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## Down Payment Assistance in Florida: Buying In the Sunshine State

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**W**hether you're hoping to find a condo in Miami to be close to the nightlife, or are aiming for a single-family home close to your favorite golf course where you can retire in comfort, buying a house in Florida is a dream for many — it's intimidating, but also exciting. Due to its popularity and coastlines, the cost of housing in Florida can be exceptionally high, but that also depends on where you're searching.



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The nationwide demand for housing has also increased during the coronavirus pandemic, pushing up housing costs even more. Add to that the sizable down payment (<https://www.usdaloans.com/articles/usda-loans-and-prmfa-for-closing-costs-and-down-payment>) and you can see why buying a home in Florida might seem out of reach, but it doesn't have to be. There are many down payment assistance programs in Florida that can help open the door to a home of your own. Finding the right program is an important first step to becoming a homeowner. So, it's time to stop dreaming about homeownership and start living it.

We did the research and spoke with Jeff Riber (<https://www.homelight.com/agents/jeff-riber-fl-bk3235951>), a Jacksonville (<https://www.homelight.com/jacksonville-fl/top-real-estate-agents>), Florida, agent who works with 72% more single-family homes than the average agent in his area. "It just seems to be a general desire for more space, which we have in Jacksonville," notes Riber.



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## Buying your Sunshine State home: Let's talk numbers

In comparing metropolitan areas with suburban or rural, the difference in home prices can reach a crescendo. In fact, the median sales price for single-family homes in the Miami area in August 2021 was over \$500,500 (<https://www.floridarealtors.org/news-media/news-articles/2021/05/flas-housing-market-sales-median-prices-1q-2021>), according to Florida Realtors®. For a condo or townhome (<https://www.miamirealtors.com/news/south-florida-market-stats/august-2021/#>) in the same area, you might expect to pay about \$335,000.

Prices aren't much different in the Fort Lauderdale area, where the median sales price of single-family homes are trending around \$495,000 and condominiums and townhomes ([https://www.miamirealtors.com/wp-content/uploads/bsk-pdf-manager/2021/09/Broward-County\\_Townhouses-and-Condos\\_2021-08\\_Detail.pdf](https://www.miamirealtors.com/wp-content/uploads/bsk-pdf-manager/2021/09/Broward-County_Townhouses-and-Condos_2021-08_Detail.pdf)) are running around \$220,000.



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First-time homebuyers will stretch their budgets a little further on houses for sale in Tampa (<https://www.homelight.com/tampa-fl/homes-for-sale/>), according to Tampa Realtors® Association. You can expect to find median sale prices for a single-family home in Tampa for around \$225,000 ([Get started \(https://www.homelight.com/find-agent/city/buyer?#/qaas=0/\)](https://www.homelight.com/find-agent/city/buyer?#/qaas=0/) (<https://tamparealtors.org/wp-content/uploads/2021/09/Tampa-St.-Petersburg-Clearwater-Housing-Market-August-2021.pdf>) or a condominium or townhouse for around \$225,000.

For many first-time homebuyers, suburbs and rural areas offer a reprieve from higher home prices. West Park, roughly a 30-minute drive from the Miami-Dade area, is one example. It offers many of the conveniences of the city along with reasonable proximity to Miami, and the median home price in West Park (<https://www.neighborhoodscout.com/fl/west-park/real-estate/>) is \$261,257, according to Neighborhood Scout.

So how much will you need to bring to the closing table to buy a house in Florida?

### Minimum down payments needed to buy a Florida home

The common wisdom is that you'll need to save 20% of your home's purchase price, but most buyers (especially first-time buyers) don't reach that benchmark. We crunched the numbers to show what some of the potential down payments might look like based on your loan.

City	Median Home Value	3% Down	3.5% Down	10% Down	20% Down
Miami	\$500,500	\$15,015	\$17,518	\$50,050	\$100,100
Fort Lauderdale	\$495,000	\$14,850	\$17,325	\$49,500	\$99,000
Tampa	\$340,000	\$10,200	\$11,900	\$34,000	\$68,000
West Park	\$261,257	\$7,838	\$9,144	\$26,126	\$52,251

The larger the down payment you can afford, the better shape you'll be in with both sellers and lenders when applying for a conventional home loan.

Some loan types allow for smaller, more affordable down payments. An FHA loan ([https://www.fha.com/fha\\_article?id=571](https://www.fha.com/fha_article?id=571)), for example, requires a minimum of 3.5% down. A USDA home loan (<https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-guaranteed-loan-program>), which is available for rural and some suburban areas, might not require a minimum down payment at all. The same holds true for VA loans for military families (<https://www.benefits.va.gov/homeloans/>). However, eligibility and income restrictions can apply.

