



Direct Mortgage
Wholesale™



Benefits of FHA Loans

Learn about FHA Loans: The Benefits and Key Elements.

FHA loans are insured by the Federal Housing Authority, a division of the Department of Housing and Urban Development. This Federally insured program exists to extend more opportunities for affordable home ownership to low to moderate income families, as well as borrowers who may have "less than perfect" credit histories.

Benefits

- **Debt ratio** is 43% for Traditional manual underwriting. (Energy efficient homes have DTI of 45%.) Higher DTI available with a DU or LP approval.
- **Non-traditional credit** is acceptable. Minimum of 3 trade lines, including Housing debt, that have been open and satisfactory for a minimum of 12 months. (Cable, Utilities, Insurance payments, etc, may be considered)
- **Minimum cash investment** is 3%.
- **Gift of equity for down payment** is allowed. Detailed guidelines are located in the HUD 4155.1 Handbook, which can be accessed online at www.hud.gov under Forms and Handbooks.
- **Down payment assistance** program ("Nehemiah") is available until March 31, 2008. Buyers may be able to get into a home with "No Money Down". For more information, go to: www.getdownpayment.com
- **Non Occupying Co-Borrowers are allowed** – maximum LTV if family member.
- **When there is a Non Occupying Co-Borrower**, the Occupying Borrowers DO NOT need to have income or employment. Restrictions will apply.
- **Seller may pay** HUD-allowable closing costs up to 6% of sales price.
- **Various products are available:** Fixed Rate, ARMS, and Buydown; purchase and refinance.

Key Elements

An FHA loan consists of a Base Loan amount, plus an Upfront or One-Time Mortgage Insurance premium of 1.5%, which is added to the Base Loan amount to determine the Final Loan Amount. Additionally, there is a Monthly Mortgage Insurance premium of .50% included in the PITI. Mortgage Insurance, both Upfront and Monthly is a requirement on every FHA loan, regardless of LTV.*

(*The sole exception to this statement is when the loan is a 15 yr term with LTV of 89.99% or less – in which case, there is no Upfront MIP, but a monthly MI premium of .25% would still be applied.)

[More on Key FHA Elements . . .](#)

View a list of our [FHA](#) and other [loan programs](#).

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