

# FINANCING STRENGTH

## CASH IS KING

This is the strongest offer because there is no need for financing and therefore less risk for the seller if they accept a cash offer. Typically, a buyer has already sold their home and has the proceeds available or they have access to additional funds.

## CONVENTIONAL

Typically used when the buyer has a credit score of 690 or greater (with some exceptions). If there has been a past bankruptcy, there is a 4-year waiting period from the discharge date and if there was a foreclosure, the waiting period is 7 years from the date of the sheriff's deed.

## FHA - 3.5% DOWN

Typically used when a buyer has a credit score under 680, the minimum credit score for FHA is 620, anything below that will require compensating factors and will need special approval and not all lenders will extend financing below a 620. FHA is also used when employment or traditional credit history is soft. If there has been past bankruptcy, there's a 2-year waiting period from the discharge date and if there was a foreclosure the waiting period is 3 years from the date of the sheriff's deed.

## RURAL DEVELOPMENT

Used on properties outside the city boundaries, with Rural Development a buyer can borrow up to 100% of purchase price and finance closing costs and pre-paid expenses if the appraised value allows. There are household income restrictions that vary per county. If a borrower has over 20% in assets, they may not be approved for Rural Development financing.

## VA - 0% DOWN

A VA loan is offered to past and present military members. This loan type will allow a veteran to finance 100% of the purchase price and not carry any monthly mortgage insurance. Disabled veterans do not have to pay a funding fee. VA financing can also be offered to reservists who already have put in 6 years of service.

## MSHDA - 1% VESTED

A state program that helps buyers with "down payment assistance". This program may be used in conjunction with other financing types. The guidelines for this program are more difficult, and a buyer must agree to interest rate offered by the department. Buyer has 1% of their own funds vested into the transaction. There are income restrictions and there can be no outstanding collection balances.



**IF LIFE MOVES YOU TO BUY A HOME**

Know The Strength of Financing!