

Affordability Guide

Understanding your buying power in New Jersey

Understanding DTI (Debt-to-Income Ratio)

- Lenders look at your monthly debt payments vs. gross monthly income.
- Generally, lenders prefer a DTI under 43% for conventional loans.

The NJ Property Tax Factor

- NJ has some of the highest property taxes in the US.
- Your monthly payment (PITI) includes Principal, Interest, Taxes, and Insurance.
- High taxes can significantly impact your total 'buying power' monthly budget.

Closing Costs in NJ

- Expect to pay 2-5% of the purchase price in fees.
- Includes title insurance, attorney fees, recording fees, and escrow prepayments.
- Mansion Tax: A 1% tax on buyers for properties sold over \$1,000,000.

Down Payment Options

- FHA Loans: As low as 3.5% down.
- Conventional: Options for 3% or 5% for first-time buyers.
- VA Loans: 0% down for eligible veterans.

Steps to Maximize Affordability

- Improve your credit score to secure a lower interest rate.
- Pay down high-interest debt (credit cards, car loans).
- Inquire about First-Time Homebuyer grants available in NJ.

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