

#### 10: BUYDOWNS

Sometimes it is possible to pay a fee up front to secure a lower interest rate. This may be a good option for you if you plan on staying in the home for seven years or more.

#### 11: SELLER-HELD SECONDS

Some sellers are willing to hold short term second mortgages. If your lender allows this, it could save you from having to pay mortgage insurance and keep your monthly payment down.

#### 12: ASSUMABLE LOANS

Check to see if the seller's loan is assumable. It's possible that the terms of their loan may be better than what you can get from your lender. Assumptions are feared by many sellers because not much is known about them. However, the assumption process is perfectly legal and safe.



#### 13. ASSET LIQUIDATION

Consider selling assets such as other real estate, jewelry, or a car to come up with the down payment. Keep receipts so that the funds can be easily traced back to the sale(s).

#### 14. SELLER CONCESSIONS

Negotiate seller concessions into your purchase agreement. It is not uncommon for sellers to pay some or all of a buyer's closing costs. This alone can save you thousands of dollars.

#### 15. SCRUTINIZE LENDER FEES

Fees vary by institution and can even differ among loan officers within the same bank. Analyze your lender's fees and question any that seem excessive. Typically origination fees, underwriting fees, and processing fees can be negotiated, as long as your loan is a straight forward, conventional loan with minimal issues. Get estimates from other lenders for the same loan product and amount to offer a comparison.

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# Buying a Home?



## 15 Ways to Slim Down Your Budget

# Keep Your Budget Lean with These Cost Cutting Tips

Between the purchase price, financing fees, inspection, survey, appraisal, and attorney's fees, it's easy for your home buying costs to get out of hand. Here are 15 ways to trim the fat from your budget and stretch your dollar further.

## 1: KNOW YOUR LIMITS

Map out all of your finances up front to determine your maximum purchase price. Leave room for the unexpected expenses that come with owning a home. Cap your monthly payment at 25% of your monthly take home pay. Any higher and you run the risk of being house poor.



## 2. WORK WITH A PRO

Partner with a real estate agent from the start to help you find bargains and avoid costly scams.

## 3. NEGOTIATE AN EARLY LEASE TERMINATION

Most landlords will work with tenants that are trying to purchase a new home. Let your landlord know early on that you are looking to buy and give them as much advance notice as possible. This gesture is appreciated, and can often save you from losing your deposit.

## 4. START YOUR SEARCH ONLINE

Time is money. Don't just schedule property showings blindly. Preview potential homes online first and provide your



agent with detailed search stipulations. By searching real estate databases, you'll get a feel for neighborhoods and narrow your search faster.

## 5. GET PRE-APPROVED

What *you* think you can afford may be very different than what a *bank* thinks. Don't risk bidding on a house that's beyond your reach. Get pre-approved for your mortgage up front and present a copy of your approval letter to your agent. Sellers will want to see this before entertaining your offer.

*Talk with your lender about the following ways to keep your payment closing costs low.*

## 6. DOWN-PAYMENT ASSISTANCE

While you will be required to put at least 5% down, there is a program that allows you to borrow the money from your retirement fund. This will cut your out of pocket expenses significantly.

## 7. VARIABLE INTEREST RATE

If you know that your income will increase over the coming years, or that you will only be in your house for a short time, a variable rate is a good way to keep monthly payments low. The rate starts out below market, and adjusts after a pre-determined time. Do not commit to an adjustment period lower than 3

years, and aim for 7 to 10.

## 8: LONGER LOANS

If a fixed rate is the only wise option for you, then opt for longer amortization periods. Conventional loans go up to 30 years, but some lenders are offering 40 year loans. Just remember that while your monthly payments will be lower, the total interest paid will go up with every additional year.

## 9: BORROWED DOWN PAYMENTS

Borrowing money from immediate family members is an acceptable way to gather a down payment. The more you can borrow from mom and dad, the lower your monthly payment will be. (Check with your lender about limits and guidelines.)