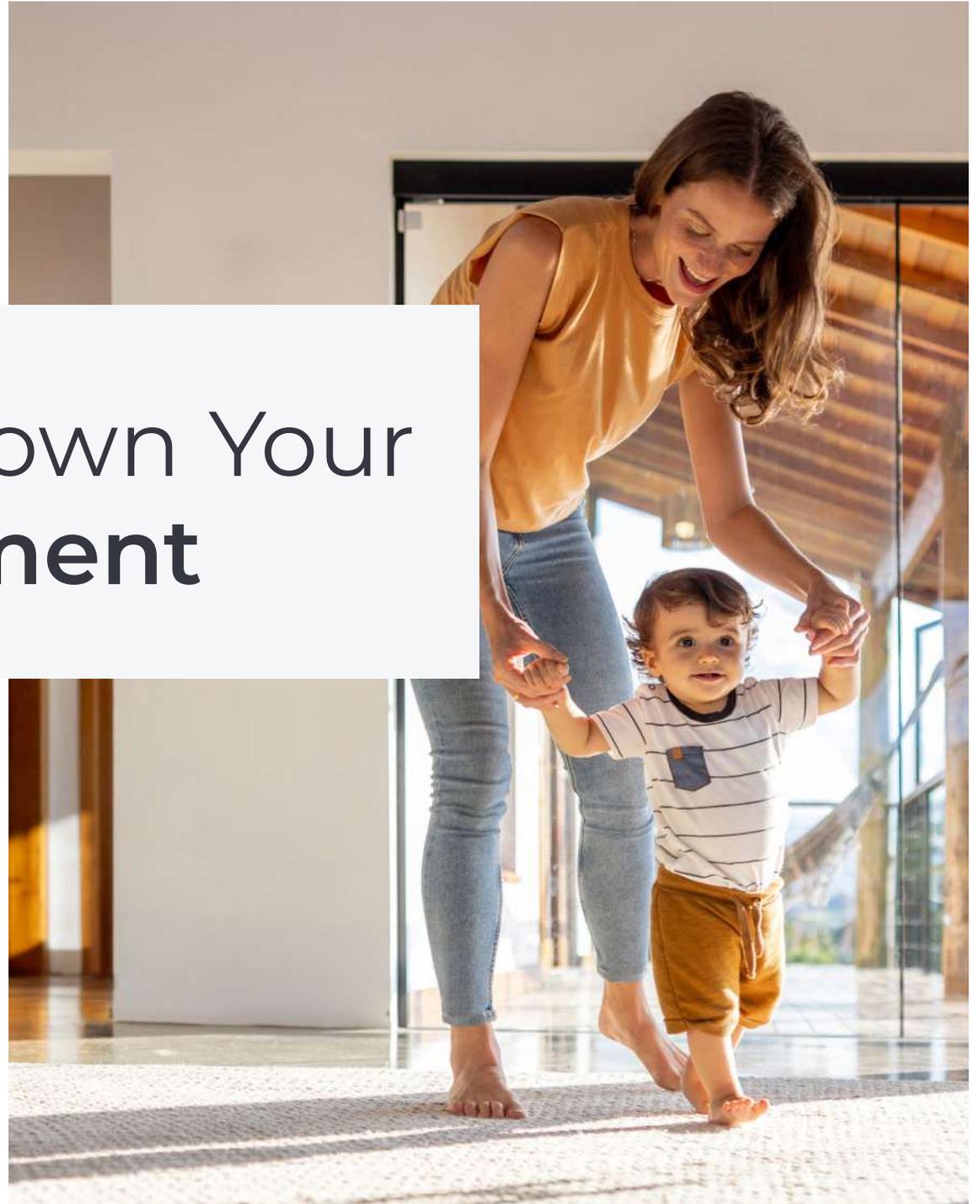


Breaking Down Your Down Payment

How much you actually need, the impact on your monthly mortgage payment, down payment assistance options, and more.



Your **down payment goals** are closer than you think.

The idea of a down payment can feel daunting, especially when **20% down** is widely accepted as a requirement for homeownership.

But here's the truth: You don't need it. In fact, some loan products like VA and USDA require no down payment at all.

This guide has everything you need to know to make the best down payment decision for your lifestyle, finances, and homeownership goals.



