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### FHA MIP Reduction

The Federal Housing Administration (FHA) announced that it is reducing its annual Mortgage Insurance Premium (annual MIP) rates for most Title II forward mortgages with Closing/Disbursement dates on or after January 27, 2017.

[Mortgagee Letter 2017-01](#), provides detailed information about the annual MIP rate reductions, including a reduction of 25 basis points (bps) in the annual MIP rate for the majority of new FHA-insured mortgages. The new annual MIP rate for mortgages that fall into this category is 60 bps.

Mortgagees should also note the following contained in today's Mortgagee Letter:

- FHA has included a table that reflects the new annual MIP rates charged for different mortgage terms and loan-to-value (LTV) ratios.
- In its revised annual MIP rate table, FHA has eliminated the annual MIP rate differentials by base loan amount, which both simplifies and standardizes the annual MIP rates charged for different mortgage terms and LTV ratios.
- The revised annual MIP rate table will be incorporated into Appendix I of the PDF and online *Single Family Housing Policy Handbook* 4000.1 in a future quarterly update.

#### Closing/Disbursement Date

Unlike previous annual MIP rate adjustments, the new annual MIP rates are being applied based on the Closing/Disbursement date of the mortgage and not on the FHA case number assignment date:

- The Closing/Disbursement date is the later of the date of the signing of the mortgage or the date of disbursement of loan proceeds, as entered by mortgagees in the FHA Connection (FHAC) system.

Mortgagees with FHA cases in process ***do not*** need to request the cancellation of an existing FHA case number or obtain a new FHA case number to extend the annual MIP rate reductions to borrowers. The new annual MIP rates will be automatically applied based on the Closing/Disbursement date entered into FHAC by the mortgagee.

**Questions:** Please address all questions to: [ProductionSupport@ResMac.com](mailto:ProductionSupport@ResMac.com)