FHA Loans

A Guide to FHA Financing

CRESTWAY GROUP
MORTGAGE LOAN SOLUTIONS
PLANNING FOR BETTER FUTURES

A History of the FHA

Before FHA loans became available, buying a home usually required a 50% down payment. The remaining 50% of the home's price was expected to be repaid within one to five years.

- The National Housing Act of 1934 created the Federal Housing Administration (FHA) to help stimulate new home construction. It also regulated the rates of interest and terms of the mortgages it insured.
- The FHA set up criteria for property appraisals and provided loan insurance to lenders, reducing their risks.
- The FHA insures mortgages on single-family and multi-family properties.
- Since 1934, the FHA and HUD have insured over 46 million home mortgages.

Program Highlights

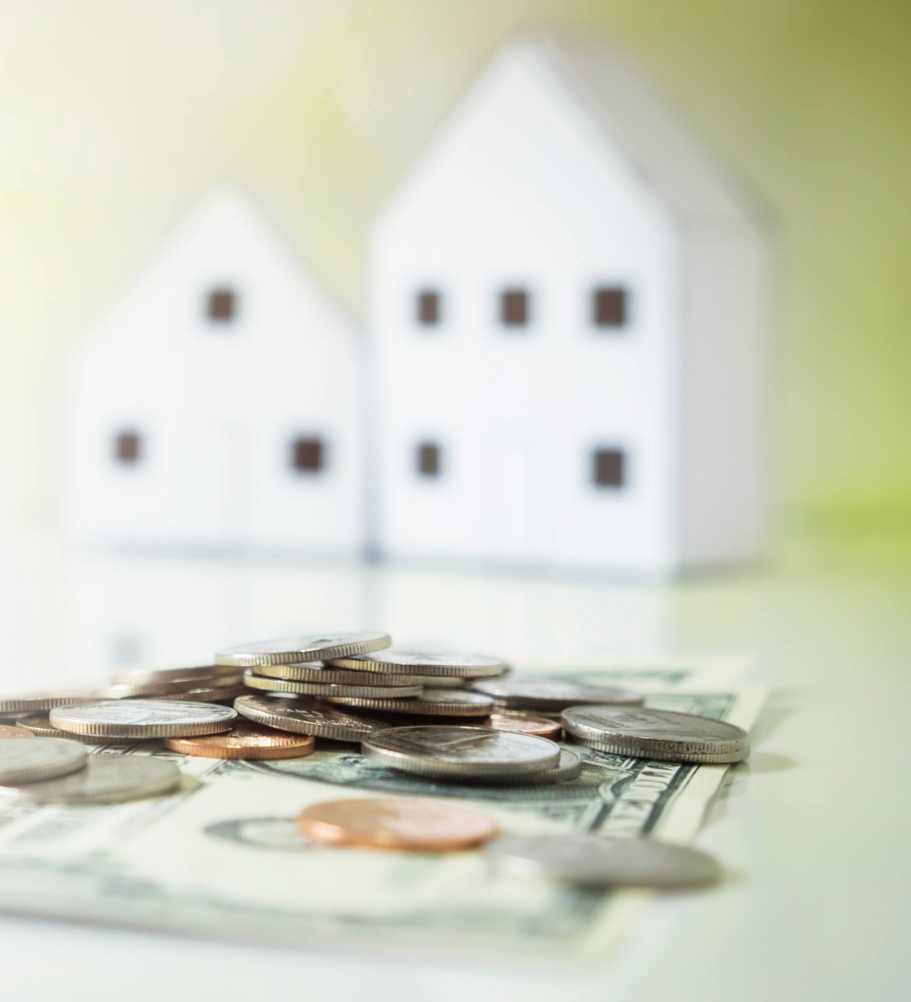
First-Time home buyers may see many buyer-friendly features when using an FHA loan.

- Fixed Rate and Adjustable Rate Mortgages (ARM) available
- Down payments as low as 3.5% of a property's purchase price.
- Closing costs for FHA loans are generally lower than other types of mortgages.
- FHA loans do not require high FICO credit scores and may even allow potential borrowers to substitute a non-traditional credit history to qualify.
- This usually consists of an on-time history of rent, loan and utility payments.

FHA Insurance

FHA loans may require a borrower to pay two types of insurance.

- "Up front" premium or UPMIP
    - Paid at the time of closing, but can be included in the mortgage payment
- Annual Insurance Premium (MIP)
    - Based on Loan-to-Value (LTV) and paid in installments for the life of the FHA loan



FHA loans may be used to purchase

- Single-family
- Multi-family
- 3-4 unit properties
- Condominiums
- New Construction
- Manufactured Homes
- Planned Unit Developments

Questions about FHA Financing?

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