

7 Ways To Accumulate A Down Payment!



Rather than saving all of the money yourself, here are some ways to accumulate the necessary funds that are acceptable to most lenders.

1) Have your parents give the money as a gift

Any taxpayer is permitted to give up to \$10,000 per year to another person without having to pay a gift tax. Technically, your mother could give 10,000 to you and give 10,000 to your spouse. Your father could do the same. This would give you up to 40,000 for a down payment and closing costs. (NOTE: Unless you are putting down at least 20% or are obtaining a government-insured loan, 5% of the sales price must be your own money. Documentation will be required to prove that the money is actually a gift and not a loan.)

2) Borrow against your 401K or insurance policy

You can also cash out your 401K but you will be subject to withdrawal penalties and payment of taxes. If you borrow against it, the loan payment will be counted as a debt.

3) Sell or borrow against an asset

Selling an asset such as a car can help increase the amount of money you have available. Borrowing against an asset is also acceptable as long as you qualify with the additional debt.

4) Obtain a low point or zero point loan

This will reduce the amount of your closing costs substantially. In some instances, the lender can also pay all or a part of your non-recurring closing costs.

5) Ask the seller to pay for all or a part of your non-recurring closing costs

Your real estate agent can assist you with this when you make an offer on a home.

6) Ask the seller to carry back financing

If the seller does not need all of the equity in their property, they may be willing to carry some of the financing which will reduce the amount of your down payment.

7) Consider different loan programs

There are a wide variety of programs that require lower down payments and assist with closing costs as well as city and county down payment assistance programs you can check into.

Call me today for more information about ways to accumulate for a down payment.



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