

## What is an FHA Loan?

In 1937, under an act of Congress, the Federal Housing Administration was established to provide American families with a unique opportunity to become homeowners. Formerly, a homebuyer's options were limited only to short term loans ranging from one to five years in term. Borrowers had to put as much as 40 to 50 percent down on the property and pay off the entire loan balance by the end of the term. FHA revolutionized the mortgage industry at the time by offering the 30-year mortgage and made the possibility of home ownership available to Americans nationwide. Throughout the years, a variety of programs have spawned from this revolution to make that American dream of home ownership easier, more affordable and attainable to Americans.

There are several notable FHA home loan programs available.

- Standard fixed rate (FHA 203b)
- FHA adjustable rate mortgage (FHA 251)
- FHA 2-1 buydown (FHA 203b, FHA 251)
- Energy Efficient Mortgages Program