



The Vanderbilt Mortgage and Finance, Inc. Guide to Down Payments



Buying a home is one of the biggest decisions you will ever make, and the process of getting started with the home buying process can seem daunting.

Many types of mortgages may require a sizable down payment in order for the homebuyer to qualify for financing. Traditionally, mortgage down payments have ranged between 10%-25% of the total purchase price. Because of this, saving up for a down payment is a crucial part of achieving the dream of homeownership.

This down payment guide can help you explore options available for saving for your down payment.



Down Payment Tips



Set a realistic goal

The first step to buying a home is determining an affordable down payment amount. Researching home prices and making a budget can help narrow down which homes are in one's budget. Our highly qualified loan specialists can help you estimate the possible down payment amount you will need once you choose the right home for you.

Use your future home as incentive

Reaching your goal amount can be hard work, but keeping in mind that it will all be worth it on move-in day will inspire you to persevere. Posting a photo of your dream home in a high traffic area so you see it multiple times a day can help you keep your eye on the prize.



Set up a savings plan

Setting up a regular savings plan, whether it be collecting change in a jar or manually setting aside a portion of each paycheck, is a good way to grow a down payment. Another good method is setting up automatic transfers to a savings account for saving without having to put forth extra effort.

Earn extra income

This is not always an option for everyone, but working overtime or picking up a part-time job can provide extra money to put toward a down payment.



Research various finance programs for assistance

The Federal Housing Administration supports loan programs in every state that are designed for low-income, moderate-income and first-time homebuyers. These programs require some type of homebuyer contribution, but they're definitely worth looking in to. Information about government down payment assistance programs can be found on the HUD website <https://portal.hud.gov/hudportal/HUD?src=/buying/loans>.

Priorities

- 1 _____
- 2 _____
- 3 _____
- 4 _____

Evaluate current spending

The best way to save money is to cut unnecessary costs. Make a prioritized list of your current monthly spending habits and cut back or completely eliminate unnecessary expenses such as eating out or unused memberships that require a monthly payment.

Celebrate your achievements

The path to meeting your savings goal can seem daunting and impossible. Avoid getting discouraged by breaking your ultimate goal up into several smaller goals. Each time you meet a small goal, reward yourself! For example, if your end goal is \$15,000, for every \$2,500 you save treat yourself to dinner and a movie. You've earned it!