Down payment, **defined.**

Your down payment is an initial lump sum payment made toward the cost of your home, used to offset the amount financed through a mortgage.

DOWN PAYMENT

Your down payment is just one part of your home financing equation.

A mortgage is made up of several parts, including:

- Down payment
- Interest rate
- Debt-to-income ratio (DTI)
- Property taxes
- Insurance
- Property value
- Sale price
- Closing costs

It's important to think of your down payment as more than just a one-time payment—it's a vital figure in your mortgage equation that can have short- and long-term implications.

Cash to close: Separating **down payment** from **closing costs**.

Your down payment is deducted from the purchase price. Closing costs, on the other hand, are the expenses that help get you get the keys.

The term **cash to close** is often used to describe the down payment and the closing costs. It helps to just think of both as all the cash you need to lock and fund a home loan.



What's the purpose
of a down payment?

For buyers, the down payment provides an avenue to lower rates and monthly payments over the life of the loan. Think of it as an interest-free way to get a jumpstart on paying off your mortgage.

For lenders like us, the down payment is a way to mitigate loan risk. In other words, the larger the down payment, the less a lender has to collect each month in both principal and interest.

Get prepared. Get pre-approved.

Contact our team today to take the first step
towards homeownership.

How much should you put down?

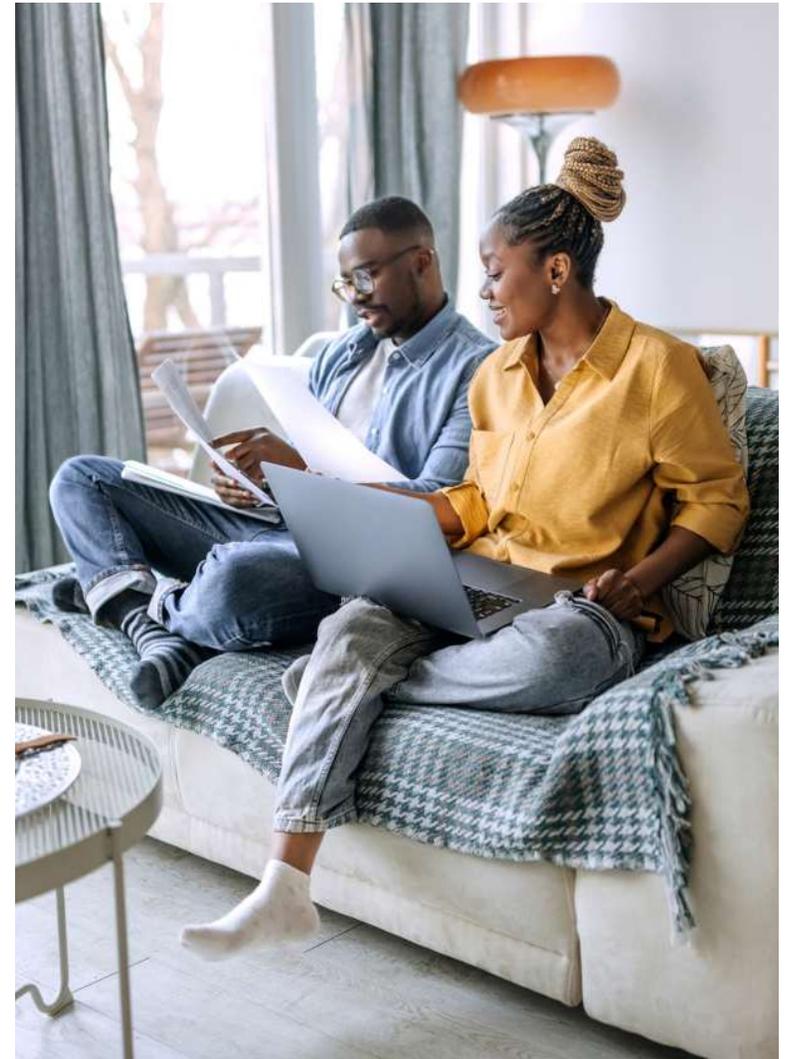
Your **down payment amount** is mainly dependent on your financial situation at the time of purchase and your goals for your home.

Why? Because what you're willing to pay today will impact what you pay monthly and over the life of your mortgage.

Down payment requirements for popular loan products.

