



Careful consideration about your home loan size will help make a more comfortable and stress free mortgage.

When it comes to buying a home, one of the first questions you need to ask is: *"How much can I borrow?"*

While your lender will make the final assessment concerning how much they are prepared to lend, it is essential that you make your own assessment of your finances first.

Your goal is to determine what you can comfortably afford to repay towards your mortgage each month – this will then help establish what you are able to borrow.

### **Ins and outs**

The best place to start is to add up all your regular monthly outgoings and then subtract this from your net income.

Your outgoings include any regular commitments such as car or personal loans, credit card and store card repayments. Also add up other regular costs such as school fees, club memberships, monthly living expenses and your monthly discretionary spending.

Do not include your current rental commitments into these figures. It will no longer be relevant once you move into your

new home as you'll be paying off your mortgage.

Now look at your income. This should include your after tax salary, dividends on investments, rental income and any other funds that flow in over the course of the month.

The dollar amount you're left with will give you an indication on what you have available to pay towards your mortgage each month as things currently stand.

### **Rising waters**

The most important factor to consider is that if you have a variable home loan rate your mortgage repayments will increase as interest rates start to climb.

Try and factor an additional one percent of the current interest rate into your mortgage repayment and household expenses, in order to prepare for additional repayments should rates rise in the future.

### **Lifestyle**

It's also essential that you consider exactly how much you are prepared to let your home loan change your life.

The benefit of assessing your borrowing capacity is really twofold – to ensure that you don't borrow beyond your means but also to help identify where you can realistically cut back if needed.

### **Future plans**

Lastly, be sure to take into consideration other personal factors, such as plans to have a family, or any dreams to travel. For more information about finding a suitable home loan product that will suit your lifestyle and future goals, feel free to give us a call.

*Ultimately the choice is yours – so be careful not to over commit yourself.*

**If you need help working out how much you can borrow or finding a home loan that will meet your objectives and needs for today and the future, give us a call.**