

First-Time Buyer Grants

By JOE SZYNKOWSKI | Green Shoot Media

Making the purchase as a first-time homeowner is a goal for many Americans. It can be easy to get lost in the process and simply rush in.

If you are in the market for your first home, you should know about federal funds that can assist you in landing the house of your dreams while saving a significant amount of money.

An important part of buying a home is being preapproved for a loan. This step gives you an idea of how much property you can afford and gain perspective of what your payments might be. During this time, ask your lenders about these incredible programs you might qualify for.

FHA LOAN

This is a specialized loan that is insured by the Federal Housing Administration, an agency within the United States Department of Housing and Urban Development (HUD).

The big benefits you can expect are competitive interest rates, low down payments and less due at closing. According to the FHA, prime candidates will have a credit score of 580 or higher. However, with a lower score, a loan might still be obtained with a larger down payment required.

GOOD NEIGHBOR NEXT DOOR

Sponsored by HUD, the Good Neighbor Next Door program offers housing assistance for law-enforcement officers, firefighters, and pre-K through 12th-grade teachers. Take a look at the easy-to-use search engine



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on the program's website to search for potential properties in your area.

Qualifying buyers can save up to 50 percent on a home's listed price in certain regions. The catch is you must commit to living in the home for at least 36 months.

USDA LOAN

For those who live in rural areas, you might qualify for a loan through the United States Department of Agriculture. The loan offers buyers

low-interest, fixed-rate homeownership through the department's Rural Development program.

Some people think this loan only focuses on those purchasing or operating a farm, but that's not the case. It focuses on homes in rural areas.

Since the USDA guarantees the home loan, there will typically be no down payment required. If applicants have a credit score of 640 or higher, being approved for a loan is usually a quick process.

Those with scores below that threshold might be required to wait longer and provide more in-depth paperwork regarding their credit histories.

LOCAL PROGRAMS

Not all first-time homebuyer loans are sponsored by the federal government. Check with your state or community organizations for more information on housing grants available close to home.



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REAL ESTATE 101



Who Is a First-Time Buyer?

In the case of many programs for first-time buyers, you don't technically need to have never owned a home before. According to the U.S. Department of Housing and Urban Development, FHA defines a first-time homebuyer (FTHB) as "an individual who has had no ownership in a principal residence during the three-year period ending on the date of purchase (closing date) of the property." In addition a FTHB includes any individual that has only owned with a former spouse while married and someone who has only owned a trailer-type home. "Some grant programs impose additional income restrictions on the participants for eligibility as a FTHB," according to HUD. "You should contact the specific agency provider to determine the definition of FTHB for each specific program."

HOMEWISSE GLOSSARY

Contract for deed: Contract for deed is a contract of sale and a financing instrument wherein the seller agrees to convey title when the buyer completes the purchase price installment payments. It also is called installment land contract and installment plan.

SOURCE: Columbia University

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