Claim Remittances

When a loan default is not curable and/or the borrower is not committed to remaining in the home, the lender may file a claim with HUD to recover financial losses of the defaulted FHA-insured loan. Upon completion of claim processing if it is discovered that HUD overpaid the claim, the lender must remit back to HUD any overage amount paid. This process of repaying a claim overage to HUD is referred to as *claim remittance*. Overpaid amounts may be realized as the result of various events such as a lender's self-audit that uncovers over-claimed funds, e.g., amount in a borrower's escrow account exceeded the expenses claimed by the lender, or a HUD post-claim review audit.

The **Claim Remittance** functions (**Figure 1**) facilitate the payment of claim overages to HUD for both forward and Home Equity Conversion Mortgage (HECM) (reverse) Single Family FHA-insured loans. In addition, authorized users may obtain information concerning pending and processed claim remittance transactions.

This **FHA Connection Guide** module focuses on submitting and tracking claim remittances. The following sections provide information and training as it pertains to the claim remittance process for Single Family FHA-insured loans:

- **Overview of the Claim Remittance Process**
- **Processing a Claim Remittance**
- **Using the Claim Remittance History List**
    - **Viewing Claim Remittance Information**
    - **Printing Claim Remittance Summary Information**
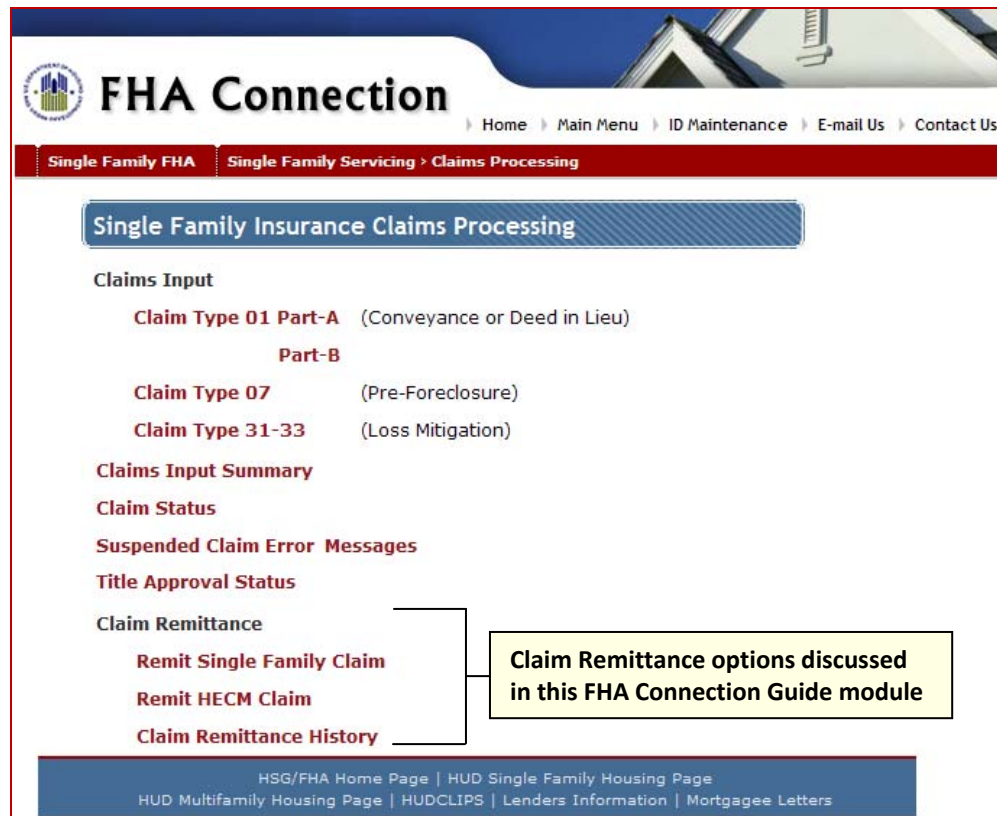   - **Downloading Claim Remittance Case Detail Information**

Figure 1: Single Family Insurance Claims Processing menu

Overview of the Claim Remittance Process

Prior to March 1, 2011, claim remittances were sent to HUD by FHA-approved lenders through a lockbox service and the receivable was subsequently posted in the Accounts Receivable System (ARS). Beginning March 1, 2011, lenders may enter a claim remittance through the FHA Connection (see *Mortgagee Letter 2011-08, FHA Single Family Insurance Claims Accounts Receivable Subsystem (ARS) Remittances: Pay.gov Implementation*). This claim remittance process is mandatory on or after April 14, 2011.

