

BULLETIN #2015-01

TO: Distribution

DATE: January 13, 2015

RE: FHA Premium Reduction, QM and Section 32 Threshold Changes, FHA ARM Look-Back Period

EFFECTIVE DATE: As indicated below

CMG CORRESPONDENT POLICY AND GUIDELINE UPDATES

Topics Covered in this Announcement:

- Upcoming FHA Premium Reduction
- Reminder: Threshold Change – QM Points and Fees and Section 32 APR
- Reminder: FHA ARM Look-Back Period

UPCOMING FHA PREMIUM REDUCTION

Summary: HUD has published [Mortgagee Letter 2015-01](#) implementing reduced annual mortgage insurance premium effective **for case numbers assigned on or after January 26th, 2015.**

The highlights are:

- Annual premium is reduced 50 basis points on both purchase and refinance transactions.
- Applies to all FHA loans w/ terms greater than 15 years (There is no change in premium on 15 year or shorter terms)
- All loan types are affected except streamline refinances that are refinancing existing FHA loans endorsed on or before May 31, 2009
- There is no change to the upfront premium (1.75%) or the life of loan requirement

HUD has implemented a cancellation waiver policy whereby an existing case number may be cancelled within 30 days of January 26, 2015.

New MIP amounts set forth in this table are effective for case numbers assigned on or after January 26, 2015.

Term >15 Years			
Base Loan Amt.	LTV	Previous MIP	New MIP
≤\$625,500	≤95%	130 bps	80 bps
	>95%	135 bps	85 bps
> \$625,500	≤95%	150 bps	100 bps
	>95%	155 bps	105 bps
Term ≤ 15 Years			
≤\$625,500	≤90%	45 bps	45 bps
	>90%	70 bps	70 bps
> \$625,500	≤90%	70 bps	70 bps
	>90%	95 bps	95 bps

References / Links:

- HUD Case Number Cancellation website:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lender/origination/case_processing_req



- Case Number Cancellation Instructions:
http://portal.hud.gov/hudportal/documents/huddoc?id=p_mipreduction.pdf
- FHA Mortgagee Letter 2015-01:
<http://portal.hud.gov/hudportal/documents/huddoc?id=15-01ml.pdf>
- HUD Press Release – FHA To Reduce Annual Insurance Premiums:
http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2015/HUDNo_15-001
- The White House Office of the Press Secretary - FACT SHEET:
<http://www.whitehouse.gov/the-press-office/2015/01/07/fact-sheet-making-homeownership-more-accessible-and-sustainable>

REMINDER: THRESHOLD CHANGE TO QM POINTS & FEES AND SECTION 32 APR

Effective with loans closed on or after January 1, 2015, the CFPB has updated the loan amount thresholds for the QM Points and Fees test and the Section 32 HOEPA Points and Fees test. CMG's [Policy Quick Reference Guide](#) has been updated.

REMINDER: FHA ARM LOOK-BACK PERIOD

Summary: HUD has changed the FHA-insured ARMs look-back period to 45 days (previously 30). In support of the final HUD rule, CMG will also require the Seller to comply with the disclosure and notification requirements of the 2013 TILA Servicing Rule, including at least a 60-day but no more than 120 day advance notice of an adjustment to a borrower's monthly payment. Correspondent Sellers must ensure all loan documents and disclosures on FHA ARMs originated after January 10 are in compliance with the new rule.

Effective Date: Closed on or after January 10, 2015

Additional Resources: <http://www.gpo.gov/fdsys/pkg/FR-2014-08-26/pdf/2014-20215.pdf>

***Please contact your Correspondent Regional Manager or
your Correspondent Liaison with any questions.***

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