

FHA Homeowners Fact Sheet

U.S. Department of Housing
and Urban Development

Who May Be Eligible for a FHA Refund or Share? **Premium Refund:** You may be eligible for a refund of a portion of the insurance premium if you:

- acquired your loan **after** September 1, 1983
- paid an upfront mortgage insurance premium at settlement, and
- did not default on your mortgage payments.

Review your settlement papers or check with your mortgage company to determine if you paid an upfront premium.

Distributive Share: You may be eligible for a share of any excess earnings from the Mutual Mortgage Insurance fund if you:

- originated your loan **before** September 1, 1983
- paid on your loan for more than seven years, **and**
- HUD processed your FHA insurance termination **before** November 5, 1990.

Exceptions: **Assumptions:** When an FHA insured loan is assumed, the insurance remains in force (the seller receives no refund). The owner(s) of the property at the time the insurance is terminated is entitled to any refund.

FHA to FHA Refinances: When an FHA loan is refinanced, the refund from the old premium may be applied toward the upfront premium required for the new.

Claims: When a mortgage company submits a claim to HUD for insurance benefits, no refund is due the homeowner.

Statute of Limitations: HUD is not liable for a distributive share that remains unclaimed 6 years from the date notification was first sent to the last known address of the mortgagor.

How Are Refunds Determined? The FHA Commissioner determines how much premium is refunded when loans are terminated. Refunds are based on the number of months the loan is insured. For loans with closing date prior to January 1, 2001, no refund is due the homeowner after the end of the seventh year. Loans closed on or after January 1, 2001, no refund is due the homeowner after the fifth year.

How Are Refunds Processed?

- Mortgage company notifies HUD of insurance termination.
- If you are eligible for a refund, HUD will either request Treasury to issue you a check directly, or will send you an Application for Premium Refund or Distributive Share Payment (form HUD-27050-B) for more information.
- Read the application carefully, sign it, have it notarized, and attach proof of ownership.
- HUD either requests Treasury to issue a check or requests additional information from you.

How to Follow-up:

- If you do not receive a check or an application within 45 days after you have paid off your loan, check with your mortgage company to confirm that they have sent HUD a request for termination. If they confirm that the correct termination information was sent, contact HUD.
- If you do not receive a refund or any other documentation from HUD within **120 days** after the date you mailed your claim form, contact HUD immediately.

How to Contact HUD:

by Phone:
(800) 697-6967
8:30 a.m. to 8:30 p.m.(EST)
Monday through Friday

by Mail:
U.S. Department of Housing and Urban Development
P.O. BOX 23699
Washington, DC 20026-3699

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Important: The rules governing the eligibility for premium refunds and distributive share payments are based on the financial status of the FHA insurance fund and are subject to change.