

Down payment options are unlocking homeownership for more Americans

Saving for a down payment is one of the biggest barriers to buying a home, but it doesn't have to be. Not only are down payment assistance programs helping people unlock homeownership, but some mortgage programs make it possible to put down as little as 3%. Here's what to know:

NAVIGATING PMI

Contrary to the popular belief that down payments must be 20% or more, the typical homebuyer makes a down payment between 5% and 20%. However, if you make a down payment of less than 20%, you may have to pay private mortgage insurance (PMI). PMI, which protects the lender if you are unable to pay your mortgage, is a monthly fee rolled into your mortgage payment. If it's required, you'll only need this insurance until you've built up 20% equity in your home.

SECURING THE RIGHT LOAN

There are many types of private and government-sponsored low down payment loan options available. For example, some private lenders have options designed specifically for low- to moderate-income borrowers. Freddie Mac's Home Possible mortgage provides down payment options as low as 3%, financial flexibility and reduced PMI. Some qualified buyers can even attain this mortgage with-

out a credit score. Likewise, Freddie Mac's HomeOne loans, meant for first-time homebuyers and borrowers who need flexible financing, offer similar benefits.

The Federal Housing Administration (FHA) offers down payment options as low as 3.5%. Obtained through lenders but insured by the federal government, they allow lower credit scores than most conventional loans. However, they require PMI and tend to be more expensive.

Looking to build or buy a home in a rural area? The United States Department of Agriculture's (USDA) two loan types make doing so more affordable for eligible low- and moderate-income buyers. The Single-Family Housing Guaranteed Loan Program has a PMI premium but no down payment, whereas the Single-Family Housing Direct Home Loan Program provides down payment assistance to increase applicants' repayment ability. U.S. Department of Veterans Affairs (VA) Loans are made to eligible members of the military community. VA loans may not require a down payment or PMI and have additional features that can make homebuying more affordable for military families.

Speak with your lender to learn more about these loan options.

FINDING ASSISTANCE

If you're short on cash



StatePoint

If you're short on cash for your down payment, help may be available. Many state, county and city governments provide financial assistance for well-qualified people in their communities ready for homeownership.

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This help can come in the form of grants, second mortgage loans that come

with low or no interest rates and deferred payments, as well as tax credits that free up more of your money for your down payment or closing costs. Having a certain kind of job, such as being a teacher or firefighter, or moving to a specific neighborhood,

such as one that has been identified as needing economic growth, could also qualify you for down payment assistance. Your housing counselor or lender can help determine which programs you are eligible for.

For more homebuying insights and information

about affordable homeownership, visit myhome.freddiemac.com.

With low down payment loans, PMI solutions and support from assistance programs, owning a home is more accessible than you may realize.

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