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Weekly Newsletter

Issue: #102

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TRAINING ANNOUNCEMENT: WEEKLY FHA WORKSHOP

JMAC is pleased to announce we will begin offering Free Live weekly FHA training to our clients.

Date: Every Wednesday
Time: 9AM to 11AM
Location: JMAC, Irvine CA

This free weekly workshop will help you better understand the FHA general guidelines. Topics to be discussed will include; Recent Updates, FHA Purchases, Streamline Refinances, Cash-Out & Rate & Term Refinances with an emphasis on changes to the Streamline Refinance guidelines, HECM (Reverse Mortgage) and Q&A session.

*Registration is required because space is limited.
*Registration info is available on our website and email announcement sent to you every Thursday.

JMAC's FHA OVERLAY: FHA Streamline Refinance W/High Balance

Effective November 1, 2011, all FHA streamline refinance loans with base loan amount (Loan amount without UFMIP) exceeding \$417,000 will require to be credit qualified. Form 1003 must be fully completed with employment and income information.

This change will be effective for all submissions uploaded to JMAC on or after November 1, 2011.

FHA NEWS Mortgage Loan Limits

MBA President and CEO David Stevens urges Congress to reinstate the increased conforming loan limits that expired at the end of September; upon expiration, conforming loan limits in many high-cost areas fell from \$729,750 to \$625,000, which MBA said

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HUD News

In FY 2011, more than 399,000 households were served through HUD Housing Counseling grant funded activities. Over 134,000 households received foreclosure prevention counseling. More than 93,000 households were provided with pre-purchase counseling and almost 11,000 seniors received Reverse Mortgage counseling.

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hampers the ability of many borrowers to obtain FHA- and government-sponsored enterprise-backed mortgages.

"The reduction of the FHA and GSE loan limits formula from 125 percent to 115 percent of median area home price will impact approximately 593 counties in 42 states," Stevens noted.

"Additionally, the reduction of the limits in high-cost areas will affect approximately 75 counties in 13 states. The MBA urges the Senate to act quickly on this extension to prevent further damage to our nation's housing market."

The letter went to Senate Majority Leader Harry Reid, D-Nev.; Minority Leader Mitch McConnell, R-Ky.; Senate Appropriations Committee Chairman Daniel Inouye, D-Hawaii; and Committee Ranking Member Thad Cochran, R-Miss.

The Senate is expected to consider the appropriations bill later this week.



FHA CLARIFICATION

Residency Status and Social Security Number

According to FHA rules, "Permanent Resident Aliens are eligible for an FHA-insured mortgage under the same terms as US citizens."

The FHA also adds, " Non-Permanent Resident Aliens are eligible for FHA-insured mortgages provided the property will be the borrower's principal residence, they have a valid social security number, and the borrower is eligible to work in the US."

Unfortunately, Social Security cards can't be used as evidence of work status. "Although social security cards may indicate work status, such as 'not valid for work purposes,' an individual may become eligible to work without the change being reflected on the actual social security card". The FHA rules require all borrowers to have a valid SSN in order to qualify for an FHA home loan.

HECM NEWS

[AARP: Housing Costs May Force Seniors Out of Homes](#)

Housing costs are becoming more burdensome for older adults, to the extent that they're hampering senior homeowners' ability to age in place, finds AARP's [State Housing Profiles 2011 report](#).

"Although many older people desire to age in place, rising property taxes, utilities and maintenance costs or falling incomes may make that goal more difficult," said Rodney Harrell, from AARP Public Policy Institute, in a report summary.

The report tracks housing costs for older adults between 2000 and 2009, and shows an increase, often unsustainable, in the amount homeowners are forced to spend on housing.

Housing costs pose a significant burden for homeowners still paying their mortgages, and nearly half 65+ homeowners, at 48%, spend at least 30% of their incomes on housing, which qualifies them as "burdened."

These senior homeowners are more likely to be retired and to have lower incomes, said Harrell, which makes housing costs that much more of a burden. Even homeowners without mortgages can be burdened, as costs for 17% of those 65 and older are considered past the threshold of housing cost burden.

The number of 50+ homeowners who own their homes outright dropped to 38% in 2009, down from 40% in 2000. And, while a majority of 65+ households, at 54%, own their homes free and clear, 26% are still saddled with mortgage payments.

A reverse mortgage could be the answer for those wishing to age in place, but experiencing financial difficulties; it would allow many of those senior homeowners to pay off existing mortgages and significantly improve monthly cashflow.

The report lists characteristics and housing cost burdens state by state, and shows the increase in the number of households with reverse mortgages from 2000 to 2009, comparing each state's volume with national levels.

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