

## Conventional Loan vs. FHA Loan Comparison

Feature	Conventional Loan	FHA Loan
<b>Minimum Down Payment Requirement</b>	5%	3.5%
<b>Upfront PMI/MIP Cost</b>	3 months of monthly PMI	1%
<b>Maximum Sellers Assist</b>	3% of purchase price	6% of purchase price, soon to be 3%
<b>Tax Deductibility of Monthly Private Mortgage Insurance (PMI)/Mortgage Insurance Premium (MIP) premiums</b>	Monthly PMI premiums are reported to borrower at year-end for tax deductibility for loans closing by 12/31/2011 where household income does not exceed \$100,000	MIP premiums are not tax deductible
<b>Minimum Score Requirement</b>	660	640
<b>Beginning equity in property</b>	5%	2.535%
<b>PMI/MIP monthly premium based on a \$100,000 purchase price with minimum down payment</b>	\$42.75 for scores 740+ \$49.88 for scores 700-739 \$63.33 for scores 660-699	\$75 and is not tax-deductible
<b>Cancellation of PMI/MIP premiums</b>	Borrower can request PMI removal after two years or automatic termination once loan reaches 78% of original value	Only automatic termination once the loan reaches 78% of original value, borrower can not request MIP removal
<b>Alternatives to PMI/MIP</b>	FMFCU can offer two mortgages to avoid PMI, known as an 80/15/5	All FHA loan requests must have MIP, no alternatives

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