

SHOULD I BUY A HOME NOW? OR WAIT TO SAVE MORE MONEY?

Sometimes people can't wait to buy a home because of family or personal reasons. For example, they may have a new baby coming and need more room. Or, they are worried about house prices going up faster than they can save.

What if you don't have the down payment you need for the house of your dreams? Should you wait and save more, or find another way to borrow the money you need? You won't be able to get a standard mortgage but you could get another type of loan. Should I save more or borrow more?

Here is a summary of the reasons to buy now, or wait.

Should You:	Reasons For:	Reasons Against:
Wait and build up a large down payment?	<ul style="list-style-type: none">You will pay less interest.You can avoid paying for mortgage insurance.You reduce the risk of not being able to pay back the loan if the value of your home drops and you have to sell.	<ul style="list-style-type: none">You have to wait to own a home and you will pay more rent. You could have put that rent towards paying a mortgage, and owning more of your home faster.You have to be disciplined or you could spend your savings on other things.In some areas, house prices may rise faster than you can save the down payment.
Buy earlier with some other type of loan?	<ul style="list-style-type: none">You can stop paying rent sooner and get into a home faster.You have the chance to own more of your home sooner.You don't risk house prices rising more than you can afford.	<ul style="list-style-type: none">You will pay more interest.You will have more worries if you take on more debt than you can handle.If you have to sell and the value of your home drops, you may not be able to pay back the loan.Whatever your situation, think carefully about your options before you rush into buying a new home.

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Remember: You will likely pay for your home over many years. The more you borrow, the more it will cost you to buy the same home.