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Down Payment Assistance: The Homes For All Program

Most first-time homebuyers face a considerable hurdle when it comes to saving up a sizeable down payment for the home purchase. Fortunately for them, the average first-time homebuyer down payment has been shrinking in the past few decades. As cited in a recent New York Times article, while buyers paid an average of 18% of the homes value back in 1976, as home prices became so inflated in many parts of the U.S. the average down payment for first-timers shrunk to 13% in 1995.

Even as initial costs get lower, saving up 13% or even 5% of the home's price is still a huge obstacle for many buyers. Thankfully, there are great non-profit organizations out there that are willing to help with this problem. One such organization is the Homes For All, Inc.

Homes For All states that one of its key missions is "the promotion of affordable homeownership in communities across the nation." According to its website, the company has been in operation for six years, and has been providing down payment gifts to qualified FHA home buyers during that period. As the goal of the program is to help individuals with little or no down payment money become homeowners, it offers to gift buyers up to 7% of the home's price for the down payment.

This is how the program works: Basically, the home seller must agree to participate and donate back to the organization the same amount as the home buyer received as a down payment gift. The seller will also have to pay a fee to Homes For All, Inc. for processing. This donation and fee restock the organizations coffers so that it can help future candidates. You may wonder why a seller would want to essentially pay the buyer's down payment. In a slower real estate market, or if the seller needs to sell quickly, a seller may be highly motivated to help a buyer take the property off his hands. Sellers usually leave room in their asking price for negotiation, so participating in this type of program basically means that they are lowering their price by the cost of their donation to the Home For All company.

The perks for the buyer are enormous. First of all, based on the amount of funds they qualify for, the buyers have to pay little or no money out of pocket for the down payment. They may only have to come up with enough for the mortgage loan closing costs. In some cases the gift may even large enough to cover those. Plus buyers are not required to repay the down payment gift at any time (the seller has already done so on the buyer's behalf.)

In terms of qualifications, there is no income limit for participation. Buyers can choose a new or existing home, and there is no geographic limitations. Buyers must qualify for and apply for the program through an FHA loan though.

If you are interested in getting a helping hand with your home down payment, try contacting a representative of Homes For All, Inc at 1-877-819-HELP (4357). They may be able to assist you in realizing your dream of homeownership much sooner than you thought possible!