



FHA Update

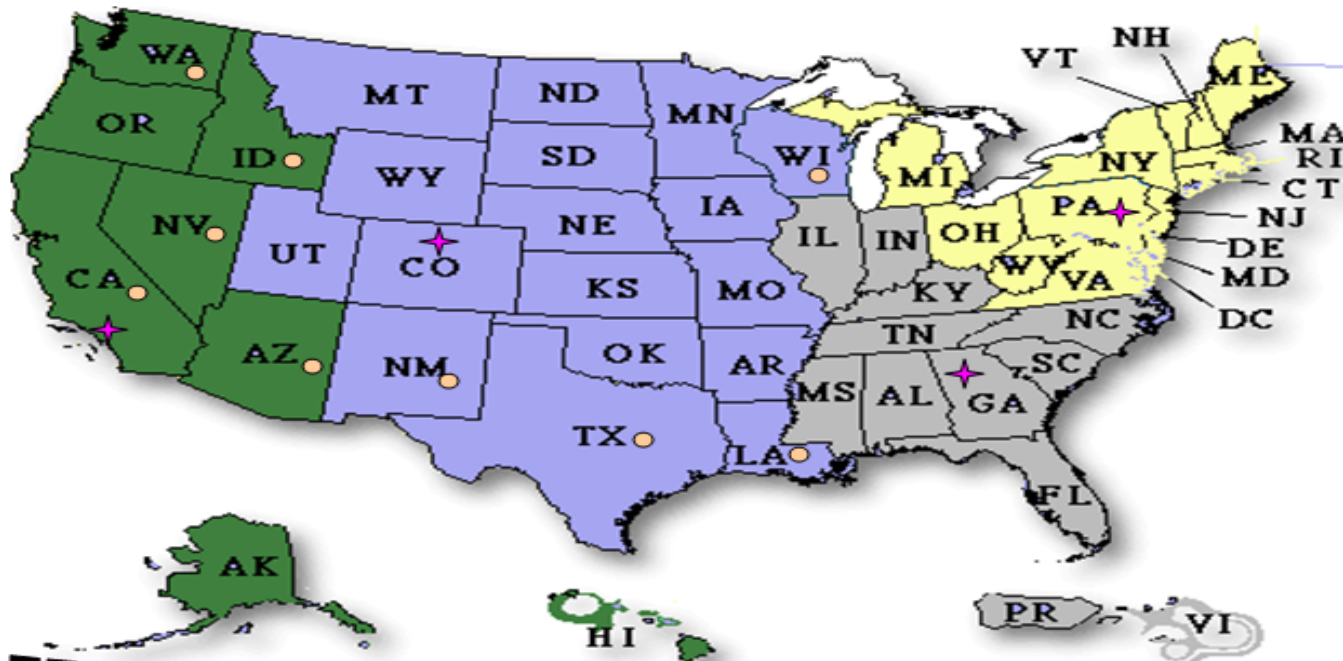


November 14, 2007



Servicing the American Homebuyer Since 1934

Office of Single Family Housing



Homeownership Centers

- Santa Ana
- Philadelphia
- HOC Office Locations
- Denver
- Atlanta
- Community Property States

DENVER



HOMEOWNERSHIP CENTER



1-800-CALL FHA

*Servicing the American Homebuyer
Since 1934*

www.hud.gov

FHA TODAY



- **FHA Modernization**
- *FHASecure*
- **FHA Policy Adjustments**

Expanding American Homeownership Act



- **Changing Down Payment Requirements**
- **Risk-based Insurance Premiums (Cap)**
- **Increase & Simplify FHA Mortgage Limits**

EAH: Differences



H.R. 1852

Loosen Underwriting Criteria

Eliminate Volume Cap on Reverse Mortgages

S. 947

50 yr. Mortgage Term

FHA Organizational Changes

Condos to 203(b)*

H.R. 1752

40 yr. Mortgage Term

Condos to 203(b)*

FHA Secure



New Refinancing Option for Creditworthy Homeowners

1-800-CALL FHA

*Servicing the American Homebuyer
Since 1934*

www.hud.gov

FHA Secure: Eligibility



Eligible homeowners must meet the following requirements:

- 1. Have a non-FHA insured ARM that has reset;**
- 2. Sufficient income to make the mortgage payment; and**
- 3. A 6 month history of on-time mortgage payments before the loan reset.**

FHA Secure: Features



- **Allows otherwise credit-worthy homeowners to obtain an FHA-insured loan with a delinquency**
- **Allows lender to place purchase money seconds on delinquent and current mortgages**
- **Maintains all other FHA Underwriting Standards**

FHA Policy Adjustment



Risk Based [MIP] Pricing [**Proposed**]

FHA SINGLE FAMILY MORTGAGE INSURANCE UPFRONT MORTGAGE INSURANCE PREMIUMS—EFFECTIVE AS OF JANUARY 1, 2008

[All premiums are specified in basis points (0.01%)]

	Minimum Downpayment ^a (%)	Decision Credit Score						
		850-680	679-640	639-600	599-560	559-500	499-300	None
Funds from Borrower or a Relative	10	75	100	125	150	175	175	200
	5	100	125	150	175	200	225
	3	125	150	175	200	225
Other Sources of Funds	3	175	200	^b 225

a. Premiums are based on two categories of sources of funds: (1) The borrower's own funds or gifts from relatives and (2) any other acceptable source. See HUD Handbook 4155.1 for guidance on acceptable sources of funds.

b. A minimum decision credit score of 620 is required when downpayment funds come from a source other than the borrower or a relative of the borrower.

Notes:

1. Annual premium rates are: 50 basis points for loans with 5 and 10 percent downpayments; 55 basis points for loans with 3 percent downpayments; and 25 basis points for all loans with a mortization terms of 15 years or less.

FHA Policy Adjustment



Elimination of Seller-Funded NP DPA

Effective 10/31/07

On Hold Pending Legal Matters

Points to Remember



1. Expanding American Homeownership Act –

Modernize FHA

2. FHASecure –

Help Creditworthy Homeowners

3. Risk-based Pricing and Elimination of Seller-funded DPA –

Improve Financial Soundness

Contact FHA



1-800-CALL-FHA

(1-800-225-5342)

FHA.GOV

HUD.GOV

HUD-Approved Housing Counseling Agencies:

1-800-569-4287

HUDCLIPS.ORG



Thank You