

YOUR HOME LOAN ADVOCATE

THE PHYSICIAN HOME FINANCING GUIDE

A practical guide to financing a home while building your medical career.

THE ADVOCATE DIFFERENCE

You've invested years in your career. Your home financing should recognize that your financial story may look a little different too.

TOM ENGLISH

Your Home Loan Advocate | NMLS #210394

Your Financial Story May Look Different

Physicians are some of the most financially interesting clients I work with.

You may have excellent long-term earning potential while carrying substantial student loan debt. You may be relocating for a new position but haven't received your first paycheck yet. You may have spent years in residency or fellowship rather than accumulating a large down payment.

Or perhaps you're an established physician whose income, bonuses, practice ownership or tax returns make your financial picture more complicated than a simple W-2.

None of those things necessarily mean you aren't ready to buy a home. They simply mean we need to understand your entire financial picture.

START WITH YOU

Your mortgage shouldn't be chosen because you have "MD" after your name. It should be chosen because the financing makes sense for you.

— Tom English, Your Home Loan Advocate

1. Physicians Have a Different Financial Starting Point

Consider the traditional homebuyer. By the time someone reaches a strong professional income, they may have spent years earning that income, saving for a down payment and building assets.

A physician's path can look very different: medical school, residency, perhaps a fellowship, student loans, then suddenly a significant increase in income.

Your earning trajectory may be strong, but your savings and employment history may not look like those of someone who has been earning the same income for ten years.

DIFFERENT DOESN'T MEAN WEAKER

That doesn't necessarily make you a weaker borrower. It makes your financial story different. And the financing should be evaluated accordingly.

2. What Is Physician Financing?

“Physician loan” is a general term used for mortgage programs designed around some of the financial characteristics common to physicians and certain other medical professionals.

Depending on the lender and program, physician financing may offer features such as:

- Lower down-payment requirements
- No monthly private mortgage insurance in some programs
- Different treatment of student loan debt
- Consideration of future employment under specific requirements
- Higher loan amounts
- Underwriting designed around physician income and career progression

But physician programs vary significantly from lender to lender. Who qualifies can vary too. Some programs may be limited to certain medical degrees or specialties, while others may include additional healthcare professionals.

THERE IS NO UNIVERSAL DOCTOR LOAN

Rather than starting with the name of a program, I want to start with your situation and determine which financing actually fits.

3. Your Employment Contract May Matter

One of the most useful features available through certain physician financing programs is the ability to work with a physician who is transitioning into a new job.

Maybe you're finishing residency. Maybe you're completing a fellowship. Maybe you're relocating to Florida to join a practice or hospital. And perhaps your employment begins shortly after you want to purchase the home.

With some programs, an acceptable executed employment contract or offer can potentially be used as part of the qualification process, subject to the program's requirements regarding start date, documentation, reserves and other factors.

That can be extremely helpful when your new income hasn't appeared on a paystub yet.

LET'S REVIEW IT

Let me review the contract and the timing.

4. Student Loans Don't Automatically Prevent You From Buying

Physicians can graduate with significant student loan balances.

Seeing that number on a credit report can understandably make someone wonder: “How am I ever going to qualify for a mortgage?”

Don't make that assumption.

Different mortgage programs can treat student loan obligations differently, and physician-specific programs may have their own underwriting methods.

What matters isn't simply the total balance. We need to understand:

- The required payment
- The repayment status
- How the applicable loan program calculates the obligation
- Your other debts
- Your income
- The complete financial picture

RUN THE ACTUAL NUMBERS

A large student loan balance doesn't automatically mean you can't buy a home. Let's run the actual numbers before deciding what's possible.

5. A Small Down Payment Can Be Valuable - But So Can Your Cash

One reason physician financing can be attractive is that some programs allow a smaller down payment than might otherwise be expected for the loan amount.

That doesn't mean you should automatically make the smallest down payment possible. But consider where you are in your career.

- Relocation
- Furniture
- Emergency reserves
- Licensing or professional expenses
- Starting or buying into a practice
- Family expenses
- Investments
- Student loan obligations

Putting every available dollar into the house may give you a smaller mortgage. It can also leave you with very little liquidity.

LIQUIDITY HAS VALUE

Sometimes preserving cash is part of the financing strategy. We'll compare the choices rather than automatically assuming that more down is always better.

6. No PMI Can Make a Significant Difference

Traditional conventional financing may require private mortgage insurance when the down payment is below certain thresholds.

Some physician mortgage programs may allow lower down payments without monthly PMI. That can be valuable.

