

How Much House Can I Afford?

Understanding what lenders look at — and what you should too

The 28/36 Rule

28% — Your monthly housing costs (mortgage, taxes, insurance) shouldn't exceed 28% of your gross monthly income.

36% — Your total debt payments (housing + car, student loans, credit cards) shouldn't exceed 36% of gross income.

Quick Example

Household income: **\$85,000/year (\$7,083/month)**

Max housing payment (28%): **~\$1,983/month**

At today's rates, that could support a home price around **\$350,000–\$400,000** depending on down payment, taxes, and insurance.

What Lenders Look At

- **Gross income** — Before taxes. All sources count: salary, bonuses, rental income, VA benefits.
- **Credit score** — Higher scores unlock better rates. A 740+ score gets the best pricing.
- **Debt-to-income ratio (DTI)** — Total monthly debts divided by gross income. FHA allows up to 57% in some cases.
- **Down payment** — More down = lower monthly payment and potentially no PMI.
- **Employment history** — Two years of steady income is standard. Self-employed? We can work with that.

Remember: what you qualify for and what you're comfortable paying can be two different numbers. I always encourage buyers to think about their lifestyle, not just the maximum.