



REALTOR MEMBERS of the Western Wayne-Oakland County Board of Realtors gather around Farmington Township Supervisor Earl Teeple as he signs Realtor Week (May 23-29) Proclamation. Seated with Mr. Teeple are Daniel R. Williamson (left), President, and John Hussey, Vice-President.

William Bowman, Secretary; Walter Shuster; Robert Heindrichs; Nyla Archer; Russ Ellis; Jerry Edwards; Royce Norton; Harold Rowe; Robert Beauchamp and Jerry Rozema, Treasurer.

what can you afford?

To answer this question you must analyze your family finances.

To help you decide, an accepted rule of thumb is that monthly payments for a house should not be more than $1/5$ to $1/2$ of your monthly income. This can be affected by other debts and obligations your family already has, such as bank loans or college costs to educate children.

Once you have determined how much you should spend for a home,

you must determine how much cash you can afford to put down. On an existing home, this could be 20% to 25% of the cost of the house, or even more. Of course, what it really depends on is what kind of financing you are able to get. (You'll find a thorough discussion of this in our booklet "How to Finance the Purchase of a Home." Ask for a free copy.)

Now, let's assume you can get a mortgage, and let's assume you have the cash you need and more. Should you make a high down payment and take a smaller mortgage, or put down less cash and take a larger mortgage?

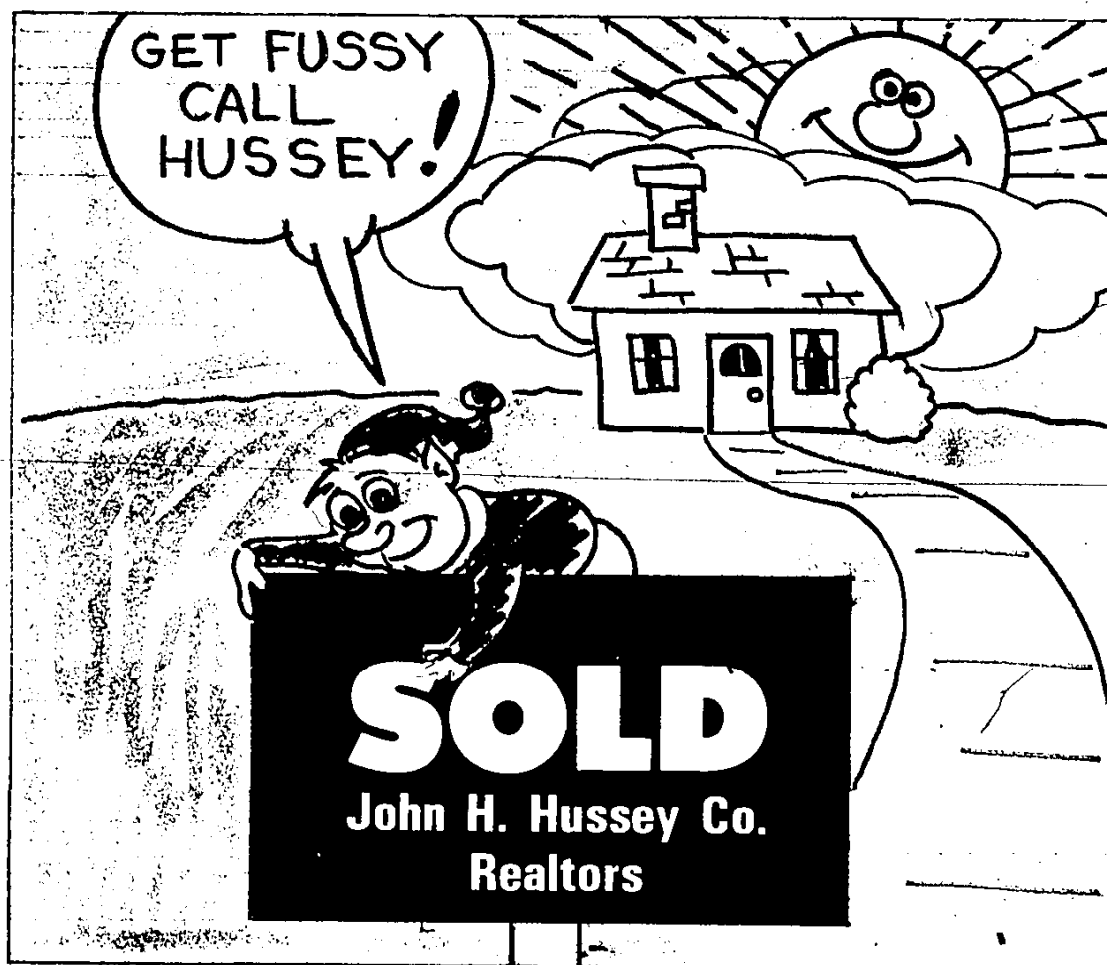
There are advantages and disadvantages in both. By making a high down payment, you reduce the total interest cost of the money you borrow, build up an equity in the house faster and your monthly carrying charges are lower. But this leaves you with less money to spend for other things you and your family may need.

By putting down less, you will have more money left for other uses. And, should you decide to sell your home after you have owned it a number of years, it could be easier to sell if you have a larger mortgage on it, assuming the buyer is able to take it over.

One important thing to remember—mortgage money is even today the cheapest money to borrow. This is because mortgages are usually long in term and are secured by one of the most reliable commodities, real property.

Another reason for keeping back some cash is to cover closing costs and any redecorating or renovating you might want to do. And don't forget about moving. That costs money, too.

So, when you're trying to decide about down payment and how much house you can afford, give serious thought to all these things. Because buying a house will probably have much more impact on your total finances than any other purchase you are ever likely to make.



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