

How Much House Can You Afford?

TWO SIMPLE STEPS TO DETERMINE AN AFFORDABLE PRICE RANGE

1

CONSIDER YOUR DOWN PAYMENT & CLOSING COSTS.

The old rule of thumb where you needed to save 20% for a down payment to purchase a house is so 1980s! In today's modern housing market, many affordable lending programs enable you to purchase a house with a 3% down payment. Closing costs will generally run you another 2% or 3% of the purchase price. Closing costs typically include appraisal fees, title insurance, and other costs associated with buying a home. This means that you should probably budget up to 6% of the purchase price for your down payment and closing costs. Here are two ideas to consider:

- **Down Payment Assistance Programs.** There are many down payment assistance programs available that could help make your homeownership dreams a reality, and I have access to an entire list! Contact me for more info.
- **Seller-Paid Closing Costs.** One strategy that some clients are considering in today's market is to negotiate for the seller to pay closing costs. This may be more worthwhile for you vs. asking for a reduction in the purchase price.

Contact me to explore the down payment options and negotiating strategies that may be available for your situation!

2

CONSIDER YOUR MONTHLY PAYMENT.

In today's market, you can generally expect your monthly housing payment (mortgage, property taxes, home insurance, and home association dues) to represent no more than 30% of your pre-tax monthly income. Your total monthly payments on all debts, including car payments, credit cards, etc., should generally be no more than 45% of your pre-tax monthly income. Of course, those are just general guidelines and you should speak with a mortgage professional to run the numbers for your specific situation.

Monthly payments are higher today than they've been in the recent past due to elevated house prices and interest rates. Keep in mind though, that rent payments have also gone up significantly. With a mortgage, at least you can lock in your interest rate to prevent the monthly payment from increasing in the future.

QUICK TIP:

Contact me
for more info



The best way to find out how much house you can afford is to work with the right mortgage professional who can help you think through your options. Contact me so we can get started!

Source: **Momentifi**



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