



Government Housing Programs



FHA

Providing Opportunities for Homeownership

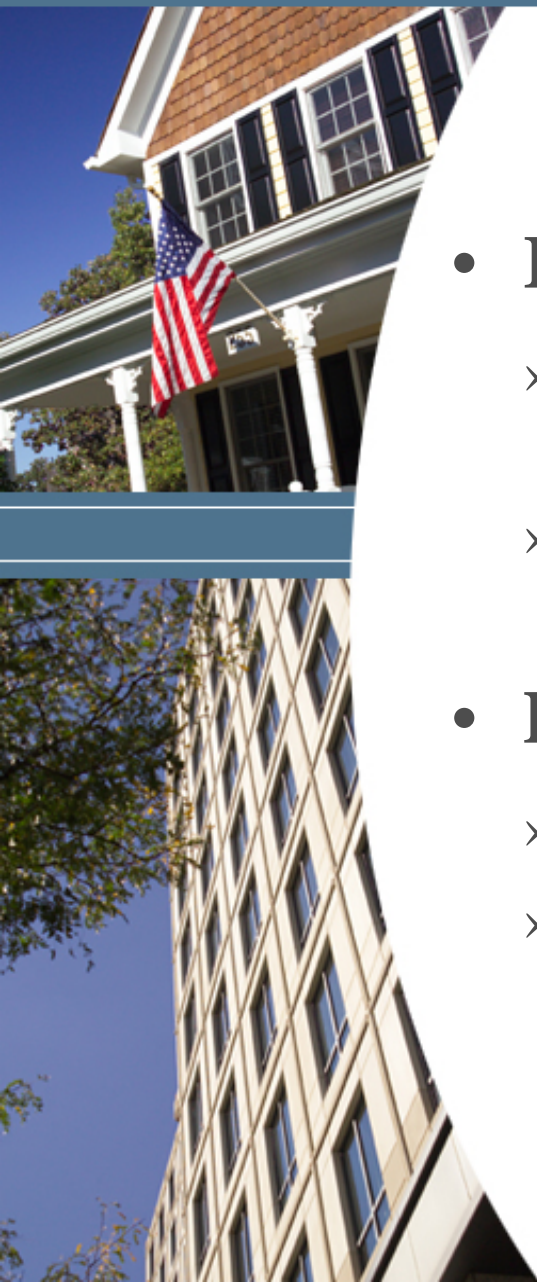


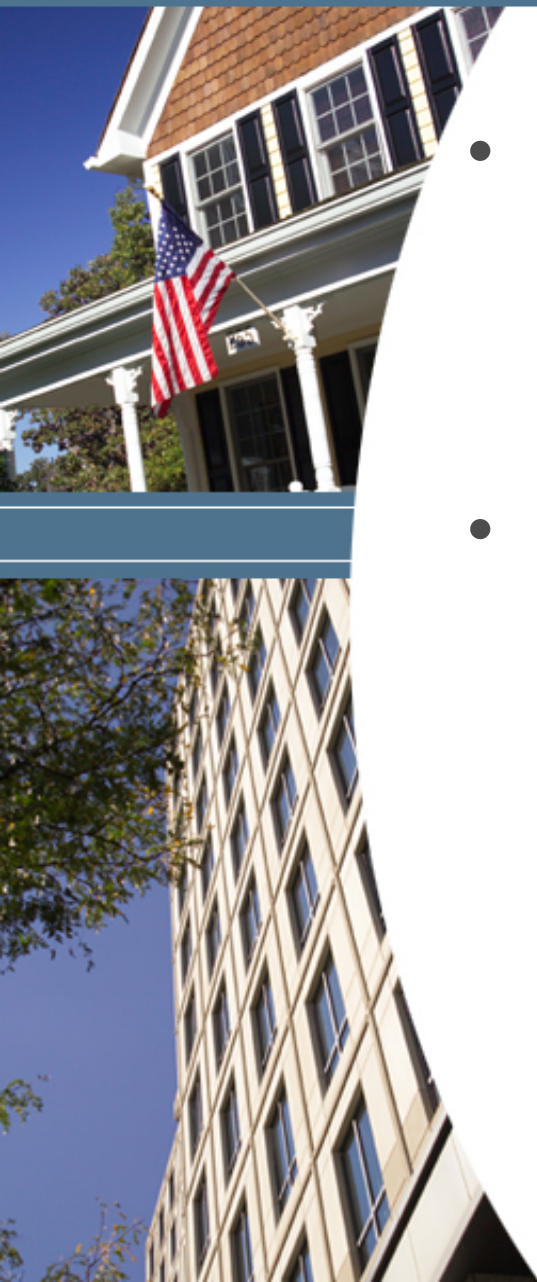
- **FHA Modernization**
Expanding American
Homeownership Act of 2007

