

MORTGAGE Q&A GUIDE

32 real questions from Capital Region homebuyers and homeowners, answered in plain English.

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Questions in this guide

These are the questions people actually ask me, with the answers I give them. Every situation is different, so treat this as a starting point and call or text me with yours.

01 What property conditions will fail a VA appraisal?

VA has Minimum Property Requirements much like FHA: safe mechanical systems, a working permanent heat source, a roof with remaining life, no exposed wiring, safe water and sewage disposal, adequate access, and no evidence of wood-destroying insects or structural failure. Peeling paint on pre-1978 homes, missing handrails and inoperable windows are the routine call-outs. A property that needs work can still close. The repairs either get done before closing or the file moves to a renovation product.

02 Does an older Capital Region home cause loan problems?

Age itself does not. Specific conditions common in older local housing stock do: knob-and-tube wiring, a fuse box instead of a breaker panel, peeling lead paint on anything built before 1978, an aging slate or flat roof, and an underground oil tank. None are automatic dealbreakers. On a conventional loan an appraiser may note them without requiring repair; FHA and VA hold to stricter property standards. When the list gets long, a renovation loan that finances the fixes is often a better answer than walking away from the house.

03 What kind of property can I buy with SONYMA?

One- to four-family homes and condos, as a primary residence. On a two- to four-family the property generally has to be at least five years old, and you must live in one of the units. Buying a two-family with SONYMA is one of the strongest first-time buyer plays in this market. Assistance on the down payment, a below-market rate, and a tenant helping with the payment. It is also a stricter underwrite, so build in time.

04 What property conditions will fail an FHA appraisal?

FHA has Minimum Property Requirements, and the appraiser is looking for safety, security and soundness. The usual culprits: peeling paint on a home built before 1978, missing handrails on stairs with more than three risers, exposed or knob-and-tube wiring, active roof leaks or under two years of remaining roof life, no working heat source, broken windows, a missing TPR valve on the water heater, and standing water in the basement or crawlspace. None of those are automatic dealbreakers: they are repair conditions. Either the seller fixes them before closing, or the right answer is a 203(k) renovation loan that finances the repairs into the mortgage.

05 Can I use an FHA loan on a house with a well or septic system?

Yes, and it is common across the Capital Region. FHA requires the water to be potable and tested, and it enforces minimum distances. Generally 50 feet between a well and a septic tank, and 100 feet from the septic drain field. Older rural properties in Rensselaer, Washington and Schoharie counties sometimes fail those distances because the systems predate the rules. When that

happens, a documented variance from the local health department is usually the path forward.

06 Will an underground oil tank kill an FHA loan?

An in-ground tank does not automatically stop the loan, but it has to be addressed. FHA cares about evidence of a leak or contamination. A tank in active use with no sign of a problem can often pass; an abandoned tank that was never properly decommissioned usually cannot. The fix is typically removal or documented abandonment in place with a closure report. Get that started early, because it takes longer than people expect and it is the kind of thing that pushes a closing date.

07 Is a slope-side condo harder to finance?

Sometimes, because the building gets underwritten alongside you. Owner-occupancy ratios, reserve funding, pending litigation and a heavy short-term rental mix can all make a project non-warrantable for conventional financing. There are programs for non-warrantable condos, but it is much easier to check the project before you go under contract.

08 Can I finance a house with an unfinished basement?

Yes, routinely. It just has to be dry, safe, and structurally sound. An unfinished basement is not counted as living space, which affects value but not eligibility.

09 The basement is finished but is not legal living space. Does that matter?

For value, yes. Appraisers report below-grade finished space separately and it does not count as above-grade square footage, so a "4 bedroom" where two bedrooms are in the basement may not appraise like one.

10 Can I get a mortgage on a house with solar panels?

Yes, and the key question is whether they are owned or leased. Owned panels usually add value. A lease or power purchase agreement means the payment counts in your debt-to-income and the filing against the property has to be reviewed: get the agreement early.

11 Can I buy a house with an above-ground oil tank in the basement?

Generally yes. Age, condition and insurability are what matter, and insurance carriers can be pickier about tanks than lenders are.

12 Can I buy a house with a wood-burning stove or pellet stove?

Usually yes, with a properly permitted and inspected installation. The obstacle is more often the insurance carrier than the loan, so get the quote during your inspection period.

13 Can I buy a house with a septic system?

Absolutely, and most of the rural Capital Region is on septic. Government loans require a satisfactory septic evaluation; conventional generally defers to local requirements and your own inspection.

14 The listing says four bedrooms but the septic is permitted for two.

That mismatch matters. Appraisers and some underwriters look at the permitted bedroom count, and a four-bedroom marketing claim on a two-bedroom septic can affect both value and eligibility. Worth checking with the county before the offer.

15 Can I buy a house with a private well?

Yes. FHA, VA and USDA require potability testing and adequate flow, and conventional often follows local rules. Test early: a failed water test on a deadline is a needless emergency.

16 Can I buy a house with a shared well?

Yes, with a recorded shared-well agreement covering access, maintenance and cost sharing. If one does not exist, it usually has to be created, which takes time.

17 Can I get a mortgage on a house with open code violations?

Typically the violations have to be resolved before closing, because they affect marketability and sometimes insurability. Sellers often do not know they exist. A municipal search catches them early enough to negotiate.

18 Can I finance a house with peeling paint?

Conventional, usually yes. On FHA and VA, a home built before 1978 with defective paint surfaces generally requires repair and clearance before closing. It is a cheap fix that becomes expensive when it shows up in week four.

19 Can I finance a house with a flat roof?

Yes. What underwriting and your insurance carrier care about is remaining life and whether it is leaking. A flat roof near the end of its life becomes a repair condition or a renovation-loan item.

