

Ready to Buy a Texas Home?

Our HFA Preferred Conventional Loan can help.



The Texas State Affordable Housing Corporation offers a special HFA Preferred Conventional Loan with a grant or repayable second lien loan for down payment assistance (DPA).

What is Mortgage Insurance? Mortgage insurance (MI) is an insurance policy that protects the lender if the homeowner defaults on their mortgage payment. Mortgage insurance is required on all Federal Housing Administration (FHA) loans, regardless of down payment size, and on conventional loans with a down payment less than 20 percent.

➤ Benefits of the HFA Preferred Conventional Loan:

- Fixed rate mortgage loan
- Only 3 percent down payment required
- DPA up to 5 percent of the loan amount
- DPA provided as a grant (never needs to be repaid) or repayable second lien loan
- No upfront mortgage insurance premium (as compared to an FHA loan)
- Lower monthly MI rates (as compared to an FHA loan) for well-qualified buyers
- Homeowner able to cancel MI when home equity reaches 20 percent (as compared to an FHA loan which requires MI for the life of the loan)

Mortgage Insurance Savings HFA Preferred Conventional vs. FHA Loan		
	HFA Preferred Conventional Loan	FHA Loan
Upfront MI Premium	\$0	\$2,111
Initial Monthly MI Payment	\$63.66	\$84.82
Approximate month MI can be canceled	61st Month	Never
Total MI Paid Over 30 Years	\$3,819	\$18,776

These calculations are based on the following assumptions: home sales price of \$125,000; home buyer credit score of 680; annual home appreciation of 3%; and HFA Preferred MI cancellation at 20% home equity. If a homeowner does not request MI cancellation when equity reaches 20%, the MI will cancel automatically when equity reaches 22%. **Please note:** This information is for loan comparisons only and is not all-inclusive of costs associated with obtaining a mortgage loan.

Get started by visiting www.ReadyToBuyATexasHome.com to see if you may qualify.



For more information: