BOBBY AFRASIABI
THE LOAN PRO

TRADITIONAL LOANS

CONVENTIONAL LOANS

A conventional mortgage loan is a “conforming” loan, which simply means that it meets the requirements for Fannie Mae or Freddie Mac. There are several different sets of guidelines that fall under the umbrella of “conventional loans,” so there are no single set of requirements for borrowers.However, in general, conventional loans have stricter credit requirements than government-backed loans like FHA loans.

CONVENTIONAL LOAN	
CREDIT SCORE	620 Minimum
DOWN PAYMENT	3%
BEST FOR	Borrowers with good to excellent credit.

FHA LOANS

A Federal Housing Administration (FHA) loan is a home mortgage that is insured by the government and issued by a bank or other lender that is approved by the agency. FHA loans require a lower minimum down payment than many conventional loans, and applicants may have lower credit scoresthan is usually required. The FHA loan is designed to help low- to moderate-income families attain homeownership. They are particularly popular with first-time homebuyers.

FHA LOAN	
CREDIT SCORE	580 with 3.5% Down
DOWN PAYMENT	3.5%
BEST FOR	Borrowers with lower credit scores looking for economically priced properties.

TRADITIONAL LOANS

VA LOANS

A VA home loan is a special type of mortgage guaranteed by the U.S. Department of Veterans Affairs (VA), and is available only to qualified borrowers as a part of their military benefits. Created to help veterans access credit and compete in the housing market, VA loans have more lenient credit, down payment and debt-to-income requirements than conventional loans. They also typically offer lower interest rates and have lower closing costs.

VA LOAN	
CREDIT SCORE	None unless lender requires.
DOWN PAYMENT	None.
BEST FOR	Borrowers who have served in the military, are currently serving or are an eligible military spouse.

USDA LOANS

A USDA home loan is a zero-down-payment mortgage for homebuyers in eligible towns and rural areas. USDA loans are guaranteed by the USDA Rural Development Guaranteed Housing Loan Program, a part of the U.S. Department of Agriculture. There are three types of USDA loans, Guarantees, Direct, and Home Improvement. None of which require borrowers to pay for traditional private mortgage insurance or PMI.

USDA LOAN	
CREDIT SCORE	640 Minimum
DOWN PAYMENT	3.75%
BEST FOR	Low income borrowers in designated counties and metro areas, unable to qualify for another mortgage option.

NON-TRADITIONAL LOANS

NON- TRADITIONAL LOANS	
BANK STATEMENT PROGRAM	A bank statement program is a home loan program that uses bank statements to calculate a borrower's income. This is an alternative documentation loan type instead of using tax returns and W-2s in the qualification process.
DSCR	**Debt service coverage ratio** indicates the amount of net cash flow available to pay the mortgage. Both real estate investors and lenders use the debt service coverage ratio when analyzing rental property performance.
ITIN	For segments of the population where it might be challenging to pursue conventional loan options, an ITIN loan could be a consideration. An ITIN is an **Individual Tax Identification Number** (ITIN) issued by the IRS and can be used as a form of ID for individuals. ITIN loans are a unique kind of loan for individuals that may not have the traditional documentation needed to obtain mortgage loans. ITIN loans can be a suitable option for individuals who do not have a Social Security Number. Using their ITIN, these individuals have a path toward homeownership as they can get a mortgage loan with their ITIN.
MANUFACTURED HOME LOANS	Manufactured homes consist of factory-built homes that have been engineered and constructed in accordance with the federal building code administered by the U.S. Department of Housing and Urban Development (HUD).

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NON-TRADITIONAL LOANS

RURAL	Though USDA loans are often referred to as rural housing loans, you don't have to live in the country or purchase farmland to use them. About 97% of U.S. land is located within USDA-eligible boundaries.
ASSET DEPLETION	An asset depletion mortgage is a type of non-QM loan that allows borrowers to use their substantial assets to qualify for a mortgage loan instead of employment income.
ATR	Borrowers who are unemployed, underemployed, or who have difficulty proving income can do an owner-occupied transaction using assets alone. The solution is an asset-based loan – meaning there is no DTI, and no proof of income or employment needed – making it an excellent option for borrowers with high assets.
FIX & FLIP	A fix and flip loan is short-term financing that real estate investors use to buy and renovate a property in order to resell it for a profit, a process known as house flipping. These small-business loans are typically used to purchase residential real estate, finance renovations and improvements, as well as cover additional expenses associated with listing and selling the property.
NON-QM	A **non-qualified mortgage** (non-QM) is a home loan designed to help home buyers who can't meet the strict criteria of a qualifying mortgage.
BRIDGE LOANS	A bridge loan is a form of short-term financing that can serve as a source of funding and capital until a person or company secures permanent financing or removes an existing debt obligation.