

TIPS FROM THE *Home* team

Mortgages

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Mortgage news has been almost all bad recently. Nearly 16 percent of subprime borrowers are behind on their ARMs, and an estimated 2 million subprime ARMs, totaling about \$600 billion, will reset to higher rates by the end of next year. In addition, more than 150

lending institutions have gone out of business, meaning loan choices for consumers have dwindled.

Now there's a glimmer of hope for some borrowers. President Bush recently loosened Federal Housing Administration guidelines and has encouraged homeowners and prospective homeowners to use FHA financing. The move marks a historic expansion of the role of the FHA, a Depression-era agency that has traditionally served low- and moderate-income families and first-time buyers, but not delinquent borrowers.

FHA programs allow for 0 to 3 percent down payments, have no credit score requirements and allow up to 6 percent in seller concessions. Also, gift funds are allowed, and there are no reserve requirements. Best of all, the entire loan is backed by the government, so it's not something that will dry up anytime soon.

The FHA option can help aid many borrowers who are feeling the credit crunch, so don't be afraid to ask a mortgage professional if it is right for you.