

# A Better Way

# Than the FHA

Too often, the FHA is the reflex option for low-downpayment borrowers – even more so with their recent rate reduction. But there are many factors to evaluate to ensure you're making the best choice. Consider the following example of a conventional loan with mortgage insurance compared to an FHA loan\*:

**\$250,000** = **\$7,500** vs **\$8,750**  
Purchase Price      3% Downpayment with MI      3.5% Downpayment with FHA

Not only is the cost of MI lower upfront, there are also significant long-term advantages over FHA:

## Short-Term

- ✓ \$1,250 savings on downpayment
- ✓ \$2,972 less to finance – even with the smaller downpayment!
- ✓ \$4,221 savings in MI premiums paid upfront

## Long-Term

- ✓ \$222 in monthly payment savings upon MI cancellation
- ✓ \$26,503 savings in MI premiums paid over the life of the loan
- ✓ \$15,980 savings in total house financing over life of loan

Plus – there are even more benefits with MI, like the ability to use gift funds, easier approval process, cancellation of premiums and faster equity build up. Ask your lender to weigh all the options to find the best deal for your situation.

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\* Assumes 720 FICO; 30 year fixed loan at 4% conventional or 3.75% FHA; 97% LTV with BPML from Radian or 96.5% LTV with FHA; 2% annual home value appreciation; borrower-requested MI cancellation at month 64 with Radian.

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