

The Myth of the Mortgage Down Payment

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Did you know that the median down payment for first-time buyers has been 6 percent for three straight years?

If you answered no to this question, you are likely not alone. According to the National Association of Realtors® *Aspiring Home Buyer Profile*, 87 percent of non-homeowners indicated that a mortgage down payment of 10 percent or more is necessary.

The *Aspiring Home Buyer Profile* also finds that eight out of 10 non-owners indicated that owning a home is part of their American Dream. Yet, the confusion about down payment requirements is keeping aspiring home buyers from breaking in to the real estate market.

“Being unable to afford to buy was the number one reason non-owners cite as to why they don’t own. Unrealistic expectations about down payments have kept creditworthy borrowers with manageable levels of debt from exploring the prospects of buying a home,” said Michael Ross.

Every prospective buyer is different, but consumers should talk to lenders about their qualifications before throwing in the towel on their homeownership dreams.

“Those interested in buying their first home in 2017 should gather their financial paperwork, sit down with a lender to discuss their qualifications, and talk to family and friends for recommendations about a Realtor® who can help them get started on their home search,” said Ross.

For those renters out there who are ready to join the majority who buy a home with less than a 20 percent down payment, follow these tips to help get you get started:

1. Review your financial situation and personal savings to determine how much you can comfortably use for a down payment.

2. Visit a few lenders and seek a mortgage preapproval to determine how much money you are actually qualified to borrow.
3. Find a Realtor® and discuss your budget and needs. This will help a Realtor® hone in your search and only show you available homes in your price range.
4. Rely on professional help from the experts. This includes a Realtor® and your lender. The U.S. Department of Housing and Urban Development also has a [state-by-state resource guide](#) of homeownership and home buying assistance programs in your state.

Buying a home can sometimes be a challenging process, but with a little work and a Realtor® – a member of the National Association of Realtors® – at your side, 2017 may be a good time to start looking.