



# FEDERAL HOUSING ADMINISTRATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

*www.fha.gov*

1-800-CALL-FHA

## FHASecure Fact Sheet - Refinance Options

The Federal Housing Administration is pleased to announce an initiative that will enable homeowners to refinance various types of adjustable rate mortgages (ARMs) that have recently reset. Lenders and homeowners may refinance mortgages that, due to the increased mortgage payment following the reset, have become delinquent.

This program is designed to permit homeowners, who previous to their reset demonstrated an ability to meet their mortgage obligations, an opportunity to refinance into a prime-rate FHA-insured mortgage. In many cases homeowners may be permitted to include mortgage payment arrearages into the new loan amount, subject to existing geographical mortgage limits and the loan-to-value limit shown below.

### ELIGIBILITY HIGHLIGHTS

- The mortgage being refinanced must be a non-FHA ARM that has reset.
- The borrower's payment history on the non-FHA ARM must show that, prior to the reset of the mortgage, the mortgagor was current in making the monthly mortgage payments, i.e., the homeowner's mortgage payment history during the 6 months prior to the reset showed no instances of making mortgage payments outside the month due.
- If there is sufficient equity in the home, under additional eligibility instructions, FHA will insure mortgages that include missed mortgage payments.
- Under certain conditions, FHA will allow:
  - the existing note holder to write off the amount of indebtedness that cannot be refinanced into the FHA insured mortgage; or
  - either the FHA-approved lender making the new mortgage or the existing note holder may take back a second lien that includes closing costs, arrearages or previous secondary financing if the indebtedness exceeds FHA prescribed LTV and maximum mortgage amount limits.
- Lenders must determine, as part of the underwriting process, that the reset of the non-FHA ARM monthly payments caused the borrowers inability to make the monthly payments and that the borrower has sufficient income and resources to make the monthly payments under the new FHA-insured refinancing mortgage.

### HOW TO APPLY

Search online for your nearest FHA approved lender at [www.fha.gov](http://www.fha.gov), or for more information contact an FHA representative at **1-800-CALL-FHA** (1-800-225-5342).

*Insuring the American dream of homeownership  
for more than 34 million people since 1934*