- **Conventional:** As little as 3%
- **FHA:** As little as 3.5%
- **VA:** 0%
- **USDA:** 0%
- **Jumbo:** As little as 10%

Every loan product requires a specific amount down, but it's your call beyond that. There are pros and cons to higher and lower down payment amounts.



Let's run a loan scenario to illustrate the **big picture**.

In general, the larger your down payment amount, the smaller and more manageable your monthly mortgage payment.

Why? Because a larger down payment reduces the overall balance of your home loan and, by extension, the amount of your monthly mortgage payments.



LOAN SCENARIO

Let's say, for example, you've received a pre-approval to purchase a \$375,000 home with a **down payment of 3%**, or \$11,250, on a 30-year mortgage.

With a leftover loan balance of \$363,750 divided by 360 months (12 months x 30 years), **your monthly mortgage payment would be approximately \$1,010.42** without considering interest, taxes, or insurance.

Loan Total	\$375,000
Down Payment	3% of \$375,000 = \$11,250
Loan Balance	\$375,000 - \$11,250 = \$363,750
Monthly Payment	\$363,750 / 360 = \$1,010.42

LOAN SCENARIO

For comparison, let's examine the same situation of a \$375,000 home, but with a **20% down payment**, or \$75,000, on a 30-year mortgage.

With a leftover loan balance of \$300,000 divided by 360 months (12 months x 30 years), **your monthly mortgage payment would be approximately \$833.33** before interest, taxes, or insurance.

Loan Total	\$375,000
Down Payment	20% of \$375,000 = \$75,000
Loan Balance	\$375,000 - \$75,000 = \$300,000
Monthly Payment	\$300,000 / 360 = \$833.33



LOAN SCENARIO

Paying less now might be more beneficial to your current financial situation. The downside to a smaller down payment is that you end up paying more monthly and over the life of your loan.

In these scenarios, the difference between 3% down and 20% down is approximately \$177.12 per month, or \$63,760, over 30 years.* And that's not including the dent that a larger down payment can make in your interest rate, significantly impacting your monthly mortgage payment and total amount paid.

**For more insight into how your down payment
can impact your mortgage, check out our [Mortgage Calculator](#).**

**Above calculations are based on a 30-year fixed-rate loan, where the monthly payments will remain the same over the life of the loan. The monthly payments listed do not include interest, taxes, insurance, or mortgage insurance (if applicable), so the actual payment will be greater.*

Find your way home
with down payment
assistance.

Buying a home is an investment. That's why we're proud to offer **down payment assistance options** to qualified buyers.

Down payment assistance includes grants, zero- and low-interest loans, and match programs that match your savings over a period of time to help cover down payments and closing costs.

The Goal:

Help as many people as possible achieve their homeownership dreams.



We're here to help you **purchase with confidence.**

- Get in touch today to start your home financing process with a free pre-approval.
- Visit **cardinalfinancial.com** for blogs, FAQs, calculators, and more helpful resources.



This material has been prepared for informational purposes only and is not intended to provide, and should not be relied on for, tax, legal, or accounting advice. You should consult your own tax, legal, and accounting advisors before making the decision to buy or refinance a home. This is not a loan commitment or guarantee of any kind. Loan approval and rate are dependent upon borrower credit, collateral, financial history, and program availability at time of origination. Rates and terms are subject to change without notice. Corporate Address: 3530 Toringdon Way, Suite 200 Charlotte, NC 28277. Cardinal Financial Company, Limited Partnership (NMLS ID 66247, www.nmlsconsumeraccess.org) has the following licenses: AZ Mortgage Banker License #0925883; Licensed by the Department of Financial Protection and Innovation under the California Residential Mortgage Lending Act. Loans made or arranged pursuant to a California Finance Lenders Law license, License No. 603K498; Kansas Licensed Mortgage Company #MC.0025207; Massachusetts Mortgage Lender/Broker License MC66247; NV Mortgage Company License #3968; Licensed by the New Jersey Department of Banking and Insurance #8701663; Licensed Mortgage Banker - NYS Banking Department #B500951; Rhode Island Licensed Lender #20132934LL; and is also approved to lend in: AL, AK, AR, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KY, LA, ME, MD, MI, MN, MS, MO, MT, NE, NH, NM, NC, ND, OH, OK, OR, PA, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, WY. Additional licensing information can be found at: <https://cardinalfinancial.com/nmls-licensing/>.

