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Even though we may have seen many families lose their homes, owning a home in the U.S. continues to be an important strategy to invest in the future and provide family financial stability and security. Estimates are that more than 90% of U.S. homeowners are current with their payments. *So why did people lose homes and how can those who still have a home, keep it?*

Here are three considerations.

The first way to keep a home is to recognize the importance of home ownership. When I teach first time homebuyer workshops, the “cardinal” rule for their future is that each month the mortgage is the first payment of the month! It doesn’t matter if you have an unexpected expense or are planning a special event, if you own a home -- you always make the mortgage payment! Unfortunately, people who lost their homes may have “over purchased” their house and found themselves with a payment that was just too large for their income. Perhaps they took out a second mortgage and the combined total of two mortgage payments were just too much to handle. *Is/are your house payment(s) within the safe boundaries of your income?*

Another way to keep and maintain a home is to make sound financial decisions for home expenses. I’m assuming that many people in the U.S. who lost their homes were facing monthly housing expenses that also exceeded the boundaries of their monthly income. Studies of families who have gone through foreclosure suggest that when total monthly housing expenses exceed 40% of monthly net income, there probably is not enough income left to cover other monthly household expenses.

Do your monthly housing expenses exceed your monthly net income? Too often when people think of housing expenses, they only think of mortgage (principal, interest, taxes, insurance) and/or second mortgage (if you have one) payments. I also include on the list electricity, heat, water, sewer, garbage, telephone (land and cell), cable/satellite television, Internet, home maintenance, as well as furniture/appliance payments.

If you put more than 50% of net income into housing expenses (including mortgage), you may need to consider what impact that is having on other expenses. *Do you find yourself with more month than money? Are you using credit cards to cover other than housing expenses?*

The most realistic way to answer these questions is to look at your monthly spending plan. By comparing income and expenses, your monthly plan will help you organize and control spending in all categories – housing, transportation, health, food, payments, personal, recreation/entertainment and savings.

Savings or building a reserve of money for housing should be on everyone’s spending plan is the third important strategy for keeping your house. *Do you have 1 or 2 mortgage payments in the bank should you have a decrease or loss of your income? Do you have an emergency housing fund to cover unexpected housing expenses or an insurance deduction for a loss? Do you have a housing fund for future purchases such as major appliances or furniture?*

Follow these housing strategies and you will be on your way to *keeping* your long-term investment!

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