

# Critical Update on FHA's New MIP Cancellation Procedures

By: Jann Swanson | Mon, Jan 12 2015, 11:02 AM

The Federal Housing Administration (FHA) has issued a critical update related to last week's announcement of FHA premium changes. The update contains **instructions** for lenders wishing to **cancel case numbers** for loans in process pursuant to [Mortgage Letter 2015-01](#).

The announcement of a .5 reduction in the annual Mortgage Insurance Premium (MIP) for FHA loans affects loans with case numbers assigned on and after January 26, 2015. The Mortgage Letter acknowledges the need for borrowers with case numbers assigned but with loans not yet closed and funded, to benefit from the reductions as well. Lenders currently processing such loans may begin submitting Case Number Cancellation Requests **beginning on January 15**. All requests must be submitted prior to midnight on Thursday, **February 26, 2015**.

Case Number Cancellation Requests may be submitted either as an **individual** or a **bulk** request. Bulk requests are those requesting cancellation of two or more case numbers. The process for each of these is detailed below.

Once the cancellation request, either individual or bulk, is processed by FHA and appears as **"Last Action: Cancelled"** on the FHA Connection Case Query screen, the new Case Number can be ordered. That order must be placed on or after **January 26, 2015**. FHA warns that placing a request for a new number prior to the cancellation of the old one will result in significant delays.

To reiterate the timeline:

- Jan 15 - FHA will begin accepting cancellation requests
- Jan 26 - **DO NOT order a new case number** before this date
- Feb 26 - Deadline for cancelling old case numbers

## Completed Appraisals Require Certification

Special instructions apply for those loans where numbers are to be cancelled but an appraisal has already been obtained. The mortgagee in these cases will be required to certify on the FHA Connection Appraisal Logging screen that the previous Case Number was cancelled and indicate in the User Certification section, by checking the "Certify Effective Date" box,

\* User Certification \*

The effective date of the appraisal cannot be earlier than the FHA Case Number Assignment Date unless it was ordered to support conventional financing, HUD REO, or government guaranteed loan purposes (USDA, VA) that subsequently went to FHA, or where the previous FHA case number was canceled. By clicking this check box, you certify that the date of the appraisal precedes the FHA Case Number Assignment Date because it was ordered to support conventional financing, HUD REO, or government guaranteed loan purposes (USDA, VA) that subsequently went to FHA, or because the previous FHA case number was canceled.

**Certify Effective Date**

that the Case meets the certification criteria regarding the reason the effective date of the appraisal is prior to the Case Assignment Date. All other appraisal processes and requirements from the previous Case Number are applicable to the new Case Number.

## Cancellation Request Specifications

An Individual Case Number Cancellation Request can be submitted using the standard instructions as described on the FHA Case

Processing Requirements [web page](#) and **must be submitted by the mortgagee**; borrower requests will not be processed.

A Bulk Case Number Cancellation Request is defined as a request that includes more than one case number but not more than 1,000. These requests **must be submitted through the email address [answers@hud.gov](mailto:answers@hud.gov)** to the FHA Resource Center and contain the subject line "MIP REDUCTION CANCELLATION - ML 2015-01." The email must contain the name and Lender ID of the company submitting the request, and contact information including the Mortgagee's Name, Contact Person, Phone Number, and Fax Number and include as an attachment the Case Number Cancellation Request data as a Microsoft Excel® spreadsheet. .

Case Numbers must be grouped by FHA Homeownership Center (HOC) jurisdiction and requests for each jurisdiction must be submitted in a separate spreadsheet and attached to a separate email.

The required Excel spreadsheet must be formatted as follows:

- Only columns A and B are to be used and information must be in text format. Row 1 is the header row and must contain a heading such as "FHA Case Number" for Column A and Cancellation Code for Column B.
- The first FHA Number will be listed in Row 2, Column A with subsequent numbers filling in the remaining necessary rows in that column. Case Numbers can be expressed either with or without dashes and leading zeros.
- The Cancellation reason for all case numbers will be "Different MIP Structure" and the Cancellation Code to be entered in Column B for each Case Number is DM.

The request for Bulk Case Number Cancellations may not contain requests for cancellations for any reason other than the Different MIP Structure outlined in Mortgagee Letter 2015-01. Cancellation requests for other reasons must be submitted using the standard case number cancellation instructions described on the FHA Case Processing Requirements web page linked above.

View this Article: <https://www.mortgagenewsdaily.com/news/01122015-fha-loans-premiums>