House Hacking: Buy a 2–4 Unit Home with 3.5% Down

Live in one unit, rent the others, and let tenants pay most of your mortgage. How FHA multifamily financing works and why rental income helps you qualify.

JULY 2026 · BY THE ALVORADA MORTGAGE TEAM

Here's the move most first-time buyers never hear about: instead of buying a house, buy a **duplex, triplex, or fourplex** — live in one unit and rent out the rest. Your tenants pay most (sometimes all) of your mortgage, and you're building equity in a property that would make bankers proud, on a *first-time buyer's* down payment.

Investors call it **house hacking**, and the financing rules are surprisingly friendly.

The Secret: Owner-Occupied Financing on 2–4 Units

Mortgage rules treat 1–4 unit properties as *residential*. Live in one unit for at least a year, and the entire building qualifies for owner-occupied loans:

Loan	Down Payment on 2–4 Units (Owner-Occupied)
FHA	3.5% — on a fourplex, the same as on a house
VA	0% for eligible military
Conventional	From 5% on 2–4 units

Compare that to a pure investment purchase (20–25% down) and you see the play: **owner-occupancy unlocks investor-grade assets at starter-home terms.**

The Rent Helps You Qualify

Here's the part that surprises people: the lender can **count the future rent from the other units as your income** (typically 75% of appraiser-estimated market rent). So the building helps you afford itself — buyers who don't qualify for a $350,000 house sometimes qualify for a $500,000 duplex.

FHA self-sufficiency test (3–4 units only): on triplexes and fourplexes, FHA requires 75% of total market rent to cover the full mortgage payment. Duplexes are exempt — which is why the duplex is the most popular house hack.

A Realistic Example

A duplex in Georgia sells for $420,000. FHA, 3.5% down = $14,700. Full payment (PITI + MIP) ≈ $3,150/month. The second unit rents for $1,650. Net housing cost: about $1,500/month — less than renting a one-bedroom in the same area — while the owner builds equity on a $420,000 asset and learns landlording with one tenant, next door.

The Rules and Realities

- **You must actually live there** — typically one year minimum as your primary residence. This is a legal commitment, not a wink.
- **You're a landlord now** — screening tenants, fixing water heaters, keeping reserves. Rewarding, but real work.
- **After year one**, you can move out, keep the whole building as a rental, and — here's the compounding part — do it again with another owner-occupied purchase.
- **Finding 2–4 unit inventory** takes patience — they're scarcer than houses. Older neighborhoods in metro Atlanta and central Florida have the best stock.

House Hacking a Single-Family Home

No duplexes around? The same idea works softer: buy a house with a basement apartment, an in-law suite, or spare rooms to rent. The lending is a standard single-family purchase; future room-rent usually doesn't count as qualifying income, but it absolutely counts in your budget.

The First Step

House hacking is the bridge between "first-time buyer" and "investor" — the training wheels version of everything in our *Earn 30% or More* guide. We'll run real numbers on real listings with you: financing options, rent estimates, and the self-sufficiency math — in English, Portuguese, or Spanish.

Let's Talk About Your Mortgage

Our team serves you in English, Portuguese, and Spanish — no cost, no obligation.

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