

## PART II - ELECTRONIC DEPOSITS

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## CHAPTER 3. LOCKBOX DEPOSITING

- 3-1. BACKGROUND. In 1982, the Department of Treasury established a Lockbox Depository Network. This network is a series of 9 commercial banks designated to maintain accounts for government agencies using post office boxes to collect funds. Under the provisions of the network, Treasury pays for the basic lockbox services received by the agencies.
- a. How It Works. HUD remitters making recurring payments to the Department are instructed to send their payments directly to one of the post office boxes maintained by a lockbox bank. Each remittance type will have a different post office box address. The network bank deposits the funds into a clearing account for subsequent (next business day) transfer to the Treasury's main account at the Federal Reserve Bank of New York. The transfer advice identifies the agency to which the funds were remitted. Documentation accompanying the remittance is forwarded to the agency. The lockbox bank will also capture and transmit collection data automatically.
  - b. Which Payments Go To Lockbox. Remittances which are to go directly from the remitter to the lockbox are listed in Appendix 1.
  - c. Benefits. HUD implemented the first lockbox established in the Treasury Network and since then has utilized over 20 others to virtually eliminate the collection and data capture process in Field Offices and Headquarters.
- 3-2. HANDLING MISDIRECTED LOCKBOX RECEIPTS.
- a. Record. Payments received in Field Offices which should have been sent to one of HUD's lockbox depositories, shall be recorded on a HUD-235, Collection Register (Appendix 2) upon receipt. There is no need, however, to endorse the check since it is not being deposited, but only forwarded to our lockbox contractor who will endorse and deposit the check on our behalf.

- b. Identify. The receiver shall forward the payment to the appropriate area for identification and mailing to the correct lockbox.
  - (1) If the payment is not properly identified by the remitter, it is imperative that Field Offices identify payments by case, project or claim number for proper credit to the remitter's account.
  - (2) If the payment type is not recognized by anyone in the Field Office or is not compatible to one shown on the lockbox listing, the remitter should be contacted for clarification.
- c. Mail. The payments accompanied by a copy of the HUD-235 and documentation received with the payment shall be forwarded within 24 hours, by regular first class mail, to the lockbox designated for the particular collection type.

3-3. LOCKBOX DEPOSIT OF FIELD OFFICE RECEIPTS. There are payments that must be sent to the Field Office for processing before they can be forwarded to a lockbox for deposit.

- a. Application Fees. Mortgagees and lenders submit an application, with the appropriate fee, for approval to participate in HUD Programs. The application is processed by the Mortgage Credit Office in the Field Office and the fee is recorded on the HUD-235 and forwarded, within 24 hours, to the appropriate lockbox by regular first class mail.

- (1) Two separate lockboxes have been established for application fees as listed below:

Title I Lender Application Fee  
P O Box 198608  
Atlanta, GA 30384

AND

Title II Mortgagee Application Fee  
P O Box 198619  
Atlanta, GA 30384

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- (3-3) (2) The original HUD-235 is retained by the Field Office, a copy is sent to Headquarters with the application, and a copy is sent with the check to the lockbox.

b. Single Family On-Hand Property Payments. All payments received for single family on-hand properties, which can be applied directly to an account in the inventory, shall be processed as follows:

- (1) Record checks and money orders on HUD-235 upon receipt.
- (2) Complete Form SAMS-1100, Cash Collection Transmittal Form (Appendix 3) for each check and money order received.
- (3) Arrange the original SAMS-1100 with checks following, in batches of 50 or less and secure with a rubber band. Do not staple payment (check or money order) to SAMS-1100.
- (4) Retain a copy of SAMS-1100.
- (5) Forward batches of checks and original SAMS-1100s by regular first class mail, within 24 hours to:

Single Family Property Collections  
P O Box 952484  
St. Louis, MO 63195-2484

- (6) The incomplete and erroneous SAMS-1100s and the not sufficient funds (NSF) checks will be returned to the applicable Field Office for resolution.
- (7) The data identifying each collection will be captured by the lockbox and transmitted to automatically update the Single Family Property System.
- (8) A Field Office may track the payments sent to the lockbox by accessing the SAMS system report CL RP LP - Lockbox Postings by the Transmittal Numbers they used.

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(3-3) c. Deficiency Judgments. A deficiency judgment is essentially a judgment against a foreclosed mortgagor for the difference between the outstanding indebtedness on the mortgage loan at the time of foreclosure and the (lesser) amount bid for the property at the foreclosure sale.

- (1) Collections received for deficiency judgments by Field Offices are to be sent to the lockbox in accordance with the following:
  - (a) Record checks and money orders on HUD-235

upon receipt.

- (b) Complete the Lockbox Remittance Form (Appendix 4) for each check.
- (c) Forward the original remittance form with the check to the lockbox by regular first class mail within 24 hours to:

Deficiency Judgments  
PO Box 953856  
St. Louis, MO 63195-3856

- (d) Retain a copy of the remittance form.
- (2) Incomplete and erroneous remittance forms and NSF checks will be returned to the applicable Field Office for resolution.