

# CONVENTIONAL VS. FHA:

## *Which loan is right for you?*

When you're in the process of buying a home, getting familiar with your loan options can help you make an educated decision on which type is right for you.

Let's explore two of the more common loans, **conventional and FHA**:

### Conventional Loans

Conventional loans aren't insured or guaranteed by a government agency, but rather by private lenders. You'll need a higher credit score and a lower debt-to-income ratio. People who choose conventional loans typically make a higher down payment to avoid paying private mortgage insurance (PMI), but putting 20% down isn't required.

### FHA Loans

FHA loans are government-backed and insured by the Federal Housing Administration. These loans only require a 3.5% down payment, and you can have a credit score as low as 580 in some cases. In general, it's easier to receive an FHA loan, meaning you may qualify with debt or a lower credit score. Even those with a bankruptcy on their record may be eligible.

### Which Loan Is Right for You?

Choosing a loan that's right for you means analyzing different aspects of your financial situation. For example: an FHA loan might be the better option if you have a lower credit score or a large amount of debt. On the other hand, a conventional loan is a great option if you have a solid credit score or want to avoid paying PMI by making a 20% (or higher) down payment.

A mix of your credit score, debt-to-income ratio and down payment funds are three of the main aspects that determine which loan makes sense for you.

If you're thinking about buying a home or have additional questions about your loan options, reach out to me today!



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