



FHA Extends “Anti-Flipping” Waiver

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is not meant as a solicitation for that business.*

For the second consecutive year, the Federal Housing Administration has extended a temporary waiver of its rules against “flipping”. The result? A boon for both investors and potential homebuyers.

FHA instituted the anti-flipping rule in 2003 to protect itself from losses on homes that were flipped, rather than purchased and rehabilitated. The rule was enacted to prevent speculators from defrauding the government by quickly “flipping” houses at hugely inflated prices to unsuspecting buyers.

But because of the earlier restrictions, some FHA borrowers had been shut out of buying affordable properties – and there were large numbers of foreclosed and/or vacant homes sitting unsold and deteriorating.

The waiver, which is in effect through December 31, 2012, allows buyers to purchase homes which have changed hands in the last 90 days.

Investors wishing to purchase, rehab, and flip properties will be able to continue to find buyers among the ever-expanding pool of

buyers relying on FHA-backed loans. Those loans are popular not only with first-time homebuyers, but with buyers lacking the cash to make a large down payment.

It’s equally important to note that the waiver will help increase the opportunity for home ownership, by reducing existing home inventory levels, moving foreclosed properties off the market, and diminishing the number of homes sitting vacant across the country. It’s hoped that the waiver will accelerate the return of a more positive housing market.

Since the original waiver went into effect in February of 2010, the FHA has insured more than 21,000 mortgages worth over \$3.6 billion on properties which were resold within 90 days of acquisition. In extending the waiver, the FHA continues to allow buyers to use FHA-insured financing to purchase HUD-owned and bank-owned properties, as well as properties resold via private sales.

There are restrictions that accompany the waiver, so whether you are a potential buyer or a potential investor, be sure you understand the guidelines before moving forward. Give me a call at 360-620-2690 or send an email to mollyells@windermere.com to discuss what this waiver extension means for you.

