

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.	<p>The median percent down payment on a home is 14%. For first-time homebuyers, it's even lower, at 8%.</p> <p>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.</p>
Private mortgage insurance (PMI) should be avoided.	<p>PMI helps homebuyers – especially first-time homebuyers – reach savings goals faster and become homeowners sooner than otherwise possible.</p> <p>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.</p>
Higher down payments always result in better interest rates.	<p>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.</p> <p>Other factors, such as your debt-to-income ratio (DTI), also play a role in determining your rate.</p>
A low credit score is a deal breaker.	<p>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.</p> <p>Your lender can show you all your options and identify which loan programs could work for your credit score.</p>
Down payment assistance programs are only for low-income buyers.	<p>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.</p> <p>Ask your lenders if you meet the requirements for available programs.</p>
Student loan debt is a barrier to homeownership.	<p>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%.</p> <p>Making regular payments can actually boost your credit score.</p>



Your dream home is within reach!

At [readynest.com](https://www.readynest.com), you'll find a wealth of knowledge for homebuyers just like you.

The truth about private mortgage insurance

It's not what you think!

Part of the homebuying process is separating fact from fiction ... like whether you need a 20% down payment to buy a home. The fact is, private mortgage insurance (MI) helps more people afford homeownership by allowing them to put down as little as 3%.

See how 3 advantages of MI can add up for you!

1

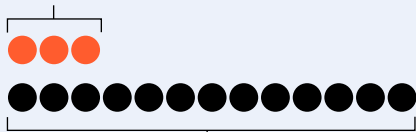
Buy sooner

You don't have to wait until you've saved 20% for a down payment.

Here's how long it would take you to buy a home if you:

- Make the U.S. median income of \$74,000¹
- Want to buy a home that costs \$242,000² (median U.S. starter home purchase price)
- Save 5% of your income each year for a down payment

With MI (5% down payment): 3 years



Without MI (20% down payment): 13 years

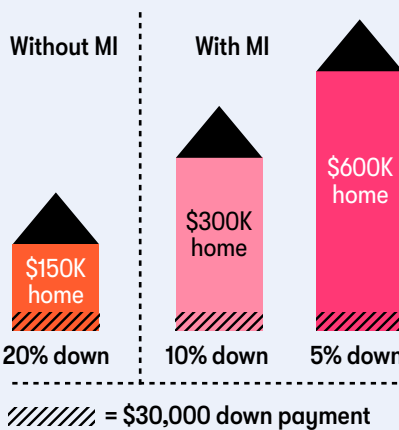
¹St. Louis Fed 2022 data ²Redfin, June 2023

2

Increase your options

You may be able to afford more home.

See how \$30,000 could be used as a down payment for 3 different homes or neighborhoods.³



³Assumes homeowners can afford monthly payment of a higher priced home.

3

Take advantage of cancellation

In most cases, you'll be able to cancel MI when you accrue enough equity in your home, lowering your monthly payment.

Unlike the government's FHA option, most investors allow for the cancellation of MGIC MI using a new appraised value of the home, resulting in a reduced monthly payment.



You might be ready to **cancel MI in approximately 5 years** if you bought a \$400,000 home with 5% down.⁴

⁴Assumes 6.5% interest rate on a 30-year fixed-rate mortgage and annual home appreciation of 3%.



Unlock your homeownership dreams!

Count on [readynest.com](https://www.readynest.com) to help you get a handle on **loan lingo**, understand the **homebuying process** and **calculate the possibilities**.

The truth about buying your first home

10 key considerations before saying “Yes.”

Buying and owning a home can be exciting, but it also involves more effort than many anticipate. Preparation and planning set a solid foundation for successful homeownership. Explore this 10-point checklist of crucial truths to empower yourself before you begin your house hunt.

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| 1 | <p>It’s not just the mortgage:
Factor taxes, insurance, utilities and other expenses into your budget to avoid surprises.</p> | 6 | <p>Location, location, location:
Evaluate schools, commute times, amenities and future development that can impact your quality of life and property value.</p> |
| 2 | <p>Credit score matters:
Know your score and take steps to improve it (if needed) to help unlock better loan options.</p> | 7 | <p>Needs first, wants later:
Prioritize essential features and be flexible on extras to expand your options.</p> |
| 3 | <p>Build a safety net:
Prepare for unexpected expenses with a rainy day fund for peace of mind.</p> | 8 | <p>Stay cool:
Avoid emotional decisions that could derail your budget and hurt your long-term goals.</p> |
| 4 | <p>Pre-approval is your superpower:
Confirm your price range before house hunting to save time and stress.</p> | 9 | <p>Compare loan options:
Explore mortgage loan options to find the best fit for your needs and budget.</p> |
| 5 | <p>Partner with the pros:
Tap into a knowledgeable real estate agent to help navigate the market, negotiate terms and provide valuable advice.</p> | 10 | <p>Unlock the value of an inspection:
Uncover hidden issues upfront that could lead to costly repairs down the road.</p> |



Turn your dream into a reality!

Rely on [readyneest.com](https://www.readyneest.com) to uncover more truths about navigating the homebuying process with ease. Take our **fun 10-question quiz** to see how much you already know about buying your dream home.