

Is an FHA mortgage for you?

When you're ready to buy a home but don't have enough savings for a 20% down payment, you have financing options.

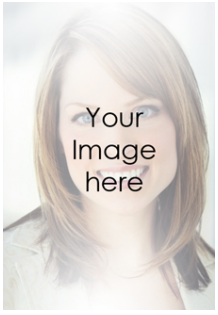
The Federal Housing Administration (FHA) is a government entity that insures mortgages for homebuyers with down payments as low as 3.5%. The alternative option for buyers with low down payments is to obtain a conventional mortgage insured by non-government entities.

In both cases, homebuyers pay a monthly mortgage insurance premium in addition to interest and principal payments on the mortgage. The mortgage insurance premium is paid for a set number of years or until you pay off the mortgage. Is one type of low down payment mortgage better than the other? Here are some features to compare for a 30-year fixed rate mortgage with a minimum down payment:

Chart update 10/19/26

	FHA-insured mortgage	Private mortgage insurance
Minimum down payment	3.5%	3%
Mortgage insurance premium	0.55% of the mortgage balance	0.68% of the mortgage balance
Mortgage insurance cancellation	Mortgage insurance either continues for the life of the mortgage or (for a down payment of 10% or more) ends after 11 years.	Mortgage insurance is cancelled at the owner's request when the loan to value is 80%.
Credit score standards	Lower credit score standards	Higher credit score standards

Want to discuss your homebuying options? Contact me for a free consultation!



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