

FHASecure Frequently Asked Questions for Homeowners

Eligibility

How far behind can you be on a mortgage to qualify? What about more than 90 days?

There isn't a limit on how far behind you can be on your mortgage or how many payments you've missed. Whether you're current, one month behind or multiple payments behind, the amount you can refinance will depend on the value of your property and how much you owe and if the lender, or another eligible source, is willing to take back a second mortgage to help bridge the gap between what is owed and your home's value.

Must I be delinquent, and for a certain period of time, in order to be eligible for FHASecure?

No, and FHA encourages homeowners facing reset to refinance before they fall behind on their mortgage.

I have a fixed rate mortgage and have fallen on bad times. What about me?

Homeowners facing financial difficulties and unable to make their mortgage payments are strongly encouraged to contact their lender. Many lenders offer assistance to their borrowers to help them bring their mortgage current. Homeowners may also want to contact a HUD-approved housing counseling agency to find out about programs that may be able to assist them, especially if communication with the lender has broken down. To find a HUD-approved housing counseling agency, please call 1-800-569-4287 or search online.

I have an interest-only mortgage. Am I eligible for FHASecure?

So long as you are current on your mortgage, you are eligible for an FHASecure refinance. If you are delinquent, the default must have been due to the payment shock of an interest rate reset or, in the case of an Option ARM, the "recasting" of the mortgage to fully amortizing.

Are there any programs for people already in foreclosure?

It is possible that FHASecure may help homeowners already in foreclosure but each situation is unique and depends upon the value of your home and how much you owe, and if the lender is willing to offer a second mortgage. Homeowners facing foreclosure are strongly encouraged to talk with their lenders, possibly with the assistance of a HUD-approved housing counseling agency, to determine the best course of action. To find a HUD-approved housing counseling agency, please call 1-800-569-4287 or search online.

Paying Off Your Mortgage(S) and Your Home's Value

What if I have a prepayment penalty and other refinancing costs and there isn't enough equity in my home for me to refinance?

If you do not have sufficient equity in your home to add your prepayment penalty and/or other refinancing costs into your new FHA mortgage, then you should ask your lender to consider a second mortgage to pay the difference or a short payoff on your existing loan. Offering either of these options is at the discretion of the lender.

What if the average home price is above the FHA loan limit for my area? Are the FHA loan limits changing for this program?

FHA's geographical loan limits and how much it can insure are established by law. Although the FHA insured mortgage cannot exceed those loan limits, when a lender is willing to combine a first and second mortgage, the amount of the second could exceed the maximum loan limit for your area.

Does it matter that the value of my home is now less than what I still owe?

Not to FHA but the mortgage lender considering the refinance would have to be willing to accept a short payoff on the existing loan OR to hold a second mortgage to make up the difference needed to pay off the existing mortgage and the home's value.

If I have first and second mortgages can both loans be included in FHA Secure?

Yes, but only if the combined amount is within the FHA geographical loan limit. If the combined amount exceeds the FHA loan limit and/or the loan-to-value limit, your lender could offer you a second mortgage to make up the difference.

General

How can FHA help homeowners stay in their homes?

FHA Secure gives homeowners with non-FHA adjustable rate mortgages (ARMs), current or delinquent and regardless of reset status, the ability to refinance into a FHA insured mortgage. With FHA Secure, the lender will not automatically disqualify you because you are delinquent on your loan, and the lender may offer you a second mortgage to make up the difference between the value of your property and what you owe, including standard refinancing costs.

Why should I consider refinancing into a FHA insured mortgage?

FHA insured mortgages do not allow for prepayment penalties, teaser rates or balloon payments. They are offered at market rate with terms up to 30 years and are fully amortized, meaning that you pay towards principal and interest every month.

Is this program going to help people who shouldn't have gotten a home loan in the first place?

People will still have to qualify for a FHA insured mortgage, based on their capacity to make the monthly mortgage payments. Unfortunately, those who shouldn't have gotten a home loan in the first place will not be able to qualify for FHA Secure or other FHA refinancing options. They should contact their lender or a HUD-approved housing counseling agency for assistance. To find a housing counseling agency, homeowners can call 1-800-569-4287 or visit www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm.

If this program won't help everyone, why is FHA making it available?

FHA recognizes that foreclosures and vacant properties affect home values, contribute to neighborhood decline and cost local governments due to additional services and lost revenues. FHA is offering this program to help prevent that type of negative impact on a community.

What is this program going to cost taxpayers?

Because the borrower pays the FHA mortgage insurance premium, taxpayers do not pay for FHA Secure or other FHA programs. FHA borrowers pay their own way, and potentially avoid foreclosures that contribute to neighborhood decline, property depreciation and decreased revenues to the locality.

Does this program help responsible people who pay their bills on time?

Any homeowner who is current on their mortgage can refinance to a FHA insured loan at any time if it makes financial sense for them to do so. And for those homeowners with non-FHA adjustable rate mortgages who are current but owe more than their home is worth, it is now possible for them to refinance into a more affordable FHA insured mortgage and the lender may execute a second mortgage at closing to pay the difference.

Why isn't FHA going after the lenders who approved these types of loans in the first place?

FHA was established to insure mortgages. It does not have the authority to regulate transactions that do not involve FHA financing.