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**To:** Clients and Friends

**From:** David F. Dulock

**Subject:** FHA Increases Annual MIP Effective April 18, 2011 (ML 2011-10)

In Mortgage Letter 2011-10 (ML 2011-10) issued February 14, 2011, the FHA announced a 25 basis points (bps) increase in the annual mortgage insurance premiums effective for case numbers assigned on or after April 18, 2011. There will be no changes in the upfront mortgage insurance premium. The annual MIP increase applies to all mortgages insured under FHA's Single Family Mortgage Insurance Programs except:

1. Title I
2. Home Equity Conversion Mortgages (HECM)
3. HOPE for Homeowners (H4H)
4. Section 247 (Hawaiian Homelands)
5. Section 248 (Indian Reservations)
6. Section 223(e) (Declining Neighborhoods), and
7. Section 238(c) (Military Impact areas in Georgia and New York).

For loans with a term greater than 15 years with an LTV less than or equal to 95%, the new annual MIP will be 110 bps. For loans with a term greater than 15 years with an LTV greater than 95%, the new annual MIP will be 115 bps. For loans with a term less than or equal to 15 years with an LTV less than or equal to 90%, the new annual MIP will be 25 bps. For loans with a term less than or equal to 15 years with an LTV greater than 90%, the new annual MIP will be 50 bps.

ML 2011-10 also provides guidance on the case number validity period and new requirements for requesting case numbers.

This memorandum is for informational purposes and is a brief summary of ML 2011-10. We advise you to read ML 2011-10, which may be found at the following Web address: <http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/files/11-10ml.pdf>.

Please remember this annual MIP increase will affect the APR and other numerical disclosures on the TILA statement as well as the GFE for covered loans with case number assigned on or after April 18, 2011.

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