

Property Flipping Rules – All Agencies

FHA:

Resales Occurring 90 Days or Fewer after Acquisition:

- Not eligible for FHA financing

Resales occurring between 91 days and 180 Days after Acquisition:

- Obtain 2nd appraisal if resold between 91 to 180 days after acquisition and the resale price is 100% or more over price paid by seller
- If 2nd appraisal is more than 5% lower than value of first appraisal, the lower value must be used
- Borrower not allowed to pay for 2nd appraisal

Exceptions to FHA Flipping Rules:

- Property purchased by an employer or relocation company due to relocation of an employee
- Sales by HUD – REO program
- Sales by other government agencies (i.e., IRS, court-ordered, DEA, etc.)
- Sales of non-profit agencies approved to purchase HUD properties
- Acquisition due to inheritance
- Sales of properties by federally chartered financial institutions
- Sales of properties by GSE's
- Sales of properties by local or state governments
- Sales by builders selling a new home
- Sales of properties in federally declared disaster areas

NOTE: Mortgage Company must obtain a 12-month chain of title to document time restrictions above.

VA:

- No Flipping Rules – Overlays may apply or at Underwriter's discretion

USDA:

- Lender is responsible to ensure that any recently sold property's value is strongly supported when a significant increase between sale and purchase occurs.
- Lender must ensure that the appraisal value is supported with validated comps and protect the borrower from predatory lending.

Fannie Mae:

- No Flipping Rules – Lender overlays may apply

Freddie Mac:

- No Flipping Rules – Lender overlays may apply

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