



Are You Financially Ready to Purchase a Home?

National credit, housing counseling agency Take Charge America shares important stepping stones

PHOENIX – (Sept. 12, 2018) – A home is typically an individual’s greatest investment. While house hunting can be exciting, it’s critical that buyers consider hidden costs that aren’t included in the home’s sale price.

“Jumping into home ownership unprepared can be the start of a financial downfall,” said Mike Sullivan, a personal finance consultant with Take Charge America, [a national non-profit credit counseling and housing counseling agency](#). “Owning a home goes far beyond paying the mortgage and utilities each month. New homeowners should conduct research to ensure they are financially prepared.”

Sullivan offers five financial considerations for potential homeowners:

- 1. Calculate real cost of home ownership** – A home comes with additional costs on top of the mortgage, including maintenance, utilities, property taxes, insurance, homeowners’ association fees, landscaping, moving and more. Before you begin house hunting, calculate the estimated costs of these items to get a realistic picture of monthly expenses.
- 2. Consider your financial health** – Many people drain their savings to cover a down payment, leaving minimal funds for emergencies, which can result in increased debt once they move in. If you have excessive debt, a low credit score, no emergency fund or struggle with budgeting, work on improving those areas first.
- 3. Tally what you can realistically afford** – Many people end up “house poor,” pinching pennies in other areas of their life because they purchased a larger house than they could afford. It’s generally advised that the sum of your monthly mortgage and related housing costs shouldn’t exceed a third of your income. When coupled with other debts, such as a car or student loan payment, total costs shouldn’t exceed 40 percent. Determine the amount of space you need and utilize [online financial calculators](#) to create your budget.
- 4. Get pre-approved for a mortgage** – Lenders offer pre-approval for mortgages based on your income, debt and credit history. When you’re pre-approved, you’re in a better position to make a serious offer on a house, and you can focus your search effectively. However, don’t assume you’re guaranteed a mortgage if you’re pre-approved. This isn’t the time to get a new job, open new credit cards or buy a car – all of which set off red flags for lenders.
- 5. Assess your future living arrangements** – Do you plan to move in the next few years, or do you want to settle down? If you don’t see yourself staying in one place for more than three years, consider renting. You’ll avoid the extra work and costs associated with selling your home, and you can save for whenever wanderlust strikes.

Many local and state programs are available for down-payment assistance. To qualify, prospective homebuyers must meet certain criteria and complete a HUD-approved [Homebuyer Education](#)

[Workshop](#), such as the online course offered by Take Charge America. The course is ideal for anyone new to the home-buying process, covering need-to-know terminology, getting the best deal, loan documentation, avoiding predatory lenders and more. Prospective homebuyers should research available programs in their state before starting the home buying process.

About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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