

# How To Save \$10,000 Or More On The Purchase Of Your Next Home



[www.OwnMyDreamHome.org](http://www.OwnMyDreamHome.org)

Buying a home is one of the most exciting and fulfilling experiences of your life. After all, owning your own home is truly achieving the American Dream! But considering this is the largest purchase most individuals will ever make, reducing the financial burden of a purchase of this magnitude is something every soon-

to-be homeowner welcome!

This brief report will cover 10 things you can do

before,

during, and after the closing to help you save up to \$10,000 on the purchase of your home!

## **#1 Before You Start House Hunting – Get Pre-Approved!!**

When submitting an offer on a home it is important to make YOUR offer

stand out from the competition. By getting pre-approved for a loan, and submitting that Pre-Approval letter with your offer (stating how much money you are qualified to borrow), you will instantly make yourself a stronger Buyer in the real estate market. During the pre-approval process the lender will review your actual income, as well as your debt and credit history. It's important not to be confuse this with a pre-qualification, which is just a quick review of your finances and merely states an amount that you MIGHT be able to borrow. A pre-approval is much more solid. Sellers will favor offers that have a firm financial backing rather than offers with little or none.

Also, from a practical standpoint, it's good to find out the highest amount you are pre-approved to borrow, and then look at homes only in your price range. There's no sense in falling in love with a home that doesn't agree with your finances.

## **#2 Increase Your Credit Score to Decrease Your Interest Rate**

A credit score is a lenders snapshot of your credit history. By looking at this one number a lender can very quickly determine how much of a risk they are facing when they lend

money to an individual. People with high credit scores are rewarded with



I just wanted to say THANK YOU for the valuable information you shared with me. Using your tips I was able to save thousands when I bought my house. That money helped me to furnish my new home!  
- Jamie Milano

low interest rate on their loans and low credit scores means paying higher interest rates. The difference between a low interest rate and a high interest rate is hundreds of dollars every month on a large loan...such as a mortgage. Since your credit score is based off of your credit history, you can bring up your score by following these tips:

**Tip # 1 Bills** – Make all payments for your bills ON TIME. Late payments (payments that are 30 days late or more) have a negative effect on your credit rating.

**Tip # 2 Credit Cards** - If your credit is in need of repair don't cut up your credit cards. If your credit is bad, you may not be able to gain additional credit cards later. A great way to re-establish your credit is to get a secured credit card. You will have to keep a designated amount of money in an account that will be sufficient to cover your charges, and make payments on time.

**Tip # 3 Limits** - Keep the charges on your credit cards way below their limits. Lenders look at how close your spending is to your account limits. If you keep your credit cards close to the maximum limit it shows the lender that you are over-leveraged. It is best to keep your charges on your credit cards below 33% of their limit.

**Tip # 4 Bankruptcy and Tax Liens** - Avoid bankruptcies, collections, and tax liens. These can last for about 7 to 10 years on your credit report.

**Tip # 5 Check it!** - Get a free yearly copy of your credit report to keep tabs on your progress and to catch any errors. You can get a copy of your credit report free at [www.annualcreditreport.com](http://www.annualcreditreport.com)

### ***#3 'Tis The Season?***

You may be surprised to know that the time of year can effect how much money you can save on a home. The optimal time of year to buy a home is late fall to early winter. It's during this season that the market slows and there are fewer homes for sale. Naturally, people want to move in the summer...the weather is nice, kids are out of school, etc. The least desirable time to sell a home is in late fall to early winter (mid October to mid January), therefore if a Seller puts their home on the market during that time they most likely NEED to sell, so they are more serious and motivated. As a Buyer, think about it this way...enduring the cold is worth several thousand dollars right?

### ***#4 Understand The Difference Between Points And Rates***

When you are choosing a mortgage, it's important to choose carefully between points and rates. Usually if you choose to pay additional points (which are a portion of the interest that you pay at closing) you'll then get a lower interest rate. Because a lower rate will save you money in the long-run, if you plan on staying in the home for five years or more, it's usually more cost effective to take the points!

