



DOWN PAYMENT ASSISTANCE PROGRAMS

Understanding the Pros and Cons to Make Informed Homeownership Decisions



PROS:

- **Funds:** Down payment assistance can significantly contribute to your down payment, easing the financial burden on first-time homebuyers.
- **Non-Repayable Options:** Some Down Payment Assistance programs offer non-repayable assistance, becoming available for use after 6 months from your closing date.
- **Tax Benefits:** Combine DPA with Mortgage Credit Certificates to reduce federal income tax liability, providing additional financial advantages

CONS:

- **Strict Eligibility Requirements:** Eligibility criteria, including income limits, may limit access to DPA programs, often exclusive to first-time homebuyers and veterans.
- **Residency Restrictions:** Some programs may impose residency restrictions, potentially limiting your choices in location.
- **Closing Delays:** DPA programs may introduce additional steps in the closing process, potentially causing delays that could jeopardize your home purchase.
- **Silent Second Lien:** Most DPA programs require payback of the mortgage after refinancing a home and or sale of the property.

KEY TAKEAWAYS:

- **Financial Incentives:** DPA reduces the amount you need to save to purchase a home, encouraging financial stability and wealth-building opportunities.
- **Trade-offs:** While attractive, DPA programs come with restrictions and eligibility requirements. Evaluate personal circumstances to determine if it's the right fit.
- **Consideration Required:** Assess whether DPA aligns with your long-term goals and financial situation. It's not a one-size-fits-all solution, and careful consideration is essential.

GET IN TOUCH



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