

Real Estate Viewpoints



Eugene Pettis, REALTOR

How Much Should You Spend On Your Home?

Certain rules of thumb are sometimes used as guides in helping the family decide what price home to buy. One such rule is that a family should spend no more than two to two and one-half times the total income for a home. For example, if your combined annual income is \$20,000, you should probably not pay more than \$50,000 for the purchase of your home, using the formula above.

Of course, these are general guidelines at best, and should be heeded with considerable caution. WHY? Such generalities do not take into account the pertinent facts about your particular family.

The size of your family is an important factor. If you have a large family, you may decide to spend a smaller share of your income on housing and spend a larger share on food or clothing.

The age of your children will also make a difference. If your child will be going to college within a few years, you will certainly want to keep this in mind while arranging financing for your home. To commit yourself to a mortgage payment beyond your ability to pay during these years you have heavy school expenses would be unwise.

You may have parents or relatives that you support or some other indebtedness that must be given major consideration. While your mortgage payments remain constant, prices of other household expenditures may increase disproportionately in relation to increases in your income.

Your ability to purchase a home is determined mainly by the following three estimates:

1. The portion of your income you can budget for housing;
2. Your cash reserves; and
3. Your future financial prospects.

The portion of your income that may be used toward housing can easily be determined by subtracting your present expenses from your income; considering what changes you could make without undue stress and strain; and gauging the stability of your income.

If your income fluctuates, could you manage during the low as well as the high periods? Families sometimes find out too late that they are "House Poor." They have fine homes, make payment on time, and take care of household operating expenses, but all this is done at the expense of the other pleasures of family living. They never seem to have money for a family vacation, music lessons for the children, or even an occasional round of golf for dad.

Attention should be given to your cash reserves in determining your ability to buy a home. You will probably need additional money for a downpayment; closing cost; moving expenses; new items (curtains, carpet, furniture, or other related expenses); for your new home. Having a cash reserve makes for an easy transition.

A third item to consider is your future financial prospects. It takes years to pay for a home, and you need to be reasonably secure in your employment and the possibility of pay increments prior to committing yourself to the purchase of a home.

ADC Best - Dance Band Of 80's

New York-Patrons of Justine's, one of New York City's top disco clubs, have selected the ADC Band as the best dance band of the 80's. The results of a month long poll at the club were recently announced, one in which more than 10,000 persons voted.

Receiving over 3,700 votes, the Detroit-based musicians won out over seven other groups. Their latest Cotillion record album, "Renaissance," with the hit single "Hanging Out" was a major factor in their being chosen, according to Mal Woolfolk, one of the club's owner's who supervised the balloting.

"Over the course of an evening over 77 records are played," Mal said, "but we find that our disc jockeys receive countless requests to play ADC records throughout the night. Their unique sound is vastly superior to most of today's outfits."

A successful funky band, they have been together for over a decade and developed their style in the Motor City playing in small clubs and at dance hops.

Signed by Cotillion president Henry Allen two years ago, they've had two previous albums, each spreading their reputation and receiving critical acclaim. However, their current LP is looked

upon as the one that will really bring them the fame they've been striving for during the past ten years.

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