



*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<br>30 year Term |                        |                       |
|---|------------------------|-----------------------|
| Average Loan  | ≥ 95.00 percent LTV    |                       |
|   | October 2010<br>90 bps | April 2011<br>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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