

USDA vs FHA vs Conventional

Same house, three ways to buy it. Here is how they stack up side by side.



SIDE BY SIDE

	USDA	FHA	CONVENTIONAL
DOWN PAYMENT	0%	3.5%	3% first time buyers, 5% others
UPFRONT FEE	1% guarantee fee, financed	1.75% upfront MIP, financed	None
MONTHLY INSURANCE	0.35% a year, life of loan	0.55% typical, life of loan under 10% down	PMI by credit score, removable at 20% equity
INCOME LIMIT	Yes, household cap by county	None	None
WHERE YOU CAN BUY	USDA eligible areas only	Anywhere	Anywhere
LOAN SIZE	No set cap, income decides	County FHA limit	Conforming and high balance limits
TYPICAL CREDIT	640+	580+, many lenders want 600+	620+, best pricing 780+
OCCUPANCY	Primary home only	Primary home only	Primary, second home, or rental
SELLER CREDITS	Up to 6%	Up to 6%	3% to 9% by down payment
TIME TO CLOSE	30 to 45 days, USDA review	About 30 days	About 30 days
BEST FOR	Little saved, eligible area	Lower scores or higher debt ratios	Strong credit, 5% or more down

SAME \$500,000 HOME, THREE WAYS

	USDA	FHA	CONVENTIONAL
CASH DOWN	\$0 nothing down	\$17,500 3.5% down	\$15,000 3% down, first time buyers (\$25,000 at 5%)
LOAN WITH FEES	\$505,000 includes the 1% guarantee fee	\$490,944 includes the 1.75% upfront MIP	\$485,000 no upfront fee
MORTGAGE INSURANCE	About \$147/mo for the life of the loan	About \$221/mo for the life of the loan	Varies by credit score, ends at 20% equity

Illustrative first year figures, assuming the address and household income qualify for USDA. Principal, interest, taxes, and insurance not shown.



Let's run your real numbers.

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