

# Apartment Therapy | Bonnie Heatzig Contributes to 8 Questions to Ask Yourself Before Buying

BY TERRI WILLIAMS | published SEP 3, 2020



It's been drilled into your head that homeownership is the American Dream, right? Understandably, buying a house is billed as one of life's most important milestones. But what never seems to come up is that it's not the right decision for everyone. While some Americans wouldn't dream of *not* owning a home, a recent Bankrate survey found that 44 percent of homeowners—and 63 percent of millennial homeowners—actually regretted their home purchase.

To help ensure you never fall into that category, these are the 8 questions you should ask yourself before buying a house for the first time.

### What is my motive?

A home will likely be the largest purchase you'll ever make—and it'll drastically affect your lifestyle. So FOMO, or trying to keep up with the Joneses, should not be a determining factor in your decision. Even if all of your friends are homeowners, that doesn't mean it's the right choice for you. (Cue your parents asking, "If everyone jumped off of a bridge, would you jump off, too?")

With that said, you shouldn't purchase a house thinking it will solve problems that could follow you wherever you live. Let's say you hate cigarette smoke, for example, and in every apartment you've ever rented, there was a smoker living next door. It may seem like buying a house will be the ticket to stop smoke from seeping through the walls. But what happens if you buy a house and end up next to a family of smokers? Replace smoking with loud music or whatever else drives you crazy—just know that buying a house won't always make neighborly problems go away.

What is my magic number?

Your credit score could be a major factor in your homebuying decision—and a good credit score makes a world of difference. "A lower credit score could impact your interest rate and even your ability to secure a home loan at all," warns [Bonnie Heatzig](#), a realtor in Palm Beach, Florida. "On the other hand, the higher your credit score, the better the interest rate and mortgage terms for your new home."

One factor that determines your credit score? Debt. [Heatzig](#) recommends, for example, that you pay down credit card debt before you even attempt to start the mortgage loan process. "Pull a copy of your credit report and know where you stand," she says.

Is it cheaper for me to rent or own?

Depending on the real estate market where you live—and your financial health—it might be better to keep renting rather than to buy a house. But in most markets outside of major metropolitan areas, buying is cheaper and allows you to start building wealth.

In Bridgehampton, N.Y., for example, real estate agent [Sara Burack](#) explains that in her market, it's definitely cheaper to buy than to rent. "At the end of your lease, you just pack up and leave; you have no equity involved," she explains. "With a purchase, the property becomes an asset, which, at a later date, you will be able to leverage."

Burack also urges prospective buyers to take advantage of this year's historically low interest rates. "The average homebuyer can purchase at a 3 percent interest rate right now, so over time you are locked in at this rate, whereas rents keep increasing." And she says even with property taxes, the total cost is usually lower than rent in a comparable space. (But don't forget that your credit score may determine your particular interest rate.)



## How much can I actually afford?

A better question is: how much home can you *comfortably* afford? Your mortgage lender will crunch the numbers to let you know much you can technically afford. “How much you’re comfortable with as a monthly payment doesn’t mean the same thing as how much you’re qualified to buy,” explains Kimberly Mann, team leader at TAMP Homes in Racine, Wis.

**Heatzig** agrees, and says you can expect your operating expenses to be roughly 40 percent of your monthly mortgage payment. “These easy-to-forget extra expenses include taxes, property insurance, and maintenance of the property: operating costs that you would otherwise not have to pay if you are renting,” she says. To find out if you can handle it, **Heatzig** recommends saving an additional 40 percent of your rent payment in a savings account each month. If you can do this for several months without struggling, you may be ready to purchase a house.

There are a few other factors you should consider as well. For example, if you love to travel (and you don’t want to give up this activity) Mann recommends spending no more than 30 percent of your income on a house. “However, if your passions are gardening or renovating or decorating or any hobby that is done from inside a home, then you might want to spend a higher percentage of your income on the home, because it will be a larger part of your life,” she says.

## Is the location desirable?

Here’s something else to consider: what do you plan on doing with the home if you ever decide to move? “Picking the right property that would also double as an investment property down the road is important,” Burack says. You want a home that will appreciate in value, and she recommends working with an agent who can help you understand the current marketplace trends.

## How do I feel about sweat equity?

Figure out how much work you want to put into the house. “Some people just want to bring a toothbrush and move right in, whereas others have a little time to stay somewhere else while the contractors do work,” Burack explains. “We hear these days that buyers are leaning toward newly renovated homes—is this something that is important to you?” If the home you’re eyeing doesn’t have the desired number of bathrooms, she says, you’ll need to decide if the cost of adding one would be cheaper than picking a different home. Sometimes you can get a deal with a fixer upper, but it does have the potential to turn into a money pit.

## What will really fit my lifestyle?

“Is the experience of an urban environment more attractive than a suburban environment?” asks Destin, Florida-based Jonathan Spears, founder of Spears Group with Scenic Sotheby’s International Realty.

Would you prefer to be close enough to walk to shops and restaurants? On the other hand, if you move out to the suburbs, would transportation be a problem? “I think experience is a key factor in why people purchase homes, and making sure to think through what that means for you as an individual and for your family is something we often forget; especially in a pandemic market,” Spears says.

## Does this house fit with my long-term plans?

If you plan on moving in a few years, some experts would say it’s probably not the right time to buy. For one reason, you could end up buying and selling a home simultaneously. However, Mann disagrees. “I believe that as soon as possible, everyone should get their foot on the property ladder, but what they buy is very dependent on their goals.”

For example, if you want to settle down and you're looking for more privacy, she recommends a single-family home. "However, if you are more mobile and want to start building wealth for the future, but you don't mind apartment-style living, then you should consider buying a two-family home." That might sound complicated, but she says it's really not. "This will allow you to build equity with a rental unit and if you want to move, you can just rent both units — and even if you hire a management company, you're still putting money in your pocket."