

The amount of your down payment will determine the size of mortgage you need when buying a home. Saving more for your down payment will reduce your monthly payments. Saving faster will help you get into a new home sooner. Consider these eight ways to save more and save faster.

Accumulating a Down Payment on a Home

Figuring out how expensive of a house you can afford will largely depend on the level of your monthly payments. There will be property taxes, insurance and upkeep, but your monthly payments will probably be the most important part of your decision.

The fine line you walk when determining a level of down payment is based on the level of mortgage payments you can afford and how much money you have for the down payment. Mortgage rates are constantly changing and there are all different types of mortgages available.

Estimating your mortgage payments

Here is a chart showing monthly payment levels for different amounts at different interest rates. It reflects using a 30-year fixed mortgage. Payments with a 15-year mortgage will be higher, but you will pay off the mortgage sooner and pay much less interest over the life of the mortgage.

Monthly Mortgage Payments at different interest rates (30-year fixed rate mortgage)						
Mortgage amounts	4%	4.5%	5%	5.5%	6%	6.5%
\$50,000	238.71	253.34	268.41	283.89	299.78	316.03
\$75,000	358.06	380.01	402.62	425.84	449.66	474.05
\$100,000	477.42	506.69	536.82	567.79	599.55	632.07
\$150,000	716.12	760.03	805.23	851.68	899.33	948.10
\$200,000	954.83	1,013.37	1073.64	1,135.58	1,199.10	1,264.14

If you are looking at mortgages of different levels, you can use the chart to estimate or use our [Mortgage Loan Calculator](#) located on our Resource page at WSBonline.com.

Accumulating a Down Payment

Most lenders require certain levels of down payments to consider you for a mortgage. It often ranges from 5% of the purchase price to 25%. The larger the down payment, the more comfortable they will probably be giving you the mortgage. However, you should also remember that it may be nice to have some extra money available after you move into your new home. New carpeting, new furniture or improving the landscaping all takes money. You should not stretch yourself too thin.

Here are some ways to consider building funds for the down payment.

1. **Save.** As simple as it sounds, most people end up saving for a couple of years to accumulate the amount needed. This may mean less or cheaper entertainment or dining out. One easy way to save is to enroll for an automatic savings plan at WaterStone Bank. Have a certain amount transferred from your checking account to a dedicated savings account, like our High Yield Savings account each month..
2. **Borrow the down payment from your retirement plan.** Many company sponsored 401(k) or profit sharing plans have provisions that allow you to do this. Check the details of your plan. The Human Resources or Payroll department at your work can help.

3. **Move.** Living in a cheaper apartment while you accumulate your down payment can help you save faster. Cheaper rent may balance off a longer commute to your job. If you are just starting out or are considering changing jobs, you may want to consider an area that has lower costs of living.
4. **Reduce other high interest rate debt.** Paying off credit cards will take some of your savings, but you will not be paying the high rates usually found with credit cards.
5. **Sell some of your investments.**
6. **Get a second job and save your earnings.**
7. **Skip a year's vacation.**
8. **Borrow from your parents.** Many parents are willing to support their children with the purchase of a first home. Be respectful of their generosity.

Buying a home, especially a first home, is a big financial and emotional step. If buying a home is important to you, do your financial homework. Make sure you investigate your mortgage options and determine what level of monthly mortgage payments will be affordable and comfortable. Use some discipline to save your down payment.