

Do I need to put 20 percent down to buy a house?

In a recent [survey](#), about 30% of millennials felt they could qualify for a house, but couldn't come up with a down payment. Why would that be? Well, it turns out most of them thought they needed to put 20% down.

If you fall in this category, I have good news for you. You do not need 20% down to buy a house in today's market.

How much do I really need to put down to buy a home?

If you are purchasing a home to live in as your primary residence, here are a few low down payment options for you:

[Conventional loans](#) only require 3% down as long as one of the borrowers is a first time buyer. You can borrow up to \$453,100 in most areas. Couple that with reduced mortgage insurance premiums for higher credit scores, and this is a great option for first time buyers with good credit. Not a first time buyer? The minimum down payment is still only 5% if you are buying the house to live in.]

[FHA loans](#) are a great option that only requires 3.5% down payment. With very forgiving credit standards, an FHA loan will allow you to finance up to \$294,515 with as low as a 580 credit score. FHA borrowers can potentially even get approved with FICO scores down to 550 with a 10% down payment.]

[Down Payment Assistance Programs](#) are also available for primary residence purchases. The assistance comes in the form of either a grant or a forgivable 2nd mortgage, and can be used to pay down payment, closing costs and/ or prepaid items associated with your home purchase. We have seen borrowers use these programs to buy homes with less than \$1,000 out of pocket.]

[VA Loans](#) allow eligible veterans to purchase a primary residence with zero down and no monthly mortgage insurance. If you or someone you know has served, they should definitely look into this program.]

[USDA Loans](#) are another excellent option for no down payment home purchases in rural areas.]

What if I'm not buying a primary residence?

Most people don't know that you can actually buy a vacation home with as little as 10% down using conventional financing. That means a loan amount up to \$453,100 in most areas. However, in certain high cost zones, those limits can be much higher. If you have ever dreamed of having a cabin or a beach house, it may be more in-reach than you think!

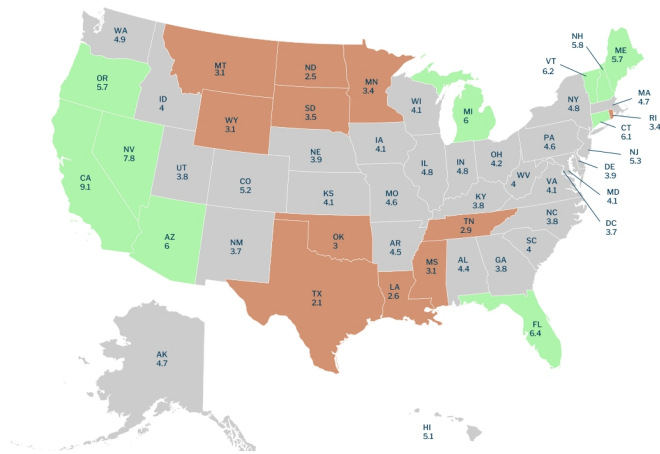
What about rental property? Using a conventional loan, you can finance a 1-unit investment property with as little as 15% down. Multi-Unit Properties? If you are looking at a duplex, 3-plex or 4-plex, conventional financing allows up to 4-unit properties! 2-4 unit properties require 25% down payment minimum.

Is now a good time to buy?

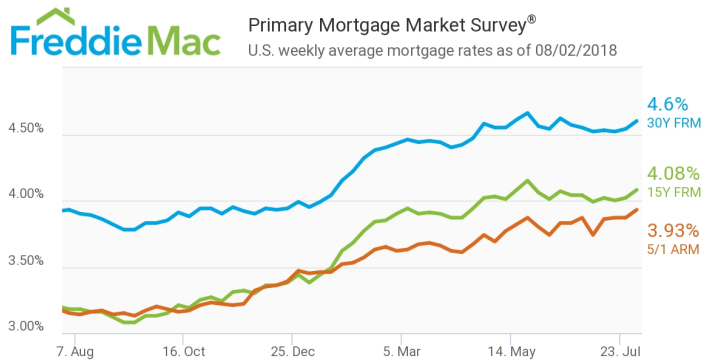
As the saying goes, the best time to plant a tree is 20 years ago. The 2nd best time is now. Right now remains an excellent time to purchase a home. For one thing, home values are forecasted to continue rising in most parts of the country.

