

To Avoid Possible Foreclosure, Use The Fha Secure Loan

With the recent raise in mortgage rates and the price of gas affecting all aspects of the economy, many people are finding themselves in trouble financially. In fact, more and more people are finding themselves on the fast track to foreclosure on their home. Especially those who have adjustable-rate mortgages are suffering when it comes to making mortgage payments on time. However, even in these tight times there are some new options available for those struggling to avoid foreclosure and one new option is the FHA secure loan.

News of the launch of the new FHA Secure Loan, designed to assist homeowners avoid missing payments, was announced by President Bush towards the end of October, 2007. The loan, a refinancing product aimed at people who are struggling with increased mortgage repayments, requires escrow for both taxes and insurance and offers first class help for those ultimately facing foreclosure on their home.

FHA Secure Loan Benefits

There are a variety of excellent benefits that are now being offered with this new FHA Secure Loan. The following are just a few benefits homeowners can enjoy with the FHA Secure Refinance Mortgage:

Benefit #1 - Prevention of Foreclosure - One of the most important benefits homeowners can reap with an FHA Secure Loan is the ability to prevent foreclosure. The thought of losing your home after many years of making your mortgage repayments on time is devastating but it does not have to be this way and help is at hand for people with a good payment history.

Benefit #2 - There are No Prepayment Penalties - Another great benefit for homeowners is that the FHA Secure Loan, unlike other loans, is available without any prepayment penalties if you pay off the loan early. The FHA is fully aware that the last thing people can cope with is having more financial problems to face at an already difficult time.

Benefit #3 - Save Your Credit - Having to foreclose on your home can leave your credit in disaster. Going through a foreclosure can cause you more problems in the future. It can make it difficult to get a new credit card, to purchase another home, and even to rent an apartment to live in. However, with a FHA Secure Refinance Loan you can avoid foreclosure and save your credit.

FHA Secure Loan - Criteria To Be Met

The FHA Secure Loan is not something every homeowner can qualify for. To do so, you have to meet the following five criteria:

1. You must have a good history of making timely payments prior to the date the original rate expired when the loan was re-established.
2. To qualify for the FHA Secure loan, you must also have a history of sustained employment as well, to make sure that you can actually pay off this new loan.
3. Homeowners must also be able to prove that you make enough income to pay the new mortgage payment each month on time.
4. At least 3% of the loan amount either in cash or equity in the property has to be provided by the applicant.
5. In order to qualify for the loan the homeowner must show that their current interest rates have been reset since June, 2005 or that such resetting will occur prior to December 2009.

The FHA Secure Loan aims to provide a much needed break for borrowers who have been good business for lenders in the past, but due to rates changing, are having problems repaying their mortgage at the present time. The new FHA Secure Loan will inject liquidity into a mortgage market which has been struggling over the past twelve months and similar products insured by the FHA from other lenders are likely to appear on the market in the near future. So, for those finding themselves on the verge of foreclosure, the FHA Secure Loan is the lifeline they have been desperately looking for to save the day, as well as saving their home.

About the Author

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