MORTGAGE LOAN OFFICER PRACTICE

FHA ESSENTIALS

Alex has a down payment and a question about an FHA loan. Your job is to explain the basics and identify what needs verification.

Practice three decisions:

- Separate the minimum investment from total costs
- Clarify property use
- Verify current limits and mortgage insurance details

START



Portfolio concept - Reviewed November 7, 2026

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DECISION 1 OF 3

The down payment question.

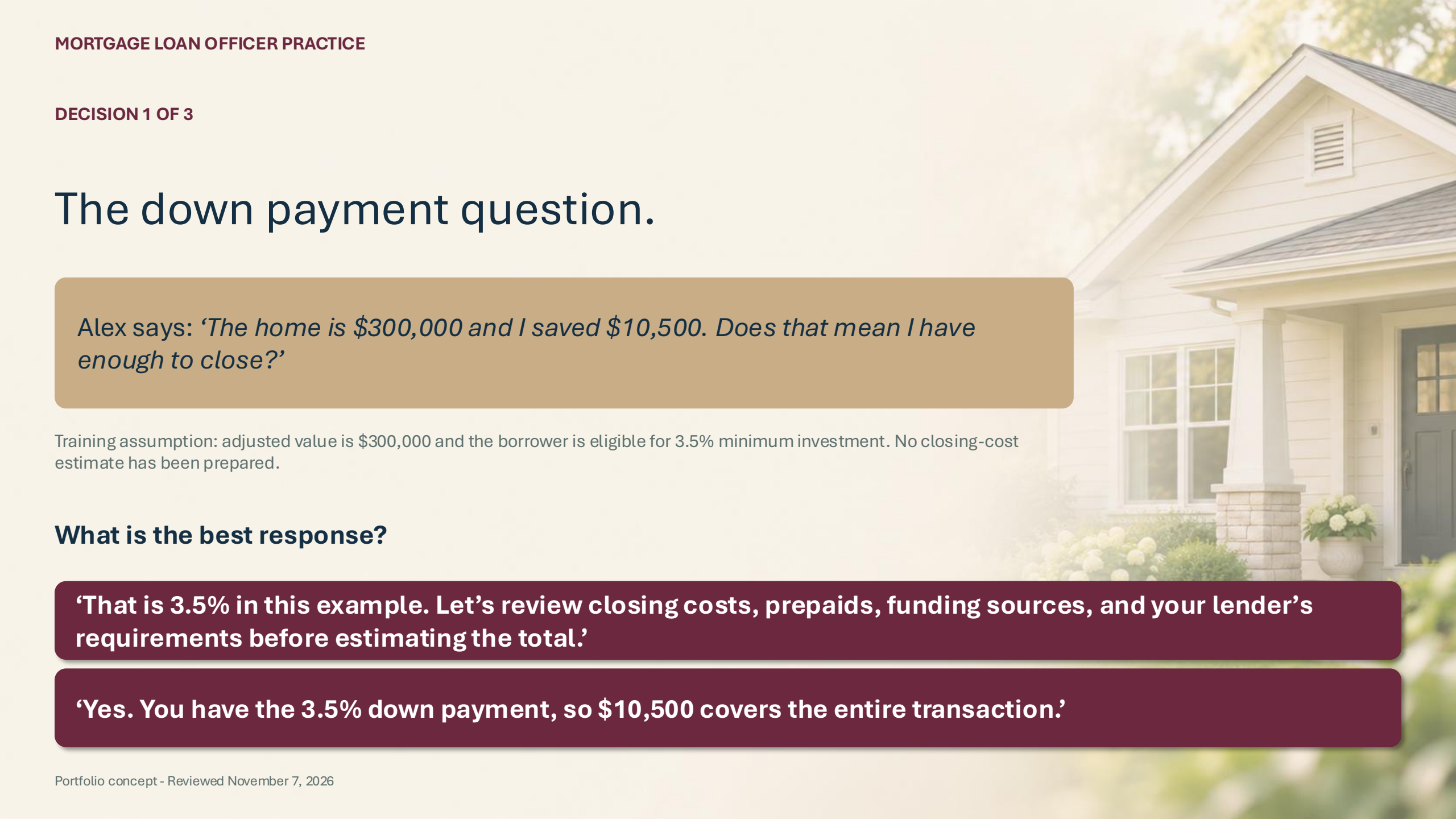
Alex says: *‘The home is $300,000 and I saved $10,500. Does that mean I have enough to close?’*

