

## Quick and Dirty Guide to FHA Kiddie Condo Loans

- Has nothing to do with Kiddies or Condos, that's the slang term.
- Property can be a single family residence, a townhouse, a condo, a duplex, triplex, even a quad.
- The primary borrower does not have to be a kiddie, it can be your Mama, your sorry brother in law that is sleeping on your couch, your sister that needs a fresh start, etc, etc. It must be a family member.
- The primary borrower does not have to have any income, but they go on the loan as the primary borrower because they will be occupying the house.
- The income and the debt of the borrower and the co-borrower are put in the same pot, and then the ratios are run on the totals.
- So a strong co-borrower is important. Remember must be a blood relative.
- Both the borrowers must have good credit, meaning no matter how strong the co-borrower is their good credit cannot overcome bad credit on the part of the primary borrower.
- This is a normal FHA loan. Fixed rate, 96.5% loan to value.
- The person living in the house can claim homestead. It does not affect the co-borrowers ability to file homestead on the home they live in.
- Think about it...once you pay first and last months rent and a security deposit you have come up with the 3.5% down.
- Keep in mind that this program has been in place for many years and I have done lots and lots of them, BUT things could change in the future. So it is critical that you contact a lender that is familiar with this program. If they aren't sure how it works or are unfamiliar with the program then call another lender. I can recommend.
- This is a very common program in college towns and you can see why!
- I love this program and know it is a wonderful way to start your kids, or the "blood family member", on the road to homeownership.
- Only down side is that the debt for the mortgage is on your credit report also. But, if you can provide 12 months cancelled checks (front and back) that prove the mortgage payment is being made by the primary borrower then the lender will not count it in your debt ratio when you go to borrow mortgage money in the future.

**Any questions call one of our associates at 850-681-0600**