

FHA First-Time Homebuyer Definition

by M.C. Postins, Demand Media

The Federal Housing Administration has provided government insurance for home mortgage loans since the Great Depression in the 1930s. FHA-insured loans are a viable option for first-time homebuyers, thanks to the favorable terms provided by lenders because of the presence of government backing. The FHA has a clear definition of "first-time homebuyer," which lenders must use during the underwriting process.

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Previous Home Ownership

One of the FHA's primary criteria is whether or not you've owned a home. If you've never owned a home, you're considered a first-time homebuyer. But you are allowed to be a previous homeowner and still qualify as a first-time homebuyer. According to the FHA, you can do so if you have not been an owner in a primary residence for at least three years leading up to your purchase. In this case, you and a spouse are treated separately. If you've owned a home but your spouse has not, then you can buy a home together as first-time homebuyers.

Post-marriage

If you divorce your current spouse or become displaced from your spouse in any way, you could be a first-time homebuyer in the FHA's eyes, but to be considered, the only primary residence you've ever owned must be with your ex-spouse. In addition, you must be a parent.

Non-Home Ownership

The FHA allows you to be considered a first-time homebuyer, even if you've owned a primary residence within three years of your purchase, if your primary residence has not been permanently attached to anything, like a foundation. If you've been living in a mobile home or RV, you should qualify as a first-time homebuyer.

Property Damage

If you've owned just one piece of property and it has sustained damage, you can qualify as a first-time homebuyer, under two conditions. First, the damaged property must not measure up to local and state building codes. Second, the cost to fix the property must be more than it would cost to build a new property. Under these conditions, you qualify as a first-time homebuyer.

Importance to FHA