

Distribution Date: May 30, 2013

Reminder of the June 3, 2013 Effective Date for Mortgagee Letter 2013-04 – Revision of Period for Assessing Annual Mortgage Insurance Premium; Changes to Annual MIP for Mortgage with Terms of 15 years or Less and Loan-to-Value Ratios of 78 Percent or less at Origination / Training Opportunities

Reminder of the June 3, 2013 Effective Date for Mortgagee Letter (ML) 2013-04 – Revision of Period for Assessing Annual Mortgage Insurance Premium (MIP); Changes to Annual MIP for Mortgages with Terms of 15 Years or Less and Loan to Value (LTV) Ratios of 78 Percent or Less at Origination

As part of the effort to strengthen the Federal Housing Administration's (FHA) Mutual Mortgage Insurance (MMI) Fund, FHA published Mortgagee Letter 2013-04 on January 31, 2013. This ML imposes several changes for case numbers issued on or after on June 3, 2013 that will allow the agency to improve the health of the MMI Fund by:

- Collecting annual MIP on FHA-insured mortgages for the first 30 years the loan, for loans with an LTV greater than 90% at origination;
- Collecting annual MIP on FHA-insured mortgages for the first 11 years of the loan, for loans with an LTV less than or equal to 90% at origination; and
- Removing the exemption of MIP for loans with a term of less than or equal to 15 years and an LTV less than or equal to 78% at origination.

These changes apply to **All** Single Family FHA programs (including Streamline Refinances of mortgages originated on or before May 31, 2009) for which FHA charges an annual MIP except:

- Title I; and
- The Home Equity Conversion Mortgage (HECM) program.

FHA will continue to insure lenders against loss on its mortgages for the entire term of the loan. Please refer to [ML 2013-04](#) for more details concerning this policy.

Revision to HUD 92900-B

FHA has revised HUD Form 92900-B ("Important Notice to Homebuyers") to reflect the changes in ML 2013-04 to duration of the annual MIP. FHA will publish the revised HUD Form 92900-B on June 3, 2013. On February 25, 2013, FHA released the language that will be in the revised form so that lenders could prepare for the revision (see [FHA INFO 13-12](#)).

Currently, the paragraph on page 2 of HUD Form 92900-B labeled "Monthly Insurance Premiums" states:

If you paid an upfront mortgage insurance premium, you will also be charged a monthly mortgage insurance premium until the loan-to-value of your mortgage reaches 78 percent of the initial sales price or appraised value of your home, whichever was lower (provided that premiums are paid for at least five years). You will reach the 78 percent loan-to-value threshold in one of two ways: Through normal amortization as you make your monthly payments, or by paying additional principal on the mortgage. Your lender can advise you on when the mortgage will reach the 78 percent loan-to-value threshold. If you were not charged an upfront premium, you will pay the monthly premium for the life of the mortgage.

In the revised HUD Form 92900-B, the paragraph on page 2 labeled "Monthly Insurance Premiums" will state:

In addition to an upfront mortgage insurance premium (UFMIP), you may also be charged a monthly mortgage insurance premium. You will pay the monthly premium for either:

- The first 11 years of the mortgage term, or the end of the mortgage term, whichever occurs first, if your mortgage had an original principal obligation (excluding financed UFMIP) with a loan-to-value (LTV) ratio of less than or equal to 90 percent; or
- The first 30 years of the mortgage term, or the end of the mortgage term, whichever occurs first, for any mortgage involving an original principal obligation (excluding financed UFMIP) with an LTV greater than 90 percent.

Informed Consumer Choice Disclosure

Lenders may also use the revised language of HUD Form 92900-B when preparing the Informed Consumer Choice Disclosure Notice. The Informed Consumer Choice Disclosure Notice is not a HUD form, but its contents are prescribed in Section 203(b)(2) of the National Housing Act, 24 CFR 203.10, and Mortgagee Letters 1999-23 and 2000-46.

Training Opportunities

Webinar Title: FHA Overview of Basic Underwriting Guidelines - Credit

Date/Time: Tuesday, June 11, 2013 from 10:00 AM to 12:00 PM Eastern

Registration Link: <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1744&update=N>

Description: This webinar is intended for mortgage loan professionals, including underwriters, processors, and loan officers new to FHA or who wish to refresh their knowledge of credit qualifying guidelines. Topics will include basic CIA (credit, income and asset) documentation and calculations. We'll also share some general dos and don'ts when it comes to qualifying your borrower.

The overview of Basic Underwriting Guidelines is being offered as a three part series consisting of credit on June 11, 2013, income on July 16, 2013 and assets on August 13, 2013. Note: This three part series will be offered in one on-site training session in Chicago at the end of July.

