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Can I still buy a home if I don't qualify for a mortgage?

Discovering that you had bad credit often is a discouraging obstacle when looking to buy a new home. Many people give up their search but I am here to tell you that you have options.

In today's economy, many people are finding that their credit isn't quite what they hoped. Getting a loan is more difficult than ever but bad credit coupled with issues getting a mortgage isn't a reason to despair. In fact, you have other options that will result in you buying the home you have been looking for.

The first option you have if you are looking to buy with bad credit is to buy on a Contract for Deed. There are no banks involved on the buyer's side therefore credit does not play a role in your ability to purchase. A Contract for Deed is an agreement between the buyer (in this case you) and the seller where the buyer will pay monthly installments towards the purchase of the home. Often this contract last for 5 to 7 years with a lump sum or balloon payment at the end of the term. The seller will maintain the legal title to the property. Upon the completion of the agreement, the buyer will receive the equitable title. The seller does however need to get the bank's approval for a Contract for Deed so as not to invoke the Due on Sale clause in their own mortgage.

Another option you would have is to enter into a Rent to Own or Lease with Option. This is almost the same thing as buying on a CD however at the end of the term, you are NOT required to buy the property however you could. It would involve making monthly payments towards the purchase of the property however you are not obligated to buy as you are in the CD. The biggest difference between a RTO/LWO and a CD is that on a CD, you own all of the rights to the home and upon the payoff of the contract, you will gain the deed as well. However on a RTO/LWO you do not have the rights to the home.

If you would like more in-depth information regarding Contract for Deeds, Lease with Options or any other real estate related questions, please visit my website or contact me at www.amandalucas.net .