

## FHA Loans: What Are Those?

by Andi Peterson Brown

Quite a few friends and clients have recently asked me to explain what FHA loans are. The term is always thrown around, but it oftentimes isn't accompanied by any sort of explanation. Given that FHA loans are becoming increasingly popular here in the Bay Area, it is an important concept to know.

FHA loans are not loans made by the FHA but rather loans that are insured and guaranteed by the FHA. The Federal Housing Administration is not a lender. It is a federal government agency that offers mortgage insurance on loans originated by agency-approved lenders. This insurance protects the lender in case the borrower defaults on the loan.

FHA loans are known primarily for their low down payments. A borrower need only put down 3.5% and can borrow up to \$729,750 in high-cost zip codes such as our own. Many people think FHA loans have tougher standards than regular loans, but that is typically not the case. Because of the insurance, FHA loans have upfront and annual premiums that conventional loans do not have, but these added costs can be folded into the monthly payments. Current FHA interest rates are under 4%.

FHA loans are always fuel for debate. Should a borrower have more skin in the game than 3.5%? Some say yes, some say no. Regardless, these loans have existed since the 1930s. For well-qualified borrowers who don't have the conventional down payment, they can be a great option.



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# The Home Designer

## Interior Style Just Steps Outside

By Brandon Neff

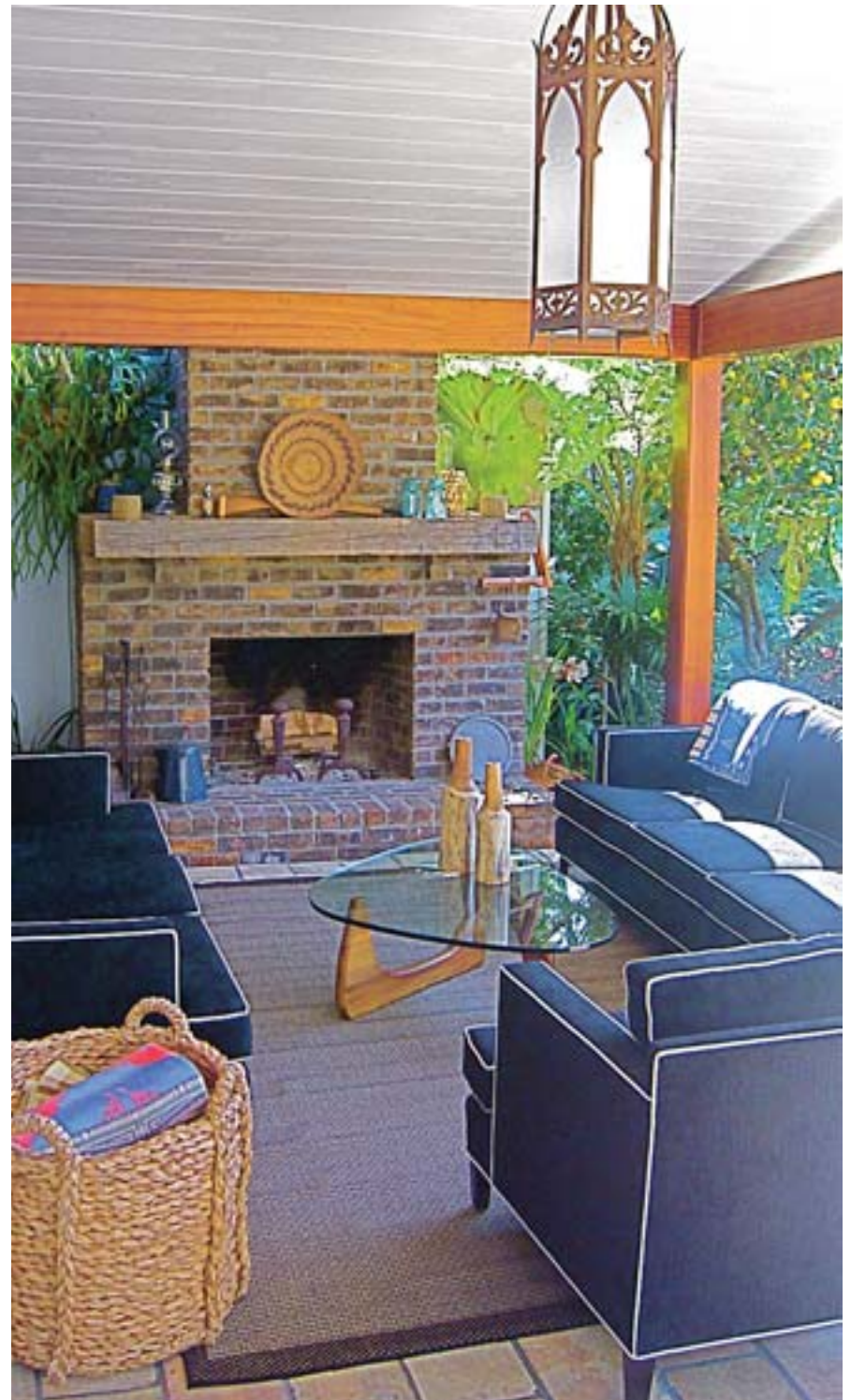
It's official! Summer is almost here. And with the season comes the joy of taking life outside. Somebody hand me a frozen cocktail! If you're like me, you love the longer days, the warmer nights and the prospect of savoring more outdoor time with friends and family.

In recent years, I've seen a trend in clients asking for my help to create more comfort and luxury in their backyards, patios and poolside. In fact, I just finished designing an outdoor room for a client complete with a reclaimed brick fireplace, antique Castle stone paver floor and a roof enclosure inspired by a Hawaiian lanai. He's thrilled to have an outdoor space for casual entertaining while adding valuable square footage to his home's equity. Once just an eyesore dividing his family room from his pool, his new enclosed patio is a feature that stands alone as a focal point drawing guests year-round.

Exterior room enclosures, for example, have come a long way since those corrugated plastic lean-tos and jerry-rigged solariums that littered every home throughout the last half of the last century. Today, enclosures, and even patio covers come in a wide variety of options including either full coverage or lattice styles, French doors, electrical raceways for lights and ceiling fans, insulation, skylights and even low-E vinyl windows. The key is to assess your space and budget, and to be clear about how you want to use the new room.

An enclosed sunroom went from ho-hum to holy cow! with the addition of a custom banquette, sisal rug, window treatments and a wrought iron chandelier.

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*Vintage meets modern: reclaimed brick, French pavers, durable fabrics and an antique ceiling pendant come to life in this outdoor living room.*

*Photo Brandon Neff Design*