

Six Down Payment Strategies to Homeownership

OWNING A HOME MAY BE IN REACH

Let's be real

Saving up for a down payment can feel overwhelming, especially when the numbers seem sky-high here in Chapel Hill and Durham. The good news: You don't need a money tree to make your dream of homeownership come true.



Good news

You don't need 20% of a home's value saved to achieve your homeownership dreams. This outdated myth has kept too many buyers from exploring the real estate market.

Down Payment Averages

16% All Buyers

3-5% 1st Time Home Buyers

Redfin 2025

With some savvy strategies and guidance, your dream home is within reach.

This guide tackles the down payment obstacle head-on and explores six strategies to help you achieve your homeownership dreams.

Get ready to feel inspired and empowered.

jodi@realestateexperts.net

DOWN PAYMENT ASSISTANCE

1

Saving for a down payment in Chapel Hill or Durham? It can feel like an uphill climb, but you don't have to go it alone.

Down payment assistance programs are designed to make homeownership more achievable than you might think.

The key is understanding your options. Some programs set income limits, while others may require completing a class. Exploring these resources could give your down payment the boost it needs.

Below are a sample of programs available now, but they are always changing. **When you are ready to explore if one will work for you, contact me. I'll connect you with a lender who knows all the ins and outs.**

NC Housing

- NC Housing 3% Down Payment Assistance. Does NOT have to be a 1st time home buyer.
- Income restrictions apply and vary by County
- Maximum toal debt ratio is 45%.
- 30-day close
- Conventional, FHA, VA, USDA

USDA Loans

- 100% financing.
- Buyer can roll closing costs into loan
- Income restrictions apply
- Home must be in a USDA eligible area

FHA DPA

- 3-5% downpayment assistance
- No income limits
- Does NOT have to be a 1st time home buyer
- Follow FHA loan limits by county

- Durham - $602,600
- Orange - $632,500
- Chatham - $632,500
- Wake - $530,500
- Alamance - $524,225

jodi@realestateexperts.net

SELLER CONTRIBUTION

2

Think the idea of a seller helping you out sounds too good to be true? It's not! Here's how seller contributions can work in your favor. Asking the seller for contributions is a solid negotiation tactic for the right house. While it may sound like an unusual request, sellers are actually permitted to help cover some of your closing costs or even buy down your interest rate.

- Depending on the loan type, sellers can contribute a percentage of the purchase price towards your closing costs (covering expenses like lender fees, title insurance, etc.) so you bring less money to the closing table.

- Sellers can also utilize their contribution to buy down your interest rate to a lower level. While this doesn't affect your down payment, it does result in lower monthly payments.

Of course, maximizing this benefit requires skilled negotiation during the transaction. But the key takeaway is that seller contributions can substantially reduce your out-of-pocket expenses at closing and over the life of the loan. It's worth exploring as you plan your path to homeownership.

