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Coke vs Pepsi & FHA vs Conventional

While it is widely known that Pepsi is superior to Coke in both taste and freshness, the age-old debate regarding FHA vs Conventional financing rages on. So, we'll explore that right here...

FHA takes the edge with the following:

- Lower down payments are possible. 3.5% is the minimum instead of 5% for conventional.
- Multi-unit properties require 3.5% down while conventional multi-family requires 15% or more.
- FHA standards are lower (require a lower credit score).

Conventional loans are better in other ways:

- In multiple offer situations conventional is considered much stronger than FHA.
- Conventional charges less private mortgage insurance for down payments of under 20%.
- Appraisals are more lenient with less defects needing to be addressed before closing.
- FHA loans carry a whopping up front charge added to the principal – typically 1.25% of the loan.

So, this is not so easy as sipping the cool, refreshing drink of choice (Pepsi) and then comparing it to its backwater cousin. Typically, conventional is more desirable but there are certain situations where FHA is the better option.