# How much can you afford?



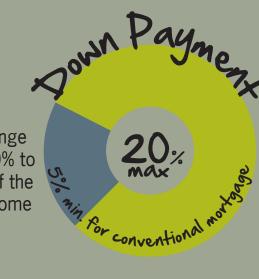
Understanding how much home you can afford is the first step in becoming a homeowner. The home you can afford depends on many factors, including your gross monthly income (income before taxes), down payment amount, and monthly debt.

# Lenders consider three primary factors when deciding how much you can borrow

your mortgage payment should not be more than 28% of your gross monthly income

28%

can range from 0% to 20% of the total home cost



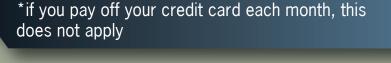
comfortable with - be sure to leave

enough room to cover living

monthly debt, including mortgage, should not be greater than 43% of your gross monthly income



expenses and savings goals This includes recurring monthly obligations such as



credit cards\*, car payments, and student loans.



## Example of how to determine what you can afford\*:

**Gross monthly** income:

Max mortgage payment cannot exceed:

Total of monthly loan payments cannot exceed:

\$48,000 yearly income ÷ 12 months

\$4,000

\$1,120 = 28% x \$4,000

this includes principal and interest, mortgage insurance premium, hazard insurance premium,

property taxes, and homeowners' association dues

\$1,720 = 43% x \$4,000

this includes mortgage payments, credit card payments, car loan payments, student loan payments, child support payments, alimony payments, and legal judgments Evaluate your current living expenses and figure them into your budget with your



This is an

estimate only, total loan

and

payment

amount will

vary due to

interest

rate, down payment,

and term

estimated mortgage payment. This may include groceries, car insurance and maintenance costs, childcare, healthcare, and other expenses you regularly incur in addition to monthly debt obligations.



### Other costs to consider



#### Final closing costs typically depend on

the total loan amount and can include: Mortgage origination fees

- Inspections and surveys
- Title insurance and title search Escrow deposit
- City recording fees

Avg. closing

costs in MT for

a \$200K home

\$1,900

#### Owning a home requires financial commitment

beyond your monthly mortgage payment, including: Mortgage insurance (required for

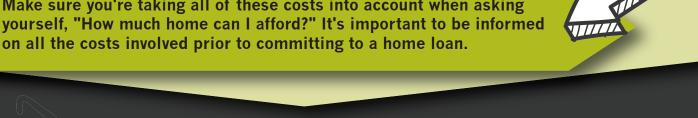
- most mortgages with down payments less than 20%) Home insurance
- HOA dues
- Utilities Property taxes
- Repairs and maintenance





on all the costs involved prior to committing to a home loan.

Make sure you're taking all of these costs into account when asking





market for the house you want, make it easier to handle the up-front costs of buying a home, and make home ownership stress-free and easier to manage.





