



being in touch

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As part of ongoing efforts to strengthen the Federal Housing Administration's (FHA) capital reserves, FHA Commissioner David H. Stevens announced a new premium structure for FHA-insured mortgage loans increasing its annual mortgage insurance premium (MIP) by a quarter of a percentage point (.25) on all 30- and 15-year loans. The upfront MIP will remain unchanged at 1.0 percent. This premium change will impact new loans insured by FHA on or after April 18, 2011.

On average, new FHA borrowers will pay approximately \$30 more per month. This marginal increase is affordable for almost all homebuyers who would qualify for a new loan. Existing and HECM loans insured by FHA are not impacted by the pricing

The increase in Annual Mortgage Insurance Premiums for forward mortgage amortization terms is effective for case numbers assigned on or after April 18, 2011.

The new procedures for requesting case numbers are effective on April 18, 2011. Automatic case number cancellation is effective for all case numbers not insured prior to April 18, 2011 change.

Mortgage Insurance Premiums		
Loans > 15 years		
UFMIP = 100 bps	Annual Premium	
LTV	Through 4/03/2011*	On/After 4/04/2011**
≤ 95.00 percent	85 bps	110 bps
> 95.00 percent	90 bps	115 bps
Loans ≤ 15 years		
UFMIP = 100 bps	Annual Premium	
LTV	Through 4/03/2011*	On/After 4/04/2011**
≤ 90.00 percent	None	25 bps
> 90.00 percent	25 bps	50 bps

*For case numbers assigned on/before April 17, 2011
 **For case numbers assigned on/after April 18, 2011

Example of Annual Mortgage Insurance Premium Increase 30 year Term		
Average Loan	≥ 95.00 percent LTV	
	October 2010 90 bps	April 2011 115 bps
Sales Price	\$163,000	\$163,000
Minimum Downpayment (3.5%)	\$5,705	\$5,705
Mortgage Amount without UFMIP	\$157,295	\$157,295
FHA Annual MIP (monthly payment)	\$118	\$151
Change in payment (monthly)		\$33

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