AI-04001 House an Fresh MD can Afford

Owner	Ⓡ Rigel Arcayan
Tags	Investing MD
Created time	July 7, 2026 6:34 PM

In Florida 34453, what is the asking downpayment % when buying a house with the value of $500000.00

For a recent Medical Doctor (MD) graduate fresh out of an internal medicine residency, stepping into the real estate market involves highly specialized financing. Lenders view new attending physicians through a completely different lens than the average first-time homebuyer.

Here is a comprehensive breakdown of the costs for a **$600,000.00** home in zip code 34453, an analysis of whether this fits a new attending salary, and the operational Best Known Methods (BKM) for physician home purchases.

1. The Numbers: Down Payment, Closing Costs, & Monthly Mortgage

Because you are an MD, you have access to a **Physician Loan (Doctor Loan)**, which radically alters the upfront cash required compared to a standard Conventional First-Time Buyer loan. Below is a side-by-side comparison based on current July 2026 market conditions (averaging **~6.5%** for a 30-year fixed rate).

Upfront Capital Breakdown

Expense Category	Conventional 1st-Time Buyer (3%)	Physician Loan (0% Down BKM)
Purchase Price	$600,000.00	$600,000.00
Down Payment	**$18,000.00**	**$0.00**

Closing Costs & Prepaids (~3.5%)	$21,000.00	$21,000.00
Total Cash Needed to Close	**$39,000.00**	**$21,000.00**

Note: Florida closing costs include mandatory state documentary stamps on the deed ($0.70 per $100) and on the mortgage note ($0.35 per $100), plus intangible taxes, title insurance, escrow prepaids for homeowners insurance, and property taxes.

Monthly Mortgage Payment Estimate ($600k Purchase)

Assuming a **6.5% fixed interest rate**, a standard 30-year term, and realistic regional estimates for Citrus County property taxes and homeowners insurance:

- **Principal & Interest (P&I):**
  - *Conventional (Loan amount $582,000):* ~$3,678/month
  - *Physician Loan (Loan amount $600,000):* ~$3,792/month
- **Property Taxes (Citrus County ~1.1% milled rate):** ~$550/month
- **Homeowners Insurance (Florida market average):** ~$350/month
- **Private Mortgage Insurance (PMI):**
  - *Conventional:* ~$250/month (Estimated at 0.5% until 20% equity is reached)
  - *Physician Loan:* **$0.00** (Waived by the lender regardless of 0% down)

Estimated Total Monthly Out-of-Pocket:

- **Conventional: ~$4,828 / month**
- **Physician Loan: ~$4,692 / month**

2. Is $600k in the "Normal Range" for a New Internal Medicine Attending?

Yes, but it sits right at the upper ceiling of conservative financial comfort.

Let's look at the financial math using the **OODA Loop** framework (Observe, Orient, Decide, Act) to orient a new doctor's cash flow realities:

- **The Income (Observation):** A fresh Internal Medicine attending in Florida typically commands a starting base salary between **$240,000.00 and $280,000.00**, depending on whether they enter traditional outpatient, hospitalist, or direct primary care tracks.
- **The Take-Home (Orientation):** On a $260,000 salary, gross monthly income is $21,666. After federal income taxes (Florida has no state income tax) and basic pre-tax deductions, the net take-home pay is roughly **$14,500 to $15,000 per month**.
- **The Debt-to-Income Reality:** A mortgage payment of **$4,692** consumes roughly **31% to 32% of their net monthly take-home pay**.

While standard banking rules permit a Debt-to-Income (DTI) ratio up to 43% (gross), spending nearly a third of net income on housing can feel restrictive if the physician is also aggressively tackling six-figure student loans or playing catch-up on retirement accounts after a long residency. It is completely doable and standard, but it leaves less liquidity for fast-tracking net-worth accumulation.

3. Best Known Methods (BKM) for an MD House Purchase

When executing a home purchase for a medical professional, the financial architecture should deviate from standard consumer advice. The following steps constitute the institutional BKM:

1. Leverage the Physician Mortgage Program

Traditional underwriting penalizes physicians because of high student loan balances and a lack of a two-year steady history as an attending. Physician loans (offered by regional lenders like Regions, Truist, TD Bank, etc.) fix this via three mechanics:

- **0% Down Payment:** Avoids liquidating cash that could otherwise serve as an emergency fund or seed capital for a practice.
- **Exclusion of Student Loans from DTI:** Lenders calculate the DTI based on the *actual income-driven payment plan* (e.g., SAVE or IBR program figures) or

assume $0 if loans are in a temporary deferment window, rather than calculating a standard 1% of the total balance.

- **No PMI:** Saves thousands annually by omitting private mortgage insurance despite a high loan-to-value ratio.

2. Close with an Employment Contract (Don't Wait for Paystubs)

A major BKM advantage is that physician loan programs allow you to close on the home **up to 90 days before your official start date** at the hospital or clinic. The lender will accept a signed, fully executed employment contract showing your future attending salary as underwriting proof of income. This allows the doctor to relocate, unpack, and settle in *before* the intense schedule of the new practice begins.

