Down Payment Myths, Busted

The 20% rule died a long time ago.

MYTH: YOU NEED 20% DOWN

Conventional goes to 3% down, FHA 3.5%, VA and USDA $0. Twenty percent avoids PMI, but PMI is temporary and often cheap for good credit.

MYTH: PMI IS WASTED MONEY

PMI is the fee that lets you buy years earlier. In appreciating markets, waiting five years to save 20% often costs far more in price gains than PMI ever would.

MYTH: BIGGER DOWN ALWAYS BEATS SMALLER

Emptying every account to hit a bigger down payment leaves you fragile. Lenders like reserves, and so should you. Balance the down payment against keeping a real cushion.

REALITY CHECK

- **3% down conventional exists**
- **FHA 3.5%, VA $0 for eligible veterans**
- **PMI is removable at 20% equity**
- **Keep reserves after closing**
- **Waiting to save can cost more than PMI**

YOUR MORTGAGE GUIDE
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