

Comparing the Programs	Conventional	FHA	VA	USDA
Maximum Debt-to-Income	Manually Underwritten – 28%/36% (but can go up to 45% if the borrower meets certain circumstances)	31%/43%	41% Residual Income	29%/41%
Minimum Down Payment	Minimum Down Payment is 3% (Up to 97% LTV)	Minimum Down payment is 3.5% (Up to 96.5% LTV)	0% (100% financing available on purchase transactions)	0% (100% financing available on purchase transactions)
Minimum Credit Score	Depends, but general rule of thumb is 640 FICO (though it can go lower)	580 with 3.5% down or 500-579 if the borrower puts down 10% or more	N/A	N/A
Loan Limit	<p>For 2020, \$510,400 conforming (adjusted annually)</p> <p>Over \$510,400 is a non-conforming conventional loan (jumbo loan)</p> <p>For 2021, the conventional loan limit is \$548,250.</p>			<p>*note there is an annual income limit on USDA loans – 115% of the area median income</p>

Mortgage Insurance	Private Mortgage Insurance - Required on conventional loans with less than 20% down (or LTVs over 80%)	Annual & Upfront Mortgage Insurance Required. Amount depends on specific factors. See textbook for more details***	No Mortgage Insurance – but funding fee required. Funding Fee amount depends on down-payment & entitlement usage	No Mortgage Insurance Required – Guarantee Fee Required Annually and Upfront
Appraisal	Required unless Fannie or Freddie give an Appraisal Waiver when the loan goes through automated underwriting	Required	Required	Required
Gift Funds	Yes, Allowed	Yes, Allowed	Allowed if Borrower puts a down payment down	Allowed if Borrower puts a down payment down
Borrowers with Bankruptcy	2 years from Chapter 13 discharge or 4 years from dismissal (2 years with extenuating circumstances, 4 years from Chapter 7 filing (or 2 years with extenuating circumstances))	2 years after Chapter 7 discharged, 1 year after Chapter 13 filing	2 years after Chapter 7 discharge, 1 year after Chapter 13 filing	3 years after Chapter 7 discharge, 1 year after Chapter 13 filing

Borrowers after Foreclosure	7 years from foreclosure, 4 years from short sale	3 years from foreclosure or short sale	2 years after foreclosure or short sale	3 years after foreclosure or short sale
LTV requirements on Cash Out Refinances	85% Maximum LTV	85% Maximum LTV	Maximum 90% LTV	No Maximum
Reserves	Usually 2 to 4 months (determined by LP or DU)	No Reserve Requirement	No Reserve Requirement	No reserve requirement
Seller Concessions	Depends on the down-payment amount	6% Maximum	4% Maximum	Unrestricted
Non-Occupying Co-Borrower	Not Allowed	Allowed	Allowed	Not Allowed
Assumable	No	Yes, with FHA creditworthiness check	Yes, with V/A Lender Approval	No
Employment History	2 years required	FHA loans are less strict on employment history, no specific requirement	N/A	2 years encouraged, 1 year required
Owner-Occupancy	Yes within 60 days on owner-occupied properties	Yes (must move in within 60 days) and continue occupancy for one year	Yes within 60 days	Yes, within 60 days

* Please note, this document is reviewed regularly but guidelines also change frequently. We do our best to ensure that it is always up-to-date.