

5 WAYS TO SAVE UP TO \$18,000 ON THE PURCHASE OF YOUR NEW HOME

Buying a home can be a daunting task, especially when considering this is the largest purchase most individuals will ever make. Therefore, reducing the financial burden of a purchase of this magnitude is something every homeowner welcomes. This brief report will cover 5 ways to save you money on the purchase of your next home before, during, and after the closing process.

1. Be a Strong Buyer – Get Pre-Approved!!

When submitting an offer on a home it is important to make it stand out from the competition. By getting pre-approved for a loan prior to submitting any offers you will instantly make yourself a stronger buyer in the real estate market. Once you are pre-approved you will have a letter from your lender stating how much money you are qualified to borrow. Being pre-approved is not the same as being pre-qualified, which merely states an amount that you might be able to borrow.

It is important to find out the highest amount that 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. When you are ready to submit an offer, include a copy of your pre-approval letter. Sellers will favor offers that have a firm financial backing rather than offers with none.

If you plan to make an offer that is below your pre approved amount, request a second letter from your lender in the amount of your offer. Your lender should have no problems doing this since you are already approved for a larger amount. When a seller sees your offer and a pre approval letter for the same amount, the seller is less likely to ask for a higher price. In the seller's eyes you are making your highest offer. This tip alone can save you thousands on the purchase of your next home.



If you would like more information on how to become pre-approved for a loan amount, contact us at 877-888-4412 x 702 or visit our website at www.vgainvestments.com/buyahouse.html.

2. Increase Your Credit Score to Decrease Your Interest Rate

A credit score is a lender's 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 low interest rates 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 30% 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

3. Avoid Future Cost and Headaches with 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.

4. 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.

Starting with the closing process, you are allowed to make deductions for any "points" you pay to reduce the interest rate on your loan. A point is 1% of your loan amount. In

addition, the interest that you paid every month on your monthly mortgage bill is also a deductible, as well as your city, state, and county property taxes.

Another tax savings come 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.

\$8000 First Time Home Buyer Credit

Good news! If you fulfill all the criteria below you may be eligible to take advantage of the First Time Home Buyer Credit.

- ✓ A person is considered a first time buyer if he/she has not owned a home in the last 3 years,
- ✓ Any home purchased for \$80,000 or more, qualifies for the full \$8,000 tax credit.
- ✓ A true tax credit - not a repayable loan.
- ✓ Must purchase a principal residence before 12/01/09.
- ✓ Certain income restrictions do apply.
- ✓ Property purchased must be owner occupied.

You may also be eligible to receive your tax credit prior to filing your 2009 tax returns next April. As always, see your tax advisor for more information.*

For details on how to become a pre-approved buyer, take a few minutes and call us at 877-888-4412 x 708 for a complimentary consultation!

*VGA Investments and its affiliates are not a law firm or a tax advisor. Please consult your attorney and/or certified tax specialist to see if you qualify. In any way is VGA Investments practicing law or representing to practice law.

5. 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. We are professional rehabbers, if you have



seen an ugly house on the perfect location for you and your family, give us a call and we can try and buy it, fix it up "semi custom" and sell it back to you for a fraction of the price of a custom built or built to suit. For more details on how to save up to \$18,000 on the purchase of your next home visit www.vgainvestments.com or call the office at 877-888-4412 x 705.

Happy house hunting!!

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