Training assumption: adjusted value is $300,000 and the borrower is eligible for 3.5% minimum investment. No closing-cost estimate has been prepared.

What is the best response?

‘That is 3.5% in this example. Let’s review closing costs, prepaids, funding sources, and your lender’s requirements before estimating the total.’

‘Yes. You have the 3.5% down payment, so $10,500 covers the entire transaction.’



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FEEDBACK : STRONG RESPONSE

Alex understands there is more to estimate.

You separated the illustrative minimum investment from total cash needed. Costs, eligible credits, financing choices, and the borrower’s file must be verified before quoting cash to close.



TAKE INTO THE NEXT CONVERSATION

A minimum down payment is one part of the transaction.

CONTINUE

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FEEDBACK : TRY ANOTHER RESPONSE

Alex now assumes no other funds are needed.

The minimum investment is not a complete cash-to-close figure. Your answer could leave Alex unprepared for closing costs and prepaid items.



TAKE INTO THE NEXT CONVERSATION

Explain the cost categories before giving a total.

TRY AGAIN

DECISION 2 OF 3

The property-use question.

Alex says: *‘I plan to keep living where I am and rent this house out from day one.’*

The conversation concerns a standard FHA purchase mortgage for a principal residence.

What should you do next?

‘As long as you can make the payment, we can treat it as your primary home.’

‘Let’s document how you actually plan to use the property and confirm the appropriate program with our team.’

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FEEDBACK : TRY ANOTHER RESPONSE

The application could misstate the intended use.

Ability to make the payment does not make a rental property a principal residence. Do not alter the stated purpose to fit a program.



TAKE INTO THE NEXT CONVERSATION

Document the intended use accurately.

TRY AGAIN

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FEEDBACK : STRONG RESPONSE

The program question goes to the right review.

You identified a mismatch between the stated use and the standard principal-residence purchase scope. Record the facts and seek the appropriate program review without promising eligibility.



TAKE INTO THE NEXT CONVERSATION

Clarify the facts before discussing program fit.

CONTINUE

DECISION 3 OF 3

A different property.

Alex later asks about a home they would occupy in a different county: ‘Can we use the same loan limit and payment estimate?’

The property and county changed. The applicable case-number year and lender review still need confirmation.

What is the best next step?

‘We need to verify the new county’s limit, property units, applicable year, and updated costs, including mortgage insurance, before confirming an estimate.’

‘Yes. FHA has one national limit, and mortgage insurance works the same for every loan.’

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FEEDBACK : STRONG RESPONSE

Alex gets an accurate next step.

You identified the items that need rechecking. FHA limits depend on location and units, while mortgage insurance details and other costs must be verified for the specific loan.



TAKE INTO THE NEXT CONVERSATION

A property change can require a new review.

FINISH THE SCENARIO

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FEEDBACK : TRY ANOTHER RESPONSE

The estimate rests on two unsupported assumptions.

There is no single limit for every property. Most FHA programs include upfront and annual MIP, but the applicable amount and duration require verification.



TAKE INTO THE NEXT CONVERSATION

Verify current limits and mortgage insurance details.

TRY AGAIN

KEY TAKEAWAYS

A clear explanation, then a verified next step

You helped Alex distinguish an example from an approval decision.

- Describe FHA’s role accurately.
- Separate the minimum investment from total costs.
- Record property use and verify current loan details.



PRACTICE AGAIN