

6 Creative Ways to Afford a Home

If your income and savings are making homebuying a challenge, consider these options.

1. Investigate local, state, and national downpayment assistance programs. These programs give loans or grants to cover all or part of your required downpayment. National programs include the Nehemiah program, <http://www.getdownpayment.com>, and the American Dream downpayment fund from the Department of Housing and Urban Development. <http://www.hud.gov/news/release.cfm?content=pr02-014.cfm>
2. Get the seller to provide financing. In some cases, sellers may be willing to finance all or part of the purchase price of the home and let you repay them gradually, just as you do with a mortgage.
3. Consider a shared-appreciation, or shared equity, arrangement. Under this arrangement, your family, friends, or even a third-party may buy a portion of the home and thus share in any appreciation when the home is sold. The owner/occupant usually pays the mortgage, property taxes, and maintenance costs, but all the investors' names are usually on the mortgage. There are companies that can help you find such an investor if your family can't participate.
4. Get help from your family. Perhaps a family member will loan you money for the downpayment and/or act as a cosigner for the mortgage. Lenders often like to have a cosigner if you have little credit history.
5. Lease with the option to buy. Renting the home for a year or more will give you the chance to save more toward your downpayment. And in many cases, owners will apply some of the rental amount toward the purchase price. You usually have to pay a small, nonrefundable option fee to the owner.
6. See if you can qualify for a short-term second mortgage to give you the money to make a higher downpayment. This may be possible if you have a good income and little other debt.