

## FHA is a Good Option

FHA insured mortgages serve a sector of the market that is not necessarily being met by other loan programs.

Securing an 80% conventional mortgage that doesn't require mortgage insurance may be the lowest cost of financing but if the buyer doesn't have 20% down payment, it isn't really an option.

Securing a 100% VA loan doesn't require a down payment or mortgage insurance but if the buyer isn't a veteran with his/her eligibility intact, it isn't an option either.

There are conventional loan programs with as little as 3% down payment but they not only require mortgage insurance, they also require a credit score of 740 or above which may eliminate some buyers.



For these reasons, FHA is a viable alternative to about 20% of new and existing home sales. The Federal backing of these mortgages makes it easier for first-time and low-income buyers to qualify because the requirements are not as demanding. They're even more lenient towards buyers who have previously experienced bankruptcy, foreclosure or a short sale.

Finding the right mortgage for the right home is a team effort where both mortgage and real estate professionals work in harmony to get a buyer into their own home. Call us at (907) 338-5290 for a recommendation of a trusted mortgage professional.

### General FHA loan requirements include:

- The loan is for primary residences only but can include two, three or four units.
- The property must be appraised by an FHA-approved appraiser.
- The property must be safe, sound and secure, in compliance with minimum property standards as defined by the U.S. Department of Housing and Urban Development.
- The borrower must be a legal resident of the U.S. and have a valid Social Security number.
- The minimum credit score of 580 with a down payment of at least 3.5 percent, or a minimum credit score of 500 with a down payment of at least 10 percent.
- The borrower may not have delinquent federal debt or judgments, or debt associated with past FHA loans.
- The borrower must have steady employment history.
- Documentation is required if the down payment was gifted by a family member.
- The borrower must have a debt-to-income not exceed limits of 31% for front-end and 43% back-end ratio (some exceptions may apply).
- Any judgments or collections on the credit report must be resolved or satisfactorily explained.

Note: If this article generates additional questions or a need for additional information, the following button will allow you to ask your question(s), request additional information or make comments. It is not my intent to bug you with unwanted phone calls, emails, or text messages! It is my intent to allow you to benefit from my 35+ years real estate activity and to give you a buying experience beyond your expectations!

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