

## **FHA steps in to assist people with ARM's**

The Federal Housing Authority (FHA) has just released guidelines on a "bail out" program for people who have ARM's that have adjusted and have fallen behind on their payments.

*I have just received word that Home America Mortgage has been approved to handle these, so we will start doing these mortgage types immediately.*

If you know anyone who is in trouble with an ARM (Interest only or Principal and Interest) since it has reset or may be in trouble when it resets please call me. Below are a few of the guidelines for this new loan program:

- The interest rate and terms will be standard FHA rates and terms
- FHA loan limits also apply which for the big metro Atlanta counties is \$252,890 - (maximum loan to value is 97%)
- The mortgage being refinanced cannot be an existing FHA loan
- The ARM must have already reset (you can refinance as soon as it does) and the reset must have caused the delinquency issues
- You must show that, prior to the reset, all mortgage payments for the previous 6 months were not more than 30 days late
- If there is sufficient equity in the home FHA may allow some mortgage late's in the last 6 months (case by case)
- As the lender, we still have to show FHA that you will be able to make the new mortgage payment

These are just a few of the guidelines but the bottom line is that FHA is throwing a line to people whose credit has already been affected and will do loans for them if they had a reasonable credit history prior to the ARM resetting. Many people may have no other options, so this could be a huge help.

I am happy to answer any questions related to this new program.

Thanks!

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