Assumable Mortgages Overview

Assumable mortgages are home loans that have the ability to have their balance transferred to a party other than the original borrower. The new borrower takes on the remaining balance of the loan and is responsible for making the monthly payments. Different mortgage options have different guidelines for whether they can be assumed. The below are general guidelines for whether a loan can be assumed. This list is not totally inclusive, and interested parties should contact their current servicer to determine whether a mortgage can be assumed.

ASSUMABLE MORTGAGE GUIDELINES

Fannie Mae
These loans are rarely assumable but are subject to review and approval of the new borrower's financial capacity and experience.

Freddie Mac
These loans are rarely assumable but are subject to review and approval of the new borrower's financial capacity and experience. Adjustable-rate mortgages may be assumable only after the initial fixed-rate period has expired. Fixed-rate loans are assumable with lender approval but require a 1% assumption fee paid to Freddie Mac. They may also require an underwriting fee.

FHA
Per FHA guidelines, all FHA loans are assumable so long as the new borrower meets certain guidelines.

VA
VA loans are assumable so long as the new borrower is approved by a lender.

USDA
USDA loans may be eligible for assumption, so long as the new borrower meets USDA requirements and the current borrower is current on the existing loan.

Fairway as a lender does not participate in the assumption process. This material is for educational purposes only.

Reach out for more details.

FAIRWAY® HOME MORTGAGE | THE SHUMATE TEAM

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