Most home mortgages insured by the FHA are insured under Section 203 of the National Housing Act. This is the basic FHA program.

The second plan is provided under Section 221 of the National Housing Act. It applies to homes for families forced to move because of urban renewal or other governmental action such as highway building. It also applies to homes for other families of low and moderate income.

Mortgages on 2-, 3-, and 4-family homes as well as on one-family homes can be insured under Section 203 and for displaced families under Section 221. Because nearly all FHA-insured home mortgages are for one-family homes, the information that follows is for one-family homes only.

Mutual Mortgage Insurance (Section 203)

LOAN AMOUNT. Under Section 203(b), mortgage amounts insured can be as high as $30,000 on one-family homes. Mortgage amounts can be higher in Alaska, Hawaii, and Guam because costs are higher there.

RATIO OF LOAN TO PROPERTY VALUE. The amount of a mortgage insured under Section 203(b) cannot be more than 97 percent of $15,000 of the FHA estimate of the property value, plus 90 percent of the next $5,000 of value, plus 80 percent of the remaining value. For qualified veterans who have not received any home financing aid through the Veterans Administration, the mortgage limit is 100 percent of $15,000, plus 90 percent of the next $5,000, plus 85 percent of any remaining value. The veteran must make a cash investment of at least $200. The $200 requirement applies to a home costing $15,000 or less. It also applies to the first $15,000 of value if the home costs more than $15,000

For a home approved for mortgage insurance after building is begun and before the house is a year old, the mortgage amount insured under Section 203(b) cannot be more than 90 percent of $20,000 of value, plus 80 percent (or 85 percent for veterans) of value above $20,000.

A Section 203(b) loan to refinance a home cannot be more than (1) 85 percent of the amount that can be insured when the borrower is buying or building a home to live in, or (2) the unpaid balance of the old mortgage plus the cost of any repairs or improvements, plus the costs of obtaining the loan. A loan to buy or build a home as an investment is also limited to not more than 85 percent of the amount that can be insured for a borrower who is buying or building a home to live in.

Section 203(i) mortgages are insured by the FHA in amounts up to $12,500 on homes in areas that do not meet the location requirements under Section 203(b).

A Section 203(i) mortgage cannot be more than 97 percent of appraised value. If the home is approved for mortgage insurance after building is started and before the house is a year old, the limit is 90 percent of value.

A Section 203(i) loan made to someone who does not intend to live in the house cannot be more than 85 percent of the FHA-appraised value. If an owner who lives in his house wishes to refinance an old mortgage, the new mortgage cannot be more than (1) 85 percent of appraised val-