



# Federal Housing Administration Single Family 101

Presented by The HUD Offices  
of Single Family Housing

**Audio is only available by conference call**

**Please call: 844-867-6169**

**Participant Access Code: 4380793**

**June 10, 2021**

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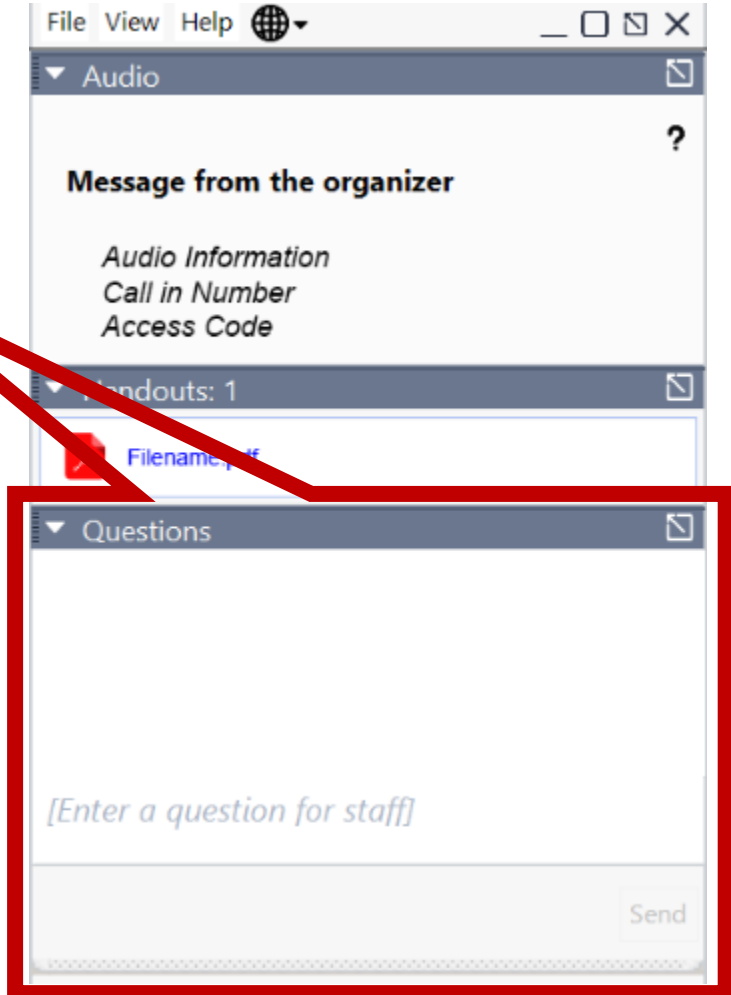
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- If your phone is unmuted during Q&A period, please do not use a speaker phone

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- Please submit your text questions & comments using the **Questions Panel**. We will answer some of them during the webinar.
- You can also send questions to: [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov) with the topic in the subject line.



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OHC funded training partners  
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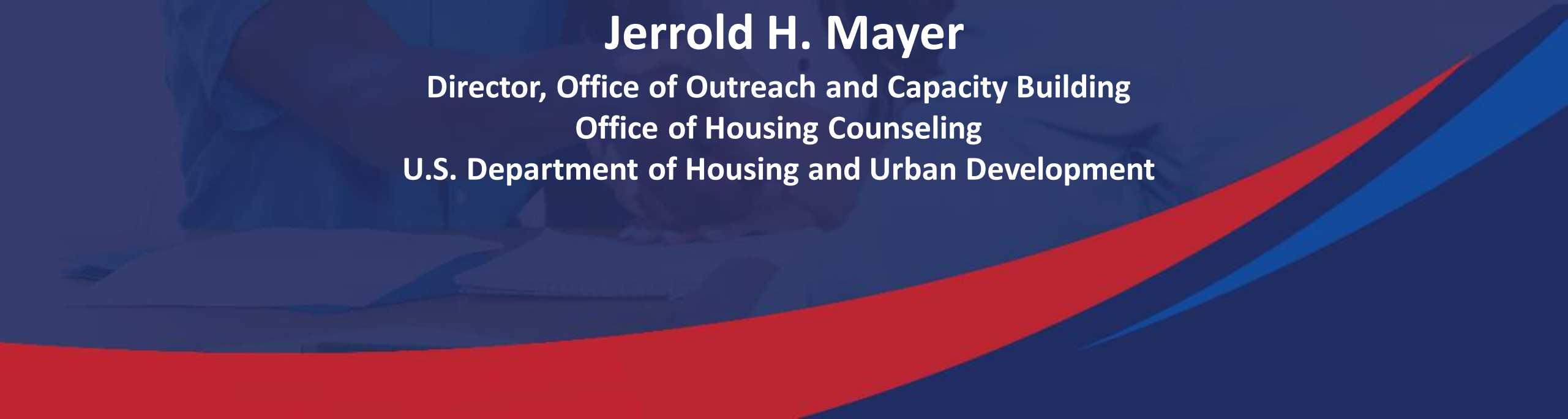


