



 **glossary**

Deed

The legal document transferring ownership or title to a property.


Source: Federal Trade Commission

 **did you know?**

71%

During the homebuying process, 71% of consumers would use a real estate app or website.

Source: Bank of America 2018 Homebuyer Insights Report

 **interactive intersection**

Quiz

[Click here](#) test your knowledge of the mortgage interest tax deduction.

differences of conventional and FHA loans

Choosing the right kind of mortgage loan is an essential step in the homebuying process. While there are numerous lending products available, a couple of common loan classification types include "conventional" or "FHA." Loans insured by the Federal Housing Administration (FHA) are commonly known as FHA loans. Loans not insured by a government entity are commonly known as conventional loans.

Some of the general similarities and differences between the two loan types currently include*:

	Conventional	FHA
Up-front Mortgage Insurance Premium (MIP)	Upfront MIP options available but not required	Required; 1.75% of loan amount
Monthly mortgage insurance payment	Generally required for all loans with less than 20% down payment	Required for all loans regardless of the down payment
Monthly mortgage insurance cancellation	May be cancelled depending on loan-to-value (LTV) and other factors	Typically, for loans with less than a 10% minimum down payment, mortgage insurance cannot be cancelled during life of loan.
Mortgage insurance cost	Based on borrower's credit profile and LTV	Same for everyone regardless of credit profile
Minimum down payment	As low as 3%	As low as 3.5%

**This is a high-level summary only. Exceptions and additional options and requirements apply.*

Cancellation of monthly mortgage insurance on a conventional loan may be an available option when the loan balance is paid down to a certain loan-to-value (LTV) and other criteria are met. Discuss this with your lender in advance for more information.

When comparing conventional and FHA loans, it's important to know that for some, it may be more challenging to qualify for a conventional loan. For example, you may be more likely to qualify for a conventional loan if you:

- Have a high credit score;
- Have a low debt-to-income ratio; and
- Have reserves (i.e. have money in the bank that won't be depleted after making your down payment).

Talk with your lender about all options that may be available to you and decide what is best to meet your needs. Also know that CHFA has loan programs that offer conventional and FHA loans. Contact a [CHFA-approved Lender](#) to learn more.

CHFA staff volunteer with habitat for humanity

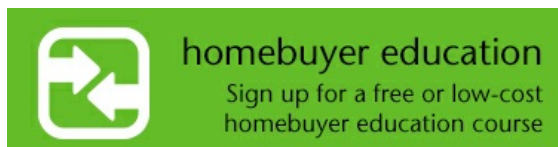
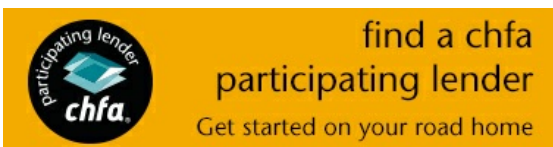
A group of 12 CHFA staff members recently volunteered with Habitat for Humanity of Metro Denver. The group assisted Habitat staff in repairing and rehabbing a home for a Denver family. The repairs included replacing the home's siding.



In 2012, Habitat for Humanity of Metro Denver started a neighborhood revitalization program that helps homeowners experiencing low income with

essential home repairs. Habitat is currently working with families in Denver's Westwood, Globeville, and Elyria-Swansea neighborhoods to help make critical exterior home repairs. As part of this program, families contribute sweat equity hours and make a payment toward their home repairs.

According to Habitat, it's estimated that the organization will repair over 150 existing affordable homes for 375 people (300 adults and 75 children) from 2017 to 2019. To learn more and how you can get involved, visit habitatmetrodenver.org.





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