FHA Modernization - Status

- Passed the full House September 18, 2007
- Passed the Senate Financial Services Committee September 19, 2007
- Passed the full Senate December 14, 2007
- Next Steps
 - Conference Committee to reconcile differences
 - Passage of final bill by both House & Senate
 - Signature of final bill by President

FHA Modernization

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- **Increase FHA's mortgage limits**
 - » 175% of conforming limit – high cost areas (House version / Economic Stimulus Pkg 2008)
 - » 100% of conforming limit – high cost areas (Senate version)
 - **Downpayment**
 - » Zero down - 1st time homebuyers only (House)
 - » 1.5% down with 100% CLTV cap (Senate)

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- **Loan Term**
 - » **Increase the max loan term to 40 years (House)**
 - » **Retain existing 35 year max loan term (Senate)**
Note Bene: 24CFR203.17(d) limits max term to 30 years
 - **“Higher Risk” Borrowers / MI Premiums**
 - » **Directs new underwriting standards for borrowers with FICO scores below 560 (House)**
 - » **2.25% UFMIP - “Standard Risk Mortgage”**
3% UFMIP - “Higher Risk Mortgage” (House)
 - » **First time homebuyers pay 3% UFMIP or 2.75% with homeownership counseling (Senate)**



Annual Audit Requirement for Mortgage Brokers

- House version (H.R. 1852)
 - Permits Secretary to allow mortgage broker to post surety bond (\$50,000 to \$100,000) in lieu of providing annual audited financials to support net worth

Home Equity Conversion Mortgage

- **Eliminates the endorsement volume cap**
- **Sets a uniform national loan limit (100% FHLMC)**
- **Permit seniors to purchase property with a HECM**
- **Implement a maximum origination fee at 1.5% of maximum claim amount**
- **Require the GAO to undertake a study of the HECM program and report back to Congress**

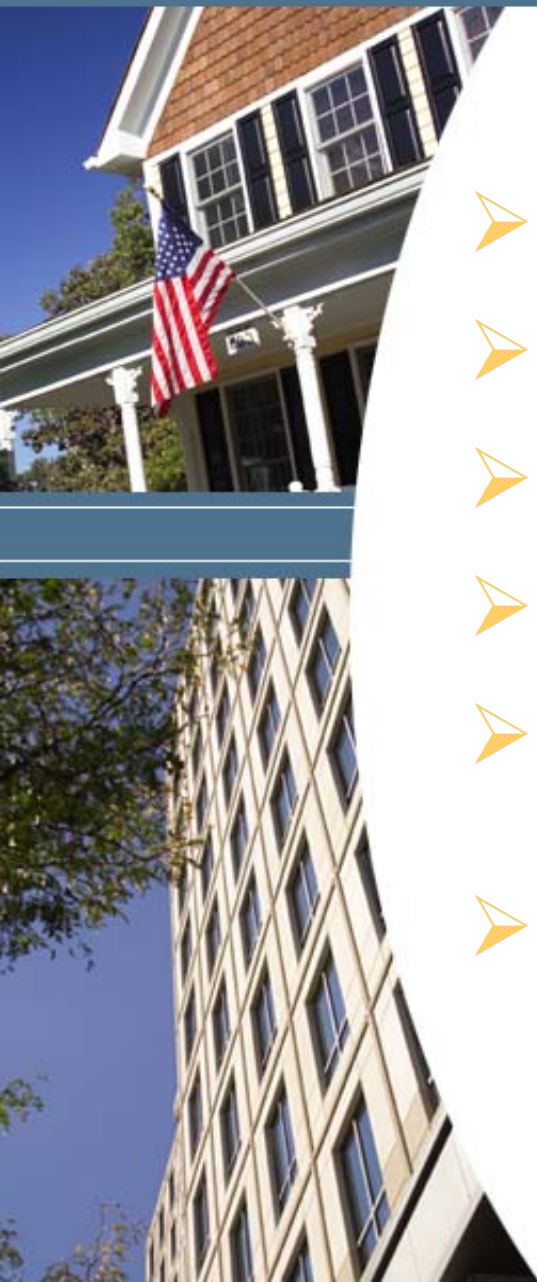
Condominiums

- **Individual condominium unit treated as single family (203b) residence**
 - » **Eliminates prescriptive project approval standards**
 - » **Lender Certification is the ultimate goal**
- **Allow for manufactured housing in condominium developments**

