



ALIGN LENDING GUIDE · NO. 08

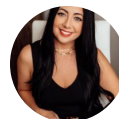
Physician Loans in Michigan

A signed contract, a training stipend and a large student loan balance can make a strong future look thin on paper. Physician programs are written for that file. Terms vary by lender, so Samantha compares them before you choose.

INSIDE THIS GUIDE

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- ✓ How it works
- ✓ What to have ready
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- ✓ Questions to ask any lender

For doctors and other medical professionals weighing a physician loan against a standard mortgage.



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Questions about your situation?

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A physician loan is a mortgage program some lenders offer to doctors and certain other medical professionals. It is not an FHA, VA, USDA, Fannie Mae or Freddie Mac program, so each lender writes its own rules. Many programs allow a small down payment without mortgage insurance, accept a signed employment contract before the job starts, and count student loans in ways the agency rules do not. Terms vary by lender, and for some buyers a standard loan fits better.

Is it a fit?

WHO IT FITS

- ☐ **Medical professionals whose degree and position are on a lender's list.** Many programs are written for MDs and DOs; some add dentists, residents, fellows or other licensed professionals. Each lender sets its own list.
- ☐ **Buyers with a signed, non-contingent contract for a job that has not started, or little pay history in a new position.**
- ☐ **Buyers with large student loan balances, including loans in deferment or on an income-driven repayment plan.**
- ☐ **Buyers purchasing a home they will live in.** Many programs are limited to a principal residence.
- ☐ **Buyers whose loan may be above the 2026 conforming limit of \$832,750 for a one-unit home in every Michigan county.** A loan above that limit is a jumbo loan, and some physician programs lend above it.

WHO IT MAY NOT FIT

- ☐ **Buyers with a larger down payment** If you can put enough down that a conventional loan carries no mortgage insurance, compare the two side by side before you pick.
- ☐ **A second home or an investment property** Many physician programs cover a principal residence only.
- ☐ **A degree or position not on the lender's list** The list changes from lender to lender, and it is the first thing to check.

- ☐ **Buyers who expect to move again soon, for example after a fellowship. The total cost over the years you expect to keep the loan matters more than the down payment.**

How it works

A LENDER'S OWN PROGRAM, NOT AN AGENCY PROGRAM

Lenders that offer physician loans often keep them rather than selling them to Fannie Mae or Freddie Mac. That is why the rules differ from one lender to the next. The federal ability-to-repay rule still applies: the lender must make a reasonable, good faith determination that you can repay. (12 CFR 1026.43)

DOWN PAYMENT AND MORTGAGE INSURANCE

Many physician programs allow a small down payment without private mortgage insurance. On a conventional loan, the CFPB explains that private mortgage insurance is usually required when the down payment is less than 20 percent of the purchase price. Leaving out mortgage insurance is the lender's choice, and it does not automatically mean a lower total cost. The CFPB notes that when a lender offers a conventional loan with a smaller down payment and no mortgage insurance, the trade-off is usually a higher interest rate.

AN EMPLOYMENT CONTRACT IN PLACE OF PAY HISTORY

Many physician programs accept a signed contract for a job that has not started, each with its own window for the start date and its own reserve rules. For comparison, Fannie Mae also accepts a signed, non-contingent offer or contract, when it shows the employer, position, pay and start date, under conditions that include limits on the start date and, in some cases, extra reserves. (Fannie Mae B3-3.3-03)

STUDENT LOANS

This is where physician programs differ the most, and where the agency rule is worth knowing. Fannie Mae's rule (B3-6-05):

- ☐ **If the credit report shows a monthly student loan payment, the lender may use it.**
- ☐ **If you are on an income-driven plan with a documented payment of \$0, the lender may qualify you with a \$0 payment.**
- ☐ **If the loan is deferred or in forbearance, the lender may use 1% of the outstanding balance, or a fully amortizing payment from the documented repayment terms.**

Freddie Mac and FHA have their own student loan rules. Many physician programs set a different rule again, for example for loans deferred during training. Ask each lender how it counts yours, in writing.

LOAN SIZE, CREDIT AND RESERVES

Maximum loan amounts, credit score minimums, reserve requirements and debt-to-income limits are set by each lender. Some programs lend above the conforming limit; others stop at it.

MORE THAN ONE STATE

Training and first jobs move people. Align is licensed in Michigan, Ohio, North Carolina, Florida, Louisiana and Texas, so a contract in any of those states can start the same conversation.

What to have ready

- ☐ **Your signed employment contract or offer letter, showing the employer, position, pay and start date, and any conditions still open.**
- ☐ **Proof of your degree and license, or your residency or fellowship letter if you are still in training.**
- ☐ **Recent pay stubs and W-2s, or stipend documentation for a resident or fellow.**
- ☐ **Tax returns, if you own part of a practice or have income from it. Our self-employed homebuyer page covers what lenders look at.**
- ☐ **Student loan statements for every loan** balance, payment, repayment plan, and any deferment or forbearance with its end date.
- ☐ **Recent bank and retirement account statements for the down payment, closing costs and reserves.**
- ☐ **Your move timeline** when your lease ends and when you want to close, so the start date and the closing date line up.

