From: UHC_Info_Center
To: UHC_Info_Center
Subject: Mortage Insurance Premium FAQs
Date: Monday, February 27, 2023 1:45pm

Did You Know?

HUD has announced it will reduce its annual mortgage insurance premium to .55% for loans ENDORSED on and after March 20, 2023. This is great news for our homebuyers.

UTAH HOUSING is receiving questions from lenders on when we will implement HUD Mortgage Letter 2023-05 and if we will purchase a loan before HUD endorses it.

UHC will continue to purchase a loan and condition for the Mortgage Insurance Certificate (endorsement), Post-Purchase. Lenders must satisfy all FHA and disclosure requirements and follow FHA Guidelines, including timeframes for endorsement, delivery, and First Payment Letters. Utah Housing does require the First Payment Letter before purchasing a loan.

Refer to the HUD FHA FAQs where on the right side of the screen you will see "Trending Articles" which lists a number of links to Question & Answers, the below HUD MIP FAQ, which was sent to the National Council of State Housing Association, summarizes the Trending Articles.

"Helping the people of Utah achieve homeownership."

2479 South Lake Park Blvd. | West Valley City, UT 84120 | 801-902-8200

If you have received this e-mail in error, or if you know others who would also like to receive these updates from Utah Housing, please send a response to this e-mail.

This link will take you to the HUD FAQs website for more details.

On the right, you will see "Trending Articles" which lists a number of links to questions and answers pertaining to the MIP reduction.

Mortgage Insurance Premium (MIP) FAQs

	Question	Answer
1	For loans currently in the pipeline, not yet closed – how does a lender take advantage of the MIP reduction?	If the loan is not yet closed, the Lender may update the Borrower's monthly payment obligation to reflect the lower MIP (which ML 2023-05 makes effective for all endorsements on or after March 20, 2023). For TOTAL, the loan can be rescored with the updated payment information. Re-underwriting the Borrower's payments and re-scoring through TOTAL is not required. To process any loan with the lower MIP rates, the Lender must be able to endorse on or after March 20, 2023, and satisfy all FHA and other applicable requirements.
2	Will FHA Connection be updated to reflect the lower MIP for all cases that have not yet been endorsed by March 19?	FHA Connection will be updated to reflect the lower MIP rates for all cases endorsed on and after March 20, 2023.
3	When is TOTAL being updated?	There is no update to TOTAL. MIP rates are not returned by the TOTAL Scorecard.
4	For loans that already closed, not yet endorsed – if a lender wants to take advantage of the MIP reduction, can they wait until March 20 to endorse the loan? If so, do they have to re-close the loan, re-run TOTAL and re-underwrite?	Yes, if the Lender can satisfy all FHA and other applicable requirements, including required timeframes for endorsement and delivery and updating disclosures as needed. The loan does not need to be re-closed, re-underwritten, or rescored through TOTAL.
5	Do I need to get a new case number to take advantage of the new MIP rates?	No, you do not need to cancel the case number and get a new one to get the updated MIP rate. The new rates are based on loan endorsement date, not case number assignment date.

6	How does the change in MIP affect those loans that have received a Notice of Return (NOR)?	The MIP rate change announced in Mortgagee Letter 2023-05 is based on the endorsement date so if the NOR is lifted and the loan is endorsed on or after March 20, 2023, the new Annual MIP rates apply.
7	Do the MIP changes affect Upfront MIP or Annual MIP?	The changes announced in Mortgagee Letter 2023-05 impact Annual MIP only.
8	Is the implementation date based on endorsement date or case number assignment date?	The MIP rate change announced in Mortgagee Letter 2023-05 is based on endorsement date.
9	If I have submitted a loan for endorsement to the Homeownership Center (HOC), can I retrieve the case binder from FHA Catalyst to take advantage of the lower MIP?	Lenders may retrieve any case binder submitted in FHA Catalyst case binder module where the HOC has not already endorsed the mortgage. The HOCs have instituted a temporary pause until midnight Monday, February 27, 2023, to permit lenders to pull any case binders they do not want endorsed. During this short pause, if lenders want the Homeownership Center to proceed with the endorsement process on any cases submitted, they can inform the HOC to proceed.
10	Do the changes announced in Mortgagee Letter 2023-05 affect Upfront MIP or the process to submit it?	There are no changes to the UFMIP remittance process and UFMIP should continue to be paid on time. Lenders must comply with late endorsement requirements if the loan endorsement occurs more than 60 days past closing.