

FHA Reduces Annual Mortgage Insurance Premiums by 30 Basis Points to Support Affordable Homeownership

The Federal Housing Administration (FHA) announced today through [Mortgagee Letter 2023-05](#) a 30 basis point reduction to the Annual Mortgage Insurance Premiums (annual MIP) it charges borrowers for FHA-insured Single Family Title II forward mortgages. This reduction supports the Biden-Harris Administration's goals of making homeownership more accessible and affordable for the nation's homebuyers. FHA mortgage insurance facilitates broader availability of mortgage financing to those not adequately served by the conventional mortgage market, particularly households of color for whom FHA-insured mortgages have been a cornerstone of access to affordable homeownership.

Today's Mortgagee Letter provides additional information for mortgagees to implement the annual MIP reductions effective for mortgages endorsed for FHA insurance **on or after March 20, 2023**.

FHA estimates this reduction will benefit approximately 850,000 borrowers over the coming year, saving them \$678 million in aggregate in the first year of their FHA-insured mortgage. For the average borrower purchasing a one-unit single family home with a down payment of 3.5 percent and a mortgage amount of \$467,700 the national median home price as of December 2022 – FHA's annual MIP reduction will save them more than \$1,400 in the first year of their mortgage.