# Home buying 101- Mortgage Loan Requirements:

-by Ashanti Wright, licensed REALTOR with KAIZEN Realty

*2024 Top 10 Sales Associate & 2024 Multi-Million Dollar Club - Former Office Level*
*2023 & 2024 MS Million Dollar Club Member*
*Multi-Millions Sold in Residential Real Estate Dwellings and Developments*

*662-404-3812*

Needed Documents:

- Last 2 years of Tax Returns (all pages and schedules) *a majority of lenders will require your tax returns but not all if you are a w2 employee. If you were in school or have an explanation for why you haven't worked in a period within the last 2 years, there are usually exceptions that you may or may not qualify for.
- Last 2 years of W2s or 1099s
- Last 2 paystubs or checkstubs
- Drivers License
- Latest bank statements (checking, savings, investment accounts, all accounts/all pages)
- Specific lenders may or may not require more.

Credit Score Requirements & Loan Type Options:

FHA:

Credit score ranging between 500-580: 10% down typically

Credit score ranging between a 580-600: 3.5% down with FHA. USDA potentially will allow NO money down in rural areas within this credit score range. There are also certain down payment assistance programs and grants that could be received, but terms will need to be reviewed.

Credit score of 600+: potential options for down payment assistance and grants to help cover closing costs

No income limit DPA: minimum credit score of a 620 is usually required with no max income limit * (some lenders offer this with a 580-600 credit score, however other guidelines/criteria have to be met!)

USDA Loan: (designed for homes in rural areas) NO MONEY DOWN/DOWN PAYMENT REQUIRED:

Minimum Credit Score of 580

Current Income Cap is $122,800 a year in salary for households with 1 to 4 members (you can not make over this limit)

VA Home Loan:

- designed for veterans
- typically less stringent requirements
- No minimum credit score requirement, however certain lenders may have one

Conventional Home Loan:

- Minimum credit score of 620
- Lowest Down Payment Option: 3% for primary residence (could potentially get down payment assistance but it will depend)

THERE ARE SEVERAL DOWN PAYMENT ASSISTANCE PROGRAMS AND GRANTS AVAILABLE TO TAKE ADVANTAGE OF IF YOU QUALIFY INCLUDING PROGRAMS DESIGNED SPECIFICALLY FOR TEACHERS, CITY EMPLOYEES, HEALTHCARE PROFESSIONALS, MILITARY, ETC.

*Please speak with me regarding the countless programs out there because one might be the perfect fit for you!

## Options to Offset Down Payment & Closing Costs:

- Request grants or down payment assistance from a lender if you qualify
- Negotiate an offer to where a seller would be willing to cover your closing costs

### Upfront Costs When Purchasing a Home:

- Appraisal Fee: $300-650 on average
- Inspection Fee: $300-500 on average
- Earnest Money Deposit: Typically 1% of the purchase price of the home ( can be negotiated at times)- this deposit is essentially just a security deposit for your purchase of the home and is refunded to you. It will go towards your closing costs (if a seller is covering your closing costs, this deposit will be refunded back to you at closing or put towards another fee such as your down payment)