

How much home can you reasonably afford?

Before you begin the search for your dream home, decide how much you can comfortably spend. Mortgage lenders most often will take into consideration all of the following:

- The size of your down payment
- Your job stability
- Existing debts
- Credit references and,
- Payment history.

Knowing your credit status and how credit agencies rate your credit also may be a deciding factor, especially when you begin talking to lenders. There are three main credit-reporting agencies that will, for a small fee, send you the most current credit report on file.

- <http://www.experian.com/consumer.html>
1888-EXPERIAN (397-3742)
- http://www.equifax.com/home/en_us
1800-997-2493
- <http://www.transunion.com/>
1-216-779-2378

Lenders usually use the following two qualifying guidelines to decide how much of a loan you can manage:

- Your monthly housing expenses - mortgage payment, property taxes, insurance, etc. These expenses should total no more than 28 percent of your monthly gross income.
- Your monthly living expenses and any long-term debts - utilities, car and school loan, child support, health and car insurance, etc. These expenses should be no more than 36 percent of your monthly gross income.