

# The Path to Home Ownership

## FHA 101—The Basics

### FHA - What is it?

- Federal Housing Administration
- FHA loans are insured by HUD
- Loans are for Owner-Occupied only

### FHA Down payment Requirements

- 3.5% Borrower Down Payment
- Cash on hand
- Gifts are permitted
- Money from State Agencies

### How else can FHA help?

- Non-occupying co-borrowers allowed
- FHA allows for Energy Improvements
- FHA 203K Purchase / Rehab Loans

### Types of Loans

- Purchase [Streamline Refi's]
- Owner occupied
- Fixed Rate
- 1 Yr ARM
- New Hybrid ARMS, 3, 5, 7 & 10 Yr
- Buy Downs Permitted

### Eligible Borrowers

- US Citizens
- Permanent Resident Aliens
- Non-Permanent Resident Aliens

### Qualifying Ratios

- Ratios: – Housing 31%
- Ratios: – Total Debt 43%
- Automated U / W allows for Higher Ratios



### Basic Loan Amount

- Maximum loan amount  
\$271,250 for a single family residence  
\$347,000 for a two family residence
- 3 and 4 Family Residence available

### Documenting Income

- SSN Card
- Most recent consecutive 30 days of pay stubs ALWAYS required
- Most recent 2 years of W-2 statements
- Social Security can be grossed up 115%

### Bankruptcy

- Chapter 7 -  
Must be discharged at least 2 years.
- Chapter 13-  
1 year of the pay-out period has elapsed
- While there are no credit score guidelines, 580 appears to be the minimum FICO for some Investors. Additional scrutiny, along with compensating factors may be required



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