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FHA Mortgage Down Payment Grants from HART

Did you know that buying a home with an FHA mortgage can be made even easier with down payment gift? Yes, there are such gifts available from non-profit organizations whose aim to encourage home ownership for low to moderate-income buyers. The Housing Action Resource Trust (HART) is one of these great organizations that can help get into the home of your dreams with no money down.

HART was established in 1995 in southern California, to help deserving families all over the country find and afford suitable homes. The HART Down Payment Assistance Program began in the middle of 1998 and has aided thousands of Americans since that time in buying their own homes.

The Down Payment Assistance Program offers up to \$15,000 to borrowers for closing costs, down payments, rate buy-downs (otherwise known as points,) and pre-paid costs like homeowner's insurance. The actual amount will vary based on the situation. Unlike most down payment gift funds, the HART program is based on the individual needs, rather than on a certain percentage of the home's value.

Also unlike other gift programs, you will not be required to participate in any financial or home owning education classes. You do not have to delay the home buying process by spending time in credit or debt counseling. The program is really designed more for those who can already qualify for mortgage funding, but simply need help making the down payment and closing costs.

Another great benefit of the HART program is that it is not restricted to first-time home buyers only. You can be buying your first, second, third, or twentieth house and will still be eligible if you meet the other requirements.

The requirements are that you must be able to qualify for a mortgage loan, like the FHA mortgage, that allows down payments to be funded by gifts. You must also plan on residing in the home you purchase with HART funds. Also required is the participation of your builder or sell. They must be willing to replenish the HART blind, mixed pool of funds, matching the amount gifted to the buyer. This helps keep HART funds stocked and available for future homebuyers.

There is also a required fee of \$350 - \$500, depending on the situation. This fee can be paid by the buyer when they apply for the program, by the builder or seller after the home sale closes, or by the mortgage lender or real estate agent after closing, with the completion of the "HART fee form." The fee can also be split by any combination of those involved.

Your next home purchase with an FHA mortgage will be cheaper than a conventional loan. Applying for a HART down payment gift can reduce the out-of-pocket FHA loan costs to nothing if you qualify. HART funds can even provide you with gift money for points that improve your loan interest rate, netting you an even better mortgage deal.