

CONVENTIONAL

Program Overview

Max Debt to Income Ratio	50%	See "DTI"
Minimum Credit Score	620	
Max Loan Amount	\$726,200	Variable - See "Max Loan Amount"
Minimum Down payment	3% - 25%	Variable - See "Eligibility Matrix"
Gift Funds	Acceptable	Restrictions - See "Gift Funds"
Occupancy Type	Primary, Second Home, Investment	See "Occupancy"
Property Type	1 - 4 Unit Property	See "Property Type"

Program Details

Income Restrictions	None	
Max Seller Contributions	6% of Sales Price - Variable	See "Max IPC"
Appraisal Type	Conventional Appraisal	
Mortgage Insurance	Variable	See "Mortgage Insurance"
Chapter 7 or 11 Bankruptcy	4 years From Discharge Date	
Chapter 13 Bankruptcy	2 years From Discharge Date	
Foreclosure	7 years From Recorded Date	

Eligibility Matrix

Occupancy	# Of Units	Down Payment
Primary	1	5%*
Primary	2	15%
Primary	3-4	25%
Second Home	1-4	10%
Investment	1	15%
Investment	2-4	25%

* First Time Home buyers are eligible for a 3% down payment for 1-unit primary residence.

Mortgage Insurance

- Mortgage Insurance on Conventional loans is variable based on credit score, property type, debt to income ratio, property location and occupancy type.
- Mortgage insurance is cancellable once the loan to value reaches 80% based on the borrower's amortization schedule and will cancel automatically once the loan to value reaches 78%.

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Notes

Gift Funds – A gift can be provided by:

- A relative - The borrower's spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or
- A non-relative - must share a familial relationship with the borrower defined as a domestic partner (or relative of the domestic partner), individual engaged to marry the borrower, former relative, or godparent.

****The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction.**

Max Loan Amount – The Maximum Loan amount for a Conventional loan depends on the property type and the loan limit Set by the FHFA for the county the property is located in. The maximum loan amounts change each year. **For 2023, in most counties** in the US the maximum loan amount for a single-family residence is \$726,200.

2023 Loan Limits		
# of Units	Low-Cost Areas	High-Cost Areas
1	\$726,200	\$1,089,300
2	\$929,850	\$1,394,775
3	\$1,123,900	\$1,685,850
4	\$1,396,800	\$2,095,200

Max IPC (Interested Party Contributions) - An interested party is any party associated with the transaction that is not the home buyer. This includes the seller, realtor, builder, or title company.

Occupancy Type	Down Payment	Maximum IPC
Primary or Second Home	Less Than 10%	3%
Primary or Second Home	10% - 25%	6%
Primary or Second Home	Greater than 25%	9%
Investment property	ALL Down Payment Amounts	2%

DTI – The Absolute maximum Debt to income ratio for a conventional loan is 50%. Conventional loan approvals are handled through Fannie Mae & Freddie Mac more on a case-by-case basis when it comes to the DTI. The more risk that the borrowers credit package has, the lower the maximum DTI will be. For most home buyers, it is recommended that the DTI does not exceed 43% of their gross income.

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Notes

Property Type – Provided that the property meets Fannie Mae & Freddie Mac guidelines, the following property types can be financed with a conventional loan.

- Single Family Home
- Townhouse
- Duplex
- 3-unit property
- 4-unit property
- Condo – The condo must be an FNMA or FHLMC approved Condo. These are known as “Warrantable Condos”