

Assumable Loan Checklist

Some homes come with a 2–3% mortgage you can take over. How to spot one, what it costs, and what to ask.

WHICH LOANS CAN BE ASSUMED?

FHA: usually yes

With the loan servicer's approval. You qualify on credit and income.

VA: usually yes

You don't have to be a veteran, but see item 4 below.

USDA: often

With USDA and servicer approval.

Conventional: usually no

Most have a due-on-sale clause.

THE EXAMPLE

Seller bought in 2021 with an FHA loan at 3%. They still owe about \$420,000 and are asking \$560,000.

	Take over the 3% loan	New loan, 20% down
Interest rate	3.00%	~7.25%
Loan amount	\$420,000 (about 25 years left)	\$448,000 (30 years)
Cash you bring for the gap or down payment	\$140,000	\$112,000
Monthly principal & interest	\$1,986	\$3,056
Mortgage insurance	~\$192 (FHA MIP stays with the loan)	\$0
Monthly total (P&I + MI)	\$2,178	\$3,056

The takeaway: about \$880 a month less, for \$28,000 more cash up front.

Taxes, homeowners insurance and HOA are the same either way. The catch is the cash: you cover the gap between the price and the loan balance.

ASK THE LISTING AGENT

- 1 Is the loan FHA, VA or USDA?**
Homes bought or refinanced 2020–2022 are the best bets.
- 2 What's the rate and the current balance?**
Balance tells you the cash gap. Rate tells you the payment.
- 3 Who's the servicer, and will the seller allow an assumption?**
The seller has to cooperate; the servicer approves you.
- 4 VA loan? Ask about the seller's entitlement.**
If you're not a veteran, their VA benefit can stay tied up in the loan, so some VA sellers say no.

COSTS AND TIMING

- 1 FHA: up to \$1,800 to process.**
HUD's cap on the servicer's assumption fee.
- 2 VA: 0.5% funding fee.**
About \$2,100 on a \$420,000 balance, unless you're exempt.
- 3 Plan on 45–90 days.**
Some servicers take longer. Write longer timelines into your offer.
- 4 Covering the gap.**
Usually cash. Some servicers allow a second loan; ask a lender early.

Found a home you like? I'll ask the listing agent for you.

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For illustration only. Example assumes a 2021 FHA loan of about \$471,000 at 3% (30 years) with about five years paid, FHA annual MIP of 0.55%, and a new 30-year fixed loan at ~7.25% (Freddie Mac average 7.28% on 10/1/2026). Assumptions require servicer approval; eligibility, fees and timelines vary by loan program and servicer. Not a commitment to lend or loan advice. Tye Moody is a real estate agent, not a lender; talk to a licensed loan officer before making an offer. Equal Housing Opportunity.



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