

SHOULD YOU BUY A HOUSE?

When it comes to financial planning, that is the question. The relative merits of buying a home vs. renting one are one of the biggest debates out there right now. So, we gotta tackle this sucker first.

If you haven't already noticed, owning a home is almost universally considered a good thing. You'll hear it touted by your favorite spewers of conventional financial wisdom. After all, it's the American dream! Or so they say.

It's the white picket fence, keeping up with the Joneses shit. It's understood as a sign that you've got it together, that you're "adulting" like a pro.

It's the "apple pie" of money advice. Who argues against apple pie? Well... this girl does.

Hey, I love apple pie. Sometimes, at the proper temperature and with the right amount of whipped cream or ice cream, it can be amazing. But you know what? I don't want to eat it every day, for a number of different reasons: it could be nasty quality; or I could feel full, fat, bloated; or I could just be in the mood for something else. Same goes with buying a home. When it's good, it can be a great thing. It also might not be right for you at this particular time in your life.

And apparently many Millennials agree with me: the home ownership for 18-34 year olds has fallen to a historic low of 13.2%.

Get control of your pure, kneejerk cravings, and get smart about your consumption. Here are the three things you need to say "hell yes" to before QUIZ © COPYRIGHT 2018 NICOLE LAPIN even considering buying a home:

1. You are gonna live in it for a while.
2. You can afford it.
3. You have a steady job that you love.

Did you "hell yes" all three? Time for a bullshit test.

First, are you really, in full faith, going to stay in a home for an extended period of time? Let's say five years. Still sure? Things change... people move, get fired, promoted, hitched,

preggo, etc. Yeah, life happens unexpectedly, but if you know or have a strong hunch you're going to need to move soon for whatever reason, you should not buy. Period.

Sorry, that was a little harsh...you deserve an explanation. A home is not just about playing house. It's an asset, and it's an illiquid* one, which means it's hard to "melt" into cash when you need it. And if you need to move, you're going to be thirsty for money, but that home is going to take time to sell. Nothing is more annoying than trying to drink from a frozen water bottle when you're parched, am I right? So although you might not be hungry (or thirsty) for money now, there's probably a good chance you will be in the future.

Next, can you afford it? I mean, really afford it. Almost everyone needs a mortgage to be able to buy a home, especially firsttime buyers. Typically you need about 20% of the total cost of the house in cash for a down payment, although in some cases you might be able to put down less in exchange for a larger mortgage loan. Do you have that? You can sometimes take out a second loan to cover the down payment, but that just means you actually don't own any of the house, at least in the beginning, and your monthly payments will be a lot higher. (As you can probably tell, I don't love this option).

And finally, do you love your job and want to keep it for a long time? If QUIZ © COPYRIGHT 2018 NICOLE LAPIN you're unhappy about your job and looking into new opportunities, you can forget about buying. Job uncertainty makes for terrible timing to make an investment this enormous.

You should also leave the door open (pun intended) for any opportunity that might come up... which, should you take the job, might demand moving.

The zinger beyond having the money for the house itself, whichever way you go on the down payment, is closing costs. You'll need to set aside approximately 3% of the purchase price (as much as \$10,000 on a \$350,000 house) in closing costs on top of the down payment.

If you're still dead set on buying, here's a lil' quiz to see if you are considering everything. And I might be belaboring this, but this is the first chapter on spending for a reason. It's damn important to the success of your whole financial life.

Let's assume you are looking at buying a \$250,000 house (I used that figure for quick math, but you can easily gauge your particular numbers based off it).

1. Do you have \$50,000 in the bank for a down payment?
2. Do you have roughly \$5,000 to \$10,000 for other stuff like real estate taxes and insurance?
3. Are you totally cool with about a \$1,500 monthly payment (assuming low interest rates)?
4. Got \$3,000 to \$5,000 for closing costs?
5. You all set with moving costs and other big expenses when you move in (furniture, renovations, appliances)?
6. Are you down with maintaining all those appliances? Hiring plumbers, landscapers, exterminators, snowplowers and whomever else for work to be done on your property? Do you look in the mirror and see yourself as a superintendent? I would account for about 1% of the home value in maintenance costs per year— so got another \$2,500?
7. Have you shopped around the neighborhood and couldn't find a similar house or apartment for less rent than what you'd be paying for your mortgage?

If you answered yes to EVERY single question and will live in your home for a few years, then you're looking like a good candidate for buying.

The list is for you to mull over, and the questions are yours to answer. You can't change houses like you can outfits. Ask yourself: can you be happy in a rental? What's more important to you: not having the headaches of repairs and upkeep or being totally in charge of what happens to your place? There's no failure in renting vs. buying. Whichever one you choose, ask yourself if you're taking on expenses you can comfortably afford. Any home that sinks you financially is a prison, no matter how nice it is.