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### **How Much Can You Afford?**

The old rule of thumb was 30% of your total gross income but that rule has been blurred since banks have been financing as high as 60% of their customers total income. In today's world 25% of gross is a good benchmark.

There is a great worksheet from <http://www.smartmoney.com> that should put things in perspective.

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### **How Much Should You Borrow Against A House?**

Borrowing against your home has grown in popularity with low interest rates, easy access, and bank advertising. There is very little risk to the bank because your home is their insurance from loss. A good rule of thumb is to always keep at least 20% equity in your home and only borrow from your home equity to improve your home.

Borrowing from your home to invest in the stock market is not a good idea. Getting a home equity line of credit to cover emergencies in a low interest rate market can be a good idea.

Here is a very good link to an article on borrowing from MSN moneycentral.

<http://articles.moneycentral.msn.com/Banking/HomeFinancing/5TipsForWiselyTappingYourHomeEquity.aspx?GT1=8279>

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**What Do You Consider When Buying A Vacation Home?**

Buying a vacation home is a big decision because of the expense of purchasing and maintaining one, not to mention property taxes and utilities. You must also consider this as an investment.

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**What Do You Need To Know About Timeshares?**

Timeshares have a mixed reputation. There have been many misleading or fraudulent deals in the past that have tainted the industry. Since many major resorts have entered the picture, this seems to have gotten better, but some deceptive practices have been used, so the more educated you are the better.

Keep in mind that timeshares may be good for budgeting your vacations, but they do not make good investments and can lose 50% or more of their value soon after purchase.

Here is a good website with some very good information on timeshares. <http://www.indigoguide.com/timeshare/>