

Bad or damaged credit is a big reason people have trouble financing a house, but another common problem for homebuyers is the down payment — many people, in a recent study by Jackpot.com, said [paying down debt on a house](#) is a first thing they'd do if they won the lottery — it means that much to people. In simpler times, you went to high school and maybe attended college, or you joined the military or got a factory job. When you settled into a job, you usually stayed there for a long time. Detroit auto workers, for example, might have entered the plant at age 18 and retired 30 or more years later—only working for one employer. In the beginning you would scrimp and save for a down payment since a no money down mortgage was hard to find, and when you accumulated enough, you found a house, got a solid 30 year mortgage and made your payments diligently for 30 years.

When you settled into a job, you usually stayed there for a long time. Detroit auto workers, for example, might have entered the plant at age 18 and retired 30 or more years later—only working for one employer. In the beginning you would scrimp and save for a down payment since a no money down mortgage was hard to find, and when you accumulated enough, you found a house, got a solid 30 year mortgage and made your payments diligently for 30 years.

After that, you would be able to retire yourself, retire your mortgage, live off of your pension proceeds and look forward to collecting social security. That was the blueprint that many of our parents followed to the letter.



Now, however, things move faster, jobs just don't last 30 years, and you may not be willing to wait until you have saved up enough funds for a down payment on your first home. Is

there a way to buy houses today and get a no money down mortgage? Can programs like contract for deed work for you?

## **Legitimate No Money Down Mortgages**

The best no-money down program is offered by the VA. Of course, you need to be a service veteran, but if you are, you can get a no money down mortgage even if you have a poor credit score. The U.S. Department of Agriculture also has programs for no money down mortgages if you are thinking of buying a rural home. Certain institutions like Navy Federal Credit Union also have low or no down payment programs for specific borrowers. The Federal Housing Administration (FHA) offers a great low down-payment program and there are down payment assistance programs available in many states including Minnesota. The short answer then, is yes, there are ways to but homes without accumulating a down payment.

## **Not for Everyone**

One problem can be that you just don't qualify for any one of these programs. If you're not a veteran, if you have seriously injured credit, if you have just declared bankruptcy or even if you have an overload of student loans, a no money down mortgage may be out of reach. If this is the case, what do you do next?

## **What About a Gift?**

Another person can just give you the down payment necessary for you home. This can be a friend or a relative, and the federal gift tax regulations may not even apply unless the gift to you is over \$15,000. Even if your rich uncle gives both you and your spouse \$15,000 each, it's not taxable. Of course, you'll need to find your benefactor, and that will be up to you.



## **Minnesota Specifics**

When you get a Minnesota Housing mortgage, you can also receive an optional down payment and closing cost loan up to \$15,000.



# MINNESOTA HOME OWNERSHIP

Down payment and closing cost loans are only available when you get a Minnesota Housing first mortgage loan and additional eligibility requirements may apply, including [income limits](#). Contact an [approved lender partner](#) to get started.

## **Monthly Payment Loan**

The Monthly Payment Loan can be used with the Start Up or Step Up program.

- Loans up to \$15,000
- Interest rate is equal to your first mortgage rate
- Monthly payments over a 10-year loan term

Yes, again there are rules and regulations, and as liberal as they are, maybe you just can't qualify because:

- You just declared bankruptcy.
- Your credit score is really low.
- You own a business and don't show enough income.

- You maxed out 20 credit cards.
- You suffered a home foreclosure.
- You just lost your job.
- You recently were released from incarceration.
- You have a large student loan balance.
- Your business failed.
- You owe delinquent taxes.
- You have numerous filed judgments against you.

If you have even one of these issues, it can ruin your chances for not only getting a no money down mortgage, but for getting any type of home financing.

## **Contract for Deed Helps with No Money Down Mortgage Programs**

This is where contract for deed MN information can help. While some states like Texas frown on the contract for deed process, Minnesota has embraced it, and it works this way:

You find a house that you like and you negotiate a price with the owner. You bring the deal to a reputable contract for deed company like [C4D](#), and they purchase the home. C4D now owns the home but they agree to sell it to you on a contract for deed basis. This means that you make monthly payments to C4D, you pay for repairs and property taxes, you make repairs, and after you have made all of your payments you are presented with the deed and you own your home.

It is of course possible for you to pay off your loan early if, for example, you are lucky enough to inherit money, or if your credit has improved enough for a traditional refinance.

## **How Can C4D Do It When Others Can't?**

C4D looks at your entire financial picture and can more easily look past credit issues than banks can. If you are a good person with unfortunately bad credit, C4D can many times help you get into the house you want. Yes, your interest rate may be higher, and you may have to pay a fee, but contract for deed is a recognized and established way to become a Minnesota home owner.

C4D, in some cases, can also provide [down payment assistance](#) that can eliminate the need for a big chunk of money down. And C4D usually has no problem with gifted down

payments, and any good contract for deed company will work with you to find the best available government down payment assistance programs.

## **The Answer for the No Money Down Mortgage**



Yes, there are a number of ways to buy a home with no money down. And while traditional bank mortgages are preferable, if you are having difficulties be sure to investigate what contract for deed can do for you.