

Borrower-Friendly® Mortgage Solutions

Mortgage News for a Changing Economy

January 2010



Why Sooner Is Better Than Later.

If you have been thinking about buying or refinancing with an FHA government loan, sooner is better than later and here's why:

Change effective for case #s issued on or after April 5, 2010:

- **New upfront mortgage insurance premium (UFMIP) will be 2.25% (from 1.75%) for all purchase and refinance loans.**
This is not an earth shattering development. The upfront MIP on an FHA loan is typically financed. This extra .5% on a \$200,000 loan, for example, increases the monthly payment by about \$8.

Proposed changes anticipated for early summer:

- **Reduce allowable seller concessions from 6% to 3%.**
This proposal is noteworthy. Reducing the amount a seller can pay towards the buyer's closing costs from 6% to 3% will in some cases result in buyers having to cover some of their own closing costs out of pocket. This could tack a few thousand dollars to the amount a buyer will need to come up with at closing.
- **New borrowers will now be required to have a minimum FICO score of 580 to qualify for FHA's 3.5% down payment program. New borrowers with less than a 580 FICO score will be required to put down at least 10%.**
I don't know of any FHA lender that was doing sub 580 scores anyway. This will not impact the industry in any significant way.

On the bright side: No proposal is officially on the table yet for increasing the overall minimum down payment from 3.5% to 5%. This is good news.

For more reasons to spring into action now go to BorrowerFriendly.com and see the December 2009 article, [The Time Is Now. Here's Why.](#)



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