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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

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
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
Mortgage Term of Less than or Equal to 15 Years			
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:

For refinance of previous Mortgage endorsed on or before May 31, 2009			
UFMIP: 1 (bps) (.01%) All Mortgages			
All Mortgage Terms			
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."

Responsive service, experienced expertise

I've dedicated my 22 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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