

HOME OWNERSHIP

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Budgeting for Unexpected Expenses

By Kristin Offler

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He's the shadowy figure lurking just around the corner. You can't really see him, but you know he's there, ready to strike at any moment. And no one who owns a home is safe. So you put some money aside in case he shows up, demanding a fistful of cash out of the blue. Just to be prepared.

Who is he? No, not a petty criminal. He's the unexpected expenses that come with owning your home. Maybe I'm exaggerating how scary he can be, but for many home owners, being hit with an

unexpected repair is a terrifying thought.

One way many people prepare is by purchasing a home warranty. We have some friends who moved into their house in the fall and just recently saved about \$1,000 repairing their air conditioning unit, thanks to their home warranty.

We, however, passed on a home warranty. Our appliances were all brand new with the house and the property had been renovated and updated. In our case, the home warranty wouldn't have been worth it. We're approaching the one year mark in our home and thankfully haven't really had a need for it yet, anyway.

That doesn't mean we don't have unexpected expenses, though. A few weeks after we moved in, our hot water heater started leaking. While some home warranties do cover water heaters, the repair was so cheap — about \$50 — that it cost less than most home warranty co-pays.

And many large home repairs aren't covered by home warranties. For example, a few weeks after our water heater blew, we had to have the basement stairs completely ripped out and rebuilt — for a few hundred dollars. Walking down them with boxes and laundry baskets became a hazard, and it was a matter of time before someone fell. We also needed to have a door installed at the top of the basement stairs, which until then had just been open to the landing by a side door.

When our septic system was installed this spring, we had to pay a landscaping company to come haul away 6 large boulders the septic crew left behind to mark where our leech field is. Cost: a few hundred more, and that wouldn't have been covered under a home warranty, either.

If you're purchasing a house, talk to your [real estate agent](#) about a [home warranty](#) and figure out if it's a good idea for your situation. And whether you get the warranty or not, be sure to have money set aside for unexpected home expenses. One rule of thumb: keep an amount equal to 1 to 2 percent of the home's value in an emergency fund. You can adjust that amount up or down depending on the age of your home and appliances and whether you get the home warranty.

There's always an expense around the corner when you own a home. So be prepared. That way, when the shadowy figure of unexpected home expenses creeps onto your property, you'll be ready to ward him off.

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Kristin Offler is a freelance writer who recently completed a Master of Fine Arts in Creative Writing. She lives happily in her new home in the Northeast with her husband and dog. Views expressed by guest bloggers do not necessarily reflect that of LendingTree/Tree.com.

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