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## FHA Premium Cut Officially Reversed; Mortgagee Letter Already Out

As was being widely rumored yesterday, the newly installed Trump Administration has indefinitely **suspended a scheduled reduction** in the annual premium for Federal Housing Administration (FHA) insurance. A 25-basis point reduction in that premium was announced by then Housing and Urban Development (HUD) Secretary Julian Castro on January 9, scheduled to go into effect on January 27.

[Mortgagee Letter 2017-07](#) was issued **about an hour after** Donald Trump took the oath of office as President, counteracting the earlier Mortgagee Letter 2017-01. The new letter says "FHA will issue a subsequent Mortgagee Letter at a later date should this policy change."

## National Average Mortgage Rates



	Rate	Change	Points
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### Mortgage News Daily

30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

### Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

## Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

## APPENDIX 1.0 – MORTGAGE INSURANCE PREMIUMS

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

<b>Annual Mortgage Insurance Premium (MIP)</b>			
Applies to all Mortgages except: <ul style="list-style-type: none"> <li>Streamline Refinance and Simple Refinance Mortgages used to refinance a previous FHA endorsed Mortgage on or before May 31, 2009</li> <li>Hawaiian Home Lands (Section 247)</li> </ul>			
Hawaiian Home Lands (Section 247) do not require Annual MIP.			
<b>Mortgage Term of More Than 15 Years</b>			
Base Loan Amount	LTV	MIP (bps)	Duration
Less than or equal to \$625,500	≤ 90.00%	80	11 years
	> 90.00% but ≤ 95.00%	80	Mortgage term
	> 95.00%	85	Mortgage term
Greater than \$625,500	≤ 90.00%	100	11 years
	> 90.00% but ≤ 95.00%	100	Mortgage term
	> 95.00%	105	Mortgage term
<b>Mortgage Term of Less than or Equal to 15 Years</b>			
Base Loan Amount	LTV	MIP (bps)	Duration
Less than or equal to \$625,500	≤ 90.00%	45	11 years
	> 90.00%	70	Mortgage term
Greater than \$625,500	≤ 78.00%	45	11 years
	> 78.00% but ≤ 90.00%	70	11 years
	> 90.00%	95	Mortgage term

### Streamline Refinance, Simple Refinance:

<b>For refinance of previous Mortgage endorsed on or before May 31, 2009</b>			
UFMIP: 1 (bps) (.01%) All Mortgages			
<b>All Mortgage Terms</b>			
Base Loan Amount	LTV	Annual MIP (bps)	Duration
All	≤ 90.00%	55	11 years
	> 90.00%	55	Mortgage term
For Mortgages where FHA does not require an appraisal, the value from the previous Mortgage is used to calculate the LTV.			

The Mortgage Bankers Association (MBA) reacted immediately to the shift. David H. Stevens, President and CEO, issued the following statement on behalf of MBA.

"We recognize the Administration's **need to examine the overall health of the insurance program** and weigh that against the benefits of lowering mortgage insurance premiums. Given that lenders have already started preparing for the MIP decrease, it is important that any new policy be implemented in a way that minimizes disruption for borrowers and lenders. MBA looks forward to working with the new Administration to ensure the long-term stability of the FHA program, creating an environment that provides clarity in regulations for lenders while at the same time promoting access to credit and protecting consumers."

### Service oriented, responsive, competitive rates and an in depth knowledge of todays mortgage market

After completing my degree in finance at the University of Connecticut, I started in the mortgage business right out of college in 2004. With 15+ years of experience and a primary objective of thoroughly explaining all available loan options to my clients with what is typically the largest investment in their lives, I strive to always make myself available. I constantly educate myself with respect to the mortgage industry and underwriting guidelines for FHA, VA, conventional and jumbo financing. I deliver on the expectations discussed up front and provide the service level my clients deserve from day one. I will remain in touch throughout the process and continue to follow up with you after closing. My goal is to wow you and turn you into clients for life. I want you to be so impressed that throughout and after the process you share my information with your friends, family, neighbors and co-workers who may value from my services.

**Steve Chizmadia**