Submitted claim remittances are processed through HUD's automated collection service, a secure federal government-wide collection portal managed by the Financial Management Service bureau of the U.S. Department of Treasury. The automated collection service processes payments electronically (electronic funds transfer or EFT) through the Automated Clearing House (ACH) using a business checking account or general ledger account. The Federal Reserve Bank of Cleveland, which maintains the automated collection service system, is used for the ACH debit.

Two options are available by which to submit a claim remittance to HUD via the FHA Connection:

- **Cash Flow Account**: Bank account information, e.g., bank routing number and account number, which is pre-established with HUD for the purpose of claim remittances. HUD's automated collection service uses the established cash flow account information to withdraw funds from the appropriate account. See the *FHA Connection Guide* module, *Cash Flow Account Setup*, for more information on establishing a cash flow account for claim remittances. Once a claim remittance cash flow account is established, it is used as the payment default when submitting a claim remittance.

- **Bank account**: User-entered bank account information, e.g., account number, bank routing number, account type. Information must be entered for each claim remittance submitted to HUD and is not retained for subsequent claim remittance transactions. Lenders who do not submit claim remittances to HUD on a regular basis may want to choose this option.

Once a claim remittance is successfully submitted via the FHA Connection, it is assigned a unique HUD tracking ID number and the claim remittance status is set to *In Process*. The processing schedule is as follows:

- For claim remittances submitted between 7 a.m. and 8 p.m. Eastern Standard Time (EST) on a business day (Monday through Friday, not including federal holidays), processing occurs overnight and is posted to ARS the following business day.

  Example: A claim remittance that is successfully processed at 10 a.m. EST on Tuesday is processed overnight and posted to ARS the next business day which is Wednesday.

- For claim remittances submitted after 8:00 p.m. EST on a business day, processing occurs overnight the following business day and is posted to ARS the subsequent business day.

  Example: A claim remittance that is successfully processed at 9:30 p.m. EST on Thursday is included in the next business day's processing which would be Friday evening. Upon successful processing, it is posted in ARS the subsequent business day which is Monday.

- For claim remittances submitted for processing during the last three business days of a month, the transactions are held and processed overnight on the last business day of the month and are posted in ARS the first business day of the following month. This is done to accommodate other HUD system processing requirements.

  Example: For the month ending Saturday, April 30, 2011, any transactions submitted after 8 p.m. EST on Tuesday, April 26, 2011 through 8 p.m. EST on Friday, April 29, 2011, are processed overnight on Friday, April 29, 2011 and posted in ARS the subsequent business day which is Monday, May 2, 2011.

Note: If the lender's account has insufficient funds at the time the claim remittance is processed, the claim remittance (payment) is given a *Failed* status. **HUD does *not* re-present the payment for collection the next day**. Lenders are encouraged to process claim remittances early to avoid penalties as a result of any transmission problems.

If the collection system successfully processes a claim remittance, the following occurs: a unique tracking ID is assigned by the collection system to the transaction, the claim remittance status is changed to *Settled*, the amount is deducted from the lending institution's designated account, and the funds are posted to the appropriate HUD systems. However, if a claim remittance is not successfully processed by the automated collection service, the claim remittance status is changed to *Failed* and no further processing takes place.

Processing a Claim Remittance

The information that follows illustrates how to submit a claim remittance to HUD via the FHA Connection. These steps serve as instruction for making a claim remittance for up to 25 FHA case numbers for either a defaulted forward or reverse (HECM) FHA-insured Single Family loan. There are five steps, i.e., **Add Cases** or **Account Information**, that lead you through the claim remittance payment transaction (*all* **five steps are required**):

1. Add Cases (**Figure 2**)
2. Verify Cases (**Figure 5**)
3. Account Information (**Figure 7**)
4. Remittance Summary (**Figure 9**)
5. Remittance Results (**Figure 11**)

Each of the above noted steps is listed at the top of the page being processed. The current step, as illustrated in **Figure 2**, is indicated in bold text at the top of the corresponding page.

