Don’t Be *House Poor*

Having the biggest and best home on the block sounds great – but not if it is at the expense of your life and monthly finances! Be smart about your budget and avoid buying a home at the very top of your pre-approval value, which might lead to cash flow issues and being “house poor” down the line.

Home Expenses

When it comes to your home, it is more than just your purchase price and mortgage cost. While you might be able to afford to buy a $800,000 home, can you also afford the maintenance, property taxes, utilities and more?

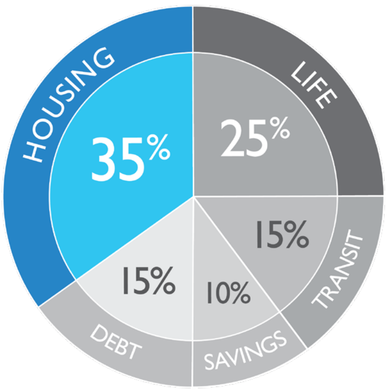
When it comes to your home expenses and overall monthly budget, the goal is that the costs to maintain your home do not exceed 35% of your total monthly income.

Monthly Budget

To help you keep track of your finances, consider breaking up your monthly budget into the following categories:

- **Housing** – mortgage payments, property taxes, utilities, etc.
- **Transit** – car payments or transit passes, gas, maintenance, etc.
- **Debt** – payments to credit cards, lines of credit, etc.
- **Savings** – your long-term savings for retirement, etc.
- **Life** – food, vacations, fun, medical, childcare, etc.

From there, you would want to look at how much you spend on each category. The below is a good rule of thumb:



By spending too much on housing, you are forced to sacrifice in other areas of spending such as your life or savings, but it is better to be life **RICH** than house **POOR**.

If you’re not sure what you should budget for your new home, or have questions about making your home costs more affordable (such as changing your mortgage payments), please don’t hesitate to reach out to me today!

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