Tradeoffs to understand

- ☐ **No mortgage insurance is not the whole price** Compare the full Loan Estimates, not one feature. Our Loan Estimate check reads two side by side in your browser.
- ☐ **A small down payment means less equity** If you sell in a few years, selling costs come out of a thinner cushion.
- ☐ **A deferred student loan is still a payment** A program that leaves it out of the ratio helps you qualify, but the payment still starts later. Plan the budget for the year it does.
- ☐ **The lender's list and terms change** A program open today can change its professions, limits or states.

- ☐ **Fewer choices on the property** Some programs limit property types or occupancy more than a conventional loan does.

Questions to ask any lender

- ☐ Which professions and training stages does this program accept, and in which states?
- ☐ Does it require mortgage insurance at the down payment I have in mind?
- ☐ How are my student loans counted, and does deferment or an income-driven plan change that?
- ☐ Will it accept my signed employment contract, and how close to my start date does closing have to be?
- ☐ Is it limited to a principal residence, and which property types does it allow?
- ☐ What are the loan size, credit and reserve requirements for my file?
- ☐ How does the total cost compare with a conventional or jumbo loan on the same home?

HOW SAMANTHA HELPS

"Just tell me the story. Then give me the documents." With a physician loan, the story is the contract, the start date and the student loans. I compare how multiple wholesale lenders treat that file, and I put a physician program next to a conventional, FHA or jumbo option so you can see the trade-off on paper. If the standard loan fits better, I'll tell you that.

Questions people ask

WHO COUNTS AS A MEDICAL PROFESSIONAL FOR A PHYSICIAN LOAN?

It depends on the lender. Many programs are written for MDs and DOs. Some add dentists, and some include residents, fellows or other licensed medical professionals. Because each lender writes its own list, and the lists change, the first step is checking your degree, license and position against the programs open to you. Align does not set the list.

CAN I BUY A HOME BEFORE MY NEW JOB STARTS?

Often, with a signed contract. Many physician programs accept a non-contingent employment contract in place of pay history, each with its own window for the start date. Conventional loans can do it too: Fannie Mae accepts a signed, non-contingent offer or contract under conditions in its Selling

Guide, including limits on the start date and, in some cases, extra reserves. Line up the start date and the closing date early.

HOW ARE MY STUDENT LOANS COUNTED?

It depends on the program. Under Fannie Mae's rule, a lender uses the payment on your credit report; a documented \$0 payment on an income-driven plan may count as \$0; and a deferred loan or one in forbearance counts as 1% of the balance or a fully amortizing payment. Many physician programs use their own rule. Ask each lender how it counts yours, in writing.

DO PHYSICIAN LOANS REQUIRE MORTGAGE INSURANCE?

Many do not, even with a small down payment, and that is a main reason people look at them. It is the lender's choice, not an agency rule. On a conventional loan, the CFPB explains that private mortgage insurance is usually required when the down payment is less than 20 percent of the purchase price. Leaving it out does not automatically lower the total cost, so compare full Loan Estimates.

IS A PHYSICIAN LOAN THE RIGHT CHOICE FOR EVERY DOCTOR?

Not always. With savings for a larger down payment, a conventional loan may carry no mortgage insurance anyway, and its pricing is worth comparing. If you expect to move after a fellowship, the total cost over the years you keep the loan matters more than the down payment. Put a physician program next to a conventional, FHA or jumbo option and read the Loan Estimates line by line.

CAN RESIDENTS AND FELLOWS USE A PHYSICIAN LOAN?

Some programs accept residents and fellows, often with a contract or a training letter in place of a long pay history. Others start only with an attending position. Training pay is usually lower than what comes after, so the payment that feels comfortable during training may be well below what a program allows. Samantha looks at the budget for the training years and the years after.

Sources

Fannie Mae Selling Guide B3-3.3-03, Employment Offers or Contracts (10/07/2026): <https://selling-guide.fanniemae.com/sel/b3-3.3-03/employment-offers-or-contracts>

Fannie Mae Selling Guide B3-6-05, Monthly Debt Obligations, student loans (08/05/2026): <https://selling-guide.fanniemae.com/sel/b3-6-05/monthly-debt-obligations>

CFPB, What is private mortgage insurance?: <https://www.consumerfinance.gov/ask-cfpb/what-is-private-mortgage-insurance-en-122/>

CFPB, 12 CFR 1026.43, ability-to-repay requirements: <https://www.consumerfinance.gov/rules-policy/regulations/1026/43/>

CFPB, Loan Estimate explainer: <https://www.consumerfinance.gov/owning-a-home/loan-estimate/>

NEXT STEP

Talk it through before you decide anything

The first conversation does not have to turn into anything. No application, no credit pull, and no obligation to go further.

Tell Samantha what you are trying to do and she will tell you what actually matters in your situation. If the answer is that you should wait, she will say that too.

Open the Physician Loans page →

alignlending.com/product-loans/physician-loans/



Scan to open the
Physician Loans page



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