Note: The information provided in this section is applicable to both a forward or reverse (HECM) loan claim remittance. Illustrated screens in this documentation are specific to a forward case. To process a claim remittance for a reverse (HECM) loan claim remittance, click **Remit HECM Claim** on the **Single Family Insurance Claims Processing** page. The subsequent screens and processing steps are similar as described in this section but are specific for reverse (HECM) cases.

1. After signing on to the FHA Connection, follow the menu path to access the **Single Family Insurance Claims Processing** menu (**Figure 1**): **Single Family FHA** > **Single Family Servicing > Claims Processing**.

   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 **Single Family Insurance Claims Processing** menu page (**Figure 1**), click **Remit Single Family Claim**. The **Single Family Claims Pay Gov (Add Cases)** page (**Figure 2**) appears.

Figure 2: Single Family Claims Pay Gov (Add Cases) page

3. For each FHA case number to be included in the claim remittance, enter the following information:

- Type the 10-digit FHA case number in the **FHA Case Number** field, separating the first three digits from the remaining digits with a dash (-). Example: 123-4567890.

- Specify the reason for the claim remittance by selecting from the drop-down list in the **Reason Code** field.

- Type the claim remittance amount in the **Remittance Amount** field (do not enter a dollar sign ($) or comma). A decimal point and cents may be entered but are not required. The entered amount must be at least .01 but not greater than 9999999.00 (or 9999999).

- Optionally, type your institution's reference number associated with the claim remittance (or FHA case number) in the **Mortgagee Ref Number** field *(entries cannot exceed 13 characters)*.

- Type any explanation you feel is necessary regarding the claim remittance in the **Mortgagee Case Comment** field *(entries cannot exceed 80 characters)*. This is required if you selected *400 - Miscellaneous* in the **Reason Code** field for a forward case.

  Note: **Mortgagee Case Comment** is a required field when processing a claim remittance for a reverse (HECM) case.

4. Click **Add More Cases** to add additional cases to the claim remittance as needed. Increments of five cases may be added at a time with a maximum of 25 cases per claim remittance (**Figure 3**).

   Note: Data displayed throughout this documentation is fictitious and for illustrative purposes only; it may not be correct tabulations or correspond to actual processing dates.

FHA Connection

Home ▸ Main Menu ▸ ID Maintenance ▸ E-mail Us ▸ Contact Us

Single Family FHA | Single Family Servicing > Claims Processing

Single Family Claims Pay Gov (Add Cases)

Help Links ?

> **Click to review available help and a listing of error/warning message information**

1. Add Cases > 2. Verify Cases > 3. Account Information > 4. Remittance Summary > 5. Remittance Results

Mortgagee ID: 12345 SUNNY HOME LOANS INC

Required fields are indicated with an "*"

Case Detail

> **Comments must be included for Reason Code 400 - Miscellaneous, or for reverse (HECM) cases**

SINGLE FAMILY CLAIMS ONLY:

FHA Case Number *	Reason Code *	Remittance Amount *	Mortgagee Ref Number	Mortgagee Case Comment
123-4567890	103 - FIRE LOSS	2300.25	98089998	
123-1231231	400 - MISCELLANEOUS	1500.72	11223344	Previously entered incorrect amount
111-2223334	308 - TAXES	250	45645645	
232-2323232	308 - TAXES	495.27		
456-4564564	400 - MISCELLANEOUS	792.79		Previously entered incorrect amount
789-7897897	305 - HAZARD INSURANCE PREMIUMS	235.42		
	Select a Reason Code			
	Select a Reason Code			
	Select a Reason Code			
	Select a Reason Code			

> **Cases are added in increments of five with a maximum of 25 per claim remittance**

Add More Cases — **Click to add claim remittance information for additional cases**

To Continue the Remittance process, click the "Next" button.