Special Instructions: Large groups are encouraged to register under one name and view in a central location. You MUST have a confirmed EMARC registration to be approved for webinar access. Log-in information will be emailed to registrants at least 48 hours prior to the training date. Space is limited; please register early. There will not be a waiting list.

Webinar Title: How to Manually Underwrite an FHA Mortgage

Dates/Times: Wednesday, June 12 from 1:30 PM to 3:00 PM Eastern

Registration Link: <http://www.visualwebcaster.com/event.asp?id=94321>

Description: Join us for a timely and informative 90-minute, HUD-sponsored webinar where we will discuss the history and background of manual underwriting; review what causes a file to require manual underwriting; as well as the required steps in the manual underwriting process. Participants will learn what triggers both automatic and discretionary downgrades and the key considerations in manually underwriting the FHA loan. Additionally, participants will be able to explain what the documentation requirements and allowable loan parameters are.

This webinar is designed for loan officers, processors, brokers, agents and anyone new to FHA, seeking a basic and general overview of FHA/HUD's mission and single-family insured loan programs.

Special Instructions: Once registered you will receive an email confirming your registration with information you need to join the Webinar.

Title: FHA Hot Topics & Updates **On-Site Training**

Date/Time: Wednesday, June 26 from 8:30am – 4:30pm **Mountain**

Registration: <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1747&update=N>

Location: Utah Library for the Blind, 250 N 1950 West, Salt Lake City, UT 84138

Description: This FREE all day classroom training in Salt Lake City, UT will provide clarification to current Underwriting Hot Topics, Insuring/Eligibility Issues and Frequently Asked Questions (FAQs) in today's FHA lending environment. Topics covered will include: FHA Updates including most recent Mortgagee Letters, Maximum Mortgage Calculations, Refinance Transactions, FHA Real Estate Owned, Credit, Income and Asset Scenarios, as well as utilizing FHA Systems.

Special Instructions: Class size is limited; first-come, first served. On the day of the class, check-in begins at 8:00 a.m. Class begins promptly at 8:30 a.m. Mountain Time. Registration is required.

Questions? E-mail us at denverhoc-pudtraining@hud.gov.

Title: FHA Appraising **On-Site Training**

Date/Time: Thursday, June 27 from 8:30am – 4:30pm **Mountain**

Registration: <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1752&update=N>

Location: Utah Library for the Blind, 250 N 1950 West, Salt Lake City, UT 84138

Description: This FREE all day classroom training in Salt Lake City, UT will provide the FHA appraiser information and training on FHA Property and Inspection Requirements, the Most Frequently Asked Property Related Questions, and the 50 Most Common Appraisal Review Deficiencies. Topics to be covered run the gamut of FHA appraising, and include everything you always wanted to know, but never bothered to ask. CE credit is pending approval for the state of Utah.

Special Instructions: Class size is limited; first-come, first served. On the day of the class, check-in begins at 8:00 a.m. Class begins promptly at 8:30 a.m. Mountain Time. Registration is required.

Questions? E-mail us at denverhoc-pudtraining@hud.gov.

Webinar Title: FHA Overview of Basic Underwriting Guidelines - Income

Date/Time: Tuesday, July 16, 2013 from 10:00 AM to 12:00 PM Eastern

Registration Link: <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1740&update=N>

Description: This webinar is intended for mortgage loan professionals, including underwriters, processors, and loan officers new to FHA or who wish to refresh their knowledge of credit qualifying guidelines. Topics will include basic CIA (credit, income and asset) documentation and calculations. We'll also share some general dos and don'ts when it comes to qualifying your borrower.

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Webinar Title: FHA Overview of Basic Underwriting Guidelines - Assets

Date/Time: Tuesday, August 13, 2013 from 10:00 AM to 12:00 PM Eastern

Registration Link: <http://www.hud.gov/emarc/index.cfm?fuseaction=emar.registerEvent&eventId=1741&update=N>

Description: This webinar is intended for mortgage loan professionals, including underwriters, processors, and loan officers new to FHA or who wish to refresh their knowledge of credit qualifying guidelines. Topics will include basic CIA (credit, income and asset) documentation and calculations. We'll also share some general dos and don'ts when it comes to qualifying your borrower.

The overview of Basic Underwriting Guidelines is being offered as a three part series consisting of credit on June 11, 2013, income on July 16, 2013 and assets on August 13, 2013. Note: This three part series will be offered in one on-site training session in Chicago at the end of July.

Special Instructions: Large groups are encouraged to register under one name and view in a central location. You MUST have a confirmed EMARC registration to be approved for webinar access. Log-in information will be emailed to registrants at least 48 hours prior to the training date. Space is limited; please register early. There will not be a waiting list.

ADDITIONAL FHA EVENTS AND TRAINING OPPORTUNITIES CAN BE FOUND AT: <http://bit.ly/FHAevents>