DBK Realty LLC

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BUYER RESOURCE · MISSOURI & ILLINOIS

Buying with an FHA Loan

…and how we make your offer stand out

FHA loans open the door for buyers with a smaller down payment or a credit history that's still being built. Some sellers still hesitate at the letters "FHA." Here's why your loan is a real strength, the myths to set straight, and how DBK presents your offer so it gets a fair look.

3.5%
minimum down payment with a credit score of 580 or higher

6%
of the price a seller can put toward your closing costs and prepaid items

1–4
units: buy a two-family flat, live in one side, and rent the other



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THE FHA ADVANTAGE

Why your loan is a strength

FHA loans are made by private lenders and insured by the Federal Housing Administration, part of HUD. That insurance lets lenders say yes to buyers who might not fit a conventional loan, on terms that are often better.

3.5% down

Small down payment

With a 580+ credit score. Scores of 500–579 can qualify with 10% down

Gifts OK

Help from family

Your whole down payment can be a gift from family, an employer, or an approved program

Flexible

Easier to qualify

FHA allows more room on credit history and debt-to-income than most conventional loans

6%

Seller help allowed

Sellers can pay up to 6% of the price toward your closing costs and prepaid items

Mortgage insurance (MIP)

Every FHA loan has mortgage insurance: an **upfront premium of 1.75%** of the loan, which is usually added to the loan, plus a **yearly premium** paid monthly. With less than 10% down, the yearly premium lasts as long as the loan. Many buyers refinance later, once they have more equity, to drop it.

How you qualify

HUD sets the minimums, but many lenders add their own, such as a higher credit score, so it pays to compare. The home must be your **primary residence**, and the loan must fit FHA's limit for your county. Your lender will confirm the current limit.

Typical yearly MIP, 30-year purchase loans

YOUR DOWN PAYMENT	YEARLY PREMIUM	HOW LONG IT LASTS
Less than 5%	0.55%	Life of the loan
5% to less than 10%	0.50%	Life of the loan
10% or more	0.50%	11 years

HUD rates for most loans; higher-balance loans and 15-year loans differ. On a $250,000 loan, 0.55% is about $115 a month. Your lender will confirm your exact cost.

Who uses FHA loans

First-time buyers

The most common FHA buyer, but you don't have to be a first-timer

Credit builders

Buyers with a thin or bumpy credit history

House hackers

Buy a 2–4 unit building, live in one unit, and rent the rest

Family helpers

A relative can co-sign without living in the home

MYTH VS. FACT

FHA myths sellers still believe

Some sellers, and even some listing agents, pass over FHA offers because of things they heard years ago. HUD has updated its rules since then, and part of our job is making sure the seller hears the facts.

MYTH	FACT
"FHA buyers are risky buyers."	An FHA buyer goes through the same full review of credit, income, and savings as any other buyer. Many have strong credit and simply prefer a smaller down payment.
"FHA appraisals mean a long repair list."	The appraiser checks HUD's basic standards for safety, security, and soundness, not cosmetic issues. Most well-kept homes pass without any repairs. We look for likely issues during showings, before you make an offer.
"FHA loans take longer to close."	With a prepared buyer and an experienced lender, FHA loans close on the same 30–45 day timeline as most conventional loans.
"If the appraisal comes in low, the deal falls apart."	Not necessarily. We can ask the lender to reconsider the value with better sales data, renegotiate, or you can pay the difference. The buyer decides, and their earnest money is protected.
"The seller has to pay the FHA buyer's closing costs."	No. Seller help is allowed, up to 6%, but it's negotiated like every other term. Many FHA buyers ask for little or none, especially in a competitive situation.

The bottom line for sellers: an FHA offer brings a fully qualified buyer with federally insured financing, and turning FHA offers away shuts out a large group of serious buyers.

OUR OFFER STRATEGY

How DBK makes your FHA offer strong

A strong FHA offer isn't only about price. It's about showing the seller a clean, confident deal and answering their concerns before they have them.

1. **We start with an FHA-savvy lender**
   We'll connect you with loan officers who close FHA loans every month, so your pre-approval is solid and the closing date is realistic.

2. **We screen homes before you fall in love**
   We check for likely appraisal issues, whether a condo is FHA-approved, and whether the seller has owned the home at least 90 days (FHA's anti-flipping rule).