Next > **Reset** — **Click Reset to *undo* edits made on this page**

> **Click Next to save edits made on this page and continue processing**

Message Board Monday December 20, 2010

HSG/FHA Home Page | HUD Single Family Housing Page
...ily Housing Page | HUDCLIPS | Lenders Information | Mortgagee Letters

Figure 3: Single Family Claims Pay Gov (Add Cases) page with entered case information

5. Once all information is entered, click **Next >** to continue processing the claim remittance. The system checks for errors.

A message is displayed if an error is detected (**Figure 4**) and must be corrected before processing can continue.

Click **OK** to clear the error message, make the necessary corrections, and process again.
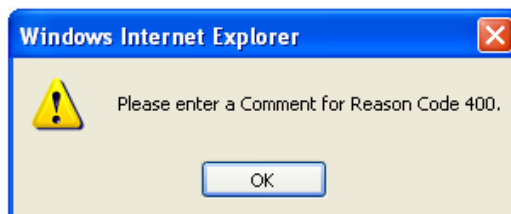
Windows Internet Explorer

⚠ Please enter a Comment for Reason Code 400.

OK

Figure 4: Error message sample

-or-

If no errors are detected, the **Single Family Claims Pay Gov (Verify Cases)** page is displayed (**Figure 5**).

Single Family Claims Pay Gov (Verify Cases)   Help Links   ?

1. Add Cases > 2. **Verify Cases** > 3. Account Information > 4. Remittance Summary > 5. Remittance Results

To continue the remittance process, you must click Next below. (Remittance is not yet submitted.)

Mortgagee ID: 12345 SUNNY HOME LOANS INC

	FHA Case Number	Reason Code	Remittance Amount	Mortgagee Ref Number	Mortgagee Case Comment
1	123-4567890	103 - FIRE LOSS	$2,300.25	98089998	
2	123-1231231	400 - MISCELLANEOUS	$1,500.72	11223344	Previously entered incorrect amount
3	111-2223334	308 - TAXES	$250.00	45645645	
4	232-2323232	308 - TAXES	$495.27		
5	456-4564564	400 - MISCELLANEOUS	$792.79		Previously entered incorrect amount
6	789-7897897	305 - HAZARD INSURANCE PREMIUMS	$235.42		

Total Remittance Amount $5,574.45
Total Cases   6

To Continue the Remittance process, click the "Next" button.

Next >   < Go Back and Edit   Cancel

> **Bold step indicates where you are in the claim remittance process**

> **Review for accuracy**

> **Click Next to continue processing**

> **Click Go Back and Edit to return to the previous page and make any needed changes**

Figure 5: Single Family Claims Pay Gov (Verify Cases) page

6.   Review the information on the **Single Family Claims Pay Gov (Verify Cases)** page. If changes are necessary, click < Go Back and Edit and update the information as needed. Continue processing as previously described.

-or-

To end claim remittance processing (entered information is *not* saved), click Cancel to return to the **Single Family Insurance Claims Processing** menu (**Figure 1**).

A message is displayed (**Figure 6**) advising that the entered claim remittance information will *not* be saved. Click Cancel to clear the message and continue processing the claim remittance; or, click OK to clear the message and discontinue claim remittance processing.

Windows Internet Explorer

? Remittance data entered will be lost. Select OK to return to the Main Menu or Cancel to return to remittance.

OK   Cancel

Figure 6: Cancel message

-or-

If everything is in order, click [Next >] to continue processing. The **Single Family Claims Pay Gov (Account Information)** page appears (**Figure 7**).

**Figure 7: Single Family Claims Pay Gov (Account Information) page
with an established claim remittance cash flow account**

7. Review **Contact Information** which is the primary contact person in relation to the corresponding claim remittance. Enter contact information if not already provided:

- Type the contact information in the **First Name** and **Last Name** fields. Up to 20 characters can be entered in each field.

- At least one of the following must be entered:

  o Type primary contact's telephone number in the **Phone Number** field. Enter only number and no special characters such as **-**, **(**, or **)**.

  o Type primary contact's e-mail address in the **E-mail Address** field. Up to 40 characters can be entered.

