

# CONVENTIONAL

## Loan Fact Sheet



### WHAT IS A CONVENTIONAL LOAN?

Many homebuyers choose conventional mortgages because they offer the best interest rates and loan terms - usually resulting in a lower monthly payment. If a homebuyer has a higher credit score and debt that is no more than 43 – 50% of a buyer's gross monthly income, this loan will likely make the most sense for them. Homes that are eligible for a conventional loan are primary residence, second home, or rental property.

A conventional loan offers borrowers the flexibility to make a small or larger down payment, depending on their needs. For example, if the borrower chooses to make a 20% down payment, they'll enjoy immediate equity in their home and avoid paying Private Mortgage Insurance (PMI). It's important to note that with any down payment less than 20%, borrowers must pay for PMI until they reach 20% equity in their home. By making a down payment of 20% or more, the seller can pay up to 9% towards closing costs; if the down payment is 25% or more, seller can pay 12% toward closing costs.

If a borrower is a first-time homebuyer with great credit, they may qualify for our HomeReady Conventional Loan program. This option offers 97% financing (3% down payment), low mortgage insurance cost and borrowers can accept gift funds for down payments and closing costs.

To learn more about Conventional loan programs, **contact us today!**



### RENOVATE A SPACE.

With a HomeStyle® Renovation loan, homebuyers can remodel a space to fit their needs.

Here are some highlights:

- As little as 5% down for primary, single-family residences (10% down for second homes)
- Great for investment properties
- Gift funds can be used for down payment & closing costs



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