How Much Home Can You Afford?

When you're searching for a new home, it's a good idea to calculate how much money you might be qualified to borrow and your monthly mortgage payment. Complete the following worksheet to figure a quick estimate of how much you may be able to afford. (These calculations are based on salaried borrowers; self-employed borrowers may have other factors to consider.)

Gross monthly income

Borrower	$_____
Co-borrower	$_____
TOTAL gross monthly income	**$_____**

Minimum monthly debt

Credit cards	$_____
Car loans or leases	$_____
Personal installment loans	$_____
Payroll/401(k) loan payments	$_____
School loan(s)	$_____
Other (child support, alimony, etc.)	$_____
Total minimum monthly debt	**$_____**

Calculate monthly house payment*:

1. Total gross monthly income x 0.43*	$_____
2. Total minimum monthly debt	$_____
3. Subtract line 2 from line 1	**$_____**

The amount in #3 is the maximum monthly house payment, including taxes and insurance, for which you may be qualified. Please see me for more information.

* This 0.43 Qualifying Ratio can be higher with compensating factors, such as high credit scores or good cash reserves.

Your FICO Credit Score

This score is a key factor in determining the terms you'll receive when financing a home. Your score, which ranges from 300 to 850, is based on these factors:

- **35% — payment history:** Your consistency in making on-time payments.
- **30% — total amount owed:** Includes the ratio of what you owe to your available credit amount.
- **15% — length of credit history:** How long you've been using credit.
- **10% — new credit account and inquiries:** Accounts you've recently opened and creditor inquiries.
- **10% — types of credit in use:** Includes credit cards, installment loans, mortgages, etc.

CALL ME today for more information about how I can help you achieve the dream of homeownership.

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