



## FHA's 90 day Property Flip Waiver Guidelines

FHA's property flip waiver, which allows buyers to purchase a property being flipped in less than 90 days, took effect February 2010 and was to expire December 31, 2011. In December, however, FHA announced an extension to the waiver through December 31, 2013.

To ensure FHA borrowers 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 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 or lender paid cost. If it's seller paid, we require the appraisal to be paid at the time the appraisal is ordered. The cost for the second appraisal is \$400 - \$500) **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 guidelines)
  - Property inspection to be ordered and obtained by lender
- 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

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