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Approval for Loan is Not License to Spend

MANHATTAN, Kan. – Would-be home buyers who are approved for a loan can often benefit from restraint, a Kansas State University financial management specialist said.

A prospective lender may be looking at the best-case scenario, with a two-income household maintaining or improving their financial outlook, said Carol Young, K-State Research and Extension financial management specialist.

With job losses, layoffs and furloughs, spending less, within the low- to middle-range of the approved amount, should free-up money for extras, such as appliances needed to complete the kitchen or do the wash, without adding extra stress," she said.

"Buying more house than you need typically adds expense," said Young, who listed costs to heat, cool and furnish unneeded space and a heftier tax bill.

Buying at the top of your price range also can put a damper on savings for other priorities, including an emergency fund to sustain the family in the event of change in employment status, illness or injury, Young said.

More information on managing money successfully is available at county and district K-State Research and Extension offices and on Extension Web sites: www.ksre.ksu.edu/financialmanagement/.