

U.S. CODE OF FEDERAL REGULATIONS

TITLE 24--HOUSING AND URBAN DEVELOPMENT

CHAPTER II--OFFICE OF ASSISTANT SECRETARY FOR HOUSING—  
FEDERAL HOUSING COMMISSIONER,  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PART 203\_SINGLE FAMILY MORTGAGE INSURANCE--Table of Contents

Subpart B Contract Rights and Obligations

**Sec. 203.260 Amount of mortgage insurance premium (periodic MIP).**

The mortgagee shall pay to the Commissioner an initial MIP in an amount equal to one-half of one percent of the average outstanding principal obligation of the mortgage for the first year of amortization. After payment of the initial MIP, the mortgagee shall pay to the Commissioner an amount equal to one-half of one percent of the average outstanding principal obligation of the mortgage for the 12-month period preceding each subsequent anniversary date of the beginning of amortization.

**Sec. 203.261 Calculation of periodic MIP.**

The amount of any periodic MIP shall be calculated in accordance with the original amortization provisions of the mortgage, without taking into account delinquent payments, prepayments, agreements to postpone payments, or agreements to recast the mortgage.

**Sec. 203.262 Due date of periodic MIP.**

The full initial and each annual MIP shall be due and payable on the first of every month to the Commissioner and no later than the 10th day after the amortization anniversary date.

**Sec. 203.264 Payment of periodic MIP.**

The mortgagee shall pay each MIP in twelve equal monthly installments. Each monthly installment shall be due and payable on the first of every month to the Commissioner and no later than the tenth day of each month, beginning in the month in which the mortgagor is required to make the first monthly mortgage payment. This will be effective for amortization beginning on or after September 1, 1996.

**Sec. 203.265 Mortgagee's late charge and interest.**

(a) Periodic MIP which are received by the Commissioner after the payment dates prescribed by Sec. Sec. 203.262 and 203.264 shall include a late charge of four percent of the amount paid.

(b) In addition to the late charge provided in paragraph (a) of this section, the mortgagee shall pay interest on any periodic MIP which is remitted to the Commissioner more than 20 days after the payment dates prescribed in Sec. 203.264. Such interest rate shall be paid at a rate set in conformity with the Treasury Financial Manual.

**Sec. 203.266 Period covered by periodic MIP.**

The initial MIP shall cover the period beginning with the date of the issuance of a Mortgage Insurance Certificate and ending on the next anniversary of the beginning of amortization. Subsequent premium payments shall cover the twelve-month period preceding each subsequent anniversary date.

**Sec. 203.267 Duration of periodic MIP.**

The mortgagee shall pay the MIP to the Commissioner until the deed to the Commissioner is filed for record or the contract of insurance is terminated.

**Sec. 203.268 Pro rata payment of periodic MIP.**

(a) If the insurance contract is terminated before the due date of the initial MIP, the mortgagee shall pay a portion of the MIP prorated from the beginning of amortization, as defined in Sec. 203.251, to the date of termination.

(b) If the insurance contract is terminated after the due date of the initial MIP, the mortgagee shall pay a portion of the current annual MIP prorated from the due date of the last annual MIP to the date of termination.

(c) A pro rata MIP shall not be due or payable where the mortgagee notifies the Commissioner that foreclosure or other action to acquire the property has been completed and that the property will not be conveyed to the Commissioner in exchange for insurance benefits. Any MIP due and paid after the institution of foreclosure or the date the property was otherwise acquired by the mortgagee will be refunded to the mortgagee upon receipt by the Commissioner of the notice from the mortgagee that the property will not be conveyed to the Commissioner.

**Sec. 203.269 Method of payment of periodic MIP.**

In cases that the Commissioner deems appropriate, the Commissioner may require, by means of instructions communicated to all affected mortgagees, that periodic MIP be remitted electronically.

**Sec. 203.270 Open-end insurance charges.**

(a) Required charge. In the case of an insured open-end advance the mortgagee shall pay to the Commissioner an open-end insurance charge.

(b) Payment of charge for mortgages with periodic MIP. The amount of any insured open-end advance shall be added to the average outstanding principal obligation of the mortgage for the purpose of determining the amount of periodic MIP as provided in Sec. Sec. 203.260 through 203.268, except that the initial additional charge shall be prorated to cover the period beginning with the first day of the month following the issuance of a certificate evidencing the insurance of the open-end advance and ending on the due date of the next MIP.

(c) Payment of charge for mortgages with one-time or up-front MIP. In the case of a mortgage with a one-time or up-front MIP pursuant to Sec. 203.280, Sec. 203.284, or Sec. 203.285 of this part, the insurance charge shall be in an amount equal to  $\frac{1}{2}$  percent per annum of the outstanding principal obligation of the open-end advance. Sections 203.260 through 203.268 shall apply to the open-end charge on a mortgage with a one-time or up-front MIP, except that all references to amortization dates shall refer to amortization dates of the open-end advance, references to MIP shall refer to the open-end insurance charge, and references to outstanding principal obligation of the mortgage shall refer to outstanding principal obligation of the open-end advance.

(d) Method of payment--all mortgages. The payment of any open-end insurance charge under this subpart shall be made to the Commissioner by the mortgagee either in cash or debentures issued by the Mutual Mortgage Insurance Fund at par plus accrued interest.