

# HUD/FHA CREDIT ENHANCEMENT PRODUCTS



Interagency CRA Workshop  
Sioux Falls, SD  
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# HUD/FHA PRODUCTS

- ◎ FHA Single Family Insured Loans
- ◎ Housing Counseling agencies
- ◎ Working with nonprofit agencies
- ◎ FHA Multifamily Insured Loans
- ◎ Hospitals and assisted living centers
- ◎ Other HUD funds

# FHA SINGLE FAMILY INSURED LOANS

- ◉ Eligible for 1-4 unit family homes
- ◉ Owner-occupied
- ◉ Loan limit of \$271,050
- ◉ Low down payment of 3.5%
- ◉ Market interest rate
- ◉ Other costs as customary in local market
- ◉ Assumable
- ◉ Can be refinanced/streamline with or without appraisal/cash out (85%)

# HOW DO YOU PARTICIPATE IN FHA

- ◎ Lender approval changed effective May 20
  - Small lenders no longer approved by HUD
  - May work with larger lenders to do FHA loans

Coming this fall, GNMA will allow lenders to securitize single loans, and will issue pools on a daily, not monthly, basis.

# BENEFITS

Use an FHA loan with down payment assistance from the state or other approved agency to help lower income borrowers get into a first home



# ENERGY EFFICIENT MORTGAGES

## ○ Energy Efficient Mortgages (EEM)

- Max 5% of home value
- Requires a Home Energy Rating
- No additional credit qualifying
- Costs may exceed appraised value

# FHA SINGLE FAMILY REHAB

## ◎ 203k Purchase/Rehabilitation Insured Loan

- Purchase or Refinance
  - Disability rehabilitation
  - Lead based paint issues
  - Modernization

## ◎ Streamline 203k -

Cosmetic rehab

Max \$35,000



# FHA REVERSE MORTGAGES

## (HOME EQUITY CONVERSION MORTGAGES-HECM)

- ◉ Allows older people to remain in their home—funds for home repairs and other regular living expenses
- ◉ Must complete housing counseling prior to any loan approval
- ◉ May improve lifestyle for older owners and improve local homes in your community.

# HOUSING COUNSELING

- ◎ 19 agencies listed in SD on [www.hud.gov/southdakota](http://www.hud.gov/southdakota)
- ◎ Agencies will do telephone counseling; some have web training capability



# FORECLOSURE PREVENTION

- ◉ Housing Counselors - first stop for help  
[www.hud.gov/southdakota](http://www.hud.gov/southdakota)
- ◉ FHA loans have built in loss mitigation tools to help anyone going into default
- ◉ If more is needed, the Home Affordable Modification Program (HAMP) is available.  
See Mortgagee Letters 09-23 and 10-04.

# WORK WITH A NON-PROFIT

- ◎ HUD approved non-profits can:
  - Purchase homes just like an individual buyer and resell them to low income families
  - Offer down payment assistance
  - Buy HUD foreclosed homes prior to going on the market and resell to lower income families

# WHERE DOES IT WORK

○ Homes Are Possible, Inc (HAPI)

Aberdeen



# WHERE DOES IT WORK

- Neighborworks Dakota Home Resources, Deadwood



# WHERE DOES IT WORK

- Sioux Empire Housing Partnership, Sioux Falls



# FHA MULTIFAMILY INSURED LOANS

- ◉ Projects 5 units or more
- ◉ Market rate interest; assumable
- ◉ No cap on number of units or loan amount
- ◉ New construction; acquisition;  
rehabilitation ; refinance
- ◉ Terms: 40 years; LTV 90% (up to 100% for nonprofits)

For more information contact Denver MF Office,  
Janine Halverson, (303) 672-5419

FHA Insured Loans for Nursing Homes,  
Intermediate Care, Board & Care and  
Assisted-Living Facilities

FHA Insured Loans for Health Care  
Facilities

① (877) HLTH-FHA (877-458-4342)

# FALL RIVER HEALTH SERVICES HOT SPRINGS, SD

- ◎ 90% Loan Insured by HUD/FHA
- ◎ \$500,000 CDBG Grant from State
- ◎ Donated Land



# OTHER HUD FUNDS

- ◎ HOME
- ◎ CDBG - Community Development Block Grants
- ◎ NSP - Neighborhood Stabilization Program
- ◎ Native American Programs

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[www.hud.gov/southdakota](http://www.hud.gov/southdakota)

