

SPECIAL REPORT

FHA loans can pave the way!

Did you know that the type of loan that you get can be more important than the price at which you buy your house? For example, getting a one or two point discount in your loan is – in most cases – much more important than getting a \$10,000 discount on the price of your home. To this regard, you should always try to qualify for an FHA loan whenever possible.

FHA loans are a popular way of financing for home buyers. FHA does not actually give loans; what they do is insure the loan so the lender knows that they will get paid by FHA if you default on your payments. This gives lenders peace of mind and allows them to be more flexible in the loans that they give. This is why it is possible to qualify for an FHA loan even if you do not qualify for a conventional loan. With these FHA loans, home buyers can take advantage of the low interest rates of today. The main requisites to qualify are:

- Past bankruptcy – must be at least 2 years old and applicant must have had good credit for at least 2 consecutive years following the bankruptcy.
- Past foreclosure – must be at least 3 years old and followed by at least 3 consecutive years of good credit history.
- Income – you must have had a stable or increasing income for at least 3 years. Be prepared to show W2s and tax forms.
- Down payment – be prepared to make a 3% down payment, which is significantly lower than what you would need for a conventional loan.
- Closing costs – be prepared to pay 2.5% closing costs.
- Monthly payments – must be 30% or less of your gross monthly income.
- Residency – be ready to disclose the addresses where you have lived during the last 2 years.

Many people make the mistake of assuming that FHA loans are only for first time buyers; nothing could be further from the truth. FHA loans are available to anyone, whether you own a house or not. You will, however, be required to live in the house that you acquire with your FHA loan.

To find out if you qualify for an FHA loan you should ask a reputable lender. I will be happy to provide you with the names and contact information of several professional lenders that can guide you in this process. Contact me today, before the huge inventory goes away and prices go up.



RE/MAX Alliance Central
1873 S. Bellaire #700
Denver, CO 80222
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Tere Cardenas, MBA
(303) 718-3632 mobile, (303)759-6654 office
www.BargainHomeHunter.net
TereCardenas@yahoo.com