

# Types of Mortgages

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## Conventional Home Loans

The most common form of mortgage is a conventional mortgage, also known as a conforming loan offering low down payment mortgages with minimum down payment of as little as 3%. PMI is required for all loans above 80% LTV/Loan to Value. PMI can be removed once the principal balance reaches 80% of the original purchase price and drops off automatically at 78%.

## Jumbo Loans

Jumbo loans are loans that exceed the legal conforming loan limits set by the Federal Housing Finance Agency (FHFA). The limit is higher in some counties with higher property prices in America's most expensive counties. Because jumbo loans involve more money and therefore greater risk to the lender, they typically have stricter qualifying requirements. Most Jumbo loans require at least a 10% down payment.

## FHA Loans

This is a government-backed loan administered by the Federal Housing Administration for buyers with poor credit or little money for a down payment. FHA loans come in two forms: 3.5% down payment for borrowers with credit of 580-619, or 10% down payment for borrowers with 500-579 credit. PMI is paid for life of the loan on 30 year fixed terms at less than 10% down.

## VA Loans

VA loans are a government-backed loan administered by the Department of Veteran Affairs. The minimum credit requirement for a VA loan is usually 620. The following people may apply for a VA loan: veterans who have served at least 90 consecutive days of active service in wartime or 181 days of active service in peacetime; members of the National Guard and Reserve who have served at least 6 years; and spouses of veterans who died in the line of duty or as a consequence of a service-related injury.

## USDA Loans

USDA loans are a NO down payment required, government-backed loan administered by the US Department of Agriculture. Like other government-backed loans, lenders may only offer USDA loans to borrowers who meet the qualifying requirements – in this case, the main requirement is purchasing in a rural or semi-rural area and meeting income limits in those counties. Income limits increase for family size of 5+.