

What Should I Do If I Can't Make A Payment Or Fall Behind On An FHA Loan?

If you fall behind on an FHA loan, there are some great tips in this [vignette](#), like:

- Call or write to your lender as soon as possible.
- Clearly explain the situation and be prepared to provide financial information.
- If you fall behind on an FHA loan – Keep living in your home to qualify for assistance.
- Contact a HUD-approved housing counseling agency and cooperate with the counselor/lender trying to help you.

HUD has a number of special loss mitigation programs available to help you:

- Special Forbearance – your lender will arrange for a revised repayment plan which may include temporary reduction or suspension of payments; you can qualify by having an Involuntary reduction in your Income or Increase In living expenses.
- Mortgage Modification – allows you to refinance debt and/or extends the term of the your mortgage loan which may reduce your monthly payments; you can qualify if you have recovered from financial problems, but your net income Is less than before the problem.
- Partial Claim – your lender maybe able to help you obtain an interest-free loan from HUD to bring your mortgage current.
- Preforeclosure Sale – allows you to sell your property and pay off your mortgage loan to avoid foreclosure.
- Deed-In-Lieu Of Foreclosure – lets you voluntarily “give back” your property to the lender it won't save your

house but will help you avoid the costs, time, and effort of the foreclosure process.

If, *after you fall behind on an FHA loan*, you are having difficulty with an-uncooperative lender or feel your loan servicer is not providing you with the most effective loss mitigation options, contact the [FHA Loss Mitigation Center](#) for additional help.

[What Should I Do If I Can't Make A Payment Or Fall Behind On An FHA Loan?](#) is a post from [Life and Real Estate in Campbell CA](#), which is not to be copied on other sites.

Can I Assume An Existing FHA Insured Loan?

The [vignette](#) puts this in more visual terms, but yes! You can assume an existing FHA insured loan, or, if you are the one deciding to sell allow a buyer to assume yours.

Assuming a loan can be very beneficial since the process is streamlined and less expensive compared to that for a new loan. Also, assuming a loan can often result in acquiring a mortgage with a lower interest rate.

The application process consists basically of a credit check and no property appraisal is required. And you must demonstrate that you have enough income to support the mortgage loan. In this way, qualifying to assume an FHA loan is similar to the qualification requirements for a new one.

[Can I Assume An Existing FHA Insured Loan?](#) is a post from [Life and Real Estate in Campbell CA](#), which is not to be copied on

other sites.

How Does My Credit History Impact My Ability To Qualify?

The FHA is generally more flexible than conventional lenders in its qualifying guidelines. As we show you in this [vignette](#), the FHA allows you to re-establish credit if:

- two years have passed since a bankruptcy has been discharged [FHA Back To Work Program](#)
- all judgments have been paid
- any outstanding tax liens have been satisfied or appropriate arrangements have been made to establish a repayment plan with the IRS or state Department of Revenue
- three years have passed since a foreclosure or a deed-in-lieu has been resolved

If you prefer to pay debts in cash or are too young to have established credit, there are other ways to prove your eligibility. Talk to your lender for details.

[How Does My Credit History Impact My Ability To Qualify?](#) is a post from [Life and Real Estate in Campbell CA](#), which is not to be copied on other sites.

What Is The Debt To Income Ratio For FHA Loans?

Remember the pointers from this video: as of 2013, the FHA allows you to use 29% of your income towards housing costs and 41% towards housing expenses and other long-term debt.

UPDATE: As of 2015, the FHA *debt to income ratios* allow you to use 31% of your income towards housing costs and 43% towards housing expenses and other long-term debt.

[CFPB 2014: What is a debt to income ratio? Why is the 43% debt to income ratio important?](#)

You may qualify to exceed if you have: a large down payment a demonstrated ability to pay more toward your housing expenses substantial cash reserves net worth enough to repay the mortgage regardless of income evidence of acceptable credit history or limited credit use less-than-maximum mortgage terms funds provided by an organization a decrease in monthly housing expenses.

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What Types Of Closing Costs Are Associated With FHA-Insured Loans?

While this [vignette](#) simplifies things to help you remember, except for the addition of an FHA mortgage insurance premium, FHA closing costs are similar to those of a conventional loan.

As of 2013, the FHA requires a single, upfront mortgage insurance premium equal to 2.25% of the mortgage to be paid at closing (or 1.75% if you complete the HELP program).

This initial premium may be partially refunded if the loan is paid in full during the first seven years of the loan term.

After closing, you will then be responsible for an annual premium – paid monthly – if your mortgage is over 15 years or if you have a 15-year loan with an LTV greater than 90%.

HUD: Mortgagee Letter 2015-01

Earlier this morning, January 9, 2015, the Federal Housing Administration (FHA) released an official statement regarding the Mortgage Insurance reduction. The letter stated the reduction from 1.35% to 0.85% would take place on January 26th, 2015. This means that all FHA loans originated on or after January 26th will pay the reduced monthly Mortgage Insurance – a full half a point less than home buyers who bought before January 26th. You can read the official letter [here](#).

The following table shows the existing and the new annual MIP rates by amortization term, base loan amount and Loan to Value (LTV) ratio. **All New MIP amounts set forth in this table are effective for case numbers assigned on or after January 26, 2015.**

Term > 15 Years			
Base Loan Amt.	LTV	Previous MIP	New MIP
≤ \$625,500	≤ 95.00%	130 bps	80 bps
≤ \$625,500	> 95.00%	135 bps	85 bps
> \$625,500	≤ 95.00%	150 bps	100 bps
> \$625,500	> 95.00%	155 bps	105 bps
Term ≤ 15 Years			
≤ \$625,500	≤ 90.00%	45 bps	45 bps
≤ \$625,500	> 90.00%	70 bps	70 bps
> \$625,500	≤ 90.00%	70 bps	70 bps
> \$625,500	> 90.00%	95 bps	95 bps

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What Is HUD?