Goal: Implement provisions expeditiously

- **Simpler provisions = “quick” implementation**
 - » Loan limits (30 – 60 days)
 - » Downpayment (60 days)
 - » Change in Loan Term (60 – 90 Days)
- **More complex changes = additional time**
 - » Condos (90 – 120 days)
 - » Co-ops (90 – 120 days)
 - » HECM for Purchase (90 – 120 Days)
 - » Housing Counseling (120 – 180 Days)
 - » Non-Traditional Credit *Pilot* (120 – 180 Days)

FHA Insured Loan Programs

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- 203(b) – Single Family
 - 234(c) – Condominium
 - 203(h) – Disaster Victims Mortgage
 - Energy Efficient Mortgage (EEM)
 - 203(k) – Rehabilitation Mortgage
 - Streamlined(k)
 - 255 – Home Equity Conversion Mortgage (HECM)



➤ Single Family Residential

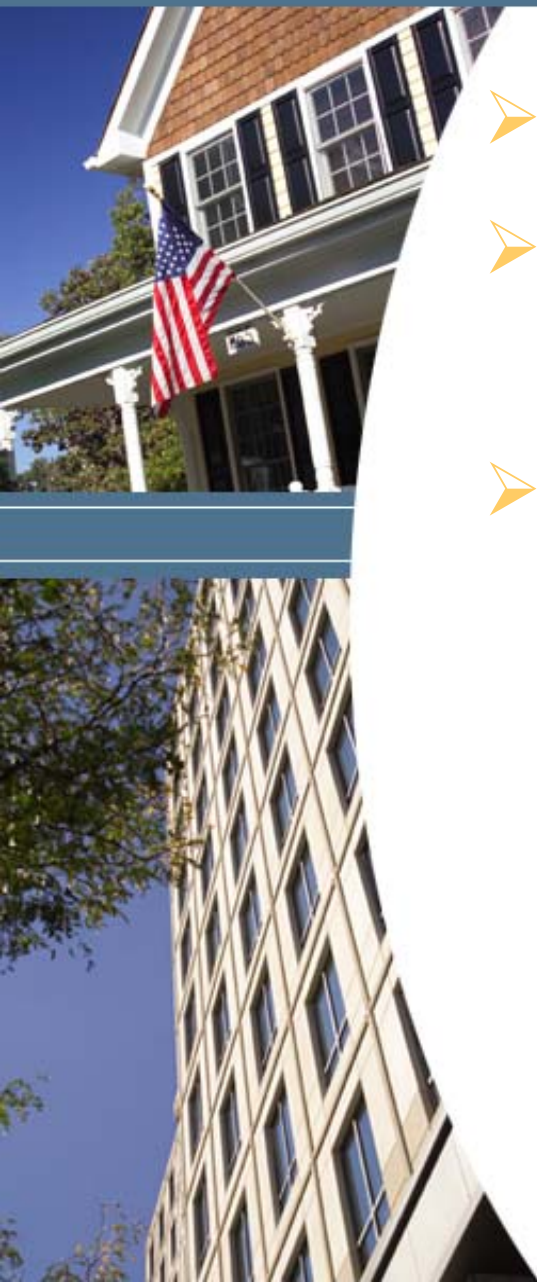
- 2 to 4 Units
- Planned Unit Developments
- Manufactured Homes



➤ Requires 3% minimum cash investment (Purchase)

➤ May be either Fixed Rate or Adjustable (ARM)

