

Where do you get a down payment?

You have a stable job, a decent income and an excellent credit score. But where do you find money for a down payment to buy your first home?

If you're asking this question, chances are that Great Aunt Hilda hasn't left you part of her estate – and you're still waiting to hear from the lottery. So you'll need to become a bit more resourceful. Here are a few ideas to get you started:

1 – Budget.



Do you know how much you'll need? You might hear 20 percent – but most first-time buyers today actually make a down payment of 6 percent or less. Research the size, type, location and market price of homes you're considering and come up with a realistic number of how many bucks you'll need – and how soon you'd like to be a homeowner. Then make it part of your monthly budget.

2 – Borrow.



If you have an employer-sponsored 401k, you can borrow up to \$50,000 or half the value of the account. Since you'll have to repay these loans with interest and what you borrow can affect your credit ratio, this strategy is best for funding small down payments or as a last resort.

3 – Bank.



Cash-back credit cards, offered by many banks, will help you save on a consistent basis - so long as you pay off your purchases each month to avoid accruing interest. Also consider recurring direct deposits and round-up or "keep the change" savings account options.

4 – Bonus.



Do you receive performance bonuses or profit-sharing payments? Commit to saving this "extra" money for a home instead of splurging it. You'll never miss what you don't see. Same goes for your tax refund.

5 – Beg.



Not literally, but if you have a generous relative or friend, they can give you a gift of up to \$14,000, without tax penalty to either of you. So suck up to your sorority sister or hit up Uncle Fred at the family reunion and share your dream of buying a home.

6 – Sell.



You know you have stuff you don't want or need that you might even be paying to keep in a storage unit. Take advantage of online storefronts, neighborhood groups or consignment stores to unload your gently used clothing, sports equipment, furniture, appliances and electronics. Your closets will be cleaner and your piggy bank fatter.

7 – Side hustle.



Can you write, design, code or play an instrument? Are you crafty, good with data bases or love caring for animals? A few hours a week working at home or at a second job is a great way to bolster your income.

8 – Search.



The quickest way to get a down payment is to find a loan program with a lower down payment requirement. Requirements vary, but conventional loans are available with as little as 3 percent down, FHA loans with 3.5 percent down, and VA and USDA loans with no down payment. There are also state and city programs that offer down payment assistance to qualifying home buyers, especially first-timers.

9 – Save.



Okay, not very creative, but realistic. Most things worth having require some kind of sacrifice. You might need to give up vacation, gym memberships or dining out for a while, but we promise that it will all be worth it.

Your Allen Tate Mortgage Consultant can help you figure out how much you'll need and a path to get you there.

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