3. **We call the listing agent first**
   Before we send your offer, we talk to the listing agent about your financing, your lender's track record, and the appraisal.

4. **We send a complete package**
   Your offer goes in with a pre-approval letter written for that price, and a short summary from us explaining the terms and why your offer will close.

5. **We write clean, competitive terms**
   A firm closing date, a reasonable inspection period, and solid earnest money. When it's competitive, we may ask for less seller help so your offer reads as strong as a conventional one.

6. **We keep the deal on schedule**
   We make sure the appraisal is ordered right away and track every deadline with your lender and the title company through closing.

SAMPLE: WHAT THE LISTING AGENT RECEIVES WITH YOUR OFFER

FINANCING	LENDER	APPRAISAL	CLOSING
FHA, fully pre-approved	**Local FHA specialist**	**Ordered day 1**	**Firm date, 35 days**

"My buyers are fully pre-approved for this price, their lender closes FHA loans every month, and we've already walked the home with FHA standards in mind. Happy to answer any questions about the financing."

2×

Thinking about a two-family flat?

St. Louis has thousands of two-family and four-family buildings. With FHA you can buy one with as little as 3.5% down, live in one unit, and let rent help pay the mortgage.

UNDER CONTRACT

The appraisal and your protections

Once your offer is accepted, the lender orders an FHA appraisal. Here's what the appraiser looks for, and the protections you have if something comes up.

Common things an FHA appraiser checks

- Roof with at least two years of life left, and no leaks
- Safe electrical, with no exposed or loose wiring
- Working heat, and safe water and sewer service
- No active water damage, leaks, or structural problems
- Peeling or chipping paint on homes built before 1978
- Handrails on stairs and safe access to the home

If the value comes in low

We can send the lender better sales data and ask for a **reconsideration of value**. If it stays low, you can renegotiate the price or pay the difference.

The FHA amendatory clause

Every FHA contract includes it. If the home appraises below the price, you can walk away **without losing your earnest money**, or choose to go ahead.

If repairs are required

The seller usually makes them before closing, and the appraiser checks the work. We work out who does what, and when.

Still get a home inspection

An FHA appraisal is **not** an inspection. It checks minimum standards, not the full condition of the home. We always recommend your own independent inspection.

A typical FHA timeline

1. **DAY 0** — **Offer accepted**: Earnest money goes to the title company
2. **DAYS 1–3** — **Appraisal ordered**: We make sure it's requested right away
3. **DAYS 1–10** — **Inspection**: Your own inspection and repair request
4. **WEEKS 2–4** — **Appraisal & approval**: Value confirmed, any repairs done, loan approved
5. **DAYS 30–45** — **Closing**: Final walk-through, sign, and get your keys

St. Louis tip: many cities and St. Louis County also require an occupancy inspection when a home sells. Those repairs often overlap with FHA's list, and we'll coordinate both. See our free *Occupancy Inspection Guide*.

GET READY

Your FHA buyer checklist

Before you shop

- [ ] Check your credit reports for free at AnnualCreditReport.com
- [ ] Choose a lender with lots of FHA experience
- [ ] Ask about Missouri and Illinois down payment help programs
- [ ] Getting a gift? Ask your lender how to document it
- [ ] Get pre-approved and set a monthly payment you're comfortable with

Cash to plan for

- [ ] Your 3.5% (or more) down payment
- [ ] Earnest money with your offer
- [ ] Home inspection and any extra tests
- [ ] Appraisal fee (often paid up front)
- [ ] Closing costs not covered by the seller

READY WHEN YOU ARE

Let's get you in the door.

DBK Realty helps FHA buyers in Missouri and Illinois find the right home and write offers that sellers take seriously.

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Notes from my lender

LENDER AND LOAN OFFICER

PHONE AND EMAIL

CREDIT SCORE RANGE

PRE-APPROVAL AMOUNT

UPFRONT AND MONTHLY MIP

ESTIMATED MONTHLY PAYMENT

Important: This guide is general information compiled in November 2026 and is not loan, legal, or tax advice. FHA program rules, mortgage insurance rates, loan limits, and lender requirements change and vary. Confirm eligibility, costs, and terms with your lender and HUD. DBK Realty is a real estate brokerage, not a lender, and is not affiliated with or endorsed by HUD or the FHA. If you are currently working with another real estate agent, this is not a solicitation of that relationship.

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