



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

May 14, 2013

MORTGAGEE LETTER 2013-17

To **All Approved Mortgagees**

Subject **Interest Rates for Loss Mitigation Home Retention Options**

Purpose The purpose of this Mortgagee Letter is to provide guidance for determining the interest rates to use when implementing FHA's Loss Mitigation Home Retention options.

Effective Date The policies in this Mortgagee Letter are to be implemented by mortgagees for Trial Payment Plans offered on or after July 1, 2013.

Affected Policy This Mortgagee Letter amends the definition of "Market Rate", and supersedes where there is conflict, the policies described in Mortgagee Letters 2012-22, 2011-28, and 2009-35.

Market Rate For purposes of this Mortgagee Letter, the term "Market Rate" is now defined as a rate that is no more than 25 basis points greater than the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate for 30 year fixed-rate conforming mortgages (US average), rounded to the nearest one-eighth of one percent (0.125%), as of the date a Trial Payment Plan is offered to a borrower.

The Weekly Primary Mortgage Market Survey results are published on the Freddie Mac website at <http://www.freddiemac.com/pmms/>, and the Federal Reserve Board includes the average 30 year survey rate in the list of Selected Interest Rates published weekly in its Statistical Release H.15 at <http://www.federalreserve.gov/releases/h15/>.

Trial Payment Plan Interest Rate The Interest Rate for a Trial Payment Plan must not be greater than the aforementioned Market Rate.

**Permanent
Modification
Payment**

A borrower's monthly mortgage payment including principal, interest, taxes, and insurance (PITI) under a permanent modification must not be more than the borrower's mortgage payment, (including PITI) under the Trial Payment Plan.

**Information
Collection
Requirements**

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0589. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.

Questions

Any questions regarding this Mortgagee Letter may be directed to HUD's National Servicing Center at (877) 622-8525. Persons with hearing or speech impairments may reach this number by calling the Federal Information Relay Service at (800) 877-8339. For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

Signature

Carol J. Galante
Assistant Secretary for Housing-Federal Housing Commissioner
