



12/11/2006

Down Payment Grant Programs

One of the biggest expenses in buying a new home is the down payment. While lenders recognize that not all borrowers will be able to contribute the traditional 20% down payment, most will still require some percentage to be paid at closing, even if it is as little as 3% - 5%. If you think you will never be able to afford a home because of the prohibitive cost of the down payment, you should know that there are kind-hearted organizations out there, designed to help borrowers like you become homeowners. The organizations help you by means of their down payment grant programs. Several of the major non-profit groups include HART, Nehemiah, AmeriDream, and Partners in Charity.

HART is a Non-Profit Housing and Community Development Corporation that offers down payment grants up to \$15,000 of the home price. This program is designed for those who already have the income, assets, and credit to qualify on their own for a loan, but who simply do not have savings for a down payment. While the borrower does not have to take any financial counseling classes or repay the grant, the seller or builder must be willing to participate. 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.

Another great program is the one offered by the Nehemiah Corporation. They will generously grant you up to 6% of the home price for a down payment. You do not have to repay this grant. The only catch is that you have to work with a Personal Care Counselor on the Nehemiah staff to evaluate your financial situation, create a plan for eliminating debt, and a plan for living on a balanced budget. After you have completed your financial education with a Personal Care Counselor, you will be qualified to receive your down payment gift. When you have made an accepted offer on a home, and have selected a participating lender and seller, Nehemiah will deposit your gift funds in the title or escrow account handling your purchase. Those funds can be used for either a down payment or closing costs, helping you avoid too many out-of-pocket expenses.

You should also consider the helpful assistance programs from AmeriDream Inc. In order to fulfill its mission "to expand affordable housing opportunities for underserved groups and promote the value of homeownership as the foundation for building strong communities and individual prosperity," the company has a plan that provides low to moderate-income homebuyers with funds up to 10% of the home sale price, to be put toward down payments and closing costs. The funds are truly a gift to you; you do not need to repay anything. The only stipulation is that you return any unused funds from the down payment, closing costs, or if the sale fails to close. The basic requirements are that you choose a home that is under the conventional loan limits, currently \$417,000 and that you participate in their financial counseling program.

Finally do not forget to look into the merits of the Partners in Charity down payment program. This is similar to some of the others in that the grant does not need to be repaid and it can be used for closing costs or the down payment. Partners in Charity will grant you between 2% and 10% of the home value based on your need.

Hopefully you now realize that there is a lot of help available and many resources out there to



help you pay your down payment if needed. Talk with your trusted financial counselor for more information about getting help through a down payment grant program.