

FHA Facts

November 29, 2007

Here are some interesting facts about FHA mortgages and the guidelines for getting one. Keep in mind that these things change periodically so what might be true today may not be the case on days that are not today!

1. Borrower can have multiple FHA loans at the same time under any of the following 4 conditions-1) Relocation- If the borrower relocates to an area that is not a reasonable commute from their currently FHA financed home, they can purchase a home in the new area using FHA financing without selling the current home. 2) Increase in family size- You must prove the increase in family size and need to buy new home. Under this condition, you must also prove the current FHA loan is under 75% LTV. 3) Vacating a jointly-owned property- In a divorce or when a co-borrower is getting married, the person moving out can use FHA to buy a new home even though they are on the FHA loan on the old home. 4) Non-Occupying Co-borrower- Somebody who co-signed on an FHA loan can buy a new home using FHA.
2. You can get an FHA loan and be in CCC at the same time!!!! Consumer Credit Counseling Payment Plans! Participation in a CCC plan does not disqualify a customer from obtaining an FHA insured mortgage provided that the underwriter documents that one year (12) months of payout period has elapsed under the plan and that all required payments have been made on time. In addition, the customer must receive the counseling agency's written permission to enter into the mortgage transaction.
3. Borrowers can be in chapter 13 bankruptcy and still obtain a mortgage. They must be in the payment plan for 1 yr with perfect payment history. No discharge date of 2 or 4 yrs required at the end of their payout!
4. If the earnest money deposit does not exceed 2% of the sales price it does not need to be verified.
5. Gifts – FHA no longer cares where the donor gets the funds for the gift. Donors may borrow gift funds from any other acceptable source provided the mortgage borrowers are not obligors to any note to secure the money borrower to give the gift. We do, however, still need the fully executed gift letter, borrowers receipt of funds and donors ability. Donor's ability just means coming from their acct. We don't care how it got there.
6. FHA allows non-occupying co-borrowers
7. As of 11/9/07, mortgage insurance vendors implemented new requirements for insurance on all conventional loans. All loans with a credit score less than 575 and LTV great than 80% can no longer obtain mortgage insurance. This impacts all levels or risk grades of Expanded Approval and conventional loan products such as House America, MyCommunity, Bond programs, or Fastrack refis. This is a great time to use FHA, since FHA is not credit score driven and is insured through HUD, not a private Mortgage Insurance company ~ so it is not necessary to worry about other MI companies.
8. A Condo project does not have to be FHA approved. If it is; then great, there is nothing more to do than process the file like normal. If the Condo project is not FHA approved then we can do a Spot Approval. A spot approval consists of a checklist that needs to be completed. Some of the criteria are: -The project must be complete. There cannot be any additional new units. -The Home Owners' Association must have been turned over to the property owners for at least a year -At least 90% of the units must have been sold already -at least 51% of the units must be owner occupied -No single entity can own more than 10% of the total units -For Condo projects of 30 units or more no more, 10% of the units can be FHA insured -For Condo projects of 30 units or less there can be up to 20% that have FHA mortgages on the total units.
9. Military personnel are considered occupant-owners, and are eligible for maximum financing if a member of the immediate family will occupy the property as a principal residence; even if the service person is stationed elsewhere.



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