

2008 FHA PROVISIONS

TEMPORARY LOAN LIMITS

In March 2008, the US Department of Housing and Urban Development published new FHA and conforming loan limits based on median home prices, as mandated by the Economic Stimulus Act. The new limits are calculated at 125 percent of the HUD-published median prices, with a floor of \$271,050 and a ceiling of \$729,750. (HUD median home prices differ from those published by the National Association of REALTORS® because HUD uses a variety of different sources and criteria.)

The new loan limits remain in place until December 31, 2008.

NAR anticipates that raising FHA loan limits will help an additional 138,000 Americans achieve home ownership and will allow refinancing by nearly 200,000 homeowners who otherwise might have faced foreclosure. NAR also believes that increasing the loan limits for Fannie Mae and Freddie Mac will bolster the housing finance market by providing an immediate infusion of needed liquidity into the mortgage market.

FHASECURE INITIATIVE

FHASecure is a refinancing option for credit-worthy homeowners who were making timely mortgage payments but fell into default after their loans reset the payments to higher levels.

It requires that the loan application be signed no later than December 31, 2008.

FHASecure is designed only for homeowners who are delinquent because their adjustable rate mortgage has reset to a higher payment. There is no limit on how far behind a borrower can be on a mortgage or how many payments have been missed. An interest-only adjustable rate mortgage (ARM) qualifies for this program, but an interest-only fixed-rate non-FHA mortgage does not.

FHASecure may not be used by homeowners who simply want to refinance to take advantage of lower interest rates or to consolidate debt, and it may not be used to solicit homeowners to stop making timely mortgage payments.

FHA's geographical loan limits, and the size of loans it insures, stay the same in FHASecure. Borrowers who are current on their mortgage but face an ARM reset can be assisted through FHA's standard refinancing programs.

Under FHASecure, lenders may voluntarily write down outstanding subprime mortgage principal balances to a 97 percent or even 90 percent loan-to-value ratio. Lenders may make additional arrangements—such as subordinate financing—to fill the gap between the existing loan balance and the FHA-insurable loan amount.

To learn more, go to www.realtor.org/government_affairs/fha_resources



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