

# Home Buying Myths vs. Facts



## **Myth: You have to put at least 20% down**

**FACT:** The idea that you must put at least 20% down when buying a home is outdated and does not reflect the variety of financing options available today. Examples include:

- An FHA Loan requires as little as 3.5% down
- Many first-time homebuyer programs exist at the state and local levels, offering down payment assistance and grants to reduce the amount needed upfront
- VA Loans (available to veterans and active military personnel) often require no down payment at all

## **MYTH: You need a high credit score to get mortgage approval**

**FACT:** While a high credit score can provide advantages when applying for a mortgage, it is not strictly necessary. There are various loan options and compensating factors that can help you get approved even if your credit score is lower. An example:

- FHA loans typically require a minimum credit score of 580, and in some cases, they may approve borrowers with scores as low as 500 with a higher down payment

## **MYTH: All lenders are the same; you should choose the lender with the lowest rates.**

**FACT:** There are several aspects to consider when selecting a mortgage lender, other than just having the lowest rate. These factors include, but are not limited to:

- Closing costs and fees
- Lender's reputation and customer service
- Lender's pre-approval and underwriting process

## **MYTH: Fall and winter are bad times to buy a home**

**FACT:** While spring and summer are traditionally seen as the peak home-buying seasons, fall and winter offer unique advantages that can make them great times to purchase a home. Some advantages include, but are not limited to:

- There is often less competition as many buyers pause their searches around the holidays
- There are sellers who want to close before the end of the year to take advantage of tax benefits, so they might be more motivated to negotiate
- Homes may be priced lower in the winter compared to the more competitive spring and summer month

## *Seasonal Stat*

*A study by ATTOM Data Solutions shows that December is the best month to buy a home for a bargain, with prices being about 1.2% below market value. In contrast, June is often the most "expensive" month.*

## **MYTH: When buying a home, the only cost is the down payment.**

**FACT:** While the down payment is a significant part of the purchase, there are other costs to be considered. These costs include, but are not limited to:

- Closing costs (including buyer broker commission)
- Appraisal fees
- Home inspection fees
- Moving expense

