

beyond the mortgage: true costs of homeownership

To be a successful homeowner, what are all of the costs to consider? Affording a mortgage payment, which includes principal, interest, taxes and insurance, is a major part of the equation, but there are several additional costs to prepare for now—and throughout homeownership.

Expenses beyond your mortgage payment may include:

private mortgage insurance

If you finance more than 80 percent of your home's value, you will need to pay for mortgage insurance. If required, this may result in an increased monthly payment, an additional up-front cost at closing, or both.

taxes and insurance changes

With a fixed-rate mortgage, the principal and interest amounts remain the same throughout the life of the loan, but taxes and insurance may fluctuate annually. While those costs may go up or down, it's best to plan for increases. Additionally, if you buy in an area that is still being developed, you may pay an additional tax to support the build-out of the community.

homeowners association (HOA) fees

Homeowners associations provide benefits such as amenities and upkeep to the common areas of a building or development. When you buy a home that has an HOA, you are obligated to pay an HOA fee. Townhomes and condos usually have higher HOA fees compared to detached homes.

ongoing maintenance

You will need to set aside savings to help with ongoing maintenance costs of owning a home. There will be periodic maintenance (such as changing furnace filters, air duct cleaning, etc.) and possibly unexpected expenses (such as sewer line blockage, water heater replacement, etc.). On average, homeowners will spend between 1 to 4 percent of a home's value annually on maintenance and repairs, which tend to increase as the house ages. (www.usnews.com)

Remember, homeownership is an investment in your future and stability. Take pride in your investment and the responsibilities that come with it.

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