➤ Available for Purchase and Refinance

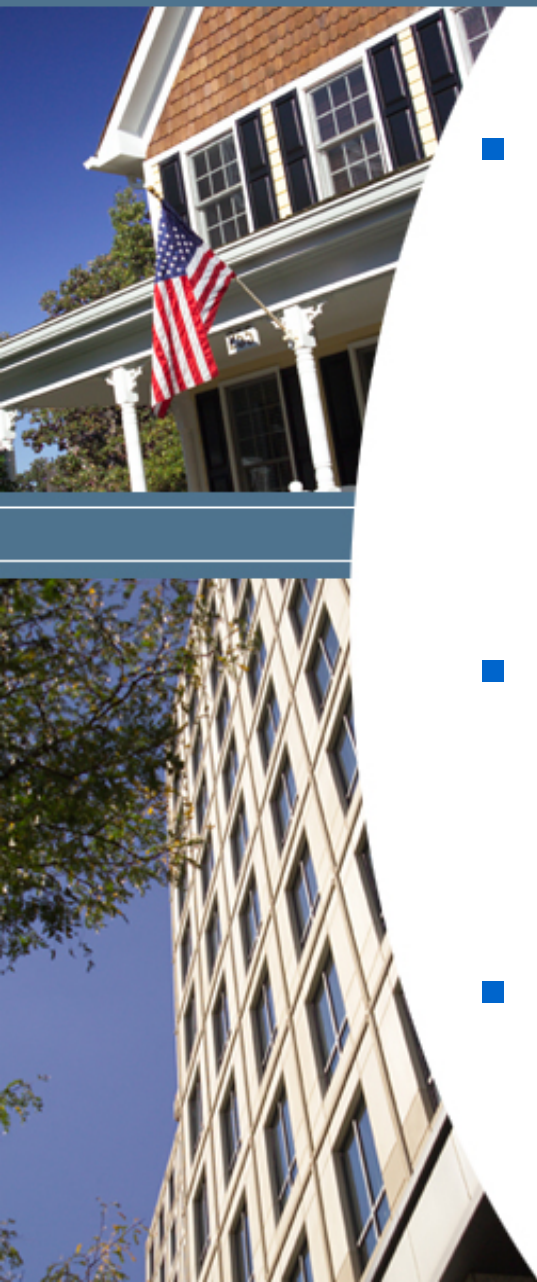
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- 3% minimum cash investment
 - Fixed rate or Adjustable - Purchase or Refinance
 - HUD Approved Projects and Lender “Spot” Approvals
 - **At least 4 units in the project**
 - **Units may be detached, row house, or multi-level (including high-rise)**
 - **Apartment conversions acceptable (some restrictions may apply)**

