

How Much House Can You Afford?



Determining how much home you can afford, or what payment you feel comfortable with, can be a trying process. Calling lenders, looking at mortgage loan programs and interest rates can be confusing, to say the least. There is an easy way to get started, and give yourself an idea of where you stand.

The first step is to find out what mortgage interest rates are at the current time. You can typically do this with a couple of phone calls to lenders or some quick looking on the internet. Get your rates on conventional fixed rate loans. Now use this handy table to see what your payment would be at different price ranges and interest rates. Payments might be higher or lower than those shown in the chart depending on current interest rates.

To obtain a very clear picture of how much home you can actually qualify for, the best idea is to contact a reputable local lender and let them analyze your entire situation. The lender can calculate your income-to-debt ratio, do a quick credit score and give you the information you need. Typically, lenders like to see a ratio not exceeding about 28%. This does not take into consideration long term monthly debt. As an example, to qualify for a loan, lenders may require ratios of 28% or 36%. This means you can spend up to 28% of your gross monthly income on a mortgage payment, and no more than 36% of your gross monthly income on all forms of debt, mortgage included.

We work with a number of loan officers and would be happy to recommend one right for you. [Click here](#) to contact us today. We are happy to help!