Buy Your Next Home AND Save Thousands In Interest And Taxes!

Buying a home can save you money. Do you know how?

First, you'll save on taxes because your home purchase will give you what's most likely your biggest tax deduction — the interest on your mortgage.

Second, you'll save big on interest payments while keeping that great tax break by taking advantage of little-known differences among mortgage plans.

Simply put, now you can buy your dream home AND save thousands in interest and taxes. For example, if you take a $100,000 loan for a 30-year term at the fixed interest rate, say, of 7%, you'll pay $139,511 in interest before the loan is repaid, if you keep it for the full 30 years. But by choosing a shorter term, you'll save literally thousands!

Choose A, B or C to reduce interest payments and make your dream home a reality.

A. Save With 15-Year Mortgage Plan

Want to save $77,721 in interest payments (and even more after tax deductions)? Then shorten that 30-year loan term to 15 years. Besides paying interest for a shorter term, which saves you money, you usually get a lower interest rate, which means you could save even more with a 15-year plan.

Another bonus is the equity in your home grows faster because a shorter term means you'll pay a little more of the principal each month than you would with a 30-year loan. On a 15-year loan at 7%, you would pay $899 monthly principal and interest, compared to a 30-year loan payment of $665.

B. Cut Your Interest With 13th Payment

On the 30-year, 7% loan, one extra payment per year saves $33,081 in interest and retires the mortgage in just over 23 years. On the 15-year mortgage, an extra principal and interest payment saves $8,280 and pays off the loan almost two years ahead of schedule. Either way, you save.

You can also save on interest expenses with another inside secret — simply by making one extra principal-only payment each year. By making that extra principal-only payment, you increase your equity in your home faster and reduce the interest portion of the payment faster than the traditional payment plan does. In this way, you cut several years off the life of the loan, thus reducing the total interest you pay.

Remember, there are two ways to make the 13th payment: One easy method is to add an amount each month equal to 1/12th of your monthly principal and interest payment (a little more than $55 for the $100,000 30-year loan above and just over $75 for the 15-year loan example).

Another way is to make one extra payment at the end of the year that includes an additional monthly principal and interest amount along with your regular monthly payment.

C. Bi-Weekly Savings Strategy

Bi-weekly payment plans involve making a payment every two weeks, usually to a third party who then sends the payment to the lender. The payment, made 26 times a year, equals one-half of a monthly payment.

Often lenders do not recommend or offer bi-weekly plans due to the added processing, and either of the first two 13th-payment methods above has the same effect as a bi-weekly payment program without any added fees or hassles with your lender. And, if money becomes tight, you can choose not to make the extra payment at any time.

In any case, be sure the payment is clearly labeled to go toward the loan principal only, and not toward a late fee or contribution to an escrow fund.