### Earnest money: What's normal to pay in Florida



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 Earnest money is an upfront amount (usually a portion of your down payment) that you agree to pay the seller as an act of good faith to show you are “in earnest” about buying their house.

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There is no law that says you must provide earnest money, but the deposit could increase your chances of the seller accepting your offer. However, if you decide to back out of the deal for reasons not stipulated in the purchase agreement, you’ll sacrifice your earnest money.

There is no set amount of earnest money you need, but according to the U.S. News and World Report, 3% is common most of the time (<https://realestate.usnews.com/real-estate/articles/the-guide-to-earnest-money>). However, that amount has quite a range, depending on factors such as market trends, the area, the cost of the home and more. If you’re looking to buy a home in one of Florida’s luxury markets, such as the southern metropolis of Miami, for example, then you’ll likely need a larger deposit. In some cases, this might equal 10% of the home value.

You should include your earnest money deposit amount when you write your offer. Always speak with your real estate agent to gauge the amount of earnest money you might want to offer to make your bid as competitive as possible.

Here’s a sample breakdown of what an earnest deposit might look like.

City	Median Home Value	3%	5%	10%
Miami	\$500,500	\$15,015	\$25,025	\$50,050
Fort Lauderdale	\$495,000	\$14,850	\$24,750	\$49,500
Tampa	\$340,000	\$10,200	\$17,000	\$34,000
West Park	\$261,257	\$7,838	\$13,063	\$26,126

## Cash reserves

Having cash reserves may not necessarily be required, but it is strongly recommended. A cash reserve money is money in your bank account. It’s generally equal to at least two months of potential mortgage payments. Cash reserves are handy if you later discover you need a costly repair or something comes up that challenges your ability to make a mortgage payment on time.



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## Down payment assistance in Florida

Although these numbers might make homeownership look daunting, you'll find a robust selection of down payment assistance programs in Florida, whether in the form of grants, matching programs, or loans.

There's a big difference between down payment assistance loans and grants. You're often required to repay loans. Grants are essentially free money and do not require repayment. However, there is also a gray in-between area: forgivable loans.

Forgivable loans are forgiven once you've met all the eligibility requirements (such as living in the home as your primary residence for a minimum of 36 months), and typically only require repayment if you sell or refinance the house during a designated period of time.

Florida offers some great down payment assistance programs you can tap into, primarily second mortgages you can use toward your down payment and closing costs.

The Florida Housing Finance Corporation offers a simple online wizard (<https://apps.floridahousing.org/StandAlone/FTHBWizard>) to help you find the right down payment assistance program for the area in which you're



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looking to buy. All you need is to follow the prompts by selecting the number of members in your household and the county in which you're searching for housing. The online wizard also provides you with recommended Florida Homeownership Loan program you apply for down payment assistance programs for that area.

There are three assistance programs the wizard will help you locate; we've highlighted the benefits of each below. However, to meet eligibility requirements, you'll need to use Florida Housing's First Time Homebuyer loan program, so bear that in mind.

### The Florida Assist

The Florida Assist (<https://www.floridahousing.org/programs/homebuyer-overview-page>) program is not a forgivable loan. However, repayment of the loan is deferred while you live in the home. If you later decide to sell, then you'll need to repay the loan in full. If you meet eligibility requirements, the program offers some interesting perks to buyers.

- Loans up to \$10,000 with an FHA, VA, or USDA home loan
- Loans up to \$7,500 with a conventional loan
- 0% interest, non-amortizing deferred second mortgage
- Must be used with the Florida Housing Loan program
- Not forgivable (you'll repay when you sell or refinance)
- Payment is deferred until sale or refinancing, with some exceptions

With these exceptions, your second mortgage comes due, payment in full.

- You sell your home
- You transfer the deed
- You refinance your house
- You pay off your first mortgage
- You stop living on the property

### The Florida Homeownership Loan Program Second Mortgage

Like the Florida Assist program, the Florida Homeownership Loan is a second mortgage program. You will make monthly payments on this loan, and the remaining unpaid balance is due under the same conditions as the Florida Assist program. So, if you sell your home, transfer the deed, refinance your mortgage, or no longer live in the home, then expect the balance of your loan to come due in full.

- Offers up to \$10,000
- 3%-interest, fully amortizing second mortgage



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- 15-year term
- Monthly payments

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## Forgivable loans for first-time Florida homebuyers

If you're looking for help making your down payment or paying closing costs, then a loan that works more like a grant might offer the solution you need. Each county in Florida offers something for qualifying low-income or first-time home buyers needing down payment assistance.

