

# How To Buy A Property With Zero Down Payment

SANTA CLARA, CA, US, November 16, 2021 /EINPresswire.com/ -- Buying a house with zero down payment can be a dream come true for homeowners and investors alike. Who doesn't want to have a [hassle-free buying](#) process and not have to worry about having enough money for a down payment? Plus, there are multiple avenues available to make this happen.

When funds are limited, starting a career as an investor can look impossible. But there is no need to wait to have enough money for the down payment. There are several creative ways to buy real estate without paying an initial cost. Plus, the less money one has invested in a property, the higher there are chances of an increased return.



**Zero Down Payment**

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This doesn't mean there will not be any costs incurred. Keep in mind that nothing in life is for free, but it is possible to cut down on a major chunk by having zero down payment on a property being purchased.

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Whether you are an investor or a home buyer who wants to keep their savings intact, zero down payment is a great option to consider”

*Sharad Gupta Founding member of YHSGR*

Consider house hacking  
House hacking essentially means making the primary residence a rental. Buy the personal home as a multi-unit; keep one portion for personal use and set the rest for rent. This method has recently become popular amongst the younger generation that is interested in buying real estate

as a way to increase their streams of income.

Plus, it allows for younger people to start investing earlier in their lives with very little money down. Use a down payment assistance program of low down payment loans to be able to buy a property for an extremely low down payment. While some payment still needs to be made, it is an exponentially better deal.

This way, the tenants' rent covers the mortgage and other housing costs. Eventually, when moving out to convert it into a complete rental property, the cash flow only seeks to improve further. As mortgage lenders require a lesser percentage of down payment on owner-occupied properties, this will work perfectly for someone who is short on cash but wants to invest in whatever way possible.

Seller financing is a great way out. Having a seller agree to waive off the loan entirely is possible under special circumstances but is worth exploring with most potential sellers. Sellers will finance the property and provide room to negotiate terms, especially the possibility of no down payment.

For example, if a seller has a property they inherited and is in need of constant repairs, plus they have no idea what to do with it, this is a great chance to present the case. If they don't have the cash to make the repairs, they are often happy to see someone willing to send them a certain amount monthly for the property as well as taking the income with little to no settlement hassles.

This is an idea worth exploring with certain sellers. There might be a chance that they agree to it;



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become a homeowner without having any down payment to worry about.

#### Assume existing mortgage

An extremely viable option to buying an investment property while using very little money as a down payment can be through assuming the seller's existing mortgage. This is called a 'subject-to' deal; it provides an opportunity to buy a rental property subject to the owner's current mortgage on it.

Pay a minimal down payment, but depending on the seller and their needs, assume a loan without any down payment at all. Make the payments for the mortgage on their behalf with, hopefully, low-interest loans, leaving just the difference to pay.

Since there's no need to borrow the money for the down payment, which is often something that sellers do not allow, it is an opportunity to pay the seller for any difference while assuming their mortgage.

Pay them conveniently. If there's a need to borrow money through banks, loan sharks, or family members, so be it! There is no compulsion on how to pay the differential amount to the sellers.

#### Negotiate a second seller-held-mortgage

If there is a lender willing to pay for more than 70% of the purchase price on a landlord loan, and the remainder 30% seems to be an issue, ask the seller to become a lender too. This can be a great proposal for a seller; however, make sure to be on the same page with the primary lender before making a deal with the seller.



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If the seller doesn't have any qualms about lending the 30% left on the purchase price, it is essentially buying a property with zero down payment.

#### Leverage other property

Having a good credit score and a property with equity gives an edge over other buyers. Leverage the property's equity by getting a home equity line of credit or home equity loan that allows to take a loan out or line of credit up to 80% of the property's equity.

This way, easily pull out cash for the new property through the current property's equity. Of course, this depends on the amount of equity available, but with enough funds, it is possible to buy a second property with zero or little down payment.

#### Consider getting a partner

An interesting and creative way to getting out of paying down payment on a property is finding other cash buyers who don't have enough funds to complete the down payment themselves but will do well with partners.

However, remember that involving more people means more to figure out and more to divide. The situation CAN get messy. Make sure to trust the abilities of the potential partner. Their financing helps to buy a house with zero down payment, while you can promise to take on the responsibilities of putting together the deal and managing the real estate investment.

#### Consider getting a hard money loan

Hard money loans are alternate financing options that are popular amongst people who are interested in the real estate business. They are commonly used to finance properties that aren't approved for traditional financing.

For an investor looking to secure a property without a down payment, the hard loan is another option. It allows buying property up to a certain percentage of the property's current value and includes the cost of repair and replacement into the loan. These types of loans are for the short term, so it is important to improve cash flow and credit score.

#### Takeaway

To successfully get a deal that offers zero down payment, most real estate investors use a combination of methods and find out which works best for them. Research is key to any wise decision.

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