

An FHA Loan Offers a Low Down Payment

Buying a home is a huge undertaking and the thing that holds a lot of people back from making home ownership a reality is the big down payment. Many conventional loan programs require that an individual puts down at least ten to 15 percent of the purchase price on the loan to buy it. This doesn't sound like a lot of money, but if you were to buy a \$250,000 home, which isn't excessive by any means, you would be looking at coming up with at least \$25,000! Most of us don't just have \$25,000 lying around to be spent because if we did we would already own a home. The great thing about an FHA loan is that you don't have to come up with these huge sums of money to get into the home.

FHA Loans Make Home Ownership More Doable

The beautiful thing about an FHA loan is that you don't have to come up with these huge down payments to move into the home of your dreams. Instead of the ten or 15 percent that you would be expected to come up with when using a conventional loan, you would need to come up with three to five percent of the purchase price. So, if you were buying the same \$250,000 home and you only needed to put down three percent you would only need to come up with \$7,500. Of course, this is still a lot of money but it is much more doable than the \$25,000 that you were looking at coming up with when you were applying for the conventional loans.

Another great thing about the FHA loan is that if you don't have the money yourself for the down payment, you can actually be gifted the money. What this means is that your parents or family members can give you the money for the down payment and there will not be any sort of applied fees or anything of that sort. Traditionally, when you apply for a home loan you need to have the funds in your bank account, they cannot knowingly come from another source. Being approved for a traditional loan is dependent upon you having the funds in your account ready to go. If you don't have these funds, you cannot openly ask your friends and family members for support. With the FHA based loans you can be gifted the money and it is not a problem.

In addition, when you are dealing with an FHA loan you may find that some lenders are willing to roll the closing costs into the purchase price so you don't have to come up with so much money just to get in the home. There is also down payment grants out there that you could apply for that will help you get the funds that you need to put the three to five percent down on your home. Lenders and mortgage brokers are able to get very creative with these loans to make sure, that even if you don't have much money that you can buy a home and get into it affordably. As you can see, the FHA makes it possible for a large number of people to buy homes that otherwise would not have been able to enjoy home ownership.

About the Author

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