8. If a claim remittance cash flow account was previously established, **Option 1** is preselected (**Figure 7**); however, **Option 2** may be selected if desired but the **Account Information for Option 2 Only** section must be entered.

   -or-

   If no claim remittance cash flow account was previously established, **Option 2** is preselected (**Figure 8**) and **Option 1** cannot be selected.

Figure 8: Single Family Claims Pay Gov (Account Information) partial page for lender with no claim remittance cash flow account established

9. When **Option 2** is selected, complete the **Account Information for Option 2 Only** page section as follows:

   - Type the lending institution's nine-digit routing number in the **Bank Routing Number** field.

   - Type the account number in the **Account Number** field. A minimum of four digits and a maximum of 19 digits can be entered. Then, type it again in the **Re-enter Account Number** field (*must be exactly as previously entered*).

   - Select the type of bank account from the drop-down list in the **Bank Account Type** field.

   - Type the bank account name in the **Name on Account** field. Up to 20 characters can be entered.

10. Click [Next >].

    The **Single Family Claims Pay Gov (Remittance Summary)** page appears (**Figure 9**).

    -or-

    An error message box appears. Click [OK] to clear the message. Make the necessary corrections and process again.

Note: On the **Single Family Claims Pay Gov (Account Information)**, you may click [Cancel] to discontinue processing the claim remittance (entered information is *not* saved); or, you may click [Reset] to undo (remove) edits, restore the page information, and begin entering page information again as needed.

Figure 9: Single Family Claims Pay Gov (Remittance Summary) page

11. Review the information on the **Single Family Claims Pay Gov (Remittance Summary)** page. Optionally, type the check reference number, e.g., check number, assigned to the claim remittance in the **Check Number** field. Up to 20 digits can be entered.

When everything is correct, click [Send] to continue processing. A message box is displayed (**Figure 10**). Click [OK] to finish processing the claim remittance; or click [Cancel] to return to the **Single Family Claims Pay Gov (Remittance Summary)** page (**Figure 9**).
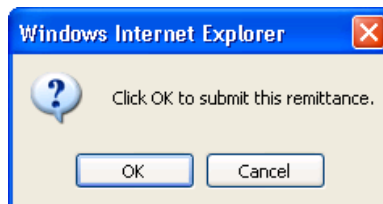
Figure 10: Message box

