A number of government programs insure or guarantee mortgage loans made to homebuyers who meet certain criteria. Loans subject to these programs are sometimes called “agency loans.” These programs are offered by the Federal Housing Administration (FHA), which is part of the Department of Housing and Urban Development; the Rural Housing Service (RHS), which is part of the Department of Agriculture; and the Department of Veterans Affairs (VA). State housing finance agencies also insure home mortgages. Under these programs, the insurance covers close to one-hundred percent of the lender’s loss from a foreclosure. In addition to insurance, these loans come with an obligation on the part of the insured lenders to work with homeowners to cure default. The Government National Mortgage Association (Ginnie Mae) is another government agency that guarantees mortgages. But it only guarantees mortgage-backed securities that are issued by private entities and sold in the secondary market.

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