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The truth about 6 common mortgage myths

Separating fact from fiction

These common misconceptions can be intimidating, especially when mortgage myths continue to persist for generations. Here are some facts that will help you debunk 6 common myths and bring you closer to your dream of homeownership.

Myth	Reality
A 20% down payment is necessary.	The median percent down payment on a home is 14%. For first-time homebuyers, it's even lower, at 8%. Many lenders offer programs that allow for **down payments** as low as 3%, and some loan programs don't require a down payment at all.
Private mortgage insurance (PMI) should be avoided.	**PMI** helps homebuyers – especially first-time homebuyers – reach savings goals faster and become homeowners sooner than otherwise possible. If you're a move-up buyer, PMI allows you to consider a wider range of homes by leveraging your investment in your current home. And PMI is typically cancellable after you've built up enough equity in your home.
Higher down payments always result in better interest rates.	While a higher down payment can improve the chances of getting approved for a loan, it doesn't always result in a better interest rate. Other factors, such as your **debt-to-income ratio** (DTI), also play a role in determining your rate.
A low credit score is a deal breaker.	While a good **credit score** can help you get approved for a loan and secure a lower interest rate, it's not the only factor lenders consider. Your lender can show you all your options and identify which loan programs could work for your credit score.
Down payment assistance programs are only for low-income buyers.	**Some down payment assistance** programs are designed specifically for first-time homebuyers or buyers in certain geographic areas, while others are available to anyone who meets the program requirements. Ask your lenders if you meet the requirements for available programs.
Student loan debt is a barrier to homeownership.	You can still buy a home with **student loan debt** if you have solid, reliable income, are making consistent monthly payments and have a DTI of less than 50%. Making regular payments can actually boost your credit score.

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23-27006 11/23

SOURCE: [1]2023 NAR Home Buyers and Sellers Generational Trends