Nonprofit  
  
In order to increase homeownership opportunities and affordable housing, HUD allows approved nonprofit agencies to participate in certain Federal Housing Administration (FHA) activities. Participating nonprofit agencies follow uniform HUD/FHA standards for participation and recertification (refer to Mortgagee Letter 00-8 for program and approval details).

Currently, the FHA activities available to nonprofit agencies are:

• HUD Homes Program HUD homes, also known as Real Estate Owned (REO) properties, are properties that were obtained by HUD due to foreclosures on previously FHA insured mortgages. Nonprofit agencies can purchase these HUD homes prior to public offering. The normal discount is ten percent. However, if the property is located in a HUD-designated revitalization area, the discount could be as much as thirty percent. For more information, see Housing Notice 94-74 and HUD Handbook, 4310.5, REV-2.

• Nonprofit Agencies as Mortgagors Nonprofit agencies can obtain FHA financing on a property at the same terms as an owner/occupant under Sections 203(b), 203(i), 203(k) and 234 of the National Housing Act. Benefits of this program include low down payment requirements and the opportunity to refinance existing indebtedness (without drawing out equity). For more information, see Mortgagee Letter 96-52 and HUD Handbook 4155.

• Secondary Financing Nonprofit agencies can provide secondary financing to borrowers for originating FHA-insured mortgages. Secondary financing can be offered in different forms including closing cost, down payment, and secondary mortgage assistance. For specific information on secondary financing activities, see Mortgagee Letter 94-2 and HUD Handbook 4155, REV-4, CHG 1.

Pilot URL: [**https://entptest.hud.gov/b2b/lists/nonpxml.cfm**](https://entptest.hud.gov/b2b/lists/nonpxml.cfm)

Production URL: [**https://entp.hud.gov/b2b/lists/nonpxml.cfm**](https://entp.hud.gov/b2b/lists/nonpxml.cfm)