

## FHA Loan Requirements

### What are the requirements for an FHA loan?

FHA loans are popular with homebuyers because they help people with low to moderate incomes achieve the dream of homeownership. There are specific eligibility requirements to qualify for an [FHA home loan](#) however. When applying you will need to:

- Be a U.S. citizen.
- Have a steady income.
- Show that you have established credit. This could include credit cards or any loan such as a car loan or student loan.
- Have an acceptable debt-to-income (DTI) ratio, which defines how much debt you have compared to how much you earn in income.
- Have no delinquencies that disqualify you from the program. For example, individuals who are currently delinquent on an FHA-insured mortgage or federal tax debt are ineligible for an FHA loan.
- Be able to make a down payment.
- Meet FHA property requirements for health, safety, and structural soundness.
- Provide Social Security number, pay stubs, W-2 forms as necessary.

An FHA loan can be a great option for those who may not be able to afford a home through a [conventional mortgage](#). Here are more requirements you'll want to understand before you apply.

### FHA loan income requirements

There is no minimum income required to be approved for an FHA loan. People applying for FHA mortgages are typically required to demonstrate they have a steady income and can make their monthly payments. These payments include monthly mortgage insurance premiums that you may have to pay throughout the life of the loan.

## **FHA loan debt-to-income requirements**

Lenders use [debt-to-income ratio \(DTI\)](#) to help them decide if a person can afford to pay back money they borrow. DTI is calculated by dividing a person's total monthly debt payments by his or her monthly gross income to get a percentage. The lower the percentage, the more likely it is a lender may decide to approve the mortgage. FHA loans typically allow a DTI of up to 43%.

## **FHA loan down payment requirements**

With an FHA loan, you can purchase a home with a down payment as low as 3.5%. This is a big benefit, especially for first time homebuyers who may not have cash on hand for a larger down payment. You typically need to have a credit score of 580 or better in order to qualify for a lower 3.5% down payment. If your credit score is between 500 and 579, you will likely need to make a 10% down payment to get an FHA loan.

## **FHA loan property requirements**

You can only use an FHA loan to buy a house where you intend to live (this is also called a “primary residence”). You can't buy a vacation home or an investment property with an FHA loan, and in most cases you can only buy one house at a time with these loans. There are also [loan limits](#) that cap the total amount of money you can borrow with an FHA loan.

To qualify for an FHA loan, the house must meet certain health and safety standards during the appraisal. These standards include requirements related to toxic chemicals, excessive noise, and flood risk. The house itself must also meet standards for structural soundness. There are requirements for the foundation, roof, mechanical systems, heating, doors and windows, and more<sup>1</sup>.

Contact a Freedom Mortgage Loan Advisors who can answer your questions, walk you through the [pre-approval process](#) and help you with your application. To learn more about how to qualify for an FHA home loan call us today at 877-220-5533 or visit our [Get Started](#) page.

<sup>1</sup> See Chapter 3 of the [HUD Handbook 4150.2](#) for more information on the health and safety requirements of homes purchased with FHA loans. All chapters of the handbook can be found [here](#).



## **NOTES & REMINDERS**