

QUESTIONS ABOUT 3% DOWN?

Who is eligible for a 3% down payment mortgage?

A 3% down payment mortgage is best suited for responsible homebuyers who may not have the financial resources to make a large down payment but would otherwise qualify for a mortgage. Homebuyers will need to meet other underwriting requirements and document their income. We can help you understand your eligibility.

What are the requirements for a 3% down payment mortgage?

The standard 3% down payment mortgage requires that

- at least one buyer is a first-time homebuyer;
- the home being financed is a one-unit property (including townhomes, condos, co-ops, and PUDs) and not a manufactured home;
- you plan to occupy the home as your primary residence; and
- the mortgage has a fixed rate (adjustable rate mortgages [ARMs] are not eligible).

I've owned a home in the past, am I still eligible for the 3% down payment?

To be eligible for this 3% down payment option, at least one buyer must be a first-time homebuyer. In this case, "first-time homebuyer" means that you haven't owned any residential property in the past three years or, if you are buying the home with someone else, that at least one of you hasn't owned in the past three years.

Can I use funds I've received as a gift or a grant to help pay some or all of my down payment?

Yes, certain funds you've received as a gift from a relative, a grant, or from other sources can be used toward your down payment and closing costs. There may be down payment assistance funds available in your area, too. Research your options — funds may be available from your local housing finance agency, your employer, nonprofit agencies, and others. Ask us for more details.

Will I need to pay mortgage insurance?

If your down payment is less than 20% of the home's purchase price, you will need to pay Private Mortgage Insurance (PMI), generally as part of your mortgage payment each month. Unlike the mortgage insurance premium required on an FHA loan, you may be able to cancel PMI after you reach 20% equity in your home—either through paying down your mortgage over time or if the value of your home increases while you own it—which over time could save you money.

Can I make a 3% down payment when purchasing an investment property or a second home?

To be eligible for the 3% down payment option, you must plan to live in the home as your primary residence. Homes being purchased as investment properties or second homes require a larger down payment.

Can I make a 3% down payment on an ARM loan?

No, the 3% down payment option is available on fixed-rate loans only. Adjustable rate mortgages (ARMs) require a larger down payment.

Contact us for more information.

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