## WHAT'S YOUR MORTGAGE TYPE?

## FHA M CONVENTIONAL

For many first-time homeowners, choosing a mortgage program often comes to a choice between these two mortgage types: FHA or Conventional? Both are good options, but mortgages are a bit like power tools, you want to choose the one that is right for the job. The following summary can help you understand they key elements of both programs before you make your selection and apply.

## LET'S TAKE A LOOK AT FHA AND CONVENTIONAL LOANS



FHA home loans are mortgages insured by the Federal Housing Administration. The FHA is a government agency and doesn't issue loans. It provides mortgage insurance on loans made by approved lenders. The insurance paid on these loans protects the lender in the event of payment issues, which make it easier for the lender to approve a loan.



WHAT IS A
CONVENTIONAL
MORTGAGE?



These loans conform to standards set by Fannie
Mae and Freddie Mac neither of which is a
government agency. Borrowers may be required to
carry insurance for these loans if a down payment is
less than 20%. Once the borrower's home equity
reaches 22%, the insurance is no longer required.

CONVENTIONAL

## F H A

CREDIT SCORE

A lower score or imperfect credit 580+ credit score

Credit scores of 620+ are welcome here

BENEFITS

More forgiving of past bankruptcies, short sales, or foreclosures



Down payment of 3.5% is perfectly fine



Down payments of 3% possible



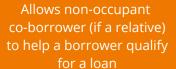
Mortgage proceeds may only be used for a primary



May use mortgage to purchase a primary residence, a second home or even investment



home



Less restrictive requirements on debt-to-income (DTI)

Streamlined refinancing option



Allows non-occupant coborrowers (does not need



BOTTOM LINE

Easier to qualify for



Likely to be a less expensive



To determine which program is right for you, connect with the Loan Experts at NorthPort Funding. Our team can create a side-by-side comparison of estimated monthly payments and total payments over the life of the loan using your financial numbers. This will help you determine which type of mortgage is more likely to allow you to realize more of your long-term goals.