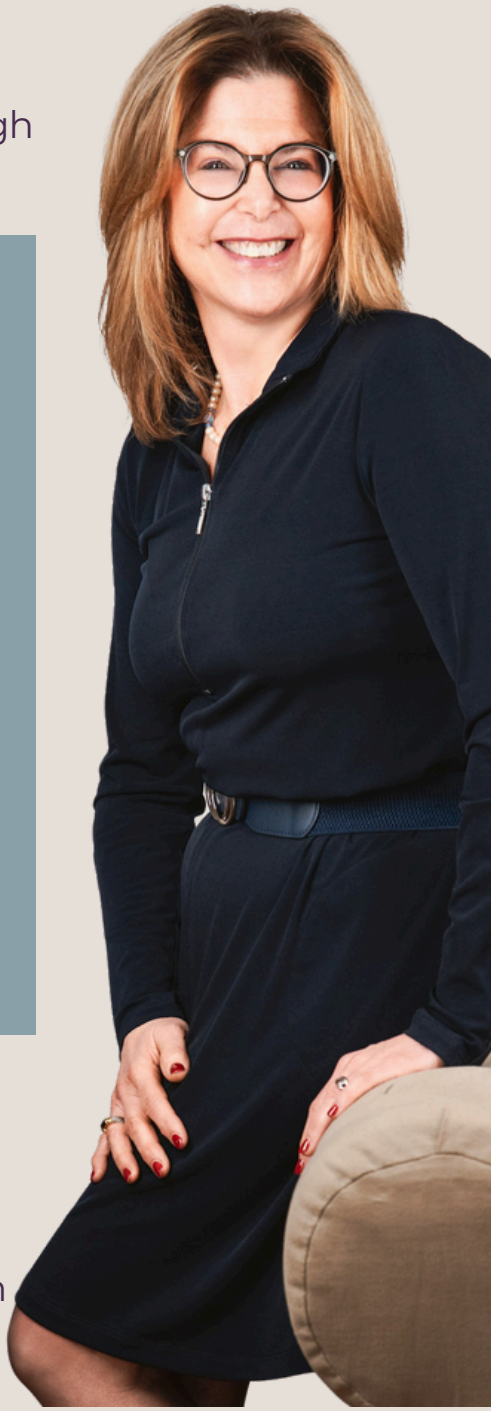


jodi@realestateexperts.net

Seller Financing

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With seller financing, the seller acts as your lender, making it easier to buy a home without going through a traditional bank.



Benefits

SELLER

- **Steady monthly payment**
- **Delay capital gains taxes**
- **Earn better interest than traditional investments**

YOU

- **Flexible terms for down payment and interest**
- **Easier qualification**
- **A chance to buy without relying solely on bank loans**

How it Works

With seller financing, the seller acts as your lender, making it easier to buy without the traditional bank hurdles. You and the seller work together to agree on monthly payments, interest rates, and the loan's timeline.

You'll still need to show you're financially reliable, but this option offers flexibility for many buyers. And, attorneys should review the agreement to protect everyone involved.

Want to know more? Let's chat about your options.

jodi@realestateexperts.net

Lease With Option to Purchase

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Imagine living in the home you want to own while giving yourself extra time to save for a down payment. That's what a lease-to-own option offers—it's a flexible path to homeownership.

1. **FIND** You find a house you want to eventually buy with an owner that is open to delaying getting sale proceeds.
2. **SIGN** You sign a lease agreement that includes an option to purchase the property at a predetermined price and timeline. At the time you sign the agreement, you also pay a nonrefundable "option" fee.
3. **EXCERCISE** If you exercise your option to buy, the option fee goes toward your down payment. If you decide not to buy, you won't get the option fee back.

Now that was an overly-simplified explanation and this option could warrant its own mini class. If this is intriguing, let's talk.



jodi@realestateexperts.net

Creative Funding

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Getting creative with your down payment is easier than you think. Let's explore smart ways to tap into resources you already have.



1. **YOUR RETIREMENT ACCOUNTS** like 401(k)s and IRAs. While dipping into your savings isn't ideal, many of these accounts allow penalty-free withdrawals for a home purchase. Think of it as giving yourself an early inheritance from Future You.



2. The BANK OF MOM AND DAD/family Believe it or not, monetary gifts from your nearest and dearest can be used towards your down payment funds as long as you follow the proper documentation rules.



3. **CROWDFUNDING** If you're willing to get scrappy, some bold homebuyers have turned to crowdfunding to raise down payment cash from their network and the generosity of strangers. Set up a campaign and promote it widely. This can allow you to bundle many small contributions into one big community-funded down payment. Just beware of any fees involved.

