

Shopping for a Loan

A home is probably the single largest investment for most consumers. There are many things homebuyers must consider before making this large investment, including interest rates, the economy and fees.

Before you begin your house hunt, visit your bank to pre-qualify for a loan. Your banker will ask you pertinent questions about your income