

Understanding Today's Most Common Loan Programs

Conventional Loan

Best For: Buyers with solid credit and some down payment funds.

Typically Requires:

- Min 620 credit score (680+ for reasonable rate and PMI pricing)
- 3% down for eligible first-time homebuyers
- Stable income and employment
- Mortgage insurance with less than 20% down

Agent Tip: Conventional loans offer flexibility for higher-priced homes and can strengthen competitive offers.

FHA Loan

Best For: First-time buyers or borrowers with less than-perfect credit.

Typically Requires:

- 580+ credit score for 3.5% down payment
- Primary residence occupancy
- Verifiable income and employment
- FHA appraisal requirements

Agent Tip: FHA financing can help buyers who may not qualify for conventional financing become homeowners.

USDA Loan

Best For: Buyers looking in eligible rural areas.

Typically Requires:

- Eligible property location
- Household income within USDA limits
- Primary residence occupancy
- Typical credit score around 640+

Agent Tip: USDA offers 100% financing, making it one of the most affordable paths to homeownership when qualified.

Common Buyer Misconceptions

Many Buyers Believe:

- ✗ They need 20% down
- ✗ Their credit score isn't high enough
- ✗ They can't qualify because they have student loans

In many cases, they may qualify for a Conventional, FHA or USDA loan.

Agent Takeaway

Before a buyer gives up, have them talk to a Loan Officer.

Not every buyer fits into the same loan program. Understanding the basics of Conventional, FHA and USDA financing can help uncover opportunities that might otherwise be missed. Sometimes a simple conversation can turn uncertainty into a clear path toward homeownership.

More qualified buyers = more closings.

Loan Basics & What They Mean for You

Feature	Conventional	FHA Loan	USDA Loan
Down payment	As low as 3% (FTHB) 5% for non FTHB Best with ≥ 680 FICO	3.5% (580 + FICO)	0% (Zero Down)
Credit Guidance	Can go to 620 with compensating factors	580+ easier approval	-640 typical lender guideline
Mortgage Insurance	PMI (monthly: can be removed)	Upfront + annual MIP	Guarantee free + annual fee
Where allowed	Anywhere	Anywhere	Rural only (USDA eligibility map)
Income Limits	None	None	Yes - Rural area & household limits
Loan Limits (2026)	Up to \$832,750 baseline	FHA floor -\$541,287	No set loan limit - subject to area appraisal
Seller Concessions	3% with <10% down 6% with 10-24.9% down 9% at 25%+ down	Up to 6%	Up to 6%

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NMLS ID #2320634