The key is getting creative and leaving no potential stone unturned when it comes to funding sources. With a little research and advice from trusted pros like mortgage brokers, CPAs, or attorneys, you might be surprised at the options you already have. Don't know any? Reach out, and I'll connect you with my trusted partners.

jodi@realestateexperts.net

LOAN FROM A MORTGAGE BROKER
(or your bank)

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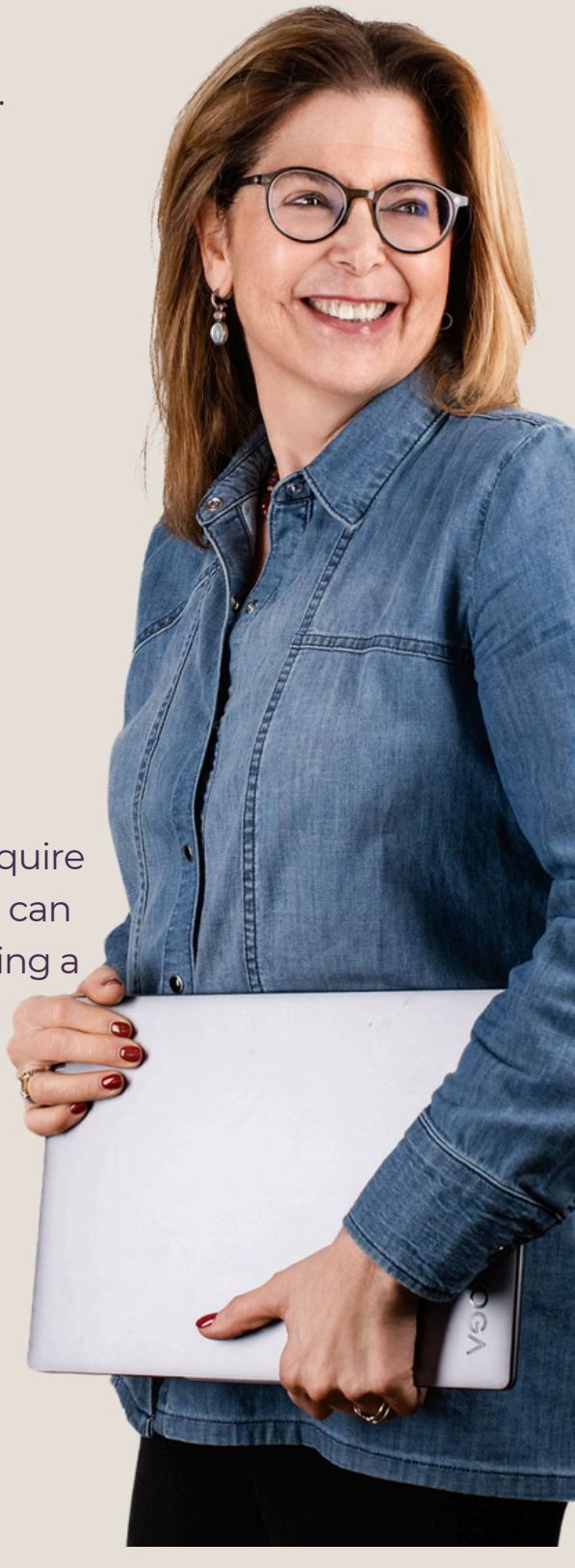
Not all mortgages require a 20% down payment. Several loan programs are designed to make homeownership more accessible, including:

VA Loans For eligible military members and veterans, these loans require 0% down.

FHA Loans Backed by the Federal Housing Administration, these loans can have a down payments as low as 3.5%.

Conventional Loans While typically requiring higher down payments, some conventional loan options permit as little as 3% down.

While loans with lower down payments often require private mortgage insurance (PMI), the extra cost can be worth it to help you achieve your goal of owning a home sooner.



Need a referral? **CLICK HERE**

contact me for a lender referral

Jodi@realestateexperts.net

You got this

The idea that you need 20% down to buy a home is just a myth. Now that you know your options, that big down payment hurdle can feel a lot smaller.



How can I help you?

I'm here to make your homeownership journey easier. Whether it's connecting you with a great mortgage broker, answering your questions, or creating a plan to find your perfect home, let's tackle it together.

Email or DM me to get started—I'm ready when you are.

Jodi Baker



919-759-6359

Jodi@realestateexperts.net

realestateexperts.net

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