

Your Down Payment Options

Initial money spent can dictate so much about your financial future

In some cases, banks or other loan originators may require a certain amount upfront. If possible, it's smart to not just meet but exceed those goals.

Either way, this crucial first step in the home-buying process sets the table for everything that follows.

HOW MUCH TO PUT DOWN

The answer to down payment size typically begins with how much you can personally afford. Those with a cash surplus may opt for more than 20% of the purchase price. Remember that how much you initially pay will have a direct impact on your mortgage payment, and sometimes on the interest rate being offered. Discuss buying down the loan through points, in order to lower your monthly note.

LOWERING THE RATE

Mortgage points are fees a borrower pays to the lender in order to lower the interest rate. Buying down these points means spending less money for the life of the loan.



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REAL ESTATE 101

Help for Homeowners

If you're worried about traveling the last few steps toward homeownership, seek out more information on various grants, tax credits and mortgage assistance initiatives that are available through helpful entities at every level. You may be eligible for federal programs, as well as state, county, city and private programs. Learn more here: myhome.freddiemac.com/getting-help.

Every point equals one percent of the mortgage, so a point on a \$250,000 home

would cost \$2,500. You'd pay a lot more on that single point over the course of 30 years.

Just make sure not to overspend and get left in a financial bind.

RENTING TO OWN

Renting or leasing to own allows you to quickly move into the home you'd like to purchase, without having to pay so much up front. Homeowners and these temporary renters set their own terms leading to the purchase of the property later on. Sellers may choose to accept only a partial down payment then collect the rest of the home's cost through monthly rent. Buyers without a nest egg to dip into may find it to be a particularly attractive option, although obviously you'd be tied to this purchase for a while. That makes it important to choose wisely.

WHAT ELSE TO CONSIDER

Keep in mind that there are other costs involved with purchasing a home, in addition to the down payment. You'll also have to budget for closing costs, any expenses relating to the move itself, purchasing needed appliances and furniture, and deposits for utilities or other needed hookups. You'll also still need some sort of emergency fund, in case a medical issue arises. Keep looking until you find a home that perfectly balances the down payment and monthly mortgage requirement for your particular budget.



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OTHER COSTS

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HOMEWISSE GLOSSARY

Special stipulations: These are specific instructions written into a contract unique to a buyer and a seller and are in addition to the standard contract form. SOURCE: MLS.com

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