

An FHA Loan for the First Time Home Buyer

If you are buying a home for the first time you may not be aware of all of the loan options that are available to you. Many first time home buyers are finding that the best option for them is the FHA home loan. There are many reasons for this, but of all of the people who take advantage of the loans that are backed by the Federal Housing Administration, first time home buyers are the most common.

Why an FHA Loan for Your First Home Purchase

One of the most common reasons that the FHA loan is a great option for a lot of first time buyers is because they do not have the best credit. Even if you do not have bad credit, just limited credit, you may find that it is difficult to qualify for a conventional loan. Many lenders have gotten very picky about the credit history of borrowers and if you don't have much of a credit history you may be looked over for financing. An FHA loan is much more forgiving of a limited credit history than conventional loans.

Another reason that first time home buyers like the FHA loan is because even if you have bad credit you can often qualify. These loans are very forgiving of those that have some credit problems including foreclosure and even bankruptcy. If you have foreclosure or bankruptcy on your record you will need to have two years of better credit before you will be able to apply for the loan, but it is possible to own a home even if you have had problems such as this in the past.

Because many people are relatively young or just getting started with their careers when they are buying their first home they haven't had much time to put together a substantial down payment. Most loan programs out there will require that you put down as much as 15% on the purchase price of a home. If you are buying a \$200,000 home that is \$30,000 that you need to come up with, not including the closing costs and most people don't just have an extra \$30,000 sitting in their bank account. When you are dealing with an FHA loan you may only be required to have a down payment of three to five percent, which means as little as \$6,000 instead of \$30,000 and that is much more doable for most people who are buying a \$200,000 home!

As you can see, there are a variety of reasons that this is a great option for first time home buyers. It can be difficult to buy your first home, but with the loans that are backed by the Federal Housing Administration it is much easier to get into that first home and show lenders that you are worthy of their financial support in the future. These FHA loans are much more forgiving limited and bad credit and with the ability to get into a home with a much smaller down payment it simply makes more sense for most first time buyers. If you have always thought that you could not get into a home because of these things, why not look at the loans that are insured by the Federal Housing Administration?

About the Author

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