20 What about knob-and-tube wiring or an old electrical panel?

Financeable in most cases, insurable in fewer. Carriers are the constraint here, and some will require an update before they write a policy. Ask your insurance agent before your inspection period expires.

21 How much land can come with a conventional mortgage?

There is no hard acreage cap, but the value has to be primarily in the house rather than the land, and the appraiser needs comparable sales with similar acreage. Where the land is the real asset, a land or lot loan may fit better.

22 Can I finance a house with a detached garage or outbuildings?

Yes. Outbuildings may contribute little or nothing to appraised value, which matters if you are counting on that barn to support the price.

23 Can I buy a condo with 3% down?

Yes, conventional financing allows it on a warrantable project for an eligible buyer. The project review, not the down payment, is what usually decides a condo deal.

24 Does the condo project have to be FHA approved?

For FHA financing, the project needs to be on the approved list, or the unit needs a single-unit approval. Conventional runs its own project review instead, which is why a building that fails FHA can still close conventional.

25 What is a special assessment, and can I still finance the unit?

A special assessment is a one-time charge to owners for a capital project the reserves cannot cover. A completed or funded assessment is usually workable; a large pending one with no plan is what stops project approval.

26 How do HOA dues affect my mortgage qualification?

They count as a monthly obligation in your debt-to-income, dollar for dollar. High dues can cut your buying power as much as a car payment, which is why we price the unit and the dues together.

27 Can HOA litigation stop me from getting a mortgage?

It can. Pending litigation involving the structure, safety, or the association's finances often makes a project unwarrantable. Minor slip-and-fall claims covered by insurance usually do not.

28 Can I buy in a building where most units are rentals?

Sometimes. High investor concentration is one of the classic reasons a project fails conventional review, especially for a non-owner-occupant buyer. Portfolio programs exist for exactly this situation.

29 Can I finance a condo conversion?

Often yes, though a recently converted project gets a closer look at reserves, the developer's remaining ownership, and how complete the conversion is. Older conversions with a long operating history are easier.

30 When won't condo financing work?

Condos are where mortgages go to die, and almost always because of the building rather than the buyer. Knowing which situations don't work saves you an appraisal fee and a month. You want an FHA or VA loan in a non-approved project. FHA and VA lend only on approved projects. If the building isn't on the list, and most Capital Region buildings aren't, those programs are unavailable regardless of your file. Conventional loans -> Portfolio programs -> The project has active litigation. Structural or safety litigation stops agency lending cold. Minor slip-and-fall suits are sometimes tolerated; construction-defect claims almost never are. Portfolio programs -> Owner-occupancy in the building is too low. Fannie and Freddie want a majority of units owner-occupied, especially for an investment purchase. A building that has turned into mostly rentals fails the review. DSCR loans -> Reserves or the budget don't meet requirements. Conventional requires at least 10% of the HOA budget going to reserves. A building running lean, or one with a special assessment underway, won't pass. Portfolio programs -> The commercial space is too large a share of the project. Mixed-use buildings with substantial retail or office square footage exceed agency limits. Great building, wrong loan program.

31 What income and charges factor into a condo loan?

Your income is documented normally here. The extra scrutiny lands on the building. The one income wrinkle worth knowing is how the HOA or maintenance charge hits your ratios. Counts toward qualifying: W-2 wages, self-employment, bonus and commission. All documented under standard program rules. Rental income from the unit, On an investment purchase, a signed lease or an appraiser's rent schedule, subject to the building allowing rentals at all. Retirement, pension, Social Security: Documented and continuing, grossed up when non-taxable. Asset depletion: A common and effective tool for retirees buying a condo, where taxable income is low but assets are substantial. Doesn't count (or counts against you): Income that ignores the HOA or maintenance charge. The full monthly charge counts against your DTI, and on many projects it is larger than buyers expect. Rent in a project that bans rentals. Some condo projects restrict leasing entirely. Projected rental income in that building is fiction. Assessment relief you're hoping for. A pending special assessment counts. A hoped-for reduction doesn't.

32 Why do condo loans get denied?

Nearly every one of these is a building problem discovered too late. Ordering the right documents in week one is the whole game. The condo questionnaire comes back failing. Litigation, insufficient reserves, high investor concentration, or a special assessment. Every answer on that form is a potential decline, and it usually arrives in underwriting. What I do: I order the questionnaire and the budget the day you identify the unit, not at underwriting. If the project fails agency review, we pivot to a portfolio investor on the same timeline. The project isn't FHA or VA approved. The buyer is pre-approved for FHA, finds a condo, and discovers weeks later that the project was never approved or its approval lapsed. What I do: I check the HUD and VA approval lists before you write the offer. If it's not approved, I tell you which programs will work in that building instead. Insufficient master insurance coverage. The HOA's policy lacks required walls-in coverage, has too high a deductible, or is missing fidelity coverage. Lender requirements on this have tightened significantly.

What I do: I review the master policy early and tell the HOA exactly what the lender needs. Most of the time the association can get an endorsement, if we ask in week one instead of week five. Appraisal problems in the project. Few comparable sales in the building, or a value the lender questions. Small buildings with little turnover are especially hard. What I do: I get comps and building data to the appraiser with the order, and I use lenders who review projects every week rather than one learning on your file. Recertification and deferred maintenance. Post-Surfside scrutiny means structural inspection reports and deferred-maintenance findings can stop a loan in a building that has financed fine for years. What I do: I ask for the reserve study and any inspection reports up front. If there's a structural finding, we know which investors will still lend and on what terms.

Call or text me. I answer my own phone, and I'll tell you straight whether it works and what it costs, before anyone pulls your credit.

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