

PA | NJ | NY | CT FHA Mortgage Lender & Broker

FHA mortgages have become increasingly important for down payments less than 10% in many parts of the United States since around August, 2007. That was the beginning of the subprime mortgage mess and the Private Mortgage Insurance (PMI) companies experienced such huge losses, they discontinued providing PMI for down payments less than 10% in Declining Market Areas. **FHA mortgages** were often not the mortgage of choice---they were the only possible mortgage, no other mortgage to choose from.



FHA mortgages for the past two years have pretty much taken on 100% of the risk for mortgages with less than 10% down payments. One of the concepts that makes insurance of any sort work is that the risk is spread around. Normally, the risk is spread between regular mortgages with PMI and FHA mortgages. Taking on all of that risk by itself has caused certain things to change. **FHA mortgages** as of April 5, 2010, have a larger Up Front Mortgage Insurance Premium (UFMIP). It was 1.75% of the base mortgage amount and now it is 2.25%. This is an amount that is added to your base mortgage (Purchase price minus down payment) and is part of the mortgage insurance that is required. For example, for an **FHA Base Mortgage** of \$200,000, at 1.75% an amount of \$3,500 was added to your mortgage. Now, at 2.25% an amount of \$4,500 is added to your mortgage. **FHA mortgages** usually now require a minimum credit score of 620 to help avoid some of the increased risk.

FHA mortgages have filled a void created by the disappearance of JUMBO mortgages and especially the disappearance of Jumbo mortgages with low down payments. The U.S. government has authorized **FHA mortgage amounts** higher than normal limits in High Cost Counties. Following are the High Cost Counties that are eligible for the maximum mortgage amounts:

New Jersey: Bergen Essex Hudson Hunterdon Middlesex Monmouth Morris Ocean Passaic
Somerset Sussex Union

New York: Bronx Kings(Brooklyn) Nassau New York Putnam Queens Rockland Suffolk
Richmond (Staten Island) Westchester

Pennsylvania: Pike

Connecticut: Fairfield (this has highest in CT, but not to the maximum limits noted below)

FHA mortgage limits are designated as normal, permanent and temporary.

- 1. Normal:** The maximum limit in every county in the U.S. unless a higher limit authorized. This would be all the counties that are not High Cost Counties. Mortgage amounts over these limits are considered Jumbo mortgages.
- 2. Permanent:** This would be the permanent limits in High Cost Counties
- 3. Temporary:** To help the economy and housing market, higher limits for High Cost Counties have been authorized for 2009 and 2010. No idea what happens after that, except will not go below the Permanent limits

FHA mortgage limits:	<u>Single Family</u>	<u>Two Family</u>	<u>Three Family</u>	<u>Four Family</u>
Normal:	\$417,000	\$533,850	\$ 645,300	\$ 801,950
Permanent:	\$625,500	\$800,775	\$ 967,950	\$1,202,925
Temporary:	\$729,750	\$934,200	\$1,129,250	\$1,403,400

FHA mortgage limits have been authorized to cover some, not all, of the Jumbo mortgage market. One can see they cover over \$417,000 up to \$729,750 for single family homes and that with a minimal down payment.

PREQUALIFICATION and MORTGAGE INFORMATION is ALWAYS FREE

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We are a Mortgage Lender and a Mortgage Broker—Whatever it takes!!!!

John Veenstra

Senior Mortgage Consultant

Approved Funding Corp.

41 Grand Avenue

River Edge, NJ 07661

201-833-0123 Ext 278

www.approvedfunding.com/veenstra

jveenstra@approvedfunding.com

Born and raised in NJ; grad Eastern Christian High School 1966; grad West Point 1970; Infantry Officer, Airborne and Ranger Schools Ft Benning, Ga; 5 years West Berlin, Germany; residential mortgage business since 1983; 4 daughters; Now live in lake community Green wood Lake, NJ