



How to Afford a Mortgage in 2024

The housing market in America has seen wild swings in the past decade, with average rates on 30-year fixed mortgages reaching record lows of below 3.00% during the recent pandemic. That helped many people afford a first-time mortgage or buy the home of their dreams. It also created more demand which led to steep price increases and low housing inventory.

Now that interest rates are above 6.00% and prices remain high, many Americans are finding it hard to fulfill their dream of homeownership. In a recent Credit Karma [survey](#), 49% of respondents who don't own a home said mortgage rates and inflation are preventing them from purchasing one right now.

If you're in the market for a home, it's important to understand how much mortgage you can afford, and the amount you can qualify for before signing any contracts.

Review your budget and expenses. Some lenders will prequalify you for a mortgage of up to 43% of your monthly income, but it may not be wise to take on that much debt. Instead, financial planners [recommend](#) a mortgage be no more than three times your annual salary, or 28% of your gross household income.

Determine if now is the best time to buy. If rates and prices are not working in your favor, it may make sense to delay shopping, and instead take steps that will help you better afford a mortgage in the future.

Work on your credit. In 2023, the median FICO credit score of [successful](#) mortgage applicants was 759, which is considered "very good." Generally, higher credit scores equal lower mortgage rates. Do you know your current score? You can request a free credit report from each of the three main credit reporting bureaus; visit [AnnualCreditReport.com](https://www.annualcreditreport.com) to get started.

To maintain a healthy credit score, pay your bills on time, and work on reducing your outstanding debt to save more toward a down payment. Also resist applying for any new credit or closing current lines of credit just before applying for a mortgage.

Save a bigger down payment. In 2023, first-time homebuyers paid an average down payment of 8% of the sale price, the highest amount since 1997, according to the [National Association of Realtors](#). If you can apply a larger down payment, you may qualify for more favorable mortgage terms.

Ohio Homebuyer Plus Program. The Ohio Homebuyer Plus Program can also help Ohioans of all income levels save for a home, with state income tax-advantaged savings accounts that pay above-market interest rates. Note that the funds must be applied toward a down payment or closing costs on the purchase of a home in Ohio. Learn more [here](#).

Homebuyer Assistance Programs. There are also many state and federal programs designed to make purchasing a home more affordable. Many are specifically for first-time homebuyers or low-income citizens. Learn more about available programs at myohiohome.org.

Seek professional financial advice. Buying a home is a major investment and life decision. It can help to seek the advice of a trained financial professional before you start the journey. As member-owned financial institutions, credit unions often provide financial guidance, credit building products, and charge lower interest rates. Leverage your credit union resources to determine the right time to buy a home, and how to stay in top financial health.

When you've determined that the time is right to purchase a home, come talk to us. Through our partnership with [myCUMortgage®](#), we're able to provide a mortgage lending solution that offers the highest level of service and expertise, delivered by experienced professionals. With options including Conventional, FHA, VA, and a first-time homebuyer program, they'll fit the best mortgage product to your unique needs.