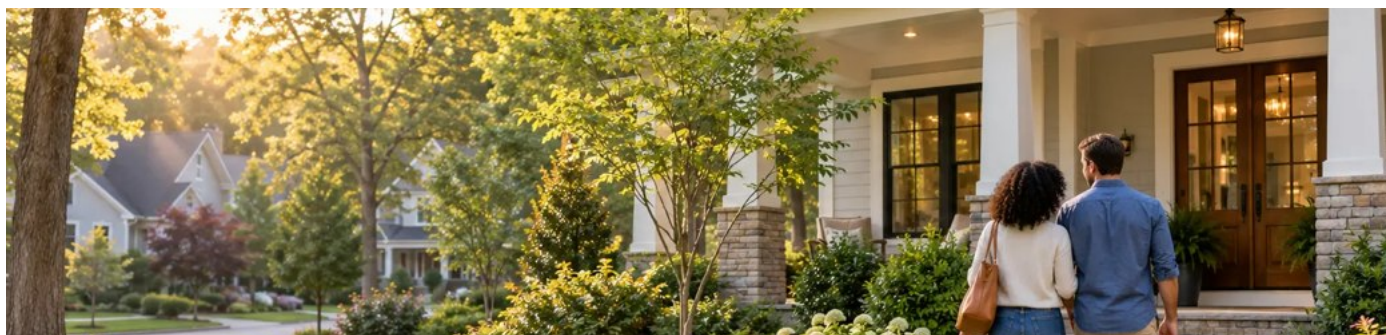


# The loan-options handbook

Compare structure, eligibility and costs without getting lost in acronyms.



COMPARE YOUR OPTIONS / BUYING

## Inside your guide

- 02 Compare the structure first
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Plain-language explanations. A practical worksheet. Room for your questions.

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# Compare the structure first

A program label is the start of the conversation, not the decision.

## Purpose and property

Begin with purchase or refinance, intended occupancy and property type. Then ask about the loan amount, down payment or equity, documentation and eligibility. An appealing program still needs to fit the borrower and the property.

## Term and rate behavior

A fixed-rate loan keeps its note rate fixed; taxes and insurance can still change total payment. An adjustable-rate loan can change under its contract. Review the adjustment schedule and limits rather than assuming you will refinance before an increase.

## Upfront and ongoing cost

List rate, APR, points or credits, insurance or guarantee charges, and cash required. APR incorporates certain finance charges and is broader than the note rate. It is not a substitute for comparing loan features and your expected holding period. <sup>1</sup>

| Compare on the same basis | Ask Unity                                   |
|---------------------------|---------------------------------------------|
| Loan amount and term      | Are these the same in both scenarios?       |
| Rate assumptions          | Is it locked, for how long, with what cost? |
| Cash and monthly cost     | What is included and what is separate?      |

### TAKE THIS INTO YOUR NEXT CONVERSATION

Educational descriptions do not confirm that every program is offered or that you qualify.

# Conventional and FHA

Compare the full cost over the period you expect to keep the loan.

## Conventional financing

A conventional mortgage is not a federal government-insured or guaranteed loan. Low-down-payment options may be available to eligible borrowers; do not assume all conventional loans require 20% down.

## Private mortgage insurance

PMI commonly applies to conventional financing with less than 20% down and may also apply to low-equity refinances. It protects the provider of credit against default, not your home or personal finances. Ask about premium structure and any cancellation requirements.<sup>2</sup>

## FHA financing

FHA-insured loans have their own borrower and property requirements. FHA mortgage insurance differs from conventional PMI and typically involves an upfront premium and ongoing premiums. Ask about the duration as well as the amount; rules depend on the loan.<sup>3</sup>

## Questions worth asking

Which eligible choice leaves more reserves? How long might mortgage insurance last? What happens if I sell sooner than expected? What would I need to change to compare another option?

### TAKE THIS INTO YOUR NEXT CONVERSATION

A lower down payment can preserve cash while increasing other costs. Ask for both sides of that tradeoff.

# VA, USDA and jumbo

Special eligibility can create options; it does not remove underwriting.

## VA-backed purchase loans

Eligible veterans, service members and some surviving spouses may qualify. A Certificate of Eligibility supports the review. No down payment is often required when applicable value and eligibility conditions are met, and VA loans do not require monthly mortgage insurance. A funding fee may apply unless exempt.<sup>4</sup>

## USDA guaranteed loans

The program serves eligible households and qualifying properties in eligible rural areas. Income limits, occupancy rules and a property-eligibility check matter. Eligible financing may cover up to 100% of the purchase; program guarantee fees and other costs can still apply.<sup>5</sup>

## Jumbo financing

Loans beyond applicable conforming limits may use different documentation, reserve and credit requirements. Ask which limit applies to the property location and how the loan is being classified. Do not use a national headline limit as a substitute for a current file review.

### TAKE THIS INTO YOUR NEXT CONVERSATION

Ask about closing cash even when a program allows no down payment.

# Read an offer as a set of tradeoffs

The most useful comparison makes the differences visible.

## Rate versus upfront price

Points can reduce the rate in exchange for more money upfront. Credits can offset some costs but may involve a higher rate. Ask how the choices compare over the period you expect to keep the mortgage.<sup>6</sup>

## Payment versus total interest

A longer term can reduce the scheduled payment while extending interest charges. A shorter term can increase the payment. A comparison should show the remaining balance at the same future date, not just monthly savings.

## Cash versus flexibility

A larger down payment can reduce borrowing and may affect pricing or insurance, but it uses cash. Decide what liquidity you need after closing. A lower balance is not useful if normal repairs leave you unable to manage other expenses.

## Make the decision explainable

Before proceeding, try summarizing your choice: We chose this structure because \_\_\_\_\_. We accepted \_\_\_\_\_ as the tradeoff. We will revisit the plan if \_\_\_\_\_. If you cannot fill those blanks, ask for another explanation.

### TAKE THIS INTO YOUR NEXT CONVERSATION

There is no universal best loan. The comparison needs to fit your situation.

# Compare two financing paths

Use actual written estimates for a matching scenario. Leave a field blank until confirmed; do not treat an illustration as an offer.

| Compare the same scenario               | Option A | Option B |
|-----------------------------------------|----------|----------|
| Program / property / occupancy          |          |          |
| Loan amount and term                    |          |          |
| Fixed or adjustable rate                |          |          |
| Note rate / APR / lock expiry           |          |          |
| Points or credits                       |          |          |
| Monthly principal and interest          |          |          |
| Taxes, insurance and mortgage insurance |          |          |
| Estimated cash to close                 |          |          |
| Remaining cash reserves                 |          |          |
| Key conditions or tradeoffs             |          |          |

Why this option fits my goals

Which figures are estimates?

Print and write, or fill in with a compatible PDF reader. Save your completed copy privately.

# Keep learning. Ask clearly.

Use these references to explore a question further, then ask how it applies to your transaction.

[01 CFPB | Interest rate and APR](#)

[02 CFPB | Private mortgage insurance](#)

[03 CFPB | How mortgage insurance works](#)

[04 VA | Purchase loans](#)

[05 USDA | Guaranteed housing loans](#)

[06 CFPB | Loan Estimate explainer](#)

References reviewed September 7, 2026. Source links are clickable. Program requirements and individual circumstances can change. These organizations do not endorse Unity Mortgage Group.

## Bring your questions to Unity.

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