

Title:

Lower the down payment on your mortgage

Word Count:

539

Summary:

There are many ways you can lower the amount of cash you part with for a down payment on a house.

Keywords:

loan, mortgage, rates

Article Body:

There are many loan options available for potential homeowners who don't have much cash saved for an initial down payment. One of the most common and respected of these products is a loan insured by the Federal Housing Administration(FHA). FHA loans are designed to help families with lower incomes and not much savings. Additionally, FHA backed mortgages allow lending institutions to extend more lenient terms to make approval for financing more likely. If your credit score isn't that great, or if you have a bit of credit card debt, you can probably benefit from an FHA loan. Moreover, these loans incorporate grants, and other vehicles into their funding process, to help pay fees and closing costs. By issuing an FHA loan, a bank can allow you to only put three percent of the purchase price down, which can be a huge help. These arrangements can be done with a fixed or variable rate, to accommodate all types of buyers.

If you are in the armed forces, you may want to consider applying for a loan guaranteed by the Department of Veteran's affairs. VA mortgages can help many veterans and military personnel currently protecting the United States of America. VA financing allows more lenient credit and debt standards and smaller down payments. There is also the possibility of securing a VA agreement that provides the buyer the opportunity not to make a down payment.

If you want to get into a home fast, and don't qualify for the two aforementioned financing options, there are other financial products that will allow you to get into the home of your dreams without a cash down payment. One of the most common of these methods is to actually fund 100% of your mortgage with two loans. One loan will be taken out for a large percentage of the purchase price of the house, say 75%, and another financing instrument will be

taken out for the remaining 25%. Funding of this type allows you to avoid paying certain obligatory insurance that is usually associated with buying a house. So, you could make the loan process cheaper if you go with this method, and then start paying off your mortgage with any cash saved from your salary.

Reducing the amount of cash required for a down payment can also be accomplished by utilizing banks that offer very low down payment percentages. Banks may allow you to only pay a 4 or 5% down payment. This low cash outlay can help you get into homes that you wouldn't be able to with ordinary terms. These options work well if your income is low or if you don't want to part with a lot of money up front. Putting less money down can also allow you to assume a larger loan, because you are required to pay a smaller percentage of the purchase price. Banks also have products that benefit public sector employees. The most common professions that may receive more favorable terms are teachers, police officers, and fire fighters. Families should research every possible way to make a mortgage more affordable. Whatever your situation may be, there are many flexible lending options available in today's market that can get you into a great house without parting with too much cash.