

# The Mortgage Experts

## *Mortgage Financing – Home Loan Specialists*

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### **FHA Loans – Quick Reference Guide**

#### **Down Payment and Seller Concessions**

- 3.5% down
- A relative can either GIVE the money to the borrower or LEND the money to the borrower
- 6% seller concessions are allowed

#### **Declining Market Restrictions**

- FHA does NOT have declining market restrictions

#### **Borrower Eligibility**

- NOT limited to first time homebuyers
- NO income limitations
- Non-occupying co-borrowers are allowed (occupying borrower does not need any income to qualify)

#### **Occupancy Requirements**

- Primary residences for maximum financing
- 2, 3, and 4 units properties are allowed, as long as one unit is occupied by the borrower
- Two FHA loans to the same borrower are OK, but they need 25% equity in the first property

#### **Maximum Loan Size**

- Varies by county
- As of February 24, 2009, limit is \$406,250 in Metro-Denver counties; Boulder County is \$460,000
- Loan size is higher for 2, 3, and 4 family units

#### **Credit Requirements**

- No minimum score, but lenders have their own minimum scores – typically 620
- Non-traditional credit is OK (need 3 trade lines verified for the past 12 months)
- Bankruptcy – Chapter 7 is 2 years from the discharge date, Chapter 13 is 1 year of timely payments
- Foreclosure – 3 years from the recording date of the Public Trustee's Deed
- Collection accounts do NOT have to be paid

#### **Mortgage Insurance**

- 1.75% up-front mortgage insurance premium is required, but it can be financed into the loan
- Monthly mortgage insurance premium is based on a 0.55% annual rate (lowest of all MI rates)

#### **Appraisals**

- They are NOT any more restrictive than conventional appraisals (safety issues must be addressed)