



## Hiding in Plain Sight: 5 Secrets That Make Buying a Home More Affordable

There are opportunities all over the place to make the path to homeownership easier. Other people are taking advantage of these opportunities, so why not you? Here are 5 secrets that are hiding in plain sight.

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### 1. Low to Zero Down Payment Loans

Borrowers can apply for a home loan through the Federal Housing Administration, which offers lower down payment requirements, reduced interest rates, and fee limitations.

Among these programs, Fannie Mae HomeReady® and Freddie Mac Home Possible® Mortgages are designed to help lenders confidently serve today's credit-worthy low-income borrowers, offering as low as 3% down payment options. These programs are ideal for first-time or repeat homebuyers with limited cash for a down payment who need to purchase or refinance a home.

**For veterans:** If you served in the military, you may qualify for a VA loan from the Department of Veterans Affairs, which allows you to put 0% down. Your lender can give you more information about how to qualify for this federally-backed loan.

**For non-veterans:** You can pay 0% down through a Rural Development (RD) loan through the U.S. Department of Agriculture (USDA). These loans require the borrowers to be under a specific income limit. Also, the desired house must be within a specific square footage and price point.

### 2. HUD Good Neighbor Next Door Program

If you are a teacher, police officer, firefighter, or EMT, you may be eligible for the Good Neighbor Next Door Program, which can allow qualified individuals to get a house up to 50% off. If you're not in one of those four professions, you can still apply for HUD grants, down payment assistance, or other programs that Next Door Programs® offer. Beyond the grants, applicants may also be eligible for down payment assistance of up to \$10,681.00. This program doesn't have an income limit but has a minimum credit score requirement of 580.

### 3. State-Level Closing Cost And Down Payment Assistance Programs

Every state has unique programs that can help homebuyers access funds to supplement closing costs and down payments. Some are more lucrative than others, but it's always worth a look. Many people miss this because they don't think they are available. However, a simple search engine inquiry about down payment assistance and grant programs in your state can connect you to local organizations and charities that support homeownership assistance. Even a \$1,000 grant can make a difference in saving for a down payment.

### 4. Mortgage Credit Certificate (MCC)

Not to be confused with the mortgage interest deduction, the MCC is a tax credit that you can claim as a first-time home buyer and earn within your state's median income. You **MUST** talk to your lender to qualify and get the certificate. If you do get it, you can use it for 30 years as long as you don't refinance your house.

This non-refundable tax credit allows you to claim up to \$2,000 in tax credits, which can go toward any tax owed. It isn't a refundable credit, so you can't get a refund with it, but if you owe money on taxes, it can help push you out of owing and make other refundable credits count toward money back.

### 5. Rolling Closing Costs Into Loan

Closing costs are a big deal, but you can roll them into your loan in some cases. Check with your lender to see if it's possible. This option does involve higher interest rates and PMI to offset risk, which should be considered before committing to it. Use this option if you have exhausted all other options for closing cost assistance. Though it's not the best choice, it will still get your foot in the door of getting a home.

Most people don't know that there are programs and funding specifically designed to help people with low to moderate incomes buy a home. Now that you have this knowledge, you can take advantage of all these money-saving options when purchasing a home!