With forgivable loans, there are income caps and other restrictions for each, and the basics for each loan will differ based on the area in which you're looking to move. Many require participation in a homeowner education class (<https://www.tampa.gov/housing-and-community-development/programs/homebuyer-education>).

The classes are usually a total of eight hours long and spread out over three days. You must attend each day of class. Classes are offered on Zoom (<https://www.heausa.org/first-time-home-buyer-classes/>), but you must register for classes specific to the area where you live. At the end of the class, you'll receive a certificate of completion that's good for up to two years. So if you don't find your home right away or need extra time gathering materials for the down payment assistance program, you'll still have valid proof of class completion.

Forgivable loans are fully forgivable if you meet all the criteria. Sometimes payments are deferred entirely, or you might make regular payments on the loans for a designated amount of time, and after that, the loan is forgiven.

Tampa's Dare to Own the Dream (<https://www.tampa.gov/document/dare-own-dream-flyer-72741>) program is one example of a forgivable loan program specific to Tampa area residents. It offers up to \$30,000 for down payment and closing costs for eligible buyers whose household income falls within 80% or less of the area median income level, which varies according to household size; the income limit for a one-person household in Tampa is \$41,350, and it stretches to \$59,050 for a four-person household. If your household income is higher, you might still qualify for up to \$15,000 in down payment assistance. After making on-time payments on your primary mortgage loan for 10 years, this loan is forgiven.

There are also HFA Preferred and Advantage Plus programs throughout the state as well. These are also forgivable second mortgage programs. They work in conjunction with a conventional mortgage. Depending on your situation, you might be eligible to receive 3%, 4%, or 5% of your total first home loan amount as a forgivable second mortgage. The HFA Preferred and Advantage Plus loans are available as a five-year term. It's forgiven at 20% per year over the term of the loan. Here's what the breakdown looks like.

- Offers 3%, 4%, or 5% of conventional loan



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- Must be used with Florida Housing HFA Preferred TBA loans
- Includes Freddie Mac conventional loans

Includes Fannie Mae conventional loans  
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- 5-year terms
- Forgivable loan

Unlike other loans, you won't need to fully repay these second mortgages as long as you satisfy the eligibility requirements. So, in a sense, it's like free money. However, like most things, there are restrictions and limitations on how you must use them.

### **Salute Our Soldiers Plus ([https://floridahousing.org/docs/default-source/programs/homebuyers/salute-our-soldiers-loan-program-\(english\).pdf?sfvrsn=4708f77b\\_4](https://floridahousing.org/docs/default-source/programs/homebuyers/salute-our-soldiers-loan-program-(english).pdf?sfvrsn=4708f77b_4))**

This is a second mortgage for active-duty military and veterans that offers down payment assistance in Florida. It also helps cover closing costs, but the program is selective, and restrictions apply.

- 5-year term
- 0% interest
- Exceptions apply
- 20% forgivable each year
- Offers 3%, 4%, or 5% assistance

Payment is deferred with the following exceptions.

- You sell your home
- You transfer the deed
- Refinance
- You pay off your first mortgage
- You stop living on the property (unless you're active duty and given official orders to relocate)

Your unpaid principal balance is due in full under these exceptions. However, if you must sell your home due to active-duty relocation requirements, the unpaid principal balance is forgiven. So, you might say that there is an exception to these exceptions.

### **Mortgage insurance**

If you have less than 20% for a down payment, then your lender might also require mortgage insurance premiums or private mortgage insurance (<https://www.floridafinancial.org/purchase/low-down-payment-purchase->





options/). This insurance is to protect your lender in case you stop making payments on your loan. Connect with a top agent to find your dream home

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 Mortgage insurance generally costs between 0.5% and 1% of your home loan (<https://www.investopedia.com/ask/answers/081214/average-what-can-i-expect-my-private-mortgage-insurance-pmi-rate-be.asp>). On a \$340,000 loan, this breaks down to between \$1,700 and \$3,400 annually, or between \$142 and \$283 per month added to your mortgage payment.

A 20% down payment is a large chunk of change to come up with, but if you can do it, then you can usually opt out of the mandatory mortgage insurance. However, this isn't possible for every first-time homebuyer. Thankfully, there are options available to help you out, but there are other costs to consider when buying a home, too.

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## Taxes, insurance, and closing costs

Property taxes vary considerably depending on the area and are often associated with the county. Tampa, for instance, is in Hillsborough county, which ranks among the highest property taxes in Florida ([http://www.tax-rates.org/florida/hillsborough\\_county\\_property\\_tax](http://www.tax-rates.org/florida/hillsborough_county_property_tax)). Property taxes on houses for sale in Tampa (<https://www.homelight.com/tampa-fl/homes-for-sale>) are trending at 1.09% of the total assessed value of the home.



