

Government-backed home loans and common conventional mortgages compared

	FHA	USDA	VA	Conventional
Who can apply	Anyone	Anyone	Active military & honorably discharged veterans	Anyone
Down payment	As low as 3.5%	0%	0%	Usually 5%–20%*
Requirements to qualify	Lower credit scores and higher DTI are accepted. Easier to get after bankruptcy or foreclosure.	Flexible credit guidelines. Can qualify with lower credit scores than with conventional loans.	Need suitable credit & income, but it's easier to qualify for a VA loan than a conventional loan.	Often requires higher credit scores & lower DTI.
Property requirements	Must be FHA approved.	Designated targeted rural or small-town areas.	Must be VA-approved value.	Standard appraisal required.
Must be owner-occupied	Yes	Yes	Yes	No
Help from other people	Gift funds from family can be applied toward down payment. Sellers allowed to contribute to closing costs.	Gift funds from family can be applied toward down payment. Sellers allowed to contribute to closing costs.	Gift funds from family can be applied toward down payment. Sellers allowed to contribute to closing costs.	Gift funds from family can be applied toward down payment. Sellers allowed to contribute to closing costs.
Mortgage insurance	Both upfront MIP and monthly MIP are required and cannot be canceled.	MIP is required and cannot be canceled.	No MIP required.	MIP required if down payment is less than 20%. Can be canceled subject to requirements.
Closing costs	Sellers allowed to contribute to closing costs.	Sellers allowed to contribute to closing costs.	Sellers allowed to contribute to closing costs. Closing costs usually lower.	Sellers allowed to contribute to closing costs.
Another person can assume loan	Yes	Yes	Yes, if assuming party is also qualifying military.	No

FHA = Federal Housing Administration. HUD is part of it.

USDA = U.S. Department of Agriculture

VA = Veterans Administration

DTI = Debt-to-Income ratio

MIP = Mortgage Insurance Premium

FHA, USDA and VA mortgage loans offer government protection to non-government lenders, who can then take bigger lending risks. This makes it easier for homebuyers to qualify because the barriers to getting a home loan are lowered. Government rules for these programs can change, and these loans are not the best fit for everyone. As always, do your homework and ask questions before deciding which home loan is right for you.

*Although uncommon, some lenders offer 0% down-payment home loans that are not government backed, such as the Twin100 program from TwinStar Credit Union.

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