



## IS THERE MORE TO HOMEBUYING?

The costs of homeownership can add up fast. You need to make sure that you have enough money for mortgage payments and other ongoing operating costs, as well as make sure you have an emergency fund. Here are some of the costs of owning a house.

### Mortgage Payments

It is important that you always make your mortgage payments on time. Not making a payment, or paying late, can result in serious problems such as late charges, and affect your overall credit rating. Failing to make payments can also lead to more serious consequences like foreclosure, which means losing your home to the bank or credit union.

To prevent these problems:

- have the mortgage payment automatically taken out of your account every month; and
- put at least three months' worth of mortgage payments in a savings account for emergency situations.

If you are having trouble making payments, discuss the situation with your bank or credit union. There may be ways that they can help you.

### Costs of operating a home

Besides your mortgage, property taxes and insurance, there are many other ongoing costs related to your home, including:

- maintenance and repair; and
- service costs, such as security alarm services, snow removal services and gardening services.

If you have a condominium or strata, some of these expenses may be included as part of your monthly maintenance fee.

### Saving for Emergencies

As your home ages, it will require repairs at some point. Many repairs are unexpected and can sometimes be costly.

To be prepared for these expenses, set aside an emergency fund to deal with unexpected problems. A good guideline is to save five per cent of your salary and put it in a special account.

### Living within a budget

Prepare a monthly budget and stick to it.

- You should keep track of your spending every month and make sure that you are working towards meeting your financial goals.
- If you continue to spend more than you make, you must find ways to spend less.
- If you are having trouble sticking to your budget, ask a professional money manager for help.

For more homebuying tips, contact me or visit CMHC's interactive Step by Step Guide at [www.cmhc.ca](http://www.cmhc.ca). CMHC is Canada's largest provider of mortgage loan insurance, helping Canadians buy a home with as little as five per cent down. Ask your mortgage professional about CMHC.



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