

What is the Smallest Down Payment I Can Put Down on a Property?

by Isaac Benmergui, Esq on March 30, 2015

The down payment has always been one of the biggest hurdles for home ownership. It's such a problem that some people take out a second mortgage rather than saving up such a large sum, or fall for rent-to-own schemes. The fact is, the standard 20 percent down payment isn't so standard anymore.

Most mortgage lenders require anywhere from 5 to 20 percent as a cash down payment. If you are willing to pay a higher interest rate, you can get away with putting less down on a traditional mortgage. However, if your down payment is less than 20 percent, you'll be required to take out private mortgage insurance to protect your lender. You'll have to carry the insurance until the principal balance on your mortgage is above 20 percent of market value.

Other options for low-down payment financing includes FHA loans, which require 3.5 percent down. The Department of Veteran's Affairs, Navy Federal Credit Union, and the USDA all offer 0-down programs. There are a few restrictions on these, however. You must be a veteran to qualify for the VA program, and the home must pass a pest inspection. Navy Federal Credit Union is also limited to members of the military and employees of the Department of Defense. The USDA program is only for homes classified as rural and also has income restrictions that vary based on your family size.

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