

U.S. Department of Housing and Urban
Development (HUD)
The Federal Housing Administration (FHA)

Interagency Community Development
Conference

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Federal Reserve Bank of Minneapolis

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U.S. Department of Housing and Urban Development (HUD)



- **Shaun Donovan**
Secretary U.S.
Department of
Housing and Urban
Development
- On January 26, 2009, Shaun Donovan was sworn in as the 15th United States Secretary for Housing and Urban Development.

The Federal Housing Administration (FHA)



- **David H. Stevens, Assistant Secretary for Housing and Federal Housing Administration (FHA) Commissioner.**
- Sworn in July 15, 2009.
- Overseeing the \$600 billion FHA insurance portfolio and HUD's multifamily subsidized housing program.

FHA Insurance Fund

- FHA is the only government agency that operates entirely from its self-generated income and costs the taxpayers nothing.
- The proceeds from the mortgage insurance paid by the homeowners are captured in an account that is used to operate the program entirely.
- FHA provides a huge economic stimulation to the country in the form of home and community development, which trickles down to local communities in the form of jobs, building suppliers, tax bases, schools, and other forms of revenue.

Benefits

- Low Down payment: 3.5 percent
- Easier to Qualify: No credit scoring
- Less than perfect credit: Manual underwrite
- Flexible products: Purchase, refinance, reverse, rehabilitation, energy efficient, natural disaster financing.
- Help you keep your home: FHA Loss Mitigation tools: Forbearance, modifications, partial claim, short sales and deed-in-lieu.
- FHA ensures Homeownership!

FHA Homeownership Centers

FHA - Single Family Housing Homeownership Centers



FHA Remains Affordable

- Simple Example – 203(b) Origination

- \$100,000 Purchase

- 3.5% down payment = \$ 3,500.00

- Loan Amount = \$ 96,500.00

- 1.75% Up Front MI = \$ 1,688.75

- Monthly MI .55% (\$531.00) = \$ 44.25

- PITI + MI (6%, 30yr) = \$ 731.15

- \$1,000 taxes, \$300 Hazard Ins.

FHA Lender Approval

Nonsupervised Loan Correspondent:

This is the only type of approval **mortgage brokers** can apply for and allows them to originate Title II single family loans and/or Title I loans. Correspondent lenders and mortgage lenders who only want to originate should apply for this type of approval.

Nonsupervised Mortgagee: Correspondent lenders and mortgage lenders should apply for this type of approval if they want to do any of the following lender functions in addition to origination: **underwriting, servicing and owning any type of FHA insured loan.**

Approval cont.

- **Supervised Loan Correspondent:** Banks, savings banks and credit unions should apply for this type of approval if they only want to originate Title II single family loans and/or Title I loans.
- **Supervised Mortgagee:** Banks, savings banks and credit unions should apply for this type of approval if they want to do any of the following lender functions in addition to origination: underwriting, servicing and owning any type of FHA insured loan.
- **Government Mortgagee:** Federal, State and local government agencies should apply for this type of approval if they want to do any of the following lender functions: origination, underwriting, servicing and owning any type of FHA insured loan.
- **Investing Mortgagee:** Any entity that only wants to own FHA insured loans should apply for this type of approval.

FHA Changes being pursued by Rule Making Process – September 2009

- **Modify Mortgagee Approval and participation in FHA Loan Originations.**
 - Lenders seeking approval to originate, underwrite, or service an FHA loan must meet the eligibility criteria for a supervised or non-supervised mortgagee.
- **Increase Net-Worth Requirements for Mortgagees.**
 - The FHA plans to propose to increase the net-worth requirement for approved mortgagees to meet industry standards. Current requirement \$250,000.
 - HUD is proposing an initial increase of approximately \$1,000,000 that would be in place within one year of the enactment of this rule.
 - Comment period through the Federal Register - TBA

Resources

- www.hud.gov
 - Programs
 - Housing
 - Key words
- www.fha.gov
 - Ask FHA A Question
 - Lenders
 - E:Newsletter

THANK YOU!

- QUESTIONS?
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