

FINDING THE CASH

1 Get an income tax refund on your monthly mortgage payment. Use the chart on page 3 to determine "Average Monthly Interest". EXAMPLE: A person in the 28-percent tax bracket, who meets the standard deduction, borrows \$75,000 at 8.25 percent interest for 30 years, and closes on May 30th.

<u>\$513.68</u>	Average Monthly Interest, first 12 months	<u>\$</u>	Average Monthly Interest, first 12 months
<u>x .28</u>	Tax rate (15, 28, 31)	<u>x</u>	Tax rate
<u>=\$143.83</u>	Average monthly tax break, first 12 months	<u>=\$</u>	Average monthly tax break, first 12 months
<u>x 7</u>	Number of payments, first tax year	<u>x</u>	Number of payments, first tax year
<u>=\$1006.81</u>	Additional refund possible for new buyer	<u>=</u>	Additional refund possible for new buyer

Informal loan against tax refund

\$

2 Take a first-year tax deduction for points paid on a mortgage. EXAMPLE: A person in a 28-percent tax bracket, who meets the standard deduction, pays 3.5 points to borrow \$75,000.

<u>\$75,000</u>	Total mortgage amount	<u>\$</u>	Total mortgage amount
<u>x .035</u>	Points (If 3.5 points, multiply by .035)	<u>x</u>	Points
<u>=\$2,625</u>	Deduction for points	<u>=\$</u>	Deduction for points
<u>x .28</u>	Tax rate (15, 28, 31)	<u>x</u>	Tax rate
<u>=\$735.00</u>	Additional refund possible for new buyer	<u>=</u>	Additional refund possible for new buyer

Informal loan against tax refund

\$

3 First-time buyers keep abreast of the news; there may be special federal tax incentives

\$

4 State-run programs, deductions, or tax credits may put money in your pocket

\$

5 Your employer may have a program to help workers buy a home

\$

6 Personal savings

\$

7 Sell something of value (boat, car, etc)

\$

8 Perhaps a relative or friend can GIVE (not lend) cash

\$

9 Borrow against a life-insurance policy or pension fund

\$

10 Cash in an IRA prematurely (consult a tax expert first)

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TOTAL "HIDDEN" FUNDS

\$

Average Monthly Interest (first 12 months)

Interest Rate	Average Monthly Interest Factor			Interest Rate	Average Monthly Interest Factor		
	15 Years	20 Years	30 Years		15 Years	20 Years	30 Years
4.25%	.460	.564	.714	9.25%	.738	.835	.934
4.50%	.480	.584	.735	9.50%	.747	.843	.939
4.75%	.498	.604	.753	9.75%	.756	.850	.943
5.00%	.516	.623	.771	10.00%	.765	.857	.947
5.25%	.533	.641	.787	10.25%	.773	.864	.951
5.50%	.550	.658	.802	10.50%	.781	.870	.954
5.75%	.566	.674	.816	10.75%	.789	.876	.958
6.00%	.581	.689	.829	11.00%	.796	.882	.961
6.25%	.596	.704	.841	11.25%	.804	.888	.963
6.50%	.610	.718	.853	11.50%	.811	.893	.966
6.75%	.624	.732	.863	11.75%	.817	.898	.968
7.00%	.638	.744	.873	12.00%	.824	.903	.971
7.25%	.650	.756	.882	12.25%	.830	.908	.973
7.50%	.663	.768	.890	12.50%	.836	.912	.975
7.75%	.675	.779	.898	12.75%	.842	.916	.976
8.00%	.686	.789	.905	13.00%	.847	.920	.978
8.25%	.697	.799	.912	13.25%	.853	.924	.980
8.50%	.708	.809	.918	13.50%	.858	.927	.981
8.75%	.718	.818	.924	13.75%	.863	.931	.982
9.00%	.728	.827	.929	14.00%	.868	.934	.984