

---

## Loan Categories

---

**Overview** A borrower's qualifications determine what type of mortgage product or program will fit his/her needs and circumstances. Most mortgages fall into one of two categories: government or conventional.

---

**Government Loans** Government loans are designed to answer the needs of first-time homebuyers. Type of government mortgages include:

<b>Government Loan Type</b>	<b>Description</b>
Federal Housing Administration (FHA)	Insures a wide variety of first mortgages, including fixed-rate and Adjustable Rate Mortgage (ARM) products, to help more people achieve home ownership. Features include: <ul style="list-style-type: none"><li>▪ Low down payment requirements</li><li>▪ Loan limits based on geographic locations</li><li>▪ Generally liberal qualifying guidelines</li><li>▪ Down payment may come from a gift</li><li>▪ Closing costs may be paid by the lender, seller, borrower or gifted</li><li>▪ Mortgage Insurance Premium (MIP) is required on all FHA loans</li></ul>
Veteran's Administration (VA)	Guarantees mortgages for veterans and active-duty military personnel and their spouses. Features include: <ul style="list-style-type: none"><li>▪ Low or no down payment requirements</li><li>▪ Wide range of rate, term, and cost options</li><li>▪ Flexible qualifying guidelines</li><li>▪ Closing costs may be paid by the lender, seller, borrower or gifted</li><li>▪ NO Mortgage Insurance Premium (MIP) required</li></ul>

---

**Conventional Loans** Conventional Mortgages are standard product offerings. They are not insured or guaranteed by the federal government. Conventional mortgage features include:

- Wide range of rate, term, and cost options
- Low down payment options
- More stringent qualifying criteria
- May require payment reserves
- Generally fast and easy mortgage process
- Private Mortgage Insurance (PMI) required for <20% down payment.