

FHA vs. Conventional Financing

Is FHA or Conventional Financing right for you? With the myriad of loan programs and differences available today, it's hard to determine which is best. This infographic highlights some of the differences and factors to consider when making your long-term decision. We even included an example to really highlight one potential cost difference.

Do you have a significant Down Payment?

Being able to remove the Mortgage Insurance makes **Conventional** loans very appealing. Greater down payment means more savings!

**DOWN
PAYMENT**

Do you plan on living there over 5 years?



Mortgage Insurance on **Conventional** loans can be removed when the LTV (Loan-to-Value) reaches 78% - either by payments or appreciation.

Interest Rate Sensitive?

Does the allure of FHA's lower interest rates appeal to you? Don't forget to consider the upfront MI. The MI effectively makes the cost higher. For a quick comparison, check the **APR**.

**APR
%**

Making additional principal payments?



Making additional payments towards principal would help lower your LTV (Loan-to-Value), being able to remove your Mortgage Insurance on a **Conventional** loan would result in monthly and long-term savings.

Do you have Good Credit?

580

FHA offers more leniency in approval and pricing if your credit is less-than perfect.

Counting on Seller Contributions?



FHA offers up to 6% seller-paid contributions versus up to only 3% for Conventional financing if the LTV is over 90%.

What is FHA?

The Federal Housing Authority provides Mortgage Insurance (MI) on loans made by FHA-approved lenders.

**FHA
FEDERAL
HOUSING
AUTHORITY**

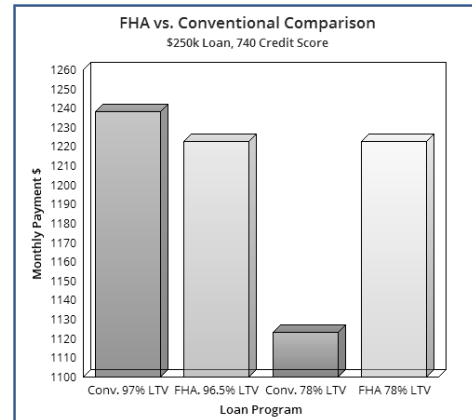
Does the home need repairs?



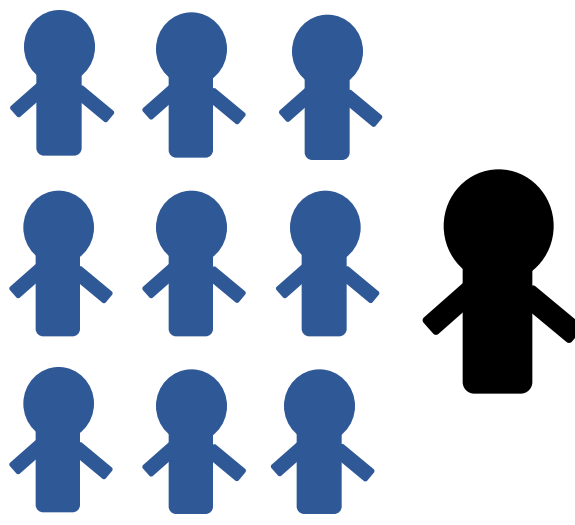
The **FHA 203(k)** program only requires 3.5% down, versus 5% down for the comparable Conventional Homestyle Renovation.

30 years makes a difference

**OVER
\$42k
DIFFERENCE**



**HOW DO
I
DECIDE?**



Conventional Financing may be right for you if you have good credit and plan to keep your home for an extended time – consult a Mortgage Professional for additional personalization and guidance.



FHA Financing may be right for you if your credit has some imperfections – consult a Mortgage Professional for additional personalization and guidance.