

# HOW MUCH HOUSE CAN I AFFORD?

Talk to a Love Columbia housing counselor to learn more about homeownership

**Consider a conventional loan:** You have a higher credit score and a larger down payment. You want more flexibility in loan options. You want to avoid paying mortgage insurance premiums for the life of the loan.

## Conventional Loan Affordability Chart

Annual Gross Income	Monthly Gross Income	Max. Affordable Home Price (Using 28% rule)	Monthly Mortgage Payment (Principal and Interest only)	Estimated Monthly Total Housing Cost (Including taxes and insurance)
\$40,000	\$3,333	\$140,000	\$900	\$1,100
\$50,000	\$4,167	\$175,000	\$1,125	\$1,400
\$60,000	\$5,000	\$210,000	\$1,350	\$1,700
\$70,000	\$5,833	\$245,000	\$1,575	\$2,000
\$80,000	\$6,667	\$280,000	\$1,800	\$2,300
\$90,000	\$7,500	\$315,000	\$2,025	\$2,600
\$100,000	\$8,333	\$350,000	\$2,250	\$2,900

**Consider an FHA loan:** You have a lower credit score or a smaller down payment. You're comfortable with paying mortgage insurance premiums for the life of the loan.

## FHA Loan Affordability Chart

Annual Gross Income	Monthly Gross Income	Max. Affordable Home Price (Using 28% rule)	Monthly Mortgage Payment (Principal and Interest only)	Estimated Monthly Total Housing Cost (Including taxes and insurance)
\$40,000	\$3,333	\$125,000	\$800	\$1,100
\$50,000	\$4,167	\$156,000	\$1,000	\$1,400
\$60,000	\$5,000	\$187,000	\$1,200	\$1,700
\$70,000	\$5,833	\$218,000	\$1,400	\$2,000
\$80,000	\$6,667	\$250,000	\$1,600	\$2,300
\$90,000	\$7,500	\$281,000	\$1,800	\$2,600
\$100,000	\$8,333	\$312,000	\$2,000	\$2,900

The Loan Affordability Charts are based on national averages and should be adjusted for each household's situation and property location.

### How to Use These Charts:

1. Find your income range.
2. Consider the "Max. Affordable Home Price" as a starting point.
3. Use a mortgage calculator: Input your specific down payment, interest rate (shop around for the best rates), and loan term to get a more accurate estimate of monthly payments.
4. Factor in your local property taxes and insurance: Research typical rates in your area.
5. Don't forget other housing costs!

### Assumptions:

- Interest Rate: 6.9% (National average as of February 2025 – adjust based on your credit score and current market)
- Property Tax & Insurance: 1.5% of home value annually (adjust based on your location)
- Down Payment: 20% (Conventional; can be modified) or 3.5% (FHA)
- Loan Term: 30 years
- Mortgage Insurance: Not required for Conventional loan with 20% down payment. FHA requires an Upfront Mortgage Insurance Premium (MIP), 1.75% of the loan amount (added to the loan), and Annual MIP, 1.75% of the loan amount (divided into 12 monthly payments).

### Explanation and Important Notes:

- Max. Affordable Home Price: Calculated based on the 28% rule (housing costs not exceeding 28% of gross monthly income) and the assumptions above.
- Monthly Mortgage Payment: Estimate for principal and interest only.
- Total Monthly Housing Cost: Includes the monthly mortgage payment, estimated property taxes, and homeowners' insurance (1.5% of the home value annually, divided by 12). This is a VERY rough estimate and varies significantly by location.
- Adjust the Assumptions: Interest rate, property tax rate, and insurance costs are crucial and can drastically change the results. Use online calculators with your specific data for a personalized estimate.
- This is a Simplified Illustration: It doesn't include other potential housing costs like HOA fees, maintenance, or utilities.
- Federal Housing Administration (FHA) Loans: FHA loans are insured by the U.S. government and are designed to help people with lower incomes and credit scores become homeowners. FHA loans allow a lower down payment (3.5% compared to 20% for a conventional loan). FHA loans require mortgage insurance premiums upfront and ongoing monthly premiums and include mortgage limits for the maximum amount that can be borrowed on an FHA-insured loan.



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