VA vs. FHA vs. Conventional

Comparing the three most common loan types on a real $300,000 Cibolo, TX home

These are the three loan types most buyers choose between. Each trades off differently on down payment, mortgage insurance, and who qualifies — below is a side-by-side look, plus a real example on the same $300,000 home so you can see exactly what each one costs per month.

Quick Comparison

	VA LOAN	FHA LOAN	CONVENTIONAL
Best For	Eligible veterans & service members	Limited credit history or savings	Steady credit with some savings
Minimum Down Payment	0%	3.5%	3% (first-time buyers)
Mortgage Insurance	None, ever	MIP: upfront + annual, often life of loan	PMI: cancels around 80% equity
Credit Flexibility	No VA minimum; lenders often want 580–620+	Most flexible; scores as low as 580	Typically 620+; more rules at low down payments
Can You Use It Again?	Yes, repeatedly, if entitlement available	Yes, on a new primary residence	Yes, no limit

Biggest Pro, Biggest Con

VA LOAN

PRO $0 down & no monthly mortgage insurance, ever.

CON Must have qualifying military service.

FHA LOAN

PRO Easiest credit & down payment to qualify for.

CON MIP often lasts for the entire loan term.

CONVENTIONAL

PRO No funding fee, and PMI cancels automatically.

CON Stricter credit/income rules at low down payments.

$300,000 Home in Cibolo, TX — Side by Side (fees rolled into the loan)

	VA LOAN	FHA LOAN	CONVENTIONAL
Down Payment	$0 (0%)	$10,500 (3.5%)	$9,000 (3%)
Upfront Fee (rolled in)	$6,450 funding fee	$5,066 UFMIP	None
Total Loan Amount	$306,450	$294,566	$291,000
Interest Rate*	**6.30%**	**6.50%**	**6.67%**
Principal & Interest	$1,897	$1,862	$1,872
Monthly Mortgage Insurance	$0	$135	$243
Taxes + Insurance (est.)	$891	$891	$891
TOTAL MONTHLY PAYMENT	**$2,788**	**$2,888**	**$3,005**

*Conventional rate is the Freddie Mac 30-year benchmark (week of 8/13/2026). VA and FHA rates are illustrative, based on documented typical spreads below that benchmark — actual rates vary daily by lender and borrower profile. Taxes use Cibolo's combined 1.93% rate; insurance uses the Texas state average.

The Bottom Line

- **VA wins on monthly payment in this example** despite $0 down — because there's no monthly mortgage insurance at all, only the one-time funding fee.
- **FHA is the easiest to qualify for,** but its MIP is the stickiest long-term cost — it often lasts the entire loan unless you refinance later.
- **Conventional has no funding fee and PMI cancels automatically,** but the 3%-down option shown here carries the highest mortgage insurance cost of the three, since its down payment is the lowest of the group after VA.
- **The right choice depends on your eligibility, credit, and how long you'll keep the loan** — not just the down payment on the sign.

SOURCE: Freddie Mac Primary Mortgage Market Survey (conventional benchmark, week of 8/13/2026); U.S. Dept. of Veterans Affairs VA Funding Fee Schedule (2026); U.S. Dept. of Housing and Urban Development FHA UFMIP/annual MIP rates; City of Cibolo, TX Tax Rates (cibolotx.gov); NerdWallet 2026 Texas homeowners insurance averages; industry-standard conventional PMI rate ranges.

EFFECTIVE DATE OF DATA: Figures reflect August 2026 conditions. VA and FHA rates shown are illustrative estimates, not lender quotes — get personalized Loan Estimates to compare real offers for your situation.

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