

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
- The maximum loan size 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

- Each lender has their own minimum credit score – typically 640
- 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
- Short Sales – no waiting period if the mortgage was not delinquent at the time of the short sale, 3 years if the mortgage was delinquent – (other restrictions may apply – call us for details)
- Collection accounts do NOT have to be paid

Mortgage Insurance

- 1% up-front mortgage insurance premium is required, but it can be financed into the loan
- Monthly mortgage insurance premium is based on a 1.15% annual rate (for most FHA loans)

Appraisals

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