Mortgage Loans

Which Mortgage Product is Right for Me?

A guide to mortgage products offered by Heritage Grove FCU

HERITAGE GROVE
FEDERAL CREDIT UNION

Welcome!

Learn a little about us

Since 1964, Heritage Grove Federal Credit Union has proudly served our community by providing personalized financial solutions designed to help every member succeed. We know there's no one-size-fits-all approach, which is why we offer a wide range of services - from everyday banking and loans to digital tools, financial education, and fraud prevention - tailored to your unique needs, goals, and stage of life.

Built on the credit union philosophy of people helping people, we believe in the power of community and shared growth. Our members aren't just customers - they're owners, with an equal voice and stake in our success. Like a grove, we grow stronger together - rooted in the communities we serve and committed to staying actively involved and giving back.

We're dedicated to creating meaningful relationships that last. Guided by our values of integrity, respect, inclusion, relationships, and continuous improvement, we're here to support you at every stage of your financial journey.

At Heritage Grove, we're here to help you stand tall - offering the tools, support, and confidence you need to achieve your financial goals and build a stronger future.

Are you ready to stand tall with us? Learn more about Heritage Grove Federal Credit Union and its services by visiting ourgrovecu.com.

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Home Loan Types

Conventional vs. Government-Backed

What's the difference?

Conventional Loans

Conventional mortgages are privately insured (PMI)*, require a minimum down payment, and typically must conform to Fannie Mae or Freddie Mac limits and guidelines. Although many people believe a 20% downpayment is required, the truth is that first-time homebuyers can finance a loan with just 3% down. For all other home buyers, the minimum is 5%.

Government-Backed Loans

Government-backed mortgages include VA, USDA, and FHA loans. The US government guarantees a portion of the loan amount to the lender in case of default. These loan types were developed at different times over the past eighty to ninety years to make homeownership affordable to valued demographics (VA), promote homeownership in underserved and rural areas (USDA), and offer an option to first-time potential home buyers with poor or limited credit (FHA).

*NOTE: Private Mortgage Insurance is required by lenders when a borrower puts less than 20% down on the purchase price. It protects the lender, not the borrower, in case of default.

Conventional Loans

Product details

Most people are thinking of a conventional loan when they talk about getting a mortgage.

There is a requirement to put 20% down in cash, which is generally accepted as the threshold at which the lender is secure. The borrower has “skin in the game”.

Many people struggle to save that amount and so private mortgage insurance, or PMI, was introduced. The amount of private mortgage insurance is calculated based on your credit score, down payment, and debt-to-income ratio. It is a percentage of the total loan amount.

Now a borrower can put as little as 3% down (if at least one borrower has not owned a property in the last three years) and begin their homeownership journey.

Conventional Loans

Product details

They are available for primary residences, investment, and secondary/vacation homes.

Conventional home loans can be financed at 10-, 15-, 20- and 30-year terms on one to four-unit properties.

Fannie Mae's HomeReady® conventional loans feature lower mortgage insurance and interest rates, and more flexible underwriting guidelines. The HomeReady® program does have income restrictions.

Conventional Loans

Who are these best for?

The first-time home buyer with cash saved and solid credit who is looking for a starter home that does not require any major repairs.

The retiree with plenty of equity in their current home who is looking to sell and buy a condo in Portland. This buyer can expect lower interest rates for those who have built both equity and a credit history. NO PMI* with at least 20% down.

A young borrower who just inherited mom and dad's house in Hoboken but wants to buy property here in Oregon. *(HomeReady® allows for ownership of two properties, including the primary residence).*

*NOTE: PMI = Private Mortgage Insurance

FHA Home Loans

Product details

FHA (Federal Housing Administration) Home Loans are for borrowers with limited or imperfect credit.

The down payment requirement is 3.5%. Upfront and monthly mortgage insurance are required. If you put less than 10% down, you will have to pay the mortgage insurance for the life of the loan.

Most borrowers refinance out of the FHA loan into a conventional loan once they have sufficient equity to remove the FHA mortgage insurance.

Who is best served by this loan product?

The single home-buyer who has 3.5% to put down and their closing costs plus cash reserves, but they have struggled with credit in the past.

USDA Loans

Product Details

USDA (U.S. Department of Agriculture) Home Loans are for low-to-moderate income borrowers buying in underserved and rural areas.

They offer up to 101% financing and lower MI rates compared to FHA loans. Refinance must be USDA to USDA. USDA also has an income restriction.

Who is best served by this loan product?

A couple with limited income whose dream is to buy a home in the country and possibly renovate it.

VA Home Loans

Product Details

VA (Veterans Affairs) Home Loans are for veterans, reservists, active-duty members, and the surviving spouses of deceased veterans.

These can be made with zero down if the borrower has their full entitlement. The VA funding fee due at closing serves the same function as PMI on a conventional loan. There are several circumstances under which the fee is waived.

Who is best served by this loan product?

A veteran, active service member, or the spouse of a deceased veteran with very little cash to put down. If at least 10% disabled, the VA Funding Fee (equivalent of PMI) is waived. There are frequently VA and ODVA grants and programs that cover closing costs, so a vet could get into a house with zero cash at closing.

Want to read more details about VA Home Loans?
Check out our **VA Loans eBook**

Resources

[Fannie Mae Homebuyers Education]

[FHA Home Loans]

[USDA Home Loans]

[USDA Property Eligibility Tool]

[Veteran Affairs Website]

[Oregon VA Home Loans Website]

NOTE: Heritage Grove FCU does not currently lend in Hawaii, Alaska, New York, Puerto Rico or Northern Mariana Islands.

Disclamer: Dollar amounts, fee estimates, percentages, and any and all other references to mortgage financing are general estimates only and not to be construed as statements of fact or as a promise to offer or extend any rights, privileges, or permissions to any individual or entity.