

How much is a down payment?

Most loans today require a down payment. However, some loans may start as low as 0%.

The required down payment depends on the type and terms of the loan. A good rule of thumb is 3% to 20%.

If you are able to come up with 20-25% down, you will eliminate mortgage insurance!



1

Down Payment

0%

V.A.

3.5%

F.H.A.

3-20%

Conventional

What does my monthly mortgage payment include?

Most lenders require that your monthly payment range between 29 – 36% of your gross monthly income. Your mortgage payment to the lender includes the following:

- The principal on the loan (P)
- The interest on the loan (I)
- Property Taxes (T)
- The homeowner's insurance (I)

This is what we call PITI. Your total monthly PITI and all debt (from installments to revolving charge accounts) should range between 36-45% of your gross monthly income. These key factors determine your ability to secure a home loan: credit, assets, income, debt ratios.



2

Ability to Qualify

36-45%

of gross monthly income

How much are closing costs?

There are certain fees required for acquiring a loan as well as other closing costs. These fees must be paid in full at the closing unless you are able to include them in your financing. Typically closing costs will range between 3-6% of your mortgage loan.

Your ERA American Real Estate professional will provide you with an estimated cost sheet that explains the fees associated with purchasing a home.



3

Closing Costs

3-6%

of mortgage loan

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