPU batch file transmissions. Payment information includes the date the payment was received, the payment amount, and a **File Name** indicator as to whether the payment was received online via the FHA Connection (*Online*) or via CPU to CPU batch file (indicated by a *.DAT* filename). For CPU to CPU batch files, the **File Status** is provided (*Accepted* or *Rejected*). (For online payments made using the FHA Connection, the **File Status** is not applicable and is indicated as *N/A*.) History information also includes the **HUD Upfront** and **Pay.gov Tracking IDs** and **Payment Status**.


For assistance with field definitions, click .



**FHA Connection**



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Single Family FHA Single Family Origination > Upfront Premium Collection > Upfront Premium Payment History

**Upfront Premium Payment History List** 

Mortgagee ID: 4561200123 TENNESSEE BANK NA, IRVING, TX

Received Date: from 06/01/2007 to 06/21/2007

Reprint Payment Summary	Download Payment Details	Payment Received Date	Amount	File Name	HUD Upfront Tracking ID	File Status	Pay.gov Tracking ID	Payment Status
		<a href="#">06/21/2007</a>	\$1,234.56	Online	U0717000038	N/A	3F0B213E	In Process



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Figure 7: Upfront Premium Payment History List page

6. For additional payment information, you may:
  - Reprint the payment summary by clicking the printer icon  beside the corresponding payment (**Figure 7**); the Upfront Premium Payment History Reprint page appears (**Figure 8**).
  - Download the payment details to a Microsoft<sup>®</sup> Excel<sup>®</sup> spreadsheet file by clicking the download icon  beside the corresponding payment; or

- View the details of a payment by clicking the **Payment Received Date** link for the desired payment (Figure 7); the Upfront Premium Payment History Details page appears (Figure 9).

**FHA Connection**

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Single Family FHA Single Family Origination > Upfront Premium Collection > Upfront Premium Payment History

**Upfront Premium Payment History Reprint** Help Links ?

Mortgagee ID: 4561200123 TENNESSEE BANK NA

Payment Information	
HUD Upfront Tracking ID:	U0717000038
Total Payment Amount:	\$1,283.94
Number of Cases:	1
Payment Acceptance Date:	10/17/2007
Payment Acceptance Time:	01:10:48 PM
Payment Received Date:	10/17/2007
Payment Effective Date:	10/18/2007
Check Number:	9999

Please print this page for your reference.

[Print](#) [Return to List](#)

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Figure 8: Upfront Premium Payment History Reprint page

**FHA Connection**

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Single Family FHA Single Family Origination > Upfront Premium Collection > Upfront Premium Payment History

**Upfront Premium Payment History Details** Help Links ?

Mortgagee ID: 4561200123 TENNESSEE BANK NA

HUD Upfront Tracking ID: U0717000038  
 Total Payment Amount: \$1,234.56  
 Number of Cases: 1

FHA Case Number	Closing Date	Premium Paid	Late Paid	Interest Paid	Total Paid for Case	Refi FHA Case Number	Refi Authorization Number	Refi Credit Amount
444-1234566	06/12/2007	\$1,234.56	\$0.00	\$0.00	\$1,234.56			\$0.00

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Figure 9: Upfront Premium Payment History Details page



## Tools for Researching Payment-related Information

The FHA Connection provides a variety of tools to:

- determine FHA cases with upfront MIP due
- determine FHA cases with penalties due on upfront MIP submitted after the grace period
- research case information on record in HUD's systems prior to submitting upfront MIP payments
- view upfront MIP payment information

### Locating Cases with Upfront MIP Due

The **MIP Not Paid by Mortgagee Report** 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* module, **Origination Reports**.)

If a case cannot be endorsed due to outstanding upfront MIP, use **Case Query** on the **Case Processing** menu to quickly determine upfront MIP paid and due.

### Locating Cases with Penalties Due

The **Upfront Premium Collection** menu (**Figure 1**) provides a **Penalties Due** report (see the *FHA Connection Guide* module, **Upfront Premium Reports**) which lists cases in your company's portfolio for which upfront premium is required and late and/or interest fees are due.

In addition, the following **Upfront Premium Collection** menu options (**Figure 1**) can provide assistance in penalty research:

- **Case Master Summary** provides detailed case information that includes the upfront MIP available for endorsement and details on penalties due.
- **Payment Details** displays payment information for a specific case, including any assessed (and not paid) late and/or interest.
- **Unendorsed Cases** reports payment and suspension information as well as status and penalty indicators for all cases in your company's portfolio for which an upfront MIP payment was submitted but the case is not yet endorsed.

### Researching Case Information on Record

Prior to entering and submitting payment information, use **Case Query** on the **Case Processing** menu to verify the following case information in HUD's records:

- Upfront MIP due or received
- Originator or sponsor/agent of the loan (case) is your lending institution. (Use **Case Transfer** on the **Case Processing** menu if the loan was transferred.)
- Case type (e.g., purchase or refinance)
- Closing or disbursement date

Also, as mentioned above (**Locating Cases with Upfront MIP Due**), the **MIP Not Paid by Mortgagee Report** can be used to get a list of cases that still require upfront MIP for endorsement.

## Viewing Upfront MIP Payment Information

Use **Payment History** to follow up on payments submitted online via the FHA Connection or through CPU to CPU batch file transmissions. This page can help you determine whether the:

- submitted batch file was accepted or rejected by HUD based on file edits. Batch file transmission results are typically available within one to two hours after file submission.

**Note:** Online payments can be viewed directly after submission.

- state of the payment transaction is complete. Statuses include *Settled* (payment transaction successfully processed by Pay.gov), *Failed* (payment transaction that was processed by Pay.gov failed, e.g., failed due to insufficient funds), *In Process* (payment transaction being processed by Pay.gov), or *Processing error; contact SF Admin Help Desk* (internal processing error occurred). Transaction information is available within 24-48 hours after the payment is transmitted, either online or via batch file.

In addition, the following are available on the **Upfront Premium Collection** menu (**Figure 1**) for research and information updates. (See the **FHA Connection Guide** module, **Upfront Premium Case Information**.) Use:

- **Payment Details** to view payment information for a specific case, including any error that caused a payment suspension.
- **Case Corrections** to correct a case with a suspended payment.
- **Case Master Summary** to view summary payment information for a specific case, including any suspended amounts and penalties.

The **Unendorsed Cases** report can also be used to view payment information for all of your institution's cases for which a payment was made but the case is not yet endorsed. (See the **FHA Connection Guide** module, **Upfront Premium Reports**.)