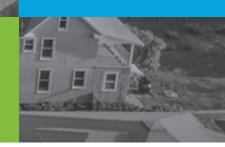# HFA ADVANTAGE® VS. FHA: A SIDE-BY-SIDE COMPARISON

Freddie Mac Single-Family

Assumptions:

- 30-year fixed rate mortgage
- Purchase price= $200,000
- $400 monthly taxes and insurance
- Two borrowers
- FICO score = 700
- Debt-to-income ratio ≤ 45%
- Qualifying income ≤ 80% area median income
- Scenarios 1 and 2 require 18% mortgage insurance (MI) coverage
- Annual appreciation of 3% over 5 years; MI may be dropped by month 60 in scenarios 1 and 2

	SCENARIO 1 • Borrower paid monthly MI premium • 97% LTV • Rate 4.25%	SCENARIO 2 • Non-refundable single premium paid at closing • 97% LTV • Rate 4.25%	FHA • FHA upfront and monthly MI premium • 96.5% LTV • Rate 4.00%
Down Payment	$6,000	$6,000	$7,000
Upfront MI Cost	$0	$3,977 (2.05%)*	$3,378 (1.75%) **
Total Loan Amount Financed	$194,000	$194,000	$196,378
Monthly MI ($ / rate)	$89 / 0.55%*	N/A	$138 / 0.85%**
Monthly Payment (PITI + MI) (Year 1)	$1,443	$1,354	$1,476
Monthly Cost Savings vs FHA	$33	$122	-
MI Cost Over 5 Years (60 payments + any upfront MI)	$5,340	$3,977	$11,345 estimate
5-Year MI Savings Compared to FHA	$6,005	$7,368	-

These scenarios are intended for illustrative purposes only and should not be relied upon for actual rate quotes, loan estimates or other borrower disclosures. Comparisons are at the highest LTV ratio allowed for the products.

*Private MI premium rates drawn from the rate cards of three mortgage insurers' websites as of March 2020. Check premium rates with your preferred MI provider(s).

**FHA includes an upfront mortgage insurance premium (1.75%) and monthly premiums (0.85%). FHA example assumes financing of upfront premium. Private MI premiums adjust based upon loan features and borrower credit profile (e.g., loan-to-value ratios, loan purpose, loan term, MI coverage required, FICO scores, number of borrowers, debt-to-income ratios, etc.).