SIUSLAW FINANCIAL GROUP

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FIVE QUESTIONS TO CONSIDER WHEN CHOOSING A HOME

Eugene, OR: In recognition of June being American Housing Month and summer being the right time to buy and sell homes, there are five important things to consider when choosing a home.

"As the housing market gets into the swing of summer, we remind Lane County residents to choose housing options that are suited to their individual financial situations," says Fawnda Thompson, Vice President & Manager of Siuslaw Mortgage, a division of Siuslaw Bank. "Oregon banks recognize the importance of reliable, quality housing whether they choose to rent or buy," she says.

The following are questions for consideration when choosing a home, especially a first home, according to the Oregon Bankers Association:

1. How much money do you have saved?
Start with an evaluation of your financial health. Figure out how much money you have for a down payment or deposit on a rental. Down payments are typically 5 to 20 percent of the price of the home. Security deposits on rentals are usually about one month of rent and more if you have a pet. But be sure to keep enough in savings for an emergency fund. It's a good idea to have three to six months of living expenses saved to cover unexpected costs.

2. How much debt do you have?
Consider all of your current and expected financial obligations like your car payment and insurance, credit card debt and student loans. Make sure you will be able to make all the payments in addition to the cost of your new home. Aim to keep total rent or mortgage payments plus utilities to less than 25 to 30 percent of your gross monthly income. Recent regulatory changes limit debt to income (DTI) ratio on most loans to 43 percent.

3. What is your credit score?
A high credit score indicates strong creditworthiness. Both renters and homebuyers can expect to have their credit history examined. A low credit score can keep you from qualifying for the rental you want or a low interest rate on your mortgage loan. If your credit score is low, you may want to delay moving into a new home and take steps to raise your score.

4. Have you factored in all the costs?
Create a hypothetical budget for your new home. Find the average cost of utilities in your area, factor in gas, electricity, water, cable and internet. Find out if you will have to pay for parking or trash pickup. Consider the cost of yard maintenance and other basic maintenance costs like replacing the air filter every three months. If you are planning to buy a home, factor in real estate taxes, mortgage insurance and possibly a home owner association fee. Renters should consider the cost of rental insurance.

5. How long will you stay?

Generally, the longer you plan to live someplace, the more it makes sense to buy. Over time, you can build equity in your home. On the other hand, renters have greater flexibility to move and fewer maintenance costs. Carefully consider your current life and work situation and think about how long you want to stay in your new home.

For more financial education resources, including understanding credit and homebuying 101, visit the OBA Education Foundation's Financial Education Resource Guide at www.oregonbankers.com/financial_education.

Headquartered in Florence, Siuslaw Financial Group is the parent company of Siuslaw Bank, with offices in Cottage Grove, Creswell, Eugene, Florence, Mapleton, Oakridge, Pleasant Hill, Springfield and Veneta, all in Lane County.

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