

Need Down Payment Money to Buy A Home?

Not all loans require a down payment but if you are attempting to get a loan that does here are a few ideas.

1. **Have parents give you a down payment as a gift.** Usually documentation will be required to prove that the money is actually a gift and not a loan. Any taxpayer is permitted to give up to \$10,000 per year to another person without having to pay a gift tax. Therefore your mother could give you \$10,000 and your spouse \$10,000 and your father can do the same. This would be a total of \$40,000 for a down payment and closing costs. Keep in mind unless you are putting 20% down or are obtaining a government-insured loan, 5% of the sales price must be your own money.
2. **Borrow against your 401K or insurance policy.** Not all 401K accounts can be borrowed against, but those that can are subject to withdrawal penalties and taxes. If you borrow against it, the loan will be counted as a debt and will increase your debt ratio.
3. **Sell or Borrow against an asset.** To sell an asset like a car can help increase the amount of money you have available. Borrowing money against an asset is also allowed as long as your debt ratio is acceptable.
4. **Consider Different Loan Programs.** Your loan officer can help you in determining the best loan program to suit your needs. There are a wide variety of loan programs that require lower down payments and will assist in your closing costs.
5. **Asking the Seller to hold a 2nd Mortgage.** Sometimes the seller is willing to hold a 2nd mortgage. Not all sellers have availability to do this. The major thing to consider in this situation is the terms and conditions of the 2nd mortgage.

Buying a home is a truly the American Dream. To achieve this dream it takes ingenuity, an experienced REALTOR®, and a knowledgeable lender.

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