**FHA Loan Basics**

**INTRO**

Ever wondered what exactly is a FHA loan? It’s a great loan program that makes home ownership possible for more people. If you’ve had trouble find a conventional loan that works for you, a FHA might be right for you. This report will answer all your questions.

**REPORT**

The Federal Housing Administration or FHA is a government agency that was created to make home ownership available to more people. The FHA loan has helped 34 million people to own a home, and it can help you attain the dream of home ownership. Even though a FHA loan isn’t just for first time homebuyers, this loan is perfect for anyone who has thought about owning a home at one point. The requirements are easier to qualify for then a conventional loan. The biggest advantage is that the down payment is usually much lower then a conventional loan.

Here are the basics of the advantages of a FHA loan.

**Low Down payment**– The down payment is often the biggest thing that has stopped someone from owning a home. With down payments of 20% on conventional loans being common, this can be very difficult for many people to come up with. According to the US Census Bureau the average price of a home in the US is $273,000, with a 20% down payment, someone would need $54,600. Most people don’t have that kind of money lying around. With a FHA loan the down payment is only 3.5%, or a $9,555 on a average priced home, which many more people can afford.

**Lower Credit Requirements**– Credit requirements for conventional loans these days can be pretty high. Not only that, but if your credit isn’t perfect you can end up paying more on a down payment. If your credit is less than perfect, FHA might be the loan for you. You may qualify for an FHA loan even though you have had financial problems. Even if you’ve had bankruptcies a FHA loan is not out of question as long as you can show that you’ve made consistent payments for the last 2 years.

**Mortgage Insurance**– Since the FHA is a government loan, it is backed by the government. You will be required to pay mortgage insurance that you may not have pay on a conventional loan. That could increase your monthly payment.

There are of course limitations, not every home qualifies for a FHA loan. The loan limits on a FHA loan are typically $417,000. There are some areas where homes prices are more expensive that have higher limits. To find out what your loan limits are please contact us. We can also pre-qualify you to find out if a FHA loan is right for you.

 loan that was created to make homeownership easier for everyone.