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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 |
|--------------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 6.89% | 0.00 | 0.00 |
| 15 Yr. Fixed | 6.33% | +0.01 | 0.00 |
| 30 Yr. FHA | 6.33% | +0.01 | 0.00 |
| 30 Yr. Jumbo | 7.05% | 0.00 | 0.00 |
| 5/1 ARM | 6.58% | 0.00 | 0.00 |
| Freddie Mac | | | |
| 30 Yr. Fixed | 6.77% | -0.09 | 0.00 |
| 15 Yr. Fixed | 6.05% | -0.11 | 0.00 |
| Mortgage Bankers Assoc. | | | |
| 30 Yr. Fixed | 7.00% | -0.03 | 0.60 |
| 15 Yr. Fixed | 6.63% | +0.07 | 0.61 |
| 30 Yr. FHA | 6.87% | -0.03 | 0.92 |
| 30 Yr. Jumbo | 7.13% | +0.02 | 0.38 |
| 5/1 ARM | 6.22% | -0.16 | 0.60 |

Rates as of: 7/22

Recent Housing Data

| | | Value | Change |
|---------------------|--------|-------|---------|
| Mortgage Apps | Jul 10 | 206.1 | -0.19% |
| 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."

We're here to help with all home mortgage needs.

With over 20 years of mortgage industry experience, Scott Kepler has helped thousands of families to purchase or refinance their homes. As a Mortgage Lender, Scott and his team are able to give families access to a variety of home loan options; after all, no two situations are the same.

Give Scott and his team a call today for a Free Mortgage Check-Up or Purchase Home Loan Pre-Qualification.

Offering financing for:

First Time Home Buyer

Conventional (Fannie Mae/Freddie Mac)

FHA

VA

USDA

Jumbo

Reverse

Renovation

Self Employed

Home Equity Loans/Lines of Credit

Credit Challenged / Alt-A

Investor or Second Home

Hard Money

Small Commercial

Scott Kepler

