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Igniting ideas for the mortgage industry.

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Welcome to 2017! This year figures to be another year full of mortgage industry updates, financial market changes, and potential rate increases. It is our goal to be your consulting, technology and Encompass resource for these industry changes.

We like to call them **sparknotes**. This newsletter is the first **sparknotes** of the year, and speaks to our view on the upcoming FHA MIP premium changes. Please review and let us know if you would like to discuss how we can assist you in this first important change of 2017.

The matchbox team is comprised of mortgage bankers who take pride in understanding the industry changes and being proactive in how these changes can be supported in updated operational workflows, policies and LOS management.

matchbox...we speak mortgage

New FHA MIP changes:

As you may have heard by now, HUD will be reducing the Annual Insurance Premiums on loans with a disbursed date after January 27th 2017. The table below outlines the changes in MIP:

Annual MIP			
Base Loan Amt.	LTV	Previous MIP	New MIP
Term > 15 Years			
≤ \$625,500	≤ 95.00%	80 bps	55bps
≤ \$625,500	> 95.00%	85 bps	60bps
> \$625,500	≤ 95.00%	100 bps	55bps
> \$625,500	> 95.00%	105 bps	60bps
Term ≤ 15 Years			
≤ \$625,500	≤ 90.00%	45 bps	25 bps
≤ \$625,500	> 90.00%	70 bps	50 bps
> \$625,500	≤ 78.00%	45 bps	25 bps
> \$625,500	78.01% - 90.00%	70 bps	25 bps
> \$625,500	> 90.00%	95 bps	50 bps
Streamline, Simple Refinance of previous Mortgage endorsed on or before May 31, 2009			
Term > 15 Years			
Base Loan Amt.	LTV	Previous MIP	New MIP
All Loan Amounts	≤ 90.00%	55 bps	55 bps
All Loan Amounts	> 90.00%	55 bps	55 bps
Term ≤ 15 Years			
Base Loan Amt.	LTV	Previous MIP	New MIP
All Loan Amounts	≤ 90.00%	55 bps	25 bps
All Loan Amounts	> 90.00%	55 bps	25 bps

How does this impact you?

All FHA loans in your current pipeline will be subject to the new MIP if they don't close & disburse before 1/27/17. This can be difficult to address with so many loans in your current pipeline that may not close before 1/27/17. You will need to address these loans immediately as any loan that closes with the incorrect MIP will be subject to tolerance cures or investor kicks.

Here are the steps we recommend with the associated timeline for completion:

January 17th 2017: Create a business rules based on the above table that will fire on all new loans so the correct FHA MIP is applied. This rule can be created immediately as any new FHA loan will not close before the projected cut-off date of 1/27/17 per TRID regulations.

January 23rd - January 27th 2017: Create a business rule to alert the Closing Department to review all loans received in Closing to ensure the proper MIP has been applied based upon the disbursement date. Note: Owner occupied refinance transactions closing on 1/23/17 will be subject to new MIP with Right of Rescission & purchases closing on 1/27/17 will be subject to new MIP. It's certainly expected that Loan Officers delay closings over the next two weeks to provide their clients

with a lower MIP and monthly payment. Loans not disbursing until after January 27 may need to be redisclosed immediately

January 30th 2017: Redisclose your current pipeline with the MIP applied. If your company deems redisclosure not necessary, then consider a business rule that will recalculate your existing pipeline to ensure accurate FHA MIP applies to existing loans. If business rules are not a viable option, pull reports of the entire active FHA pipeline and manually update the MIPs.

Of course Loan Officers will want to proactively contact clients to advise them of the lower payments.

Please contact Frank Fiore at ffiore@matchboxllc.com if this "sparks" your interest and you would like to discuss further.

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License to Succeed

The matchbox and Ignite teams have been in the lab working on some exciting new Encompass based offerings. We look forward to sharing them with you at the Encompass Experience. Please contact ffiore@matchboxllc.com to schedule a demo or meeting while at the Experience.

**Schedule
a meeting today**
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