

CNN Money

Harder to get an Uncle Sam mortgage

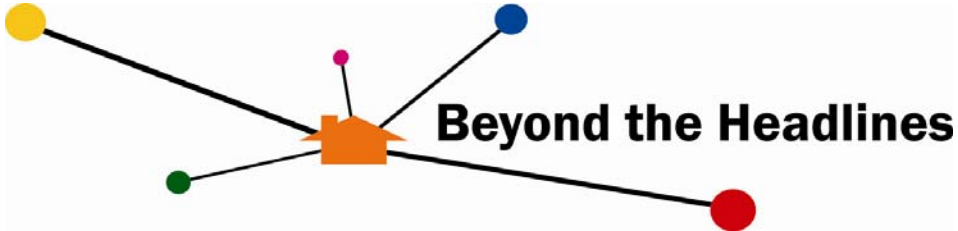
Rising defaults on loans insured by the Federal Housing Administration (FHA) have led the agency to impose future policy changes to its home loan program. The FHA provides mortgage insurance on loans made by FHA-approved lenders. Borrowers must meet certain requirements established by the FHA to qualify for the insurance, but lenders bear less risk because the FHA will pay the lender if a homeowner defaults on his or her loan.

KEEP THIS IN MIND

- The FHA is federally mandated to maintain reserve funds at 2 percent or greater. As of November, the agency reported that its fund had declined to .53 percent. The funding is used to cover losses on mortgages insured by the FHA that go into default.
- Loans insured by the FHA generally are less expensive to borrowers because of the lower down payment requirements. However, these loans also have fees, such as up-front mortgage insurance. To help the agency raise its cash reserves, the FHA is increasing the up-front mortgage insurance premium from its current 1.75 percent to 2.25 percent. HUD released a [Mortgagee Letter](#) today making the premium increase effective in the spring.
- The agency also is raising the minimum credit score requirements. Currently, borrowers with FICO scores as low as 500 have been approved for FHA-insured loans. Under the policy changes, new borrowers will be required to have a minimum FICO score of 580 to qualify for the FHA's 3.5 percent down payment program. New borrowers with less than a 580 FICO score will be required to put down at least 10 percent. FHA expects this to take effect in early summer once it passes the normal regulatory process.
- The new policy also will reduce the amount of money sellers can provide to home buyers at closing to 3 percent, down from its current 6 percent, of the home's price. The change brings the agency in line with industry standards and removes the incentive to inflate appraisals. The FHA expects this to take effect in early summer after it passes the normal regulatory process.

To read the full story, please click here:

http://money.cnn.com/2010/01/19/real_estate/fha_loan_requirements/index.htm?hpt=Sbin



In Other News...



CNN Money

You can't file for your \$8,000 home buyer tax credit

Did you purchase a home after Nov. 6? Don't expect your \$8,000 home buyer tax credit any time soon.

To read the full story, please click here:

http://money.cnn.com/2010/01/14/real_estate/homebuyer_tax_credit_delayed/index.htm?hpt=Sbin



The Wall Street Journal

What home sellers don't tell buyers

As buyers ease back into the battered real-estate market, they're often hitting a stumbling block: Fibbing by home sellers.

To read the full story, please click here:

<http://online.wsj.com/article/SB10001424052748703535104574646600132632292.html>



CNBC

Government mortgage plan aids 7 percent of borrowers

The Obama administration's mortgage relief plan provided help to only 7 percent of borrowers who signed up last year, another black mark for the struggling program.

To read the full story, please click here:

<http://www.cnbc.com/id/34879573>



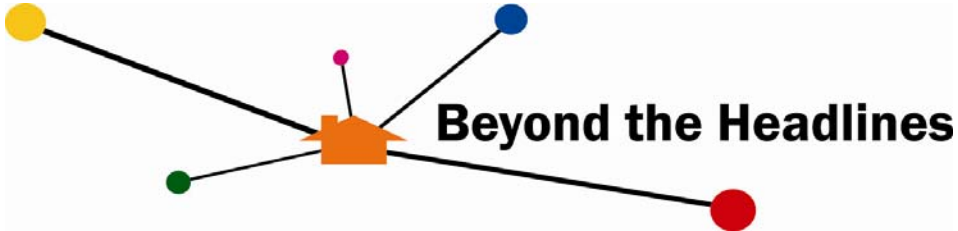
The New York Times

Low rates for just a few

Mortgage borrowers might be forgiven for sometimes feeling like victims of a bait-and-switch scheme.

To read the full story, please click here:

<http://www.nytimes.com/2010/01/17/realestate/17mort.html?ref=realestate>



San Francisco Chronicle

Investors dominate home flipping, auctions

House flipping, a quick-buck scheme pursued by amateurs and professionals alike during the real estate boom, now is dominated by investors willing to pay all cash, who troll auctions for foreclosures that banks are gradually trying to siphon off their books.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/01/19/BUR51BKBUO.DTL>



Sacramento Bee

Rates on 30-year home loans fall to 4.99 pct

Rates for 30-year loans fell to a shade below 5 percent this week, but remained above last month's record lows.

To read the full story, please click here:

<http://www.sacbee.com/business/nation/story/2479035.html>



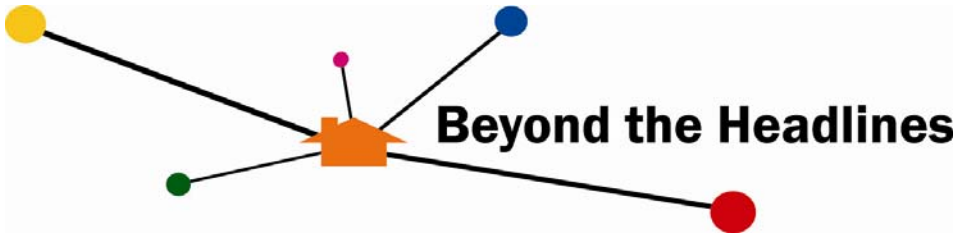
Los Angeles Times

Home loan applications jump 9 percent as interest rates fall

Applications for home loans jumped 9 percent last week as interest rates declined for all types of mortgages, falling back to 5 percent for 30-year fixed loans, the industry trade association reported Wednesday.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-mortgage21-2010jan21.0.7287088.story>



What you should know about the market

- Customized rooms with extremely bright or dark colored paint, wallpaper, or wall fixtures can make a house feel like a home for the current homeowner, but often can be a turn off for home buyers. When selling a home, many REALTORS® recommend repainting rooms with neutral colors to help prospective buyers see the potential for the house.
- For homeowners who planned to overhaul the kitchen or bathroom with a major remodel but never found the time, there are some small, inexpensive changes that can be done. Replacing the hardware on cabinets, upgrading light switches, and changing outlet covers are a few examples.