Many Americans view homeownership as the quintessential achievement of the American dream. I was one of those doe-eyed believers of homeownership. The moment the realtor placed the key in the palm of my hand I was so excited about what homeownership meant for my future.

Boy! I was in for a rude awakening.

That first year of homeownership taught me more about construction, repairs, and money than I would have ever known without getting elbow deep in the financial muck of owning my own home. I made a lot of mistakes that first year, but each mistake made me smarter, stronger, and more able to protect my finances in the future.

Learn from my mistakes how to better protect your finances if you decide to make the commitment of owning a home.

**Expect the unexpected**

$ Within 48 hours I was thrown unceremoniously into the harsh financial realities of homeownership, for which I was woefully ill-prepared. Why 48 hours? Two days of wear on the plumbing was sufficient to cause a back-up of the tree-root invaded pipes in our home.

$ Not only did I have to pay a plumber to flush our system with root killer, but I was suddenly faced with the painfully expensive but necessary cost of cutting down the six offending trees whose roots were wreaking havoc on the plumbing. $300 to the plumber and $3000 to the tree removal company on my credit card later, I could once again wash my hands without threat of water spilling back out onto the floors.

**Invest in a home warranty**

$ Part of expecting the unexpected is to invest in a home warranty. Incorporating the expense of a comprehensive home warranty into our budget would have saved time, money, and headaches that first year. We learned the hard way that things break consistently, and unless you have some sort of warranty or insurance policy, you will be paying large sums out of pocket to make the repairs.

$ By spending as little as $500 up front for the year, you can have the financial back up you need for when, not if, something falls into disrepair on your home. You will recoup the cost after just a few service calls or the replacement of a broken-down appliance.

**Budget for those unexpected expenses**

$ Even if you do have a home warranty or comprehensive coverage through your home insurance policy, you will still have to pay service tech fees and deductibles when things go awry. You won’t have a realistic idea of the monthly expenses which can accrue outside of your mortgage payment until you have lived in your home for a time. Filters need to be replaced, windows and sinks need re-caulking, roof shingles fly off in storms, pipes burst, and H-VAC units break down.

$ Consider budgeting a home-repair emergency fund into your monthly mortgage payment number. If you can only afford $1800 a month on your mortgage, then look for a home in which you can live for $1600 a month instead. Set aside that extra $200 a
month into an interest bearing savings account which you can access throughout the year to pay for the unexpected expenses associated with owning a home.

$ As that emergency fund grows, you will be better off down the road when you have to face the more expensive repairs like paying for a new roof, a new H-VAC system, or even rewiring the electrical in your home. You don’t want to be facing a vitally necessary repair that will put you ten to twenty thousand dollars in debt.

**Don’t let renovation excitement cloud your judgment on equity**

$ It’s easy to get caught up in the excitement of having your own place and putting your personal mark on your home. Our first home was a fixer-upper, and we wanted to get started as soon as possible. We just assumed that all of our hard work would build equity into the house. But because the real estate market continued to decline after we bought our home, making any repairs was not worth the investment. Our home quickly became worth less than we owed on top of the money essentially wasted on home improvement.

$ Unless there is a gaping hole in your kitchen floor, I strongly suggest waiting to do any sort of renovation projects until after your first year as a homeowner.

**Proceed with caution**

The biggest lesson I learned from that first year is this: Don’t expect to move into your home and have it picture perfect immediately.

Some projects take much longer and cost way more money than you think they will. Also, if you decide to make the commitment of homeownership, plan ahead. Expect and budget for the unexpected. Protect your finances by watching the market, and don’t make any unnecessary renovations which won’t improve the value of your home.