### ***#5 Check Your Emotions At The Door!***

Buying a home can be an exciting, yet stressful, time. With elevated emotions, it's important to be sure to put on your best poker face when previewing a property where the owner is present. Even more important is to keep your emotions in check when making an offer and

going back and forth with the Seller to get the home under contract. Bare in mind you shouldn't get fixated on any one home.

### ***#6 A Buyer Can Request A CMA From Their Realtor Too!***

One of the BIG perks of hiring a Realtor to represent you as a Buyer is the full service treatment you're entitled to! A CMA is a Comparative Market Analysis, which is what a Realtor performs to establish the current market value of a property. It's a tool Realtors always presents when meeting with a Seller. But A CMA isn't just valuable to a Seller, it's valuable to a Buyer too.

When you've hiring a Realtor to exclusively represent you, and you decide you'd like to make an offer on a property, request that your Realtor do a CMA on the home before you place the offer. Not only will the CMA



give you a strong basis to go off of when choosing the price you offer, it's also an invaluable tool for you to use during negotiations with the Seller to back up your offer.

### ***#7 Avoid Future Cost And Headaches by Getting A Home Inspection***

We all know the saying "don't judge a book by its cover." Well the same is true for houses, so don't get too excited by a house just because it shows well! Underneath that lovely exterior you may have problems; potentially serious problems. A qualified home inspector will take an in-depth and impartial look at the

property inside and out! Otherwise you may fall into hidden costs associated with the home when you can no longer negotiate with the Seller on price or other terms.

The cost of a home inspection is dependent on the size and characteristics of the property. Generally speaking it's a few hundred dollars, which is a BARGAIN for the benefits you receive! A licensed home inspector will examine for any structural concerns, plumbing issues, functionality of the electrical system and heating and cooling, check for mold and mildew, roof damage, leaks in doors or windows, etc.

### ***#8 Using Your Home for Tax Deductions***

Remember, tax laws can be complex and are constantly changing. Consult with your professional tax advisor before filing any claims on your tax returns.

Owning a home has its advantages when it comes to taxes, and they come in the form of deductions. These tax deductions will lower your taxable income when filing your taxes, which means you keep more money in your bank account instead of going to Uncle Sam.

Starting with the closing process, you are allowed to make deductions for any "points" you pay to reduce the interest rate on your loan. One point is 1% of your loan amount. In addition, the interest that you paid every month on your mortgage bill is also a deductible, as well as your city, state, and county property taxes.

Another tax savings comes into play when you have a qualifying home office. This home office allows you to deduct a portion of your home expenses, such as heat/AC, electricity, etc. Also, the Federal Government offers tax credits up to



\$2,000 when you repair to a home to make it more energy efficient, such as replacing old windows with double paned windows.

### ***#9 Buy a Fixer Upper***

One of the best ways to save the most money on your home purchase

is to make an investment in a home that needs a little TLC. Obviously, this route is more risky for the everyday homeowner, but with the right tools and knowledge on how to bring your home back to top market condition, the investment is well worth the effort. No other method will allow a greater discount upon the time of purchase and instant equity once the home has been restored. With the right information you can be certain you are purchasing a home at the right price for the job ahead.

### ***#10 Request Seller Concessions!***

In a down market like today's, you'll often see Sellers offer Buyer incentives to make their listing more appealing to Buyers. These incentives could include:

- payment of closing costs
- months worth of maintenance fees or condo fee payments
- a one-year home warranty
- a credit for new flooring or appliances

But if you're thinking of making an offer on a property where the Seller hasn't offered concessions upfront, that shouldn't stop you from asking for them! Go over these options when preparing your offer with your Realtor. Your Realtor will write the requests into the contract... it doesn't hurt to ask! Concessions had add-up and end up saving you thousands of dollars so it's important to keep this option in mind when submitting your offer.

*"We didn't know where to begin...we were not sure we could even afford a home on our own. After meeting with your real estate specialists, we got educated and excited! We learned that we could be homeowners NOW! Thank You!!  
- Ben & Nancy Gorman*

**We Look Forward To Helping YOU Achieve The Dream Of Home Ownership!**