



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: February 22, 2023

Mortgagee Letter 2023-05

To: All FHA-Approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources for Condominium Project Approvals
All FHA Roster Appraisers
All FHA-Approved 203(k) Consultants
All HUD-Approved Housing Counselors
All HUD-Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Subject Reduction of Federal Housing Administration (FHA) Annual Mortgage Insurance Premium (MIP) Rates

Purpose This Mortgagee Letter (ML) communicates revised annual MIP rates for FHA Title II forward mortgages.

Effective Date The provisions of this ML are effective for case numbers endorsed on or after March 20, 2023.

All updates will be incorporated into a forthcoming update of the HUD Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (Handbook 4000.1).

Public Feedback HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send feedback to the FHA Resource Center at answers@hud.gov or call 1-800-CALLFHA (1-800-225-5342). HUD will consider the feedback in determining the need for future updates.

Affected Programs The provisions of this ML apply to all Title II forward mortgages except mortgages insured under Section 247 (Hawaiian Homelands) of the National Housing Act (NHA), which do not require annual MIP, and Streamline

Mortgagee Letter 2023-05, Continued

Refinance and Simple Refinance Mortgages used to refinance a previous FHA endorsed mortgage on or before May 31, 2009.

Background

FHA plays a critical role in providing access to homeownership for millions of Americans, particularly for first-time homebuyers and underserved communities. FHA periodically re-evaluates the appropriate level of MIP pricing based on the state of the Mutual Mortgage Insurance Fund (MMI Fund) and housing and economic conditions. FHA has determined that a reduction for certain programs to the annual MIP rate it charges pursuant to NHA Section 203(c)(2)(B) is necessary and appropriate to the execution of FHA’s mission and role in the mortgage market.

Summary of Changes

- This ML:
- reduces the annual MIP on Title II Single Family forward mortgages endorsed on or after March 20, 2023, with the exception of those programs noted; and
 - amends the Base Loan amount threshold used to establish MIP rates to the national conforming loan limit.
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FHA Single Family Housing Policy Handbook 4000.1

The policy changes will be incorporated into Handbook 4000.1 as follows:

Appendix 1.0 – Mortgage Insurance Premiums (03/20/2023)

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.

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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 \$726,200	≤ 90.00%	50	11 years
	> 90.00% but ≤ 95.00%	50	Mortgage term
	> 95.00%	55	Mortgage term
Greater than \$726,200	≤ 90.00%	70	11 years
	> 90.00% but ≤ 95.00%	70	Mortgage term
	> 95.00%	75	Mortgage term
Mortgage Term of Less than or Equal to 15 Years			
Base Loan Amount	LTV	MIP (bps)	Duration
Less than or equal to \$726,200	≤ 90.00%	15	11 years
	> 90.00%	40	Mortgage term
Greater than \$726,200	≤ 78.00%	15	11 years
	> 78.00% but ≤ 90.00%	40	11 years
	> 90.00%	65	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.			

Hawaiian Home Lands Section 247

Hawaiian Home Lands Upfront MIP (UFMIP)				
	Loan Term in Years			
	≤18	>18 and ≤22	>22 and ≤25	>25
MIP Financed	2.400%	3.000%	3.600%	3.800%
MIP not Financed	2.344%	2.913%	3.475%	3.661%

Annual MIP is not assessed on Section 247 Mortgages.

Paperwork Reduction Act

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2502-0005; 2502-0059; 2502-0117; 2502-0189; 2502-0302; 2502-0306; 2502-0322; 2502-0358; 2502-0404; 2502-0414; 2502-0429; 2502-0494; 2502-0496; 2502-0525; 2502-0527; 2502-0538; 2502-0540; 2502-0556; 2502-0561; 2502-0566; 2502-0570; 2502-0583; 2502-0584; 2502-0589; 2502-0595; 2502-0600; and 2502-0610. In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Questions

Any questions regarding this ML may be directed to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342), answers@hud.gov, or www.hud.gov/answers. The FHA Resource Center is prepared to accept calls from persons who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. Information on how to make an accessible phone call is available at <https://www.fcc.gov/consumers/guides/telecommunications-relay-services>.

Signature

Julia R. Gordon
Assistant Secretary for Housing -
FHA Commissioner