

# FHA's 90 day Property Flip Waiver Guidelines

FHA's property flip waiver allows buyers to purchase with a FHA Loan, an Arizona property being flipped in less than 90 days, took effect February 2010 and was to expire January 31st, 2011. On January 29<sup>th</sup>, 2011 FHA announced an extension to the waiver through December 31<sup>st</sup> 2011.

To ensure borrowers with FHA Loans are protected from inflated prices, the waiver has specific requirements which must be met:

- ◆ All transactions must be arms-length, with no identity interest between the buyer and seller or other parties participating in the sales transaction.
- ◆ If the sales price of the Arizona property is 20 percent or more above the seller's acquisition cost, the lender must meet 2 specific conditions:
  - ◆ Justify the increase in value by obtaining a second appraisal (the buyer can not pay for the second appraisal; this is a seller paid cost. We require the appraisal to be paid at the time the appraisal is ordered. The cost for the second appraisal is \$470) *and*
  - ◆ Obtain and review the property inspection (underwriting may call for repairs from the property inspection if they pose a health and safety risk or are required to be repaired to comply with FHA Loan guidelines)
- ◆ Seller must hold title to property.
- ◆ No previous flipping activity exists for the subject property within the preceding 12 months.
- ◆ Property must have been marketed openly and fairly via MLS, auction, for sale by owner or developer.

I have successfully closed many Arizona FHA property flips recently. Don't hesitate to give me a call should you have any FHA Loan or mortgage questions. I look forward to working with you on a smooth and timely closing!



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