

A Guide to Home Financing Options

Conventional Loan:

- Ideal for borrowers with excellent credit who can afford a down payment of 3% or more
- Max loan amount: \$417,000
- Minimum credit score: 620
- Maximum seller concessions: 3%
- Complies with guidelines of Fannie Mae & Freddie Mac
- Conforming and nonconforming loans
- Fixed and adjustable rate options
- Average down payment ranges from 5-20% of the home's purchase price
- No private mortgage insurance when borrower makes a down payment of at least 20% of the home's purchase price

97% Conventional Loan:

- Product is available for standard purchase and limited cash out refinances (existing Fannie Mae loans only)
- At least one borrower must be a first-time homebuyer
- Down payment requirement is 3% of the home's purchase price¹
- Borrower's income, assets, credit and collateral must meet program guidelines
- Max loan amount: \$417,000
- Minimum credit score: 620
- Maximum seller concessions: 3%

FHA Loan:

- Good choice for borrowers with imperfect credit
- Max loan amount: \$271,050
- Minimum credit score: 580
- Maximum seller concessions: 6%

- Viable for borrowers wanting a low down payment
- Common first-time homebuyer program
- Fixed and adjustable rate options
- Down payment can be as little as 3.5% of the home's purchase price
- Gift funds and grant can be used towards a down payment
- Low closings costs and flexible income requirements
- No prepayment penalties

FHA 203K Renovation Loan:

- Purchase and renovation loans for occupied buyers
- Requires HUD minimum investment of 3.5%
- Down payment can be in the form of gift funds
- Minimum credit score: 640
- Maximum loan amount: \$271,050
- Used for eligible improvements, excluding luxury items
- Appraisal is based on the home's value after rehabilitation
- Loan amount is based on the property's purchase price and rehab costs

USDA Loan:

- Can be used to purchase or refinance a home within specific rural areas
- Max loan amount: \$417,000 (No maximum purchase price – based on income limits)
- Minimum credit score: 600
- Maximum seller concessions: 6%
- For primary residences only
- Not limited to first-time homebuyers
- Up to 100% financing for qualified buyers
- 30-year fixed rate mortgages²
- Guaranteed loans available
- Gift funds are allowed
- 2% USDA funding fee can be added to loan amount

VA Loan:

- Available to veterans, reservists, active-duty personnel, & surviving spouses
- Based on military entitlement
- Excellent choice for first-time homebuyers
- Up to 100% financing for eligible borrowers
- Max loan amount: \$417,000
- Minimum credit score: 580
- Maximum seller concessions: 4%
- No monthly mortgage insurance premiums
- Finance options for one-time VA funding fee
- Closing costs may come from gifts or grants

Fixed Rate Mortgage:

- Great for buyers planning and staying in their home for 5 years or more
- Straightforward, predictable monthly mortgage payments
- Easier for overall budgeting and financial planning
- Consistent mortgage payments
- Protection from rising interest rates for the life of the loan
- Repayment periods include 15, 20, or 30 year terms
- Lower down payment options
- Jumbo loans for higher priced properties

Adjustable Rate Mortgages

- Good for borrowers planning on living in their home for 5 years or less
- Initial interest rate adjusts based on financial markets after
- initial fixed rate period
- Borrowers can take advantage of falling rates without refinancing



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