



Report Compliments of **Homes and Lifestyles of Colorado** - *Finding Your Place Called Home*

Denver Office: <http://www.DenverHomeLiving.com> - (303) 816-9199 Office

Do You Qualify for an FHA Loan?



FHA loans are the easiest type of real estate mortgage loan to qualify for. The FHA guidelines for loan qualification are the most flexible of all mortgage loans and require less than 5% down payment.

FHA loans are fully insured through the FHA. Below are a list of basic loan qualification guidelines:

- Two years of steady employment, preferably with same employer.
- Last two years' income should be the same or increasing.
- Credit report should typically have less than two thirty day late in last two years.
- Bankruptcies must be at least two years old, with good credit since.
- Foreclosures must be at least three years old, with good credit since.
- Your new mortgage payment should be no more than about 30% of your gross income.

The advantages of an FHA loan are:

- 3% down payment. FHA loans usually require just a three percent down payment. The down payment can also be gifted to the borrower, which makes it even easier to obtain an FHA loan.
- Easier qualifying. Because the Federal government insures the loan, the credit qualifying criteria are less stringent than a conventional loan.
- Lower overall costs. An FHA loan usually has a better interest rate, which cuts down on the overall cost of the loan.
- Avoiding foreclosure. The Federal Housing Administration provides programs to help avoid foreclosure in case of financial difficulties.

Qualifications for FHA loans vary by location. If you are interested in an FHA loan, Lending Tree has recently expanded its service to allow borrowers looking for new loans or refinancing to check their eligibility for FHA loan programs based on their local county-level loan limits and loan-to-value ratios.

HUD is a great resource and will allow you to check the FHA mortgage limits in your area. The FHA home page also offers a search tool to find FHA lenders in your area, and tools for determining the maximum mortgage you can afford and comparing the cost of renting versus buying.

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