-or-
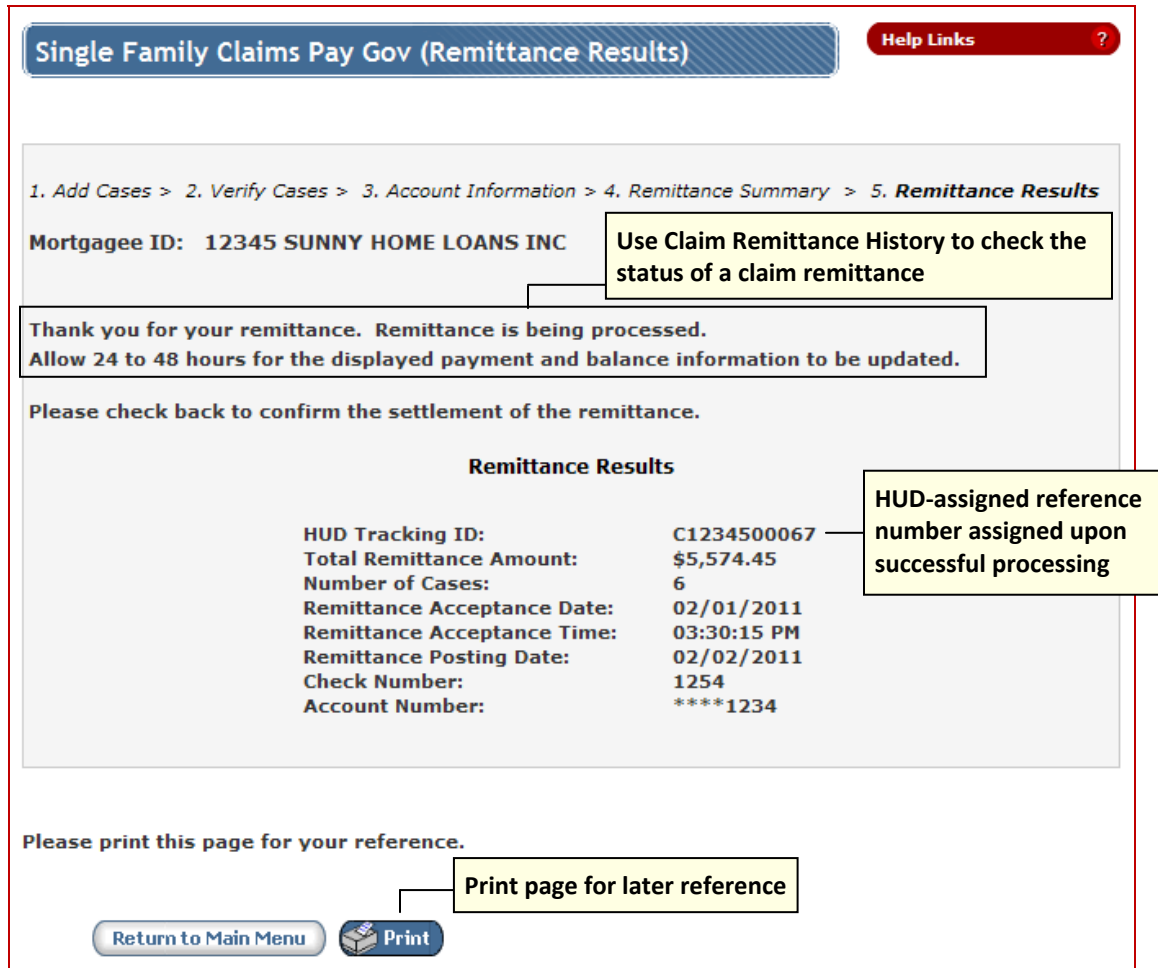
If corrections are necessary, click [< Go Back and Edit] and update the information as needed. Continue processing as previously described.

-or-

To end claim remittance processing, click [Cancel]. Previously entered claim remittance information is *not* saved.

12. Once processing is successfully completed, the **Single Family Claims Pay Gov (Remittance Results)** page appears (**Figure 11**). Click [Print] to print the page for future reference.

You may view a list of all claim remittances you entered by using **Single Family Claims Pay Gov (Remittance History List)** (see the **Using the Claim Remittance History List** section of this *FHA Connection Guide* module).

Figure 11: Single Family Claims Pay Gov (Remittance Results) page

Using the Claim Remittance History List

The instructions that follow illustrate how to:

- view claim remittance history information

- print claim remittance summary information for an individual claim remittance

- download claim remittance detail information

Viewing Claim Remittance Information

Claim Remittance History is used to view claim remittance information, e.g., status and tracking IDs of each remittance, for both forward and reverse (HECM) cases submitted by a lender. After successfully processing a claim remittance, use **Claim Remittance History** to track/view the remittance status to confirm processing is complete. To track a claim remittance:

1. Access **Single Family Insurance Claims Processing** as previously described.

2. On the **Single Family Insurance Claims Processing** page (**Figure 1**), click **Claim Remittance History**. The **Single Family Claims Pay Gov (Remittance History List)** page appears (**Figure 12**). If claim remittances were previously processed, the list is displayed in chronological order beginning with the most recent transaction (based upon the **Remittance Received Date**).

Figure 12: Single Family Claims Pay Gov (Remittance History List) page

3. If necessary, enter a date range within which claim remittance information was received by HUD in the **Remittance Received Date (mm/dd/yyyy)** field. Type the beginning of the date range in the **from** box. Type the end of the date range in the **to** box. The **to** date cannot be earlier than the **from** date. Use an mm/dd/yyyy format such as 03/01/2011.

   -or-

   Click [ ] to select a date.

4. Click [Send].

   If processing is successful, the **Single Family Claims Pay Gov (Remittance History List)** page appears for the entered date range.

   -or-

   An error message box appears. Click [OK] to clear the message. Make the necessary corrections and process again.

