



Roadmap to Financial Success for Entrepreneurs

By
Alex Barrón
& Jorge Zavala





MAKING WISE PURCHASES





How to Make Wise Purchases

Purchases are those things that Have lasting Value and can last for several years or a lifetime.

- A House
- A Car
- Furniture
- Jewelry
- Art
- Collectibles



How to Finance Your Purchases

Purchases are often financed using long-term debt. For example

- A mortgage
- A car loan
- Store credit

The key is to focus on paying them off as quickly as possible to minimize the cost of Interest.



Buying a Home is Good, but Paying Interest is Not

"Through wisdom is an house builded; and by understanding it is established: And by knowledge shall the chambers be filled with all precious and pleasant riches."— Proverbs 24:3-4

"To own his own domicile and to have it a place he is proud to care for, puts confidence in a man's heart and greater effort behind all his endeavors. Therefore, do I recommend that every man own the roof that shelters him and his.

When the house be built, you can pay the money lender with the same regularity as you did pay the landlord. Because each payment will reduce your indebtedness to the money lender, a few years will satisfy his loan.

Then will your heart be glad because you will own in your own right a valuable property and your only cost will be the king's taxes.

Thus come many blessings to the man who owns his own house. And greatly will it reduce his cost of living, making available more of his earnings for pleasures and the gratification of his desires. Own your own home."

- Arkad, The Richest Man in Babylon



Keys for Buying a Home vs. Common Mistakes

Tips to a Good Purchase

- Owning is better than renting.
- Buy a home where you spend less than 25% of gross income.
- Make extra payments to principal each month.
- Put down a sizable down payment – 20% minimum.
- Buy or live close to your job.
- Shop around for a low interest rate.
- Pay your property taxes on time.
- Pay off your home ASAP – Ideally in less than 10 years.

Avoid Common Mistakes

- Don't rent or lease if possible.
- If you do rent, don't get something fancy. Get something cheap.
- If you only pay the minimum payment, you will end up paying as much as 2-3x due to Interest!
- Avoid paying mortgage insurance.
- Avoid using your home as an ATM.
- Ignore advice that having a mortgage is “good debt” because the interest is tax deductible.



Keys for Buying a Car vs. Common Mistakes

Tips to a Good Purchase

- Buy a car you can afford.
- If you can buy a car that is 1-2 years old and has low miles.
- Ideally pay it off in cash or at most pay it off within 2 years.
- Shop around for a low interest rate – it should be less than 5%.
- Be a good driver – insurance companies can give you big discounts.

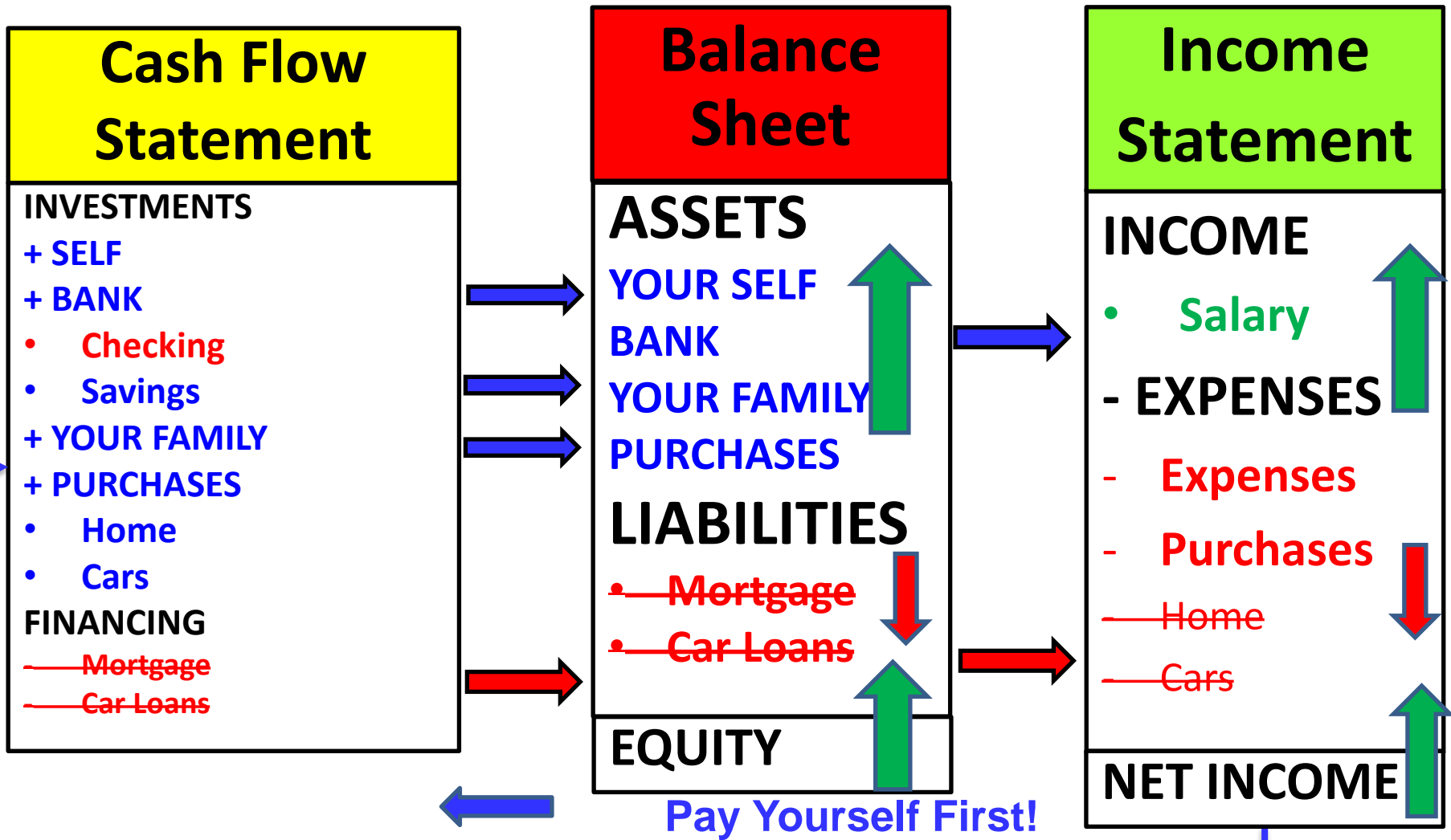
Avoid Common Mistakes

- Don't lease – it is the most expensive way to own a car.
- Try to not buy a new car – it loses 20% the first day.
- If you have a very old car sell it as soon as it starts to break down often – repairs can be costly.
- Don't buy a car or truck that has low gas mileage.
- Avoid high interest rates – 10% or more are Big No's!
- Don't co-sign for anyone else.



Own Your Own Home & Cars Free and Clear

Pay off your Purchases ASAP!





Time to Change Your Script Regarding your Purchases

Old Script

- A mortgage is a form of “good debt”.
- Mortgage interest is tax deductible so I have no reason to pay off my home quickly.
- I will refinance often when interest rates drop.
- I will use my home as an ATM and take out the home equity.

New Script

- I will live the Life of my Dreams.
- My home is my castle.
- I will pay off my home and my cars ASAP.
- I owe nothing to anyone.



Questions?
Comments?

