

What is a First Time Buyer Program and How do you Qualify?

First time homebuyers have one major obstacle – the down payment. When you already own a home and sell it to buy another, usually you have equity to use for the down payment. You don't need much money out of your own wallet, making it easier to qualify for financing.

If you've never owned a home before, though, you don't have equity to fall back on and you might not have enough money for a down payment. Does this mean you can't buy a new home?

Fortunately, there are federal first-time buyer programs to help.

Good Neighbor Next Door

The Good Neighbor Next Door program is a HUD program that is for anyone that works in public service such as police, firefighters, teachers, nurses, or doctors. If you buy a HUD home in a specified area of your state, you can buy the home for 50% less than its purchase price.

When you buy the home, you'll sign a second mortgage note for the 50% discounted amount of the purchase. If you stay in the home for 36 months, the 2nd mortgage is forgiven and you own a home with over 50% equity in it.

HomePath Ready Buyer Program

The HomePath program is another way to revitalize certain areas of the state, only this program focuses on foreclosed homes.

The program is only for first-time homebuyers and requires just 3% down. However, you can apply to get 3% of your closing costs back to offset the down payment. You must be willing to live in the home full-time and be able to accept a home as-is, which might mean that it needs some repairs or renovations.

USDA Loans

Another option is the USDA loan. Many people avoid it because they assume they have to live in the middle of nowhere to qualify.

You don't.

USDA loans are for low to moderate-income families that don't qualify for any other financing options. It's great for first-time homebuyers because you don't need a down payment – you can buy a house with no money down and less than perfect credit.

The only catch is your total household income must be less than 115% of the area's average income. If your household income exceeds this amount, you wouldn't be eligible.

State and Local Grants

There are also opportunities for state and local grants for first-time homebuyers. The programs vary by location. It's always worth inquiring at your state and local level about options for first-time homebuyers because you never know when there's an opportunity.

Final Thoughts

If you're a first-time homebuyer hoping to buy your first home but need financial help, let me help you. Together we can explore your options from financing for first-time buyers to grants or other programs available.

There are many ways to make buying your first home possible, but it starts with taking that first step and deciding you're ready to be a homeowner.