5. If multiple pages are available, scroll to the bottom of the **Single Family Claims Pay Gov (Remittance History List)** page and click [More Results >] or [< Previous Results] to move to the next or previous page.

6. Click [Print] located at the bottom of the page to print the displayed **Single Family Claims Pay Gov (Remittance History List)** page.

7. Additional claim remittance information may also be obtained from the displayed page. To view/print a **Single Family Claims Pay Gov (Remittance History List)** page for an individual claim remittance, click [Print] that is located in the **Print Remittance Summary** column beside the corresponding claim remittance. See the **Printing Claim Remittance Summary Information** section of this *FHA Connection Guide* module for more information.

   -or-

   To view/download detailed information for a specific claim remittance record, click [Download] that is located in the **Download Case Details** column beside the corresponding claim remittance. See the **Downloading Claim Remittance Case Detail Information** section of this *FHA Connection Guide* module for more information.

Printing Claim Remittance Summary Information

A summary of claim remittance information, e.g., remittance amount, number of cases, is available to view and/or print from the **Single Family Claims Pay Gov (Remittance History List)** page.

1. Request the **Single Family Claims Pay Gov (Remittance History List)** page (**Figure 12**) as previously described.

2. Locate the desired claim remittance.

3. Click [Print] located in the **Print Remittance Summary** column for the corresponding claim remittance. The **Single Family Claims Pay Gov (Remittance History List) Remittance Summary** pop-up page is displayed (**Figure 13**).

**Figure 13: Single Family Claims Pay Gov (Remittance History List)
Remittance Summary page**

4. Click [Print] located at the bottom of the page to print the displayed **Single Family Claims Pay Gov (Remittance History List) Remittance Summary** page.

5. Click [Close] located at the bottom of the page to close the displayed page and return to the **Single Family Claims Pay Gov (Remittance History List)** page.

Downloading Claim Remittance Case Detail Information

Claim remittance case detail information can be downloaded to a Microsoft® Excel® spreadsheet file from the **Single Family Claims Pay Gov (Remittance History List)** page.

1. Request the **Single Family Claims Pay Gov (Remittance History List)** page (**Figure 12**) as previously described.

2. Locate the desired claim remittance.

3. Click [Download] located in the **Download Case Details** column for the corresponding claim remittance. The **File Download** message box is displayed.

4. Click [Open] to view the case detail information in a Microsoft® Excel® spreadsheet file (**Figure 14**). Make any necessary column width adjustments and formatting changes.

	A	B	C	D	E
1			Remittance Information		
2	HUD Tracking ID	C1234500067			
3	Total Amount	$5,574.45			
4	Total Cases	6			
5	Acceptance Date/Time	2/1/2011 /3:30:15 PM			
6	Estimated Posting Date	2/2/2011			
7			Contact Information		
8	Full Name	HANNA HARVEY			
9	Phone Number				
10	Email	HHARVEY@SHL.COM			
11			Account Information		
12	Account Number	****1234			
13	Check Number	1254			
14			Case Detail		
15	Case Number	Reason Code	Remittance Amount	Mortgage Ref Number	Mortgage Case Comment
16	111-2223334	308 - TAXES	$250.00	45645645	
17	123-1231231	400 - MISCELLANEOUS	$1,500.72	11223344	PREVIOUSLY ENTERED INCORRECT AMOUNT
18	123-4567890	103 - FIRE LOSS	$2,300.25	98089998	
19	232-2323232	308 - TAXES	$495.27		
20	456-4564564	400 - MISCELLANEOUS	$792.79		PREVIOUSLY ENTERED INCORRECT AMOUNT
21	789-7897897	305 - HAZARD INSURANCE PREMIUMS	$235.42		

Case detail information is provided

Figure 14: Single Family Claims Pay Gov (Remittance History List) Case Detail page

-or-

Click [Save] to download (save) the case detail information in a Microsoft® Excel® spreadsheet file. The **Save as** window appears. If necessary, navigate to the folder in which the file is to be saved (located), enter the desired file name (*if necessary*), and click [Save].

5. To view the saved file, open the file in Microsoft® Excel®. Make any necessary column width adjustments and formatting changes.