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Broward County, home of Fort Lauderdale and West Park, ranks second in the state, taxing 1.08% of your total assessed home value. Miami follows next with property taxes trending at 1.02%. However, you'll find that property taxes trend lower in other parts of the state.

For example, Okaloosa County in northwestern Florida is home to the city of Crestview, where you'll find property tax rates currently trending at 0.65% of the assessed property value. So, there's a lot of variance in how much you can expect to pay! It's reasonable to expect to pay more in property taxes as you travel further south and closer to the larger metropolitan areas.

However, living closer to the beach presents other challenges to homebuyers at all levels. The closer to the beach your home is, the more you'll pay in homeowners insurance. "That could be sticker shock for a buyer who thinks they've got a good deal on the house," notes Riber. Florida's homeowner insurance rates are already higher than the national average, and they also appreciate faster every year. Closer proximity to the beach could even mean paying upwards of 2.5 times more for insurance, according to Riber.

One thing first-time homeowners might not realize is that flood insurance, a necessity in many parts of Florida, is not included in most homeowner insurance plans. You must buy flood insurance as a separate policy.

Currently, you can expect to pay an average of \$597 annually (https://www.fox4now.com/news/local-news/the-cost-of-flood-insurance-is-about-to-rise) for flood insurance in Florida, but there's a lot of variance with this number (https://www.fema.gov/sites/default/files/documents/fema\_nfip-all-flood-insurance-manual-apr-2021.pdf). For example, it depends on where you live, whether your home is partially or fully located over water, and whether you have a basement or crawlspace.

You'll also see prices increase and stiffer competition the closer to the beach, or any water source, that you live close to. In Florida, "You can't go too far in northeast Florida without running into some water somewhere. And we like that," says Riber.

Closing costs are another consideration and are currently trending around 2.32% of the price of your home (https://www.floridarealtors.org/news-media/news-articles/2021/10/report-fla-closing-costs-are-232-home-price). The average is around \$8,500 in Florida, according to Florida Realtors. Yet, that also depends on the price of your home which can vary greatly depending on the area. Here's a sample of what closing costs might look like in the same four areas we've covered above.

City	Median Home Price	Estimated Closing Cost
Miami	\$500,500	\$11,612



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Fort Lauderdale	\$495,000	\$11,484
Tampa	\$340,000	\$7,888
West Park	\$261,257	\$6,061

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## Home loans

Most Florida buyers turn to conventional loans, FHA loans (<https://www.homelight.com/blog/buyer-what-is-the-difference-between-fha-and-conventional-loan/>), USDA loans (<https://www.homelight.com/blog/buyer-how-to-apply-for-a-usda-loan/>), and VA loans (<https://www.homelight.com/blog/buyer-how-to-get-a-va-loan/>), though there are other options (<https://www.chase.com/personal/mortgage/education/financing-a-home/guide-to-jumbo-loan-down-payments>) like jumbo loans for Florida buyers that might be of specific interest.

(<https://homelightblog.wpenginepowered.com/wp-content/uploads/2021/11/down-payment-assistance-in-florida-table.png>)

Source: (Angelina / Unsplash)

## Final Florida first-time homebuyer tips and advice

As a first-time homebuyer, you'll find ample advice available from pretty much anyone you ask, as well as online. But not all advice is sound advice. So, consider your sources and seek out a professional.



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([https://www.flcu.org/getattachment/Resources/Education/Financial-Education/Road\\_To\\_Homeownership\\_FLCU-1.pdf?lang=en-US](https://www.flcu.org/getattachment/Resources/Education/Financial-Education/Road_To_Homeownership_FLCU-1.pdf?lang=en-US)). And it's best to **Get started (<https://www.homelight.com/find-agent/quiz/buyer?#/qaas=0/>)** advises Riber. Choose someone who's experienced, knows the market, and cares about your needs and preferences.

Riber also recommends choosing an agent who is persistent, but also patient, especially for new buyers. You can research this by their track record, reviews, and personal testimonies from previous buyers they worked with.

The right agent can help you navigate first-time homebuyer programs, understand what down payment assistance and closing cost help is available to you in Florida, target an appropriate price for your budget, and write a competitive offer in a hot market. It's an asset that a first-time buyer really can't afford *not* to use!

A tenacious agent "will go after the house you want," which is a good thing in a competitive market. Although there are never any guarantees you'll close the deal, you can be confident the right expert will help you increase your chances of success.

*Header Image Source: (Micky Fritzsche / Unsplash)*

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