



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date: August 29, 2017**

**Mortgagee Letter 2017-12**

**To:** All FHA-Approved Mortgagees  
All HUD-Approved Housing Counselors

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**Subject** Home Equity Conversion Mortgage (HECM) Program: Mortgage Insurance Premium Rates and Principal Limit Factors

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**Purpose** This Mortgagee Letter (ML) communicates revised initial and annual Mortgage Insurance Premium (MIP) rates and Principal Limit Factors (PLF) for all HECMs.

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**Effective Date** This ML is effective for all HECMs with FHA case numbers assigned on or after October 2, 2017.

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**Public Feedback** HUD welcomes feedback from interested parties for a period of 30 calendar days from the date of issuance. To provide feedback on this policy document, please send any feedback to the FHA Resource Center at [answers@hud.gov](mailto:answers@hud.gov). HUD will consider the feedback in determining the need for future updates.

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**Affected Programs** This guidance applies to all FHA HECMs.

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<b>Background</b>	<p>FHA is committed to its fiduciary responsibility to taxpayers and ensuring its mortgage insurance programs remain viable and effective in the long term. To help sustain the HECM program as a viable financial resource for aging homeowners and to strengthen the Mutual Mortgage Insurance Fund, FHA has made changes to HECM MIP rates and the PLFs.</p>
<b>Initial and Annual MIP Rates</b>	<p>The initial MIP rate is changed to two percent (2.00%) of the Maximum Claim Amount (MCA). The initial MIP rate is applicable to all borrowers and is no longer associated with disbursements made to or on behalf of the borrower at closing or during the First 12-Month Disbursement Period.</p> <p>The annual MIP rate is changed to one-half of one percent (0.50%) of the outstanding mortgage balance.</p> <p>This guidance supersedes the Initial and Annual MIP Structure section of Mortgagee Letter 2014-21.</p>
<b>PLF Table</b>	<p>The PLFs have been updated. The PLF table may be uploaded or copied from HUD's web site directly into any reverse mortgage technology system or tool used to support the HECM program. The PLF tables are accessible from the following web site:</p> <p><a href="https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm">https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm</a>.</p> <p>This guidance supersedes the PLF Table section of Mortgagee Letter 2014-12.</p>
<b>Paperwork Reduction Act</b>	<p>The information collection requirements contained in this document are pending approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0524. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to a collection of information unless the collection displays a currently valid OMB control number.</p>

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**Questions**

For additional information on this ML, please visit [www.hud.gov/answers](http://www.hud.gov/answers) or call the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number via TTY by calling the Federal Relay Service at 1-800-877-8339.

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**Signature**

Dana T. Wade  
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