

4 Sure Fire Ways To Buy A Home With Almost No Money Down And 6 Ways To Raise The Little Money You Need

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 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 or 20 percent down is easier than selling homes to people who have little or no money for a down payment. Most real estate sales people would rather go after the "easy sale" than try to help people who have special needs.

It is best to look at financing as a financial tool. Even people who have good credit and a good income will benefit from low to no money down home financing options.

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%. Plus, FHA loans are easier to qualify for.

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

FHA loans do have requirements and restrictions. Not all town homes 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%, this is a great way to go.

Option 2: Special Loan Programs

Special loan programs come and go quickly. There is one available right now that will allow the seller to provide the 3% down payment required for a home loan. That means no money out of your pocket if you know how to negotiate with the seller. There is another program right now, from The Home Program Charity Organization, that requires only 2% including closing costs. That's practically the same as no money down!

Option 3: Owner Financing

Owner financing means exactly that: the owner (or seller) finances a portion of your home purchase. For example, you might borrow 80% of the value of a home from a lending institution, and "borrow" the other 20% 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 homebuyer, however, owner financing is difficult to find and requires some tricky negotiating. Even after successfully negotiating a deal, 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 4: 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.

With 4 good options for buying a home for little or no money down, here are six simple ideas to raise the little money you would need.

Simple Ideas For Raising Money For A Down Payment...

1. **Have a garage sale.** You'll be surprised how much money you can raise this way, especially if you're willing to give up some of the junk you've been hoarding for years!
2. **Raid your savings.** Even if you've been trying to keep a little stashed away, this is important! If your kids have a savings account, ask them if you could borrow from theirs as well!
3. **Borrow from your retirement fund.** Many retirement funds (401k, IRA, etc.) have provisions for you to borrow from them for important reasons. This counts as an important reason! Check with your plan administrator or your financial advisor about this option! The nice part about this is that as you repay your loan, you pay the interest to yourself!
4. **Ask your family.** This is probably the hardest thing for some to do, but you might be surprised at how willing a family member would be to help you buy a house, even if they've said "no" to you before when you tried to borrow for other things! If you do this, you'll need a form for your banker stating that this is a gift and not a loan. (Yes, you can still repay your family member. It just can't be a formal loan!)
5. **Sell something.** If you look around your house, you might find items that have pretty good value, but that you haven't used in a long time. An old coin collection; an old musical instrument that no one plays anymore; an extra freezer you don't really need; a second (or third) car you could do without. Often, the cash from selling these items can add up quickly!
6. **Win the lottery.** Hey, somebody's has to win! Might as well be you!

For more information on how to buy lovely homes on tree-lined streets for zero down payment, just call 888.467.3771 ext. 420 for a 24-hour Free Recorded Message or email kmatthews@HomeEssential.com

Kendall Matthews, real estate consultant, Keller Williams Legacy One 1001 W. Southern Suite. 106. Mesa, AZ 85210 phone: 480.444.2543 email: kmatthews@homeessential.com