

THE REAL COST OF BEING A HOME OWNER

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Are you finally out of your cramped and limited apartment and now the proud owner of your own beautiful home? After the excitement of the celebration and home owners' party settles down, it may be time to consider the impact on your personal budget.

Let's review the new costs involved with that great yard for the new dog and private garden, your own personal roof over your head, and those wonderful extra bedrooms and baths.

Suddenly, coasting down the aisles of Home Depot and Lowe's has become your new weekend sport. Between your TV and handy remote, you can channel surf all the home remodeling and decorating shows and have your brain bulging with ideas to last you a lifetime. At the same time, you never realized how many new items were going to slowly start filling up your spacious new two-car garage – and add a whole new “home maintenance” line item to your budget - garbage cans, lawn mowers, hoses, rakes, shovels, snow blowers, leaf blowers, ladders, tool bench and more.

And that wonderful roof over your head! Who would have known that little critters also love a roof over their head, especially if it provides the convenience of some warmth, security and space. Of course, if they are hungry or needing to nest, they may find those various lines and insulation worth a nibble. The gutters or chimney can always act as a back up home for some other critters in the neighborhood.

Eventually, those quiet little squatters will create dams, leaks, noises, and ultimately another line item of “home repairs” to your budget including roof, gutter and chimney cleaning. Might as well be prepared for future surprises with the whole house - older appliances, furnace, boiler, hot water heater, septic as well.

Well, let's move inside and see how being a homeowner has changed your budget. Having so much space is great. You can't wait to give those bare walls and windows your personal touch. Back to Home Depot, Lowes, OSH, and Costco - and maybe a few other stores. Time to look for shelving, wall paper, paint, window coverings, closet organizers, new faucets, light fixtures and other handy items. Let's not forget the new guest bathroom. How fun to shop for fresh new towels, soaps, candles, picture frames, mirror, rugs and that matching vanity bathroom set. Yes, we better increase –perhaps double - the “home furnishings” budget.

So all those 10 years of diligently saving money to own your first home, plus saving money by not having homeowner expenses, will finally pay off. You probably just didn't expect it to all go in one fell swoop the first year!

And one final budget item, well rather a BIG budget item – taxes and insurances. Renters Insurance may have been a reasonable bill to manage. Now, you're realizing as a proud homeowner, there are expenses like property taxes, homeowner's insurance, mortgage insurance, liability insurance, earthquake/disaster insurance. Actually, it may not be a bad idea to increase the life insurance now, just in case.

You're probably wondering why someone didn't give you more warning ahead of time for your budget. Somehow in hindsight, renting is starting to look more carefree and like quite a bargain. That is, until you start looking at the tax deductions of the property tax and mortgage interest, and then hopefully some significant yearly appreciation of the value of your home over the next many years if the real estate market continues its climb.

And yet, over all, do remember to focus on the joy and satisfaction of this new home ownership status. Having your own castle, a yard for your children play and pets to run, a place to keep the morning frost off your car windshield certainly has its tangible and intangible advantages.

Now just might be the time to add a new line item on your budget called "Reserves for Home Ownership" and start saving once again. This time you want to plan for all the future remodeling projects, new appliances and of course all the exciting surprises that are sure to come up as time goes by.

Judy Lawrence is a Budget Coach and Counselor in Silicon Valley. Her best-selling book, [The Budget Kit: Common Cents Money Management](#) 4th Edition, sold over 350,000 copies. If you would like a 30-minute free phone consultation, sign up for the free e-course or free newsletter, or just find out more about her services, teleseminars and books, you can reach her at www.moneytracker.com or judy@moneytracker.com or 1-800-283-4380 (1-800-Budget-0) or 408-747-9589.