



FHA Home Loan Program



What is an FHA Loan?

An FHA Loan is a home loan that is federally insured by the FHA. FHA is designed increase access to home ownership through lower down payment requirements and federally provided mortgage insurance. FHA has maximum loan limits based upon the home price index for each Metropolitan Statistical Area (MSA). We can determine what the max is for your MSA. FHA requires that you have a 3.5% down payment. This can be your own funds or a gift from a family member. In addition to your down payment, closing costs must be paid for; however, the seller can contribute up to 6% of the purchase price to cover your closing costs. An FHA loan will always have mortgage insurance, regardless of how much your down payment is. In addition, if you have a loan term of 30 years and your down payment is less than 10% the mortgage insurance stays on for the life of the loan. Otherwise the mortgage insurance is for a minimum of 11 years.

FHA AT A GLANCE:

- Up to 96.5% LTV Financing
- Standard Credit score of 580+
- Available with 500+ Credit Score, additional credit guides and down payment apply
- First Time Home Buyers OK
- Maximum Loan Amount Varies by Metropolitan Statistical Area
- Must provide proof of Income and Assets
- Owner Occupied Homes Only
- Low Monthly Mortgage Insurance
- FHA Funding Fee is Financed into the Loan
- 6% Seller Contributions Allowed
- 30 Year Fixed
- 15 Year Fixed
- 5/1 ARM
- Purchase, Refinance and Cash Out Refi
- Gift from family member allowed

FHA ADVANTAGES

- Low Down Payment Requirement
- Available to lower credit score borrowers
- Expanded borrower eligibility vs conventional
- Payments generally lower vs conventional when credit is under 700.
- No Income Limits
- Higher debt to income (DTI) limit vs conventional
- Ability to do escrow holdbacks for repairs

FHA DRAWBACKS

- MI can stay on for the life of the loan
- Loan amount limits by MSA
- More documentation required vs conventional
- Student loan payments calculated differently vs conventional & can result in a higher DTI
- Mortgage insurance is typically higher vs conventional when credit score is 700+



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Programs are subject to change, all are available effective 11/15/2017. Please contact us for detailed information.