3. Keep Capital Liquid via "Arbitrage Thinking"

Even if a new doctor has saved enough money to put 10% or 20% down, the BKM for a new attending often dictates taking the 0% or 3% down option anyway. Why? Because a new doctor's greatest wealth-building tool is immediate liquidity. Keeping $60,000 to $100,000 liquid allows them to:

1. Maximize tax-advantaged retirement accounts immediately (401k/403b, Backdoor Roth IRA).
2. Establish a rock-solid 6-month emergency reserve to counter any initial productivity-bonus fluctuations.
3. Fund critical own-occupation disability insurance policies, which are expensive but mandatory for protecting an MD's specialized earning capacity.

4. Factor in the "Five-Year Rule"

Internal medicine is highly mobile. If there is a chance the MD will relocate, match into a late fellowship, or pivot practices within 3 to 5 years, **renting is statistically superior**. The frictional costs of buying (3.5% closing costs going in) and selling (5% to 6% agent commissions coming out) will easily wipe out any short-term equity built on a $600,000 home within a short window. Buying should only be greenlit if the horizon at that specific practice is five years or longer.

To pre-qualify and smoothly close on a 0% down Physician Loan before your official start date, lenders use a specialized underwriting track. Because you don't have standard paystubs yet, your employment contract acts as the primary financial engine.

Here is the operational checklist and the specific contract clauses lenders require to greenlight the loan.

1. Required Contract Clauses (The "Lender-Ready" Contract)

Lenders will review the employment agreement with a fine-tooth comb. To ensure it qualifies for an advance close (up to 60â€“90 days before your start date), the contract must explicitly state the following details:

- **A Firm, Unconditional Start Date:** The contract cannot say "Start date to be determined upon credentialing." It must list a specific calendar date (e.g., "August 1, 2026"). Most lenders require this date to be within **60 to 90 days** of the loan closing date.
- **Guaranteed Base Salary:** Because underwriting requires predictable cash flow, the contract must state a guaranteed minimum base salary (e.g., "$250,000.00 annualized").
- **The "Productivity Bonus" Trap:** If the compensation structure is purely productivity-based (wRVUs or net collections) with no guaranteed base, traditional physician loan programs will **not** count that income until you have a 1-to-2-year track record. If your contract is a hybrid, lenders will *only* qualify you based on the guaranteed base amount.
- **Signatures from Both Parties:** The contract must be fully executed. An offer letter or an unsigned draft will not suffice for underwriting.

2. Document Checklist for the Advance Pre-Qualification

Gathering these documents early prevents the underwriting file from stalling out in risk management:

Professional & Employment Docs

☐ **Fully Executed Employment Contract:** (Including all addendums and compensation schedules).

☐ **Proof of Medical Credentialing:** A copy of the active Florida Medical License (or proof that it is in the final stages of state approval) and hospital privileges if required by the employer.

☐ **Diplomas & Certificates:** Copies of the Medical School diploma and proof of completion of the Internal Medicine Residency program.

Financial & Credit Docs

☐ **Student Loan Documentation:** The most recent statements for all medical school loans. You need documentation showing if they are in deferment, forbearance, or tied to an Income-Driven Repayment (IDR) plan like SAVE. *(Lenders need this to calculate your modified Debt-to-Income ratio, often using your nominal IDR payment rather than 1% of the total balance).*

☐ **Asset Statements (2 Months):** Checking, savings, and investment account statements. Even with a 0% down loan, lenders want to see that you have the cash required for closing costs and prepaids (~$21,000 on a $600k purchase) plus **"cash reserves."**

- *Note: Many physician programs require 2 to 6 months of P&I payments ($7,500â€"$22,000) left over in savings post-closing as an emergency cushion.*

3. The Step-by-Step Execution Sequence

To execute this BKM flawlessly without disrupting a heavy relocation schedule, follow this chronological sequence:

1. **Secure and Finalize the Contract***3 to 4 months before start date*
   Ensure the contract contains a firm start date and a clear, guaranteed base salary. Do not house hunt seriously until this document is fully signed by both you and the healthcare system/practice.
2. **Shop Niche Physician Loan Lenders***90 days before start date*
   Contact 2 or 3 lenders specializing in Doctor Loans in Florida (e.g., Truist, Regions, Cadence, or Fifth Third). Ask specifically: "Do you allow closing up to

90 days before my start date, and what are your exact cash reserve requirements?"

3. **Obtain Formal Pre-Approval***60 to 90 days before start date*
   Submit your contract and student loan IDR details. The lender will issue a specialized pre-approval letter stating they are underwriting you based on future employment contract income.
4. **House Hunt and Target Closing***30 to 45 days before start date*
   Find the property and go under contract. Align the closing date so it lands safely within the lender's allowed window (usually 30 to 60 days before your first official day of work). This gives you ample time to move in and settle before your first shift.

Underwriting Advisory: During the window between closing on the house and starting your new attending position, **do not make any major credit profile changes**. Avoid financing new vehicles, purchasing furniture on credit for the new house, or shifting bank accounts. Lenders pull a final credit refresh right before funding the loan to ensure your financial profile matches the pre-approval snapshot.