FHA ANNUAL MORTGAGE INSURANCE PREMIUM CHANGE & CASE NUMBER CHANGES

Annual Mortgage Insurance Premium Changes

U.S. Bank Home Mortgage MRBP Division would like to remind you that FHA Mortgaggee Letter 2011-10 announced an increase in the Monthly Mortgage Insurance premiums effective with case numbers assigned on or after April 18, 2011. There have been no changes to up front premiums. The increase is as follows:

<table>
<thead>
<tr>
<th>LTV</th>
<th>For loans &gt; 15 years</th>
<th>LTV</th>
<th>For loans ≤ 15 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 95</td>
<td>1.10% x base loan w/o UFMIP / 12</td>
<td>≤ 90</td>
<td>.25% x base loan w/o UFMIP / 12</td>
</tr>
<tr>
<td>&gt; 95</td>
<td>1.15% x base loan w/o UFMIP / 12</td>
<td>&gt; 90</td>
<td>.50% x base loan w/o UFMIP / 12</td>
</tr>
</tbody>
</table>

The Upfront Mortgage Insurance Premium (UFMIP) remains the same at 1.00.

Case Number Changes

FHA Case Numbers ordered through the FHA Connection are tied to properties, not borrower’s names; therefore, case numbers should not be ordered unless you have an application for a borrower with a property.

Effective April 18, 2011 the FHA Connection will require mortgagees to certify at the time of requesting a case number that they have an active application for borrower and property.
Automatic Case Number Cancellation

Effective April 18, 2011 FHA systems will automatically cancel any uninsured case number where there has been no activity for 6 months since the last action (see below for definition) except for:

a) loans where an appraisal update has been entered, and/or
b) loans where the Upfront Mortgage Insurance Premium (UFMIP) has been received

Last action is defined as*:

a) case number assigned,
b) appraisal information entered,
c) firm commitment issued by FHA
d) insurance application received and subsequent updates, and
e) Notice of Return and resubmissions

*Last action does not include

- Updates to borrower names and/or property addresses. For example, making changes to the number of borrowers on the loan will not reset the 6 month timeframe for automatic cancellation.

Notes:

- To prevent automatic cancellation of case numbers for which mortgage insurance will be sought, mortgagees must enter appraisal information; successfully transmit insurance application, etc.

- This automatic cancellation is applicable to case numbers assigned prior to April 18, 2011, including case numbers for new construction and HUD Homes.

- If the existing case number is cancelled and therefore a new case number has to be ordered recent changes to UFMIP and Monthly Insurance premium will be in effect and based on the new case number assignment date.

If you have any questions, please feel free call the Help Desk at 1-800-562-5165.