But I don't want to compare mortgages based on one feature.

- Interest rate
- Monthly payment
- Down payment
- Closing costs
- Loan structure
- Available cash after closing
- Long-term cost
- How long you expect to own the home

COMPARE THE WHOLE STRATEGY

The best mortgage isn't the one with the best marketing feature. It's the one that best supports your financial plan.

7. Don't Automatically Assume the Physician Loan Is Best

This may be one of the most important sections in the guide.

You may qualify for a physician mortgage. Wonderful. But you may also qualify for:

- Conventional financing
- Jumbo financing
- VA financing, if eligible
- Other specialized professional programs

One of those alternatives may be better. If you have substantial assets and can comfortably make a larger down payment, conventional or jumbo financing might offer an attractive structure. If you're VA eligible, we should absolutely compare that option.

THE PRODUCT ISN'T THE GOAL

Having access to a physician loan doesn't mean we have to use it. My job isn't to put you into a physician mortgage. My job is to help you determine which mortgage makes the most sense.

8. Qualification and Affordability Are Two Different Numbers

This is especially important with physicians.

A strong income may allow you to qualify for a very substantial mortgage. That doesn't mean you should necessarily borrow that much.

- Student loans
- Retirement savings goals
- Children or future family expenses

- Practice ownership goals
- Investment plans
- Travel
- A desire to pay down debt
- A lifestyle you'd like to enjoy after spending years training

**There is a number you may qualify for.
And then there's the number that allows you to own your home and still go out to
dinner and take a vacation.**

I CARE ABOUT BOTH

Your mortgage should fit your life - not consume it.

9. Think About Where You Are in Your Career

The home that makes sense during residency may be different from the home that makes sense five years into practice.

- How long do I expect to stay in this area?
- Is this position likely to be long-term?
- Could I change practices?
- Might I pursue another fellowship?
- Could my family needs change?
- Do I eventually want to buy into or start a practice?

Physicians often experience significant professional and financial changes during the first several years after training. That doesn't mean you shouldn't buy. It means we should think beyond today's income.

THINK BEYOND THE PREAPPROVAL

The house should fit the next chapter of your life - not simply today's preapproval.

10. Relocating for a New Position

A physician relocation can involve a lot at once.

New hospital. New practice. New community. Possibly selling another home. Moving a family. Credentialing. Licensing. And somewhere in the middle of all that, you're supposed to figure out a mortgage. 😊

This is one of the situations where preparation matters. If you know you're relocating, I'd rather begin the financing conversation early.

- Your employment contract
- Expected start date
- Current housing situation
- Whether you need to sell another home
- Available funds
- Student loans
- Target housing budget
- Program options

START EARLY

The earlier we understand the moving pieces, the easier it is to build a financing plan around them.

11. Buying Before You Sell

Established physicians relocating to a new position may already own a home. That creates another question: do you need to sell before you buy?

Maybe. But not necessarily.

Depending on your income, assets, equity and the financing available, we may have several strategies. That could include qualifying while carrying both homes temporarily, using available assets, coordinating closings, or evaluating other appropriate financing strategies.

REDUCE THE STRESS

The important thing is not to assume the transactions have to happen in a particular order. A good financing strategy should reduce the stress of the move - not add another deadline to it.

12. Self-Employed or Practice-Owner Physicians

Once a physician becomes an owner or partner in a practice, the mortgage conversation can change again.

- Salary
- Bonuses
- Partnership or business income
- K-1 income
- Distributions
- Multiple entities or practices

Tax planning can also make your income look different on paper from the cash flow you actually experience.

That doesn't necessarily create a problem. But it does mean I may want to see tax returns and business documentation earlier in the process so we can determine how an underwriter is likely to calculate qualifying income.

NO SURPRISES

Complicated doesn't mean impossible. It just means we should understand it before you find the house. No surprises is still a very good financing strategy.

13. Don't Forget the Rest of the Monthly Payment

A physician buying a \$900,000 home isn't simply buying a \$900,000 mortgage.

The complete housing cost may include:

- Principal and interest
- Property taxes
- Homeowners insurance
- Flood insurance, when applicable
- HOA or condominium fees
- CDD assessments
- Maintenance

This is particularly important in Florida. Taxes and insurance can materially affect the monthly payment.

If you're relocating here, don't build your budget around the seller's current property-tax bill or an insurance estimate that hasn't been properly researched.

FOCUS ON THE MONTHLY COST

The purchase price gets your attention. The monthly cost determines how the home fits your life.

