FHA Anti-Flipping Policy – Temporary Waiver Extended

U.S. Bank Home Mortgage MRBP Division would like to inform you that HUD has extended their temporary FHA anti flipping policy through December 31, 2012.

**USBHM will only allow FHA loans where the resale price is less than 20% above the seller's acquisition cost.** Loans that increase in value over the seller’s acquisition cost by 20% or more are not eligible.

The waiver applies to all sales of properties which have been owned less than 90 days (counted from the date of settlement on the Seller’s acquisition of the property) that meet the following criteria:

Must be an arms length transaction with no identity of interest between buyer and seller or other parties participating in the sales transaction. To make this determination the following applicable steps should be performed:

- Verify that Seller is in title as indicated on the Appraisal and no apparent family or business relationship exists between the parties to the loan or sales agreement.
- LLCs, corporations or trusts as sellers must have been established and operated in accordance with applicable State and Federal law. Lenders must document the validity of the seller. Business licenses, State Department of Corporations status, and Attorney Opinions are examples of acceptable documentation.
- No pattern of previous flipping exists such as multiple transfers of title within a 12 month timeframe as indicated on the chain of title on the Appraisal. The appraisal is required to show a 3 year history of ownership.
- Document that property was marketed openly and fairly through an MLS, an auction, For Sale by Owner or developer. Note: sales contracts which have been assigned to the current buyer are not allowed.

- The increase in value must be supported by the Appraiser with supporting comments and documentation included as follows:
  - Appraiser must indicate the seller completed legitimate renovation, repair and rehabilitation work on the subject property to substantiate the increase in value.
  - If the work was not performed, appraiser must provide appropriate explanation of the increase in value since prior title transfer. This should include an analysis of the market difference occurring between distressed sales and typical arms-length market sales.

Please contact the MRBP Help Desk with any questions you may have: 800-562-5165.