

Research has shown time and again one of the greatest hurdles to home buying is coming up with the, sometimes dreaded, down payment. Here are a few softer practical strategies to help you clear the hurdle and come up with the cash you need.

6 Steps to Saving for a Down Payment

1. Plan for progress – Your Dream Budget.

Saving isn't all dollars and cents, it's a little emotional. That's why we recommend finding a few visuals to remind you why you're in the saving game. They could be photos or a list of features of your dream home. Whatever your focal point, we recommend storing it close to your budget, wallet, or in the place you pay bills to remind you of what you're working for.

2. Slow your Spending – The 10-day rule.

The biggest enemy of spending is the impulse buy. So, for purchases over \$25 exercise some self-discipline and give yourself 10-days to decide, Is this purchase for a real need or a want?

3. Avoid the Convenience.

Your mother was right, good things take time...and so do cheap things. From coffee on the go to lavish meals out, most consumers are paying quite a bit for convenience. Try to avoid your local convenience stores and become friends with your kitchen to help your bottom line.

4. Drink More Water.

According to the National Soft Drink Association, the average American Household spends about \$850 annually on sweetened drinks. In contrast, water costs just a penny per gallon. Do this and you'll start your life as a homeowner not only richer, but a bit healthier too.

5. Track Expenses - Face Your Truth.

We scoured the net and all the experts agree, the only thing more powerful than creating a budget is actually reading and tracking it. We suggest you schedule some time with yourself every week to face the truth about your spending habits and find new ways you can save.

6. Eliminate the excess spending.

Locate the excess in your budget and slash it. Trade the gym for home workouts, expensive movie nights for checking out free videos from the library, and keep an eye out at the end of each month for services you aren't using.

Serious Sources for a Down Payment

These suggestions aren't for the faint at heart. But, if you're serious about saving up these sure fire moves will help you reach your goal.

Payroll Deductions: One of the best ways to save money is to hide it from yourself. Payroll deductions or allocating a piece of your direct deposit to a special savings account can be a great way to trick yourself into saving.

Tax Refund: You know it's coming, why not use it toward your down payment? If you're really serious about home ownership, talk to an accountant about tax planning to make sure there is a little green at the end of the year to help you with your down payment.

Borrow from the 401k: It's not losing your retirement, it's more so using a piece of one investment to make another. First-time homebuyers can one-time borrow up to \$10,000 from their Individual Retirement Accounts (IRAs) without paying the early withdrawal fees. Be sure to talk to your 401k or IRA administrator to find out how it will impact your retirement.

More Work: Yes, we said it; more work. If you're serious about reaching your down payment goal, consider spending a few hours working part-time. 10 hours/ week at \$10/hour all year will get you \$5200 closer to your goal.