

SOLD NOTICE FINANCING DEFINITIONS

As you know, SIRA has several different financing options to choose from on our Sold Notice (Assumable, Conventional, VA, etc.) when changing the status of a Pending listing to SOLD in the MLS. There have been questions regarding the meaning of some of these loan types/abbreviations in the system. Please take a moment to review the following information:

*Financing: Assumable Cash Conventional FHA FHMA FMHA Leased R.E. Contract VA Other

ASSUMABLE

A type of financing arrangement in which the outstanding mortgage and its terms can be transferred, i.e. assumed, from the current owner to a buyer. By assuming the previous owner's remaining debt, the buyer can avoid having to obtain his or her own mortgage.

CASH

A sale in which payment is made immediately in cash rather than put on credit.

CONVENTIONAL

A mortgage that is not insured or guaranteed by the government.

FHA

As many of you know and **FHA** loan is a federally assisted loan available in the United States which is insured by the **Federal Housing Administration**. These loans are issued by federally qualified lenders. FHA loans have historically allowed lower income Americans to borrow money for the purchase of a home that they would not otherwise be able to afford. The program originated during the Great Depression of the 1930s, when the rates of foreclosures and defaults rose sharply, and the program was intended to provide lenders with sufficient insurance. Some FHA programs were subsidized by the government, but the goal was to make it self-supporting, based on insurance premiums paid by borrowers.

FMHA

The **FMHA** loan program, often referred to as Rural Housing or USDA Loan program, is a very unique type of program through the **Farmers Home Administration** (a federal agency under the Department of Agriculture) which is designed to help average to below average income borrowers purchase homes in rural areas – oftentimes without the need for a down payment. The **Farmers Home Administration (FMHA)** Loans are government guaranteed loans for low to mid income level borrowers seeking to buy affordable housing in rural communities. These loans are not available in major metropolitan areas. These loans are made to applicants who do not now own a home and the loans are used to buy existing houses, buy new-built houses, or qualified new manufactured houses located in rural areas.

FHMA

The **FHMA** or the **Federal Home Management Agency** specializes in stopping a home from going to Foreclosure. FHMA also focuses on Fannie Mae Compliance, Review and Loan Mitigation and makes several types of loans for rural development.

LEASED

A "lease purchase (or lease option)" is the abbreviated form of the appropriate term "lease with option to purchase." Simply stated, a Lease to Purchase contract combines a basic lease contract with an option to purchase contract, which creates a Lease to Purchase contract.

REAL ESTATE CONTRACT

A contract in which a purchaser of real estate, upon making an initial payment, agrees to pay the seller stipulated amounts at specified intervals until the total purchase price is paid.

VA

A mortgage made by an approved lender and guaranteed by the U.S. Department of Veterans Affairs. VA loans have low down payments and are restricted to qualified members of the military, veterans, reservists, and their unmarried surviving spouses. Loans are made to obtain homes, condominiums, manufactured homes, and to refinance loans.

OTHER

Any other type of financing not listed above.

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