



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

January 9, 2017

Mortgagee Letter 2017-01

To All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All FHA Roster Appraisers
All FHA Roster Inspectors
All FHA-Approved 203(k) Consultants
All HUD-Approved Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject Reduction of Federal Housing Administration (FHA) Annual Mortgage Insurance Premium (MIP) Rates

Purpose This Mortgagee Letter (ML) communicates revised annual MIP rates for certain FHA Title II forward mortgages.

Effective Date This ML is effective for endorsement of mortgages with a Closing/Disbursement date on or after **January 27, 2017**. Closing/Disbursement date refers to the later of the date of the signing of the Mortgage, or the date of disbursement of the loan proceeds, as is entered in FHA Connection.

Affected Programs This guidance applies to all FHA Title II forward mortgage programs except for mortgages insured under National Housing Act section 247 (Hawaiian Homelands.)

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Affected Topics This guidance will affect Appendix 1.0 – Mortgage Insurance Premiums of the FHA Single Family Housing Policy Handbook 4000.1, and will delete the reference to Base Loan Amount in Section II.A.2.e.ii.

Background Pursuant to its statutory mandate, FHA continuously strives to achieve the appropriate balance between meeting the housing needs of the borrowers that FHA’s mortgage insurance programs were created to serve, and also the requirement of minimizing the level of risk to the Mutual Mortgage Insurance Fund undertaken relative to the insurance of those mortgages. FHA has determined that the appropriate balance of its statutory operational goals now requires a reduction of the rate of annual MIP charged pursuant to Section 203(c)(2)(B) of the National Housing Act (NHA). As provided in this ML, the total annual MIP charged pursuant to NHA sections 203(c)(2)(B) and (C) for most Title II Single Family forward mortgages has been revised.

Summary of Changes The following tables show the existing and the new annual MIP rates. With this revision to the annual MIP rates for FHA Title II forward mortgages, FHA is eliminating the distinction in rates based upon the base loan amount.

Annual MIP			
Base Loan Amt.	LTV	Previous MIP	New MIP
Term > 15 Years			
≤ \$625,500	≤ 95.00%	80 bps	55bps
≤ \$625,500	> 95.00%	85 bps	60bps
> \$625,500	≤ 95.00%	100 bps	55bps
> \$625,500	> 95.00%	105 bps	60bps
Term ≤ 15 Years			
≤ \$625,500	≤ 90.00%	45 bps	25 bps
≤ \$625,500	> 90.00%	70 bps	50 bps
> \$625,500	≤ 78.00%	45 bps	25 bps
> \$625,500	78.01% - 90.00%	70 bps	25 bps
> \$625,500	> 90.00%	95 bps	50 bps
Streamline, Simple Refinance of previous Mortgage endorsed on or before May 31, 2009			
Term > 15 Years			
Base Loan Amt.	LTV	Previous MIP	New MIP
All Loan Amounts	≤ 90.00%	55 bps	55 bps
All Loan Amounts	> 90.00%	55 bps	55 bps
Term ≤ 15 Years			
Base Loan Amt.	LTV	Previous MIP	New MIP
All Loan Amounts	≤ 90.00%	55 bps	25 bps
All Loan Amounts	> 90.00%	55 bps	25 bps

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Summary of Changes

Mortgage Insurance Premiums, Appendix 1.0

The revisions to the mortgage insurance premium rates as shown in Appendix 1.0 attached to this ML will be incorporated into a future publication of the FHA Single Family Housing Policy Handbook 4000.1.

Information Collection

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0059 and OMB Control number 2502-0538. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Questions

Please address any questions about the topics addressed in this Mortgagee Letter to the FHA Resource Center at (800) 225-5342. Persons with hearing or speech impairments may reach this number via TTY by calling the Federal Relay Service at (800) 877-8339. For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

Signature



Edward L. Golding,
Principal Deputy Assistant Secretary for Housing

Attachment

Appendix 1.0 – Mortgage Insurance Premiums

Upfront Mortgage Insurance Premium (UFMIP)	
All Mortgages: 175 Basis Points (bps) (1.75%) of the Base Loan Amount.	
Exceptions:	
<ul style="list-style-type: none"> • Streamline Refinance and Simple Refinance Mortgages used to refinance a previous FHA-endorsed Mortgage on or before May 31, 2009 • Hawaiian Home Lands (Section 247) • Indian Lands (Section 248) 	
Indian Lands (Section 248) do not require a UFMIP.	

Annual Mortgage Insurance Premium (MIP)			
Applies to all Mortgages except:			
<ul style="list-style-type: none"> • Streamline Refinance and Simple Refinance Mortgages used to refinance a previous FHA endorsed Mortgage on or before May 31, 2009 • Hawaiian Home Lands (Section 247) 			
Hawaiian Home Lands (Section 247) do not require Annual MIP.			
Mortgage Term of More Than 15 Years			
Base Loan Amount	LTV	MIP (bps)	Duration
All amounts	≤ 90.00%	55	11 years
	> 90.00% but ≤ 95.00%	55	Mortgage term
	> 95.00%	60	Mortgage term
Mortgage Term of Less than or Equal to 15 Years			
Base Loan Amount	LTV	MIP (bps)	Duration
All amounts	≤ 90.00%	25	11 years
	> 90.00%	50	Mortgage term

Streamline Refinance, Simple Refinance:

For refinance of previous Mortgage endorsed on or before May 31, 2009			
UFMIP: 1 (bps) (.01%) All Mortgages			
Mortgage Term of More than 15 Years			
Base Loan Amount	LTV	Annual MIP (bps)	Duration
All amounts	≤ 90.00%	55	11 years
	> 90.00%	55	Mortgage term

Mortgage Term of Less than or Equal to 15 Years			
Base Loan Amount	LTV	Annual MIP (bps)	Duration
All amounts	≤ 90.00%	25	11 years
	> 90.00%	25	Mortgage term
For Mortgages where FHA does not require an appraisal, the value from the previous Mortgage is used to calculate the LTV.			

Hawaiian Home Lands Section 247

Hawaiian Home Lands Upfront MIP (UFMIP)				
	Loan Term in Years			
	≤18	>18 and ≤22	>22 and ≤25	>25
MIP Financed	2.400%	3.000%	3.600%	3.800%
MIP not Financed	2.344%	2.913%	3.475%	3.661%
Annual MIP is not assessed on Section 247 Mortgages.				