MYTH  FHA saves borrowers more $ over the life of the loan.
FACT  This is not true. With FHA, monthly premiums can be required for the entire life of the loan, often resulting in a borrower paying up to 3 times more than Private MI over the duration of the loan.

MYTH  FHA monthly premiums and Private MI have the same cancellation policies.
FACT  FHA monthly premiums are only cancellable at LTVs of 90% or less and only after 11 years. Private MI is cancellable when a loan reaches 80% LTV, independent of original LTV. This means Private MI may be cancelled up to 6 years sooner, providing significant savings for a borrower.

MYTH  FHA is easier and faster to close than a conventional loan.
FACT  FHA often has onerous requirements that can delay closings, such as a property being declared “uninhabitable” due to minor details such as a broken window or chipped paint.

MYTH  Only FHA allows for 100% gift funds towards down payments.
FACT  National MI also allows for 100% gift funds to be used towards down payment on Primary Residences & Second Homes.

MYTH  FHA is the only option for borrowers with less than 5% down payment.
FACT  There are conventional loan products which require only a 3% down payment with a minimum credit score of 620. FHA loans require a minimum 3.5% down payment. The time it takes to save the additional funds could delay a borrower getting into their home.

MYTH  Conventional loans are more expensive than FHA.
FACT  Both Fannie Mae® and Freddie Mac® have revamped their Affordable Lending programs, reducing loan delivery fees and requiring reduced MI coverage. This allows for these programs to be competitive against FHA insured loans even at higher LTVs.

MYTH  It is always better to go with the lower interest rate FHA Insured Loan.
FACT  Not always, you have to look at the all-in cost of the FHA insured loan: factoring in the upfront premium (equity loss), the monthly FHA premiums, and the life of loan costs due to the fact that FHA monthly premiums are not cancellable in many cases.

MYTH  GSE affordable programs are available to all borrowers.
FACT  GSE Affordable programs are available to borrowers with annual income that does not exceed 80% of AMI including loans secured by properties in low-income census tracts. This restriction allows the GSEs to sharpen their focus on serving very low-and low-income borrowers.

For information purposes only. For a full description of National MI services and guidelines, and to get more information, please visit our website at nationalmi.com