

ALL CASH OR LOAN-ENABLED HOME PURCHASE

Which one is right for you?

When you think about how to pay for a new home, you might think “mortgage.” But all-cash purchases are on the rise.

Why are people opting for all-cash purchases?

Unsurprisingly, many all-cash buyers have already built significant wealth — often with equity in other properties.



56% of all-cash purchases were for vacation homes in 2023



42% were for investment properties in 2023

For those with the cash on hand, an all-cash purchase offers several benefits:

More competitive offers

No interest costs

More flexibility



But there are some potential downsides, too:

Less cash on hand after the purchase

You'll miss out on returns your money would have generated from your investments

Financing has major advantages for potential buyers

For many, a loan-enabled purchase is the only feasible way to buy a home. But loan-enabled purchases have benefits for everyone:



Keep more cash on hand to cover future expenses



Continue earning money from your investments

Plus, mortgages today are flexible — and you can adapt your financing to your needs

You've got plenty of options to find a balance of cash and financing that suits your financial goals.

Consider:

- ✓ Making a larger down payment
- ✓ Choosing a mortgage that allows you to make extra payments
- ✓ Getting a Home Equity Line of Credit (HELOC) so you can leverage your home equity to access cash
- ✓ Delayed financing, so you can pay in cash upfront and get a mortgage later

Pro tip: Extra money from tax refunds, inheritances or work bonuses can help you pay down your mortgage faster

Which option is right for you?

Every situation is unique and these tips can help you find the right solution.

- 1 Consider your goals:** Need a large amount of cash on hand? A loan may make the most sense.
- 2 Know the penalties for accessing your cash:** Some accounts, like registered retirement accounts, may charge penalties or taxes for early withdrawals.
- 3 Crunch the numbers:** Compare the cost of financing with the potential returns from keeping your money invested.

Get support from a home loan team you can count on

Finding the right home is a big decision — and whether you're buying your first home, upgrading, refinancing or investing in a new property, we're here to support you every step of the way.

When you're ready, reach out to a **lending expert at your local Northwest financial center** or call **1-888-884-4626**.