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**To:** Clients and Friends

**From:** Steven Kubik

**Subject: HUD Announces 30 Basis Point Reduction for Annual MIP Premiums**

On February 22, 2023, the U.S. Department of Housing and Urban Development (“HUD”) [announced](#) a 30 basis point reduction to the annual mortgage insurance premium charged to borrowers with FHA-insured mortgages. HUD estimates that this reduction will have a significant impact on housing affordability:

“The premium will be reduced from 0.85 percent to 0.55 percent for most homebuyers seeking an FHA-insured mortgage, which could mean an estimated savings of \$678 million for American families in aggregate by the end of 2023 alone. The reduction will benefit an estimated 850,000 borrowers over the coming year, saving these families an average of \$800 annually.”

The premium reduction applies to almost all Single Family Title II forward mortgages, except for (i) Hawaiian Home Lands mortgage loans insured under section 247 of the National Housing Act, and (ii) streamline refinance and simple refinance mortgage loans used to refinance a previous FHA-insured loan endorsed on or before May 31, 2009. No changes were made to the upfront mortgage insurance premiums for FHA-insured mortgages.

**Effective Date:** The premium reductions are effective for mortgage loans endorsed on or after March 23, 2023.

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