Ask the Expert: How Much House Can I Afford?

If you're ready to purchase a home but aren't sure what you can afford, there are a few different ways to estimate your maximum buying power. Your borrowing power is highly dependent on what you can afford to pay each month for housing, plus taxes and insurance. And much of your housing payment is derived from your mortgage interest rate, term, and down payment.

When considering these factors, it is essential to remain informed on what mortgage products are available to you and their respective rates and financing options.

As dentists, you have a unique financial trajectory. Recognizing this, KeyBank offers a Dentist Mortgage which provides special financing options exclusively for dentists. These special financing options reduce credit restrictions and the cost to borrow, enabling dentists to afford more home at any stage of their career.

Consider the down payment

Before we compare income and home price, you will want to consider how much down payment you can make. For most borrowers, if you make a down payment that's less than 20% of the sale price you will typically have to pay for private mortgage insurance (PMI) on top of your total housing payment. KeyBank's Dentist Mortgage gives eligible dentists the ability to apply for a low down payment mortgage, with less than 20% down.[1] Given this special financing option, your ability to afford a down payment may not necessarily dictate which homes you can afford, but it could give you the opportunity to decide how much you want to put down versus investing elsewhere.

Rate plays a role in determining what you can afford

We've explored how your total loan amount could impact your monthly housing affordability. Rate has a significant impact as well, given that the higher the rate, the higher interest you will pay each month. Through KeyBank's exclusive partnership with the ADA, you're eligible for a 0.25% discount on your mortgage interest rate.[2] To make financing your home through KeyBank's Dentist Mortgage even more attractive, KeyBank offers up to $650 in closing cost credit[3] for using their digital platform for the application process.

Ask a lender how much you can afford

The most straightforward way to understand how much you can afford is to get prequalified with a mortgage lender. A prequalified offer gives you an estimate of what you can borrow, providing a maximum borrowing amount based on your annual household income, expected down payment, credit history, and estimates for property taxes and homeowners' insurance.

Many home buyers use a mortgage prequalification to confidently extend offers on a desired property, knowing that they'll likely be approved for home financing. If you want to understand what you can truly afford and avoid the guesswork, talking to a reputable lender and getting prequalified is a great way to help you shop for a home confidently and stay within your budget.

Do you want to guess or are you ready to know?

When you start visiting open houses, you'll want the certainty of a prequalified mortgage. Not only will it help you craft a competitive offer, but it also helps you understand your limits because your offer will be backed by your lender.

While the comforts of a new house are many, finding a price that comfortably fits within your budget is essential in finding your home. To learn more about the unique advantages of a Dentist Mortgage and the

0.25% ADA member interest rate discount from KeyBank, visit the ADA's KeyBank Mortgage page to shop rates and get prequalified today.

1) In some states, a conventional loan option with Private Mortgage Insurance (PMI) may offer better priced loan terms than a Physician/Dentist Mortgage for down payments less than 20%. Financing options presented upon checking rates offer lowest rate and payment options available based on information provided and may not be a Physician/Dentist Mortgage. Contact Laurel Road to discuss all eligible options.

2) The 0.25% mortgage interest rate discount (the "Discount") is available to borrowers that are an active ADA member no less than five (5) days prior to closing. The Discount cannot be combined with any other interest rate incentives, applies only to new Loan applications and becomes effective at closing. For fixed-rate Loans, the Discount is a permanent interest rate reduction reflected in the Promissory Note. For adjustable-rate Loans, the Discount is reflected in the interest rate applicable to the initial fixed rate period and in the maximum amount the interest rate can increase over the term of the Loan. Other restrictions may apply.

3) KeyBank offers up to $650 in lender's credit towards your mortgage closing costs with participation in the Rewards Program during the application process. Credits cannot exceed borrowers' actual costs to close. For more information on how to obtain the $650 credit, refer to the Rewards Program information below.

NOTICE: This is not a commitment to lend or extend credit. Conditions and restrictions may apply. All home lending products are subject to credit and collateral approval. Not all home lending products are available in all states. Hazard insurance and, if applicable, flood insurance are required on collateral property. Actual rates, fees, and terms are based on those offered as of the date of application and are subject to change without notice.