

# Stop Renting | How to Buy a Home with a Monthly Payment Lower Than Your Rent

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If you are reading this, you are probably tired of paying your landlord's mortgage. You are tired of annual rent increases, strict pet policies, and pouring thousands of dollars into a property you will never own.

You want a place of your own, but the idea of buying a home can feel overwhelming—especially when you hear rumors that you need a massive 20% down payment just to get started.

As a local Real Estate Expert, I'm here to tell you a secret: **You don't.**

Depending on your local market and current interest rates, it is entirely possible to secure a monthly mortgage payment that rivals, or even beats, what you are currently paying in rent. Here is exactly how it works, what programs are out there, and the reality of what you need to get started.

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## 1. The Low and "Zero Down" Programs

Many renters are surprised to learn that there are loan programs designed specifically to help you buy a home with little to no money down. Lenders offer various programs, and many work directly with state and local governments.

- **VA Loans:** If you are an eligible Veteran or active-duty service member, you can buy a home with **\$0 down** and no private mortgage insurance (PMI). It is one of the best loan programs in existence.
- **USDA Loans:** Looking outside the busy city limits? The USDA offers **\$0 down** loans for properties located in designated rural and suburban areas.
- **Conventional 97 Loans:** For buyers with good credit, conventional loans allow for as little as **3% down**. This is a great alternative to FHA loans.
- **FHA Loans:** FHA loans require only **3.5% down** and are highly accessible for many first-time buyers, as they often have more flexible credit requirements.
- **Good Neighbor Next Door:** Are you a teacher, law enforcement officer, firefighter, or EMT? HUD offers special revitalization programs that allow eligible buyers to purchase specific properties at a 50% discount with only \$100 down!
- **Down Payment Assistance (DPA) Grants:** Many state and local housing authorities offer grants or forgivable second mortgages that cover your 3.5% or 3% down payment. When paired with an FHA or Conventional loan, a DPA grant can effectively make your purchase a zero-down transaction!

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## 2. The Reality Check: You Still Need Some Savings

Here is the honest truth that some agents won't tell you upfront: **"Zero Down" does not mean "Zero Dollars Out of Pocket."** Even if a program covers your down payment, you absolutely must have some money saved up to successfully buy a home. Here is what you will need cash for:

- **Earnest Money Deposit (EMD):** This is your "good faith" deposit when you make an offer (typically 1% of the purchase price). This money goes toward your closing costs or down payment, but you need it available in your bank account right away.
- **Home Inspection:** You should never buy a home without a professional inspection. This usually costs between \$300 and \$600 and is paid directly to the inspector at the time of service.
- **Appraisal:** The lender will require an appraisal to ensure the home is worth the purchase price. This typically costs \$400 to \$600.
- **Homeowners Insurance Premium:** Lenders require you to pay for your first year of homeowners insurance upfront at closing.
- **Utility Deposits & Moving Costs:** Don't forget the practical costs of transitioning from a rental! You may need to pay activation fees for water, electricity, and internet, plus the cost of renting a moving truck or hiring movers.
- **Closing Costs:** These are lender and title fees. While we can sometimes negotiate for the seller to pay these on your behalf (called seller concessions), it is not guaranteed in every market.

**The Goal:** Aim to have at least \$3,000 to \$6,000 saved up to comfortably cover these initial transaction and transition costs.

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## 3. The Non-Negotiables: Income, Credit, and Debts

Lenders are willing to help you with the down payment, but they need to know you are a reliable borrower. To qualify, you need to have your financial house in order:

1. **A Good Source of Income:** Lenders typically want to see a stable, two-year work history. You don't necessarily have to be at the exact same job for two years, but you need to show consistent income without massive, unexplained gaps.
2. **Established Credit:** While you don't need a perfect 800 credit score, you do need established credit. Many DPA grants and FHA loans require a minimum score of 620. *Pro-tip: Don't open any new credit cards or buy a car while you are trying to*

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*buy a house!*

3. **A Healthy Debt-to-Income (DTI) Ratio:** It's not just about how much you make; it's about how much of your income goes toward paying off existing debts (student loans, car payments, credit cards). Lenders want to ensure your new mortgage payment won't overextend you.
4. **Clean Bank Statements:** Lenders will scrutinize your last two months of bank statements. Avoid depositing large amounts of "mattress cash," as all funds must be properly sourced and verified by the lender.

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## 4. Your 6 Steps to Homeownership

Ready to stop renting? Here is your exact game plan from start to finish:

- **Step 1: Get Pre-Approved.** Do not look at houses on Zillow yet! Your first step is to speak with a trusted, local mortgage lender. They will review your credit and income, match you with the best grants, and tell you exactly what your monthly payment will be.
- **Step 2: The Strategy Session.** Once you know your budget, we will sit down (or hop on a quick call) to discuss your must-haves, your dealbreakers, and the neighborhoods that fit your lifestyle.
- **Step 3: House Hunting.** The fun part! I will set you up on a custom MLS search that updates instantly, and we will start touring homes that match your criteria.
- **Step 4: Making an Offer.** When we find "the one," I will run comparable sales (comps) to ensure you aren't overpaying. I will write up a strong, strategic offer to get you under contract.
- **Step 5: The Escrow Period (Inspections & Appraisal).** Once your offer is accepted, we usually have 30 to 45 days until closing. During this time, we will conduct our inspections, negotiate any necessary repairs, and the lender will finalize your loan and appraise the property.
- **Step 6: Closing Day!** You will sign the final paperwork at the title company, hand over your cashier's check for any remaining costs, and I will hand you the keys to your new home!

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## Ready to see if you qualify?

You don't have to navigate this alone. As your dedicated Real Estate Agent, I have partnered with the best local lenders who specialize in getting renters into their first homes.

**Reply to the email that sent you this guide, or give me a call today.** Let's build a customized plan to get you out of your lease and into a home of your own!