The 20% Myth: Truth vs. Reality

20% down is a benchmark, not a rule. Most first-time buyers put between 3% and 10% down and use smart programs to preserve savings and buy sooner.

What 20% does: avoids PMI. What it does not do: guarantee a better outcome if it drains your reserves. Your safest number is the one that keeps you comfortable after closing.

Key idea: Stability beats size. If a larger down payment empties your emergency fund, pause and model scenarios.

Common Loan Programs & Minimum Downs

Conventional: 3% minimum (strong credit helps; cancellable PMI).
FHA: 3.5% minimum (flexible credit; upfront + monthly MIP).
VA: 0% for eligible borrowers (no monthly PMI; funding fee may apply).
USDA: 0% in eligible locations with income limits (low guarantee fee).
SONYMA (NY): fixed-rate programs that can pair with DPAL assistance.

Strategy: Pick the program that fits your credit, income, location, and timeline, not just the lowest headline down payment.

PMI, MIP, and Funding Fees: Quick Guide

PMI (Conventional): Added when down <20%. Often cancellable at 80% loan-to-value by request or 78% automatically.

FHA MIP: Upfront + monthly. Upfront is typically financed; monthly runs for a set period and may require refinance to remove depending on terms.

VA Funding Fee: One-time fee (often financed). No monthly PMI. Certain borrowers may be exempt.

USDA Guarantee Fee: Upfront + annual; designed to keep 0% down affordable.

Reframe: Insurance is a bridge, not a penalty. It helps you buy sooner and start building equity.

Decision Framework: When to Put More Down

Green lights:
- You will still have 6+ months of reserves after closing.
- You have eliminated high-interest debt first.
- The lower payment meaningfully improves long-term stability.

Yellow lights (pause and model scenarios):
- Reserves drop below 3 months.
- No cash left for repairs or first-year expenses.
- You would delay 2+ years just to hit an arbitrary target.

Rule of thumb: Do not win the down payment and lose the first year of ownership.

Scenario Comparison (Illustrative, $600,000 Purchase)

Conventional Low-Down (5% down, 6.25%): P&I ~$3,508 + est. PMI ~$160 = ~$3,668.

FHA (3.5% down, 6.00%): P&I ~$3,488 + est. MIP ~$270 = ~$3,758.

VA (0% down, 6.00%): P&I ~$3,597 + $0 monthly PMI = ~$3,597.

USDA (0% down, 6.00%): P&I ~$3,597 + est. annual fee ~$55/mo = ~$3,652.

Conventional 20% (6.00%): P&I ~$2,877 (no PMI).

Notes: Estimates exclude taxes, homeowners insurance, HOA/condo fees, and points. Actual terms vary by credit, property type, and program rules.

Fast Document Checklist

- 30-60 days of pay stubs; last 2 years W-2/1099 and tax returns
- 2 months of bank/asset statements (source large deposits)
- Government ID; residence history (24 months)
- Letters of explanation for any credit anomalies

Hudson Valley Assistance: Where to Look in 2026

Statewide (NY):

- SONYMA mortgages and the Down Payment Assistance Loan (DPAL) paired with SONYMA financing.

Regional/Local Examples:

- FHLBNY Homebuyer Dream Program (via member banks and credit unions; funds released in rounds).
- Dutchess County Housing Trust Fund - First-Time Homeownership soft second for down payment/closing costs.
- Putnam County Housing Corporation - counseling; access to HDP and voucher-to-homeownership pathways.
- Westchester Residential Opportunities (WRO) - counseling and access to grant programs (availability varies).

Important: Assistance programs open and close on funding cycles. I will verify live availability, income limits, and lender participation for you.

Next step: Book a 15-minute Down Payment Strategy Call at jeffreyhoffmann.com. We will map your eligibility and payment comfort, then tailor your path.