14. Your Future Income Is Important - But So Is Flexibility

Physicians often expect income to increase substantially over time. That may very well happen.

But I don't like building today's mortgage around money you haven't earned yet. I'd rather structure the financing so it works comfortably now.

Then, as your financial situation changes, you have choices:

- Pay additional principal
- Refinance later if appropriate
- Increase retirement contributions
- Pay down student loans
- Invest
- Buy into a practice
- Build additional reserves

LET FUTURE INCOME CREATE CHOICES

Future income should create opportunities - not rescue an uncomfortable mortgage payment.

15. Build the Financing Around the Bigger Financial Picture

Your home is important. But it isn't your entire financial life.

For a physician, home financing may need to fit alongside:

- Student-loan strategy
- Retirement planning
- Tax planning
- Practice ownership
- Disability and life insurance
- Estate planning
- Investment goals
- Family priorities

I'm happy to work alongside your financial advisor, CPA, estate-planning attorney, insurance professional or other trusted advisors when that's helpful.

I'm not trying to do their jobs.

DON'T PLAN IN SILOS

My job is to make sure the home-financing piece works with the rest of the plan. Good financial decisions shouldn't happen in separate silos.

Your Physician Home Financing Checklist

Before You Start Shopping

- ☐ Talk with Tom about my goals and comfortable monthly payment
- ☐ Review my employment situation
- ☐ Provide my employment contract if I'm starting a new position
- ☐ Review my student loans and required payments
- ☐ Review available cash and reserves
- ☐ Decide how much cash I want to keep after closing
- ☐ Compare physician financing with conventional, jumbo, VA or other appropriate options
- ☐ Establish a comfortable purchase range
- ☐ Obtain a strong preapproval

If You're Relocating

- ☐ Confirm my employment start date
- ☐ Review relocation benefits from my employer
- ☐ Decide whether I need to sell my current home
- ☐ Determine whether buying before selling is possible
- ☐ Estimate Florida property taxes and insurance
- ☐ Consider commute and call responsibilities
- ☐ Think about how long I expect to remain in the area

Your Physician Home Financing Checklist

Once Under Contract

- ☐ Send Tom the executed contract and addenda
- ☐ Complete requested loan documentation
- ☐ Order homeowners insurance
- ☐ Complete my home inspection
- ☐ Complete the appraisal
- ☐ Review my Loan Estimate
- ☐ Confirm my final cash-to-close estimate
- ☐ Avoid opening new credit or making major financial changes

My Physician Home Financing Worksheet

Planning Item	My Information
Current position	_____
New position / employer	_____
Employment start date	_____
Residency / fellowship completion date	_____

Target purchase price	\$ _____
Comfortable monthly housing payment	\$ _____
Estimated down payment	\$ _____
Cash I want to keep after closing	\$ _____
Student loan balance	\$ _____
Required student loan payment	\$ _____
Current home to sell	Yes / No
Estimated proceeds from current home	\$ _____
Expected time in new home	_____

My biggest financial priority over the next 3–5 years:

My biggest question about buying a home:

7 Questions Every Physician Homebuyer Should Ask

1. Does a physician mortgage actually give me an advantage over my other financing options?
2. How will my student loans be treated when I qualify?
3. Can my employment contract be used before I've started the new position?
4. How much cash should I put into the home - and how much should I keep available?
5. What will my complete monthly housing expense really be?
6. Does this home still make sense if my career or family plans change?
7. How does this mortgage fit with the rest of my financial goals?

One Last Thought

You've invested an extraordinary amount of time, effort and money into becoming a physician.

Your financial life may not look like everyone else's. Your mortgage doesn't have to either.

But I don't believe being a physician means you should automatically use a “physician loan.”

We'll compare it. We'll look at conventional financing, jumbo financing, VA if you're eligible, and any other appropriate options available to you.

We'll look at your student loans, your cash, your career, your future plans and the monthly payment you're actually comfortable carrying.

Then we'll build the financing around you.

The goal isn't to find you a doctor loan.

The goal is to help you make a smart home-financing decision.

Ready to Talk About Your Home Financing?

SCHEDULE A CONVERSATION

Choose a time that works for you. If you don't see a convenient time, just give me a call or send me a message.

If you're relocating for a new position, feel free to have your employment contract available. We can start there and work through the rest together.

You don't need to know which mortgage you want before we talk. That's what the conversation is for.

START MY APPLICATION

Ready to move forward? You can start securely online from the Digital Office.

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To the Closing Table...and Beyond.