The U.S. Department of Housing and Urban Development – also known as HUD – was established in 1965 to develop national policies and programs to address housing needs in the U.S.

As you'll see in the [vignette](#), one of HUD's primary missions is to create a suitable living environment for all Americans by developing and improving the country's communities and enforcing fair housing laws HUD is working to strengthen the housing market to bolster the economy and protect consumers meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; and build inclusive and sustainable communities free from discrimination.

[What Is HUD?](#) is a post from [Life and Real Estate in Campbell CA](#), which is not to be copied on other sites.

What Are The Steps Involved In The FHA Loan Application Process?

The [vignette](#) puts this in more visual terms, but with the exception of a few additional forms, the steps involved in the FHA loan application process are similar to that of a conventional loan.

With new automation measures FHA loans may be originated more quickly than before. And, if you don't prefer a face-to-face meeting, you can apply for an FHA loan via mail, telephone the Internet, or video conference.

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What Qualifies As An Income Source For The FHA?

Watch this [vignette](#) and take a few notes on what qualifies as an income source for the FHA:

- seasonal pay
- child support
- retirement pension payments
- unemployment compensation
- VA benefits
- military pay
- Social Security income
- alimony, and
- rent paid by family

all qualify as income sources.

Part-time pay, overtime, and bonus pay also count as long as they are steady. Special savings plans-such as those set up by a church or community association – qualify, too. According to HUD, income type is not as important as income steadiness with the FHA.

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What Is The FHA Loan Limit?

As we show you in this [vignette](#), as of 2013, FHA loan limits vary throughout the country, from \$115,200 in low-cost areas to \$208,800 in high-cost areas. The loan maximums for multi-unit homes are higher than those for single units and also vary by area. As of November 13, 2014, the [FHA loan limit](#) for Santa Clara County, CA, begins at \$625,000 for single-family households, increasing incrementally to \$1,202,925 for four-family households (Median Sale Price- \$820,000).

Because these maximums are linked to the conforming loan limit and average area home prices FHA loan limits are periodically subject to change.

There is no minimum income requirement for an FHA loan. But you must prove steady income for at least three years and demonstrate that you've consistently paid your bills on time. You can't roll closing costs into your FHA loan, but you may be able to use the amount you pay for them to help satisfy the down payment requirement.

Ask your lender for details and confirmation of current limits.

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How Can I Receive A Discount On The Initial FHA Mortgage Insurance Premium?

Ask your [KW REALTOR®](#) or lender for information on the HELP program from the FHA.

As we show you in this [vignette](#), HELP – Homebuyer Education Learning Program – is structured to help first time buyers begin the home-buying process. It covers such topics as budgeting, finding a home, getting a loan, and home maintenance.

In most cases, completion of the HELP program may entitle you to a discount on the initial FHA mortgage insurance premium from 2.25% to 1.75% of the purchase price of your new home.

HELP Programs In California

- [Homebuyer Programs Sorted by City: California](#)
- [California Homebuyer's Downpayment Assistance Program \(CHDAP\)](#)
- [Housing Trust Silicon Valley-first-time-buyers](#)
- [Housing Trust Silicon Valley-closing-cost-assistance-program](#)
- [Housing Trust Silicon Valley-mortgage-assistance-program](#)

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How Does HUD Help Homebuyers And Homeowners?

HUD helps people by administering a variety of programs that develop and support affordable housing. As you'll see in the [vignette](#), HUD plays a large role in home-ownership by making loans available for lower- and moderate-income families through its FHA mortgage insurance program and its HUD Homes program.

HUD owns homes in many communities throughout the U.S. and offers them for sale at attractive prices and economical terms.

HUD also seeks to protect consumers through education, Fair Housing Laws, and housing rehabilitation initiatives.

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What Are 203b And 203k Loans?

The [vignette](#) puts this in more visual terms, but the **203b** loan is the most commonly used FHA program. It offers a low down payment, flexible qualifying guidelines limited lender's fees, and a maximum loan amount.

203k loans enable homebuyers to finance both the purchase and rehabilitation of a home through a single mortgage. A portion of the loan is used to pay off the seller's existing mortgage and the remainder is placed in an escrow account and released as rehabilitation is completed.

Basic guidelines for **203k** loans are as follows:

- The home must be at least one year old.
- The cost of rehabilitation must be at least \$5,000, but the total property value – including the cost of repairs must fall within the FHA maximum mortgage limit.

The **203k** loan must follow many of the **203b** eligibility requirements. Lenders will know specifics about improvement, energy efficiency, and structural guidelines.

[What Are 203b And 203k Loans?](#) is a post from [Life and Real Estate in Campbell CA](#), which is not to be copied on other sites.

How Can The FHA Assist Me In Buying A Home?

Remember these points from the [vignette](#): the FHA works to make home ownership a possibility for more Americans. With the FHA, you don't need perfect credit or a high-paying job to qualify for a loan. The FHA also makes loans more accessible by requiring smaller down payments than conventional loans.

In fact, an FHA down payment could be as little as a few months rent. And your monthly payments may not be much more than rent.

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