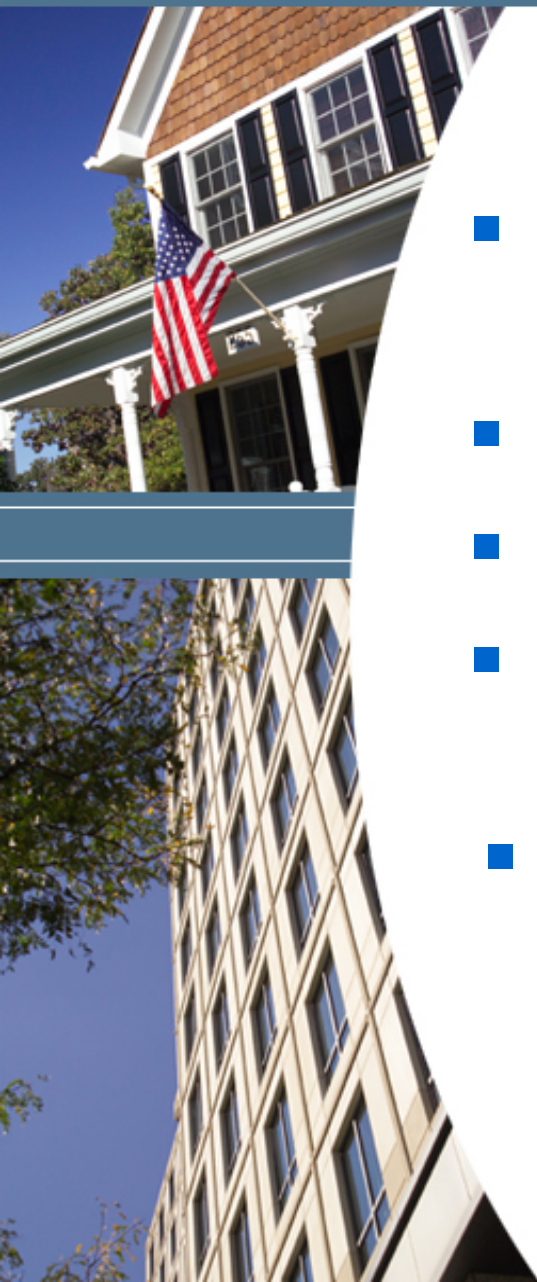


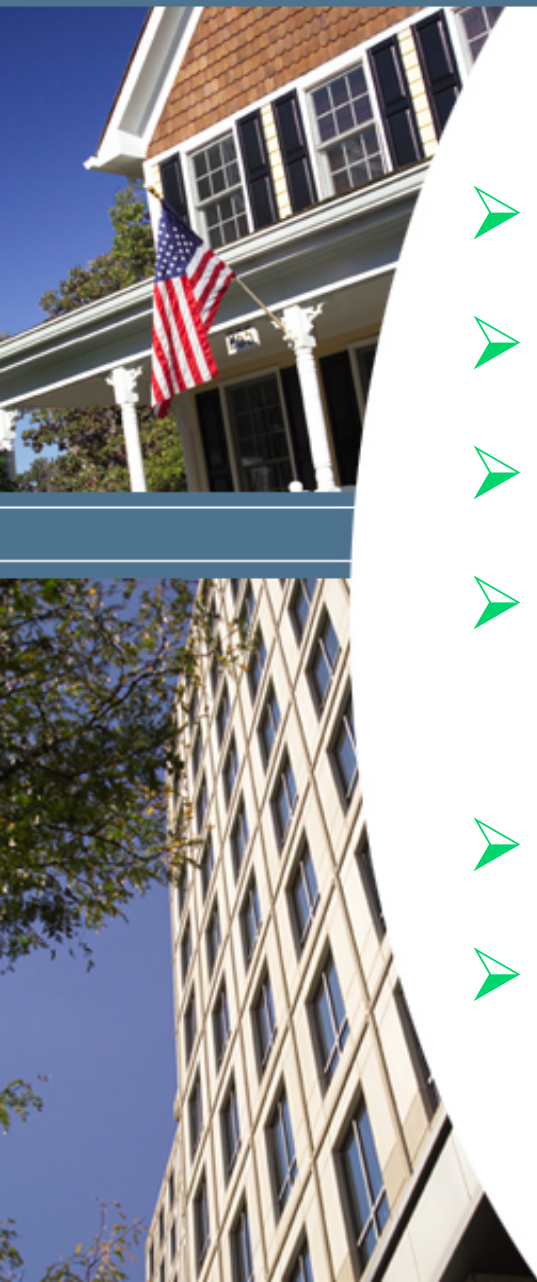
➤ Available to both homeowners and renters


- 100% financing
- 3% minimum investment not required
- Must pay closing costs and pre-paids
 - New home can be anywhere in the U.S.
 - Must apply within one (1) year
- Prior residence must have been located in a federally declared disaster area

Energy Efficient Mortgage (EEM)

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- In addition to the purchase/refinance requirements, borrower can finance up to 100% of energy efficient improvements.
 - One to four unit properties including condos and manufactured homes
 - The maximum loan increase (financed improvements) may not exceed the lesser of 5% of the property value or \$8,000.
 - **(A minimum of \$4,000 is assured regardless of appraised value)**

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- Covers energy improvements for new and existing homes
 - No re-qualifying required
 - No additional down payment required
 - No new appraisal required
 - Appraisal is not subject to the improvements
 - Statutory loan limits may be exceeded to finance improvements

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- The ONLY insured reverse mortgage
 - Access equity with deferred repayment
 - “Convert” illiquid asset to liquid funds
 - Loan available to homeowners 62 years of age or older
 - Must occupy home as principal residence
 - Must complete HECM counseling

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- The loan allows senior homeowners to convert the equity in their homes into cash with no monthly repayment obligation
 - The amount of a HECM loan is based on 3 factors:
 - **Age of youngest borrower**
 - **Expected interest rate**
 - **Property value/statutory loan limits**
 - The older the borrower, the lower the interest rate, the higher the home value, the more money the senior homeowner can access



➤ **Existing Properties** (No proposed construction)

➤ **Single Family, 1-4 unit homes**

Note: 2-4 unit properties; calculation based on one unit loan limit

➤ **Manufactured Homes**

➤ **PUDs**

➤ **Condominiums**

**All properties must meet MPR/MPS
(Minimum Property Requirements/Standards)**

HECM Endorsements FY 2001 - 2008



2001 2002 2003 2004 2005 2006 2007 2008

