

HOW MUCH HOME CAN YOU AFFORD?

When beginning the search for a new home, many people are unaware of how much they can afford. That's why it is a good idea to talk to your lender immediately so they can tell you how much you might be qualified to borrow and work with you to determine your ideal monthly payment.

For a quick estimate of how much you may be able to afford, complete the following worksheet.

GROSS MONTHLY INCOME

Borrower \$ _____
Co-Borrower \$ _____
TOTAL INCOME \$ _____

MINIMUM MONTHLY DEBT

Car Lease(s) or Loan(s) \$ _____
Personal Installment Loan(s) \$ _____
School Loan(s) \$ _____
Payroll/401k Loan Payment(s) \$ _____
Credit Card(s) \$ _____
Other (Child Support, Alimony) \$ _____
TOTAL DEBT \$ _____

A critical element of the terms you receive when financing a home is your Fair Isaac Corporation (FICO) credit score. This is a three-digit number ranging from 300 to 850, which is based upon these risk factors: your payment history, the amounts you owe, the length of your credit history, the types of credit accounts you have, and the new credit you may have opened as well as the number of recent credit inquiries. The important thing to remember as you prepare to purchase a home is that you should not allow retail merchants or other lenders to pull your credit report as that can reduce your FICO score. Careful management of your credit will help you more easily achieve that "happily ever after" status in your new home.

TO CALCULATE MONTHLY HOUSE PAYMENT*:

A) Total gross monthly income x .43* \$ _____
B) Total minimum monthly debt \$ _____
C) Subtract line B from line A \$ _____

This amount equals the maximum monthly house payment, including taxes and insurance, for which you may be qualified.

*This Qualifying Ratio can be higher with compensation factors such as high credit scores or good cash reserves. Information from www.myfico.com.

For more information on how SWBC Mortgage can help you on your path to homeownership, visit us at www.swbcmortgage.com or call us at **1-800-460-6990**.



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