

# The top 3 questions residents ask about buying a home

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Buying a home is the single largest financial transaction most Americans engage in during their lifetimes, and the joy of signing on the dotted line is often mixed with confusion, dread and plain-old exhaustion with the process. The questions over the what, when, where and why of the matter take on even greater weight for medical residents, who face unusual financial circumstances that complicate an already overwhelming process.

Each resident probably has about 100 questions leading up to a home purchase. With all the moving parts, rules and regulations, there is a lot to cover. While some lenders make it seem like a home buyer can just complete an application online and be done without seeking any expert advice from a professional, the reality is home buyers—especially first-time buyers and new doctors who buy—should seek the advice of an expert.

Tal Frank, president of PhysicianLoans, took some time to share his perspective on the three questions that residents seeking to buy a home often ask early in the process.

**AMA Wire®:** Residents typically make a comfortable salary—\$70,000 a year, perhaps—but often they will soon be making considerably more than when they are training is complete. Can they use their future, expected income to qualify for the home they want?

**Frank:** The short answer is yes. At this stage of your career, once you have a written contract in place for a guaranteed income, that income can be used to qualify for a mortgage. The closing can take place 60- 90 days before the new job begins and still use the new job income for the loan approval. If you need to close even sooner, it is possible in some cases if you show sufficient cash reserves in the bank. For future income to be considered, the terms of the new job need to be such that you will either be a W-2 employee or a contract employee with a minimum guarantee.

**AMA Wire:** Let's say the resident's spouse or significant other is also making the move. Will the couple be able to use non-resident's income to qualify?

**Frank:** Just as you need to have a job lined up, your spouse or significant other needs to have one lined up as well for guaranteed income. If your spouse or significant other has a job in your current location that will end with the move, then the mortgage approval can only use your contract for guaranteed income.

On the other hand, if your significant other gets documentation that their current employer is transferring them or that they may work from home, then their income can be counted.

Prior to 2008, it was possible to count their income as it was assumed that if they worked, they would get a new job. Regulations changed after 2008 and now proof of employment is required. By the way, the charming industry term for this person is "trailing spouse." It doesn't quite have the romantic feel it should have given that they are traveling to a new city to be with you.

**AMA Wire:** What if the resident's spouse or significant other does not have great credit. Will that prevent the resident from buying a home?

**Frank:** The good news is—no! While their lower credit score will not prevent you from buying a home, you would not be able to count their income for qualifying purposes.

The loan amount you will be approved for will be based solely on your income, and you will be the sole person responsible for repaying the mortgage. However, you can choose to list both of your names on the title to the house. As their credit improves, it may make sense to include them as a borrower the next time you buy or refinance.

PhysicianLoans is the AMA's preferred provider of home loans and real-estate agent match services. The company offers financing with less money down, no private mortgage insurance and expanded underwriting guidelines when compared with standard loans. AMA members who buy a home using either a PhysicianLoans home loan or the DRS Agent match service will receive three free months of a home warranty plan.

If you've got one of those other 97 questions physician home-buyers typically have, Frank invites you to shoot your stumper to him at [talfrank@physicianloans.com](mailto:talfrank@physicianloans.com).