

Additional offers from other lenders.



## ■ **FHA Home Loan**

### **What are FHA Home Loans?**

FHA stands for Federal Housing Authority. A Federal Housing Authority loan provides low-cost insured home mortgage loans that suit a variety of purchasing options. Whether you're buying a home or want to refinance your mortgage, [FHA home loans](#) might be right for you.

### **Why choose an FHA Home Loan?**

There are lots of good reasons to choose an [FHA home loan](#), especially if one or more of the following apply to you:

- You don't have perfect credit
- You don't have a lot of money to put down on a house
- You want to keep your monthly payments as low as possible
- You're worried about your monthly payments going up
- You're worried about qualifying for a loan
- You're worried about what will happen if you fall behind on your payments
- You're a first-time home buyer

If any of these things describe you, then an FHA home loan may be right for you. Why? FHA-insured loans offer many benefits and protections that you won't find in other loans including:

#### **Credit Flexible**

While FHA home loans aren't specifically driven off of your credit scores. At least a 640 FICO credit score is usually required to obtain an FHA approval through most lenders.

#### **Low Mortgage Insurance Rates and Low Interest Rates**

FHA Home Loans carry low mortgage insurance rates and the Interest rates are usually better than other mortgage programs.

#### **Smaller Down Payment**

FHA loan requirements have a low 3% down payment and the money can come from a family member, employer or charitable organization as a gift. Other loan programs don't allow this.

#### **More Protection to Keep Your Home**

The FHA has been around since 1934 and will continue to be here to protect you. Should you encounter hard times after buying your home, the FHA has many options to help you keep you in your home and avoid foreclosure.

### **What are the FHA Loan Requirements?**

To decide if you qualify for an FHA Home Loan, we will look at:

- Your income
- Your other monthly expenses
- Your credit history

To meet current FHA loan requirements, your monthly housing costs (mortgage principal and interest, property taxes, and insurance) must meet a specified percentage of your gross monthly income. Your credit background will be fairly considered. You must be able to make a down payment, cover closing costs and have enough income to pay your monthly debt.

Additionally, to meet current FHA loan requirements you must:

- Have a valid Social Security Number (SSN)
- Be legal resident of the United States
- Be of a legal age to sign on a mortgage in your state. There is no maximum age limit for a borrower.

Even if you are a U.S. citizen, you must have a valid Social Security Number (SSN). An individual Tax Identification Number (ITIN) is not an acceptable substitute for a SSN.

U.S. citizenship is not required for eligibility. When you indicate on your loan application that you hold something other than U.S. citizenship, the lender must determine your residency status from the documentation you provide. If you are a permanent resident alien, you must provide evidence of lawful permanent residency issued by the Department of Homeland Security, Bureau of Citizenship and Immigration Services (BCIS), formerly the Immigration and Naturalization Service (INS). If you are a non-permanent resident alien, you must show

that you are eligible to work in the U.S. by producing an Employment Authorization Document (EAD) issued by BCIS.

### **What is the maximum amount that I can borrow?**

The maximum amount for an FHA Home Loan is determined by:

**Maximum loan amount:** By law, FHA cannot insure loans that exceed certain amounts based on the metropolitan area or county in which you live. The highest maximum FHA home loan right now is \$729,750. The lowest maximum amount available in any county is \$271,050. To see what the limit is in the county in which you're interested, visit the following site <https://entp.hud.gov/idapp/html/hicostlook.cfm>. This site lists U.S. territories as well as states.

**Maximum financing:** Depending on the state where the property is located, the maximum FHA financing will be 97.75% of the appraised value of the home or its selling price, whichever is lower.

### **What kinds of loans does FHA offer?**

**Fixed rate loans** - Most FHA Home Loans are fixed-rate mortgages. In a fixed rate mortgage, your interest rate stays the same for the entire loan period. With a fixed rate FHA Home Loan, you always know exactly how much your monthly payment will be.

**Adjustable rate loans** - With FHA's adjustable rate mortgage (ARM), the initial interest rate and monthly payments are low, but these may change during the life of the loan. FHA uses the 1-Year Constant Maturity Treasury Index (1 Yr CMT), the most widely used index, to calculate the changes in interest rates.

The maximum amount that the interest rate that an Adjustable FHA Home Loan may increase or decrease in any one year is 1 or 2 percentage points, depending upon the type of ARM that is chosen. Over the life of the loan, the maximum interest rate change is 5 or 6 percentage points over the initial interest rate.