Average Forecasted Appreciation Rate (1 yr) = 4.45%

■ -20% above National Average ■ -20% below National Average



According to Freddie Mac's [Primary Mortgage Market Survey](#), interest rates are about 0.6% higher than they were at the beginning of this year, and forecasted to continue rising.



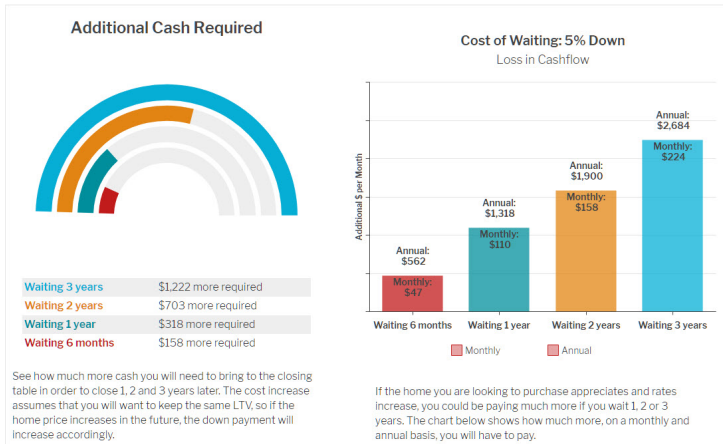
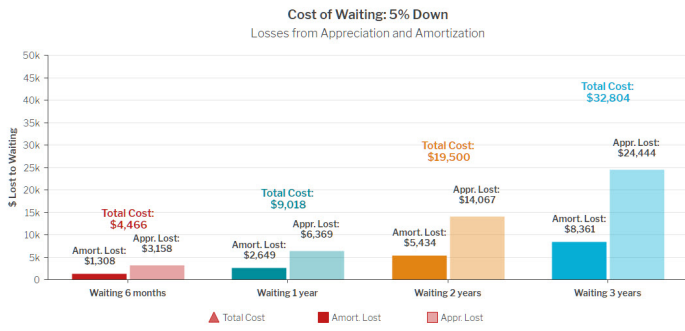
Rising rates and rising home values mean the longer you wait, the more you will pay.

Here is a quick example using \$189,000 sales price and 5% down payment on a conventional loan:

Cost of Waiting on 5% Down
 Sample Home (\$189,000)

Yuma County, AZ

	Loan Today (5% Down)	Waiting 6 months	Waiting 1 year	Waiting 2 years	Waiting 3 years
Property Value	\$189,000	\$192,158 ▲1.67%	\$195,369 ▲3.37%	\$203,067 ▲7.44%	\$213,444 ▲12.93%
Loan Amount	\$179,550	\$182,550	\$185,601	\$192,914	\$202,772
Down Payment	\$9,450	\$9,608	\$9,768	\$10,153	\$10,672
Rate	5%	5.25%	5.625%	5.625%	5.625%
APR %	5.224%	5.319%	5.692%	5.689%	5.684%
Total Cash to Close (with Points and Down Payment)	\$12,502	\$12,711	\$12,923	\$13,432	\$14,119
Monthly Prin. & Interest (Start)	\$964	\$1,008	\$1,068	\$1,111	\$1,167
Annual Prin. & Interest (Year 1)	\$11,566	\$12,097	\$12,821	\$13,326	\$14,007
Total Monthly Expenses (PITI)	\$1,181	\$1,227	\$1,290	\$1,339	\$1,404
Total Annual Expenses (PITI)	\$14,167	\$14,729	\$15,485	\$16,067	\$16,851



In an environment like the one we find ourselves in today, where everything is forecasted to continue to go up, the smart move is to act sooner rather than later.

Find Out More!

Your Name *

Your Email *

Your Phone #

I Would Like To...

Buy A Home

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Comments or Questions

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