

# Is Home Ownership Right for You?



Buying a home is one of the most important and emotional decisions you will make in your lifetime. Before you get started you must answer an important question: is home ownership right for me?

To help you answer whether home ownership is right for you, there are a few questions you can ask yourself:

- Can I afford to own a home?
  - Affordability rule #1: your monthly housing costs should not be more than 35% of your gross monthly income. Housing costs include your monthly mortgage payments (including mortgage insurance), property taxes and heating expenses.
  - Affordability rule #2: your entire monthly debt load should not be more than 42% of your gross monthly income. Your entire monthly debt load includes your housing costs plus all your other debt payments (car loans or leases, credit card payments, lines of credit payments, etc.).
- What are the pros and cons of renting vs. buying?
  - Example:
    - Renting pro: housing costs are typically included in monthly rental payments.
    - Renting con: unable to renovate the property to your personal taste or functional needs.
    - Buying pro: building your own equity rather than paying into someone else's.
    - Buying con: housing costs and added maintenance responsibilities will be higher when you own your home.
- Am I financially stable for the foreseeable future?
  - Are you in a stable career?

- Are you at risk for layoffs, strikes, or relocation?
- Am I ready to take on the responsibility of all the costs involved in homeownership including mortgage payments, repairs, and maintenance?
  - Not to mention the costs involved with purchasing a home: the down payment, closing costs, up-front costs, and more.

**Tips:**

- Meet with a credit union Mortgage Specialist to get a mortgage pre-approval. A pre-approval is a sure way to know exactly what you can afford, what your interest rate will be, and puts you in a great position when making an offer. All this and no obligation to buy!