

How to Buy a House with Little (or No) Money Down

Of course you want to buy a home near the beaches in Southern Delaware with a low or no down payment. Who doesn't?

Here's exactly how you do it:

Many people never buy the home of their dreams simply because they don't think they have enough money for the down payment. They've been told through the years that they need 10 percent or 20 percent of the purchase price in order to buy a home. Well, this simply isn't true.

So why have so many real estate companies told them this?

Quite honestly, it's because selling homes to people with 10 percent or 20 percent down is easier than selling homes to people who have little or no money for a down payment. Most real estate salespeople would rather go after the "easy sale" than try to help people who have special needs.

As a REALTOR® operating "BY REFERRAL ONLY" ...my mission is clear: To Help People. That's why I've created this special report and sent it to you with no obligation.

This report is specially designed for people with good credit and a good income, but who just don't have much money for a down payment.

Option 1: FHA Loans

Although this isn't a "No Money Down" option, the FHA loan is by far one of the best alternatives for people who want to buy a home and don't have much money to put down. With an FHA loan, you could put down as little as 3 percent. Plus, FHA loans are easier to qualify for.

Now, 3 percent may seem like a lot to come up with, but many people find that when they put their minds to it, 3 percent is actually possible. While you can't "borrow" the 3 percent, you can get a "gift" from a family member or borrow from your 401k, for example.

FHA loans do have requirements and restrictions. Not all townhomes and condos qualify, and there is a maximum loan amount you can get. But if you've been dreaming of a new home and think you might be able to "scrounge up" 3 percent, this is a great way to go.

See a professional mortgage consultant for the latest specific details.

Option 2: HDA Loans

Some Housing Development Authorities have a first-time home buyers' program that offers below-market, fixed-rate, 15- or 30-year loans. There are restrictions as to maximum household income, as well as the price of the home you are buying.

The only disadvantage with this loan is that if you sell the house before the end of the loan term, you may have to "pay back" a portion of the subsidy used to get the lower interest rate. However, if you're a first-time home buyer, this may be an option to consider.

Option 3: Special Loan Programs, including VA Loans

Special loan programs (and their requirements) come and go quickly.

So, how do you find out what type of loan programs are available for you right now? The best way is to work with an experienced mortgage consultant who keeps up to speed on these special programs. If you don't know of one, I work with at least three such mortgage professionals and I would be happy to refer you to them, depending on your particular needs.

Option 4: Owner Financing

Owner financing means exactly that: The owner (or seller) finances a portion of your home purchase. For example, you might borrow 80 percent of the value of a home from a lending institution, and "borrow" the other 20 percent from the owner. In this situation, the owner "carries back" a second mortgage.

Owner financing can be advantageous, especially to investors who buy up properties and then rent them out. For the average home buyer, however, owner financing is difficult to find and requires some tricky negotiating. Even after successfully negotiating a transaction, it requires some detailed work by qualified attorneys in order to protect the interests of all parties involved.

While you shouldn't rule out owner financing, keep in mind that by looking for someone who is willing to help finance your purchase, you severely limit your choices. There are a lot of houses for sale today, but not a lot where owner financing is an option.

Option 5: Lease-To-Own

With a lease-to-own, you essentially lease a home, but make larger payments in order to begin accumulating a down payment. For example, if a house would normally lease for \$800, you might lease it for \$1,000/month, with \$200/month going into a special account. At the end of a specified period, you buy the home

using the money in that special account as your down payment. However, if you decide somewhere along the line not to purchase the home, all of the money in the special account then goes to the seller.

Think of this option as renting with a forced savings account. If you can find someone willing to do this, it's not a bad option. However, most people who are selling their homes need their money out of it in order to buy their next home, so finding someone who is willing to lease to you may prove more difficult.

Where to Begin:

Now that you have five good options for buying a home for little or no money down, where is the best place to begin?

The first step is getting pre-qualified. And the best way to get pre-qualified is to let us refer you to a Mortgage Consultant who is dedicated to helping people like you get into the home of your dreams.

We'll do more than help you get financed!

Financing is only the first step in the home buying process. We are dedicated to helping you through the entire process, delivering a world-class experience all along the way. We can help you find the right home, negotiate the right terms, and then make sure that you actually get to the closing table. It's all part of our Preferred Buyer's Program, which you can join for FREE!

If you'd like to know more about your financing options and our Preferred Buyer's Program, please give us a call.

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