

A FHA loan is insured by the Federal Housing Administration, a federal agency within the U.S. Department of Housing and Urban Development (HUD). The FHA does not loan money to borrowers, rather, it provides lenders protection through mortgage insurance (MIP) against losses as the result of homeowners defaulting on their mortgage loans. The lenders bear less risk because FHA will pay a claim to the lender in the event of a homeowner's default on his or her loan obligations. Available to all buyers, FHA loan programs are designed to help creditworthy low-income and moderate income families who do not meet requirements for conventional loans that adhere to more strict underwriting guidelines

FHA loan programs are particularly beneficial to those buyers with less available cash. The rates on FHA loans are generally market rates, while down payment requirements are lower than for conventional loans.

FHA is the only government agency that operates entirely from its self-generated income and costs the taxpayers nothing. The proceeds from the mortgage insurance paid by the homeowners are captured in an account that is used to operate the program entirely. FHA provides a huge economic stimulation to the country in the form of home and community development, which trickles down to local communities in the form of jobs, building suppliers, tax bases, schools, and other forms of revenue.

Benefits of FHA financing:

- Simply Qualifying
- Only a 3.5 percent down payment is required.
- Closing costs can be financed; up to 6 percent
- 100% Allowed with Approved Gift Fund Source
- Lower monthly mortgage insurance premiums
- More flexible underwriting criteria
- FHA limits lenders charges for closing costs
- Loans are assumable to qualified buyers
- Co-borrowers are Allowed
- Minimum Credit 620



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