FHA vs Conventional: Which Wins?

The right answer depends on your credit and down payment.

WHERE FHA WINS

Lower credit scores, higher debt ratios, and thin down payments. FHA pricing barely penalizes a 640 score, while conventional pricing does. Gift funds and seller credits are easy.

WHERE CONVENTIONAL WINS

Strong credit and 10% to 20% or more down. PMI is cheaper than FHA insurance for good scores, it is removable at 20% equity, and there is no upfront insurance premium financed into your loan.

THE CROSSOVER

Roughly speaking: below about 680 with a small down payment, FHA usually prices better. Above 720 with 5%+ down, conventional usually wins. In between, run both, the answer changes with the market.

ASK YOUR LENDER TO SHOW BOTH

- **Total monthly payment side by side**
- **Cash needed to close, side by side**
- **How and when insurance drops off**
- **Which one your offer competes better with**
- **The 5 minute comparison can save thousands**

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Travis Saling
Take The Rate · NMLS #299683
(619) 393-3869 · travis@taketherate.com · taketherate.com

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