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# Introduction

**Jerrold H. Mayer**

**Director, Office of Outreach and Capacity Building  
Office of Housing Counseling  
U.S. Department of Housing and Urban Development**





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# Federal Housing Administration Single Family 101

**Esther Yamashiro**

**Housing Program Officer  
Santa Ana Homeownership Center  
Office of Single Family Housing**

A decorative graphic at the bottom of the slide consists of a thick red curved band that transitions into a thinner blue curved band on the right side.



# What is FHA?

- At the Federal Housing Administration (FHA), we provide mortgage insurance on loans made by FHA-approved lenders. In fact, we're one of the largest mortgage insurers in the world. Since 1934, we've helped millions of families become homeowners.
- FHA is the only government agency that primarily operates from itself generated income.
- We collect mortgage insurance premiums from borrowers via lenders. We use this income to operate our mortgage insurance programs for the benefit of homebuyers, renters, and communities.

# Why FHA?

- Flexible Qualifying
  - Lower minimum FICO requirements
  - Minimal down-payment: 3.5%
  - Gifts permitted for down-payment and closing costs
  - Secondary Financing
- Property Improvement Mortgages
- Reverse Mortgage
- FHA loans are fully assumable

# Homeownership Center (HOC)

Atlanta HOC	Denver HOC	Philadelphia HOC	Santa Ana HOC
Alabama	Arkansas	Connecticut	Alaska
Florida	Colorado	Delaware	Arizona
Georgia	Iowa	District of Columbia	California
Illinois	Kansas	Maine	Hawaii
Indiana	Louisiana	Maryland	Idaho
Kentucky	Minnesota	Massachusetts	Nevada
Mississippi	Missouri	Michigan	Oregon
North Carolina	Montana	New Hampshire	Washington
South Carolina	New Mexico	New Jersey	Guam
Tennessee	Nebraska	New York	America Samoa
Caribbean	North Dakota	Ohio	Northern Marianas
	Oklahoma	Pennsylvania	
	South Dakota	Rhode Island	
	Texas	Vermont	
	Utah	Virginia	
	Wisconsin	West Virginia	
	Wyoming		

# FHA Single Family

- Residential
  - Single Family Dwelling
  - Condominiums
  - 2-to-4 units
  - Manufactured Housing
- Owner Occupied, Principal Residences
- Second Homes-Must be authorized by Homeownership Center (HOC)
- Non-Owner Occupied-Government Entity/Non-Profit

# Single Family Programs

- **Forward Mortgages**
  - Purchase
  - Refinance
  - Property Improvement
    - Repair/Rehabilitation
    - Energy Efficient
    - Weatherization
  - Disaster Loan 203 (h)
- **Home Equity Conversion Mortgages (HECM)**
- **Title I**

# Forward Mortgages – Purchase

- Minimal down payment required: 3.5%
- Gifts/Grants allowed for 100 percent of down payment, closing costs and pre-paid costs.
- Lower minimum FICO requirements
  - 96.5% LTV: 580
  - 90.0% LTV: 500
- Secondary Financing
  - Down Payment
  - Closing Cost/Prepays

# Forward Mortgages – Refinance

## **No Cash-Out**

- 97.75% LTV

## **Simple Refinance**

- Existing FHA loans only
- Only the outstanding principal balance
- 97.75% LTV

## **Cash-Out**

- 80% LTV

## **Streamline**

- Existing FHA loans only
- Non-Credit Qualifying
- Credit Qualifying

# Forward Mortgages – Property Improvement

## **203(k)**

- Limited
  - Maximum amount of repairs \$35,000
  - Minor repairs/Non-structural
- Standard
  - Repair/Remodel/Rehab
  - Consultant is required

## **Energy Efficient**

- Energy Rater is required
- Debt-to-Income (DTI) calculated on initial mortgage amount

## **Weatherization**

- Minor repairs Completed within 30 days



# Forward Mortgages – Disaster Loan 203(h)

- Residence must be destroyed or requires reconstruction
- Must be in a Presidentially Declared Major Disaster Area (PDMDA)
- May relocate to anywhere in the U.S.
- Eligible for 100% financing
- Qualifying flexibilities
- Not required to have an existing FHA-insured loan
- May have been a renter whose residence was destroyed or requires reconstruction
- Must apply within 1 year of disaster declaration

# Mortgage Insurance Premiums-Forward

## Upfront Mortgage Insurance Premium (UFMIP)

All Mortgages: 175 Basis Points (bps) (1.75%) of the Base Loan Amount.

Exceptions:

- Streamline Refinance and Simple Refinance Mortgages used to refinance a previous FHA-endorsed Mortgage on or before May 31, 2009
- Hawaiian Home Lands (Section 247)
- Indian Lands (Section 248)

Indian Lands (Section 248) do not require a UFMIP.

# Mortgage Insurance Premiums-Forward

Almost all FHA loans are required to charge an up-front mortgage insurance premium, commonly known as UFMIP.

## **How to calculate UFMIP:**

Base Loan Amount: \$100,000 *multiplied by*

UFMIP 1.75%: 1,750

Total Loan Amount: \$101,750

The borrower has the option of paying the UFMIP in cash and is not required to finance it in the loan amount.

# Annual Mortgage Insurance Premiums-Forward

<b>Annual Mortgage Insurance Premium (MIP)</b>			
Applies to all Mortgages except:			
<ul style="list-style-type: none"> <li>• Streamline Refinance and Simple Refinance Mortgages used to refinance a previous FHA endorsed Mortgage on or before May 31, 2009</li> <li>• Hawaiian Home Lands (Section 247)</li> </ul>			
Hawaiian Home Lands (Section 247) do not require Annual MIP.			
<b>Mortgage Term of More Than 15 Years</b>			
<b>Base Loan Amount</b>	<b>LTV</b>	<b>MIP (bps)</b>	<b>Duration</b>
Less than or equal to \$625,500	≤ 90.00%	80	11 years
	> 90.00% but ≤ 95.00%	80	Mortgage term
	> 95.00%	85	Mortgage term
Greater than \$625,500	≤ 90.00%	100	11 years
	> 90.00% but ≤ 95.00%	100	Mortgage term
	> 95.00%	105	Mortgage term
<b>Mortgage Term of Less than or Equal to 15 Years</b>			
<b>Base Loan Amount</b>	<b>LTV</b>	<b>MIP (bps)</b>	<b>Duration</b>
Less than or equal to \$625,500	≤ 90.00%	45	11 years
	> 90.00%	70	Mortgage term
Greater than \$625,500	≤ 78.00%	45	11 years
	> 78.00% but ≤ 90.00%	70	11 years
	> 90.00%	95	Mortgage term

The duration cannot be reconsidered and MI MUST last for the entire term as listed.

# Home Equity Conversion Mortgages

**Home Equity Conversion Mortgage (HECM) is FHA's reverse mortgage product**

- All borrowers:
  - Must be 62 years of age or older
  - Must occupy the property as their primary residence
  - Must complete HECM counseling with a HUD-approved counselor

# HECMs

- HECMs (Home Equity Conversion Mortgage) is the point where Single Family and Housing Counseling intersect.
- Almost all HECM loans require counseling provided by a HUD-approved Housing Counseling Agency.
- Who else is counseled?
  - Non-Borrower Spouse
  - Attorney in Fact
  - Conservators

# Why is Counseling Necessary?

- HECMs are very different from forward mortgages
  - Rising balance
  - Non-Recourse
  - No Impounds for Taxes and Insurance
  - Must be the borrower's primary residence for the life of loan
- Due in part to these difference, it's important the borrower(s) understand their rights and obligations for a HECM loan.
- That's where the Office of Housing Counseling comes in.

# Life Expectancy Set-Aside or LESA

- Partial or Fully Funded
- May be required depending on the borrower's eligibility
  - Credit History
  - Property Charge Payment History
  - Residual income Shortfall
  - Extenuating Circumstances Cannot be Documented
- Directly impacts the amount of funds available to the borrower
- May be place voluntarily by the borrower



# Common Themes Heard at the HOC

- Counseling Certificates cannot be transferred to a new case number when the original transaction is not completed.
- Under what circumstances would a counselor not issue a certificate?
- What and why do the borrowers need a LESA?
- HECMs can take a while to close. Borrowers have stopped paying the payments on their current mortgage thinking that they no longer have to pay it since they are obtaining a HECM mortgage to pay it off.

# Mortgage Insurance-HECMs

- UFMIP is 2% of the Maximum Claim Amount
- Annual Premium is .50% accrued monthly

# HUD Resources Links

## **SF Handbook Information:**

- [https://www.hud.gov/program\\_offices/housing/sfh/handbook\\_4000-1](https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1)

## **Upcoming Single Family Housing Events and Training:**

- [https://www.hud.gov/program\\_offices/housing/sfh/events](https://www.hud.gov/program_offices/housing/sfh/events)

## **Subscribe to FHA INFO:**

- [https://www.hud.gov/program\\_offices/housing/sfh/FHA\\_INFO\\_subscribe](https://www.hud.gov/program_offices/housing/sfh/FHA_INFO_subscribe)

## **COVID-10 Loss Mitigation:**

- <https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-05hsgml.pdf>

# FHA Resource Center

	Option	Point of Contact	Hours Available	Comments
1	FHA Knowledge Base – FAQs	<a href="http://www.hud.gov/answers">www.hud.gov/answers</a>	24/7/365	Knowledge Base web page includes option to email questions.
2	Email	<a href="mailto:answers@hud.gov">answers@hud.gov</a>	24/7/365	
3	Telephone	1-800-CALL-FHA (1-800-225-5342) Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.	8:00 AM to 8:00 PM Eastern M-F	Voicemail is available after hours or during extended wait periods.

**FHA INFO:** Receive notifications on FHA Single Family Housing news including policy announcements, Mortgagee Letters, Federal Register notices, Single Family Housing Handbook updates, training, and educational offerings, job opportunities, and more. Subscription is free. To join the FHA INFO email list, visit [https://public.govdelivery.com/accounts/USHUDFHA/subscriber/new?qsp=USHUDFHA\\_4](https://public.govdelivery.com/accounts/USHUDFHA/subscriber/new?qsp=USHUDFHA_4)



# Questions



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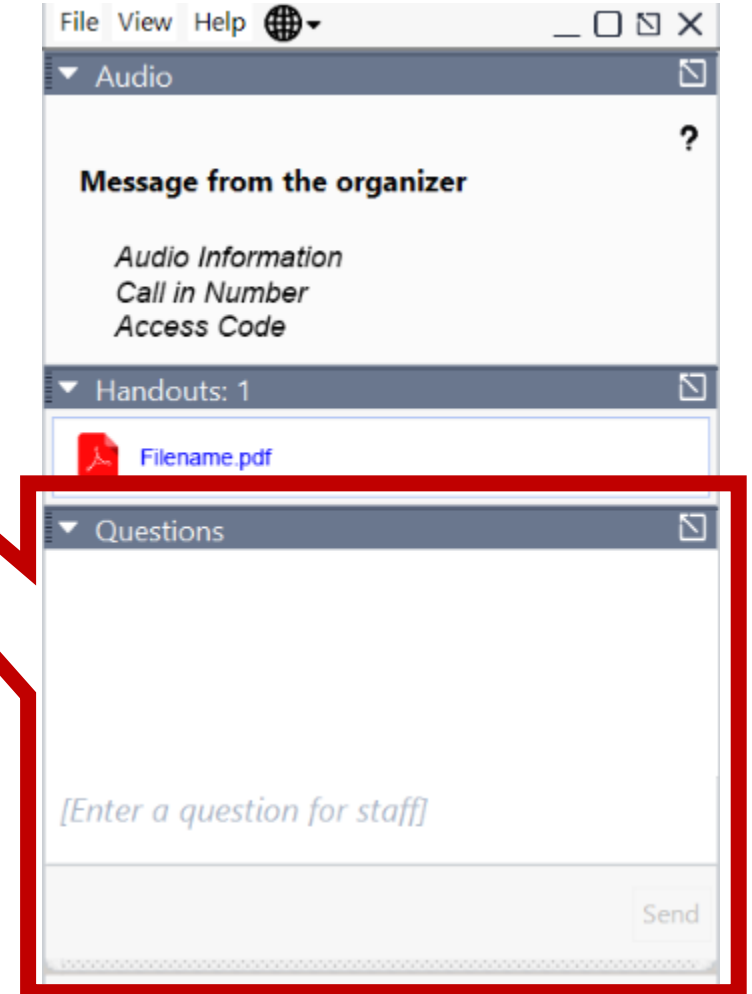
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To your clients?
- Will you share the information  
with your co-workers?
- Any other comments?



# Office of Housing Counseling



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[www.hudhousingcounselors.com](http://www.hudhousingcounselors.com)

**Email us at:**

[housing.counseling@hud.gov](mailto:housing.counseling@hud.gov)

**The Bridge:**

<https://www.hudexchange.info/programs/housing-counseling/the-bridge/>





Thank You for  
Attending!