

## 9. Is There More to Home Buying?

---

Finding and purchasing your home can be an exciting and overwhelming process. You may be relieved once you finally take possession of your new house but be aware that the financial responsibilities of homeownership are just beginning.

### **Make Your Mortgage Payments on Time**

Whether monthly, biweekly or weekly, be sure that you always make your mortgage payments on time. Making late payments (delinquency) may result in late charges and negatively affect your credit rating. Failing to make payments can even lead to more serious consequences like foreclosure.

A good way to prevent late payments is to have the amount automatically deducted from your account every month and to put at least three months' worth of mortgage payments in savings for emergency situations. If you are having trouble making payments, discuss the situation with your lender.

### **Costs of Operating a Home**

Besides your mortgage, property taxes and insurance, there are many other ongoing costs related to operating your home. They include maintenance and repair, costs for services such as security alarm services, snow removal services and gardening services (if you wish to pay for these). If you have a condominium or strata, some of these expenses may be included as part of your monthly maintenance fee.

### **Saving for Emergencies**

Even if you know how to do repairs yourself, there are costs involved. Every building has a life cycle, which means that all parts of a building age and require major repairs or replacement at some point. For example, you might know that your roof will have to be replaced in a few years simply because of its age. Repairs like these are expected and can be planned for. However, many repairs are unexpected and can sometimes be costly.

Set aside an emergency fund to deal with unexpected problems ranging from major repairs to illness and job loss. A good guideline is saving 5% of your take-home pay and putting it in a special account.

### **Living Within Your Budget**

Prepare a monthly budget and stick to it. You should monitor your spending every month and evaluate your progress in meeting your financial goals. If you continue to spend more than you are bringing in, you must find ways to cut back. If you are having trouble sticking to your budget, don't hesitate to ask a professional money manager for help.