



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

January 6, 2005

MORTGAGEE LETTER 2005-03

TO: ALL APPROVED MORTGAGEES

SUBJECT: Elimination of Refunds of Upfront Mortgage Insurance Premiums

Section 223 of the Consolidated Appropriations Act 2005 amended Section 203(c)(2)(A) of the National Housing Act to eliminate refunds of the Federal Housing Administration's (FHA) upfront mortgage insurance premiums except when the borrower refinances to another mortgage to be insured by FHA. This elimination of refunds is effective for those mortgages endorsed for insurance on or after December 8th, 2004, the day the President signed the act. Form HUD-92900-B, Important Notice to Homebuyers, has been revised to reflect this change and is available on www.hudclips.org.

Also effective with those mortgages endorsed for insurance on or after December 8th, the refund schedule for those borrowers who refinance to another FHA-insured mortgage is modified to a three-year time period, as shown below.

Upfront Mortgage Insurance Premium Refund Percentages

Year	Month of Year											
	1	2	3	4	5	6	7	8	9	10	11	12
1	80	78	76	74	72	70	68	66	64	62	60	58
2	56	54	52	50	48	46	44	42	40	38	36	34
3	32	30	28	26	24	22	20	18	16	14	12	10

If you have any questions concerning this Mortgagee Letter, please contact your local Homeownership Center in Atlanta (888-696-4687), Denver (800-543-9378), Philadelphia (800-440-8647), or Santa Ana (888-827-5605).

Sincerely,

John C. Weicher
Assistant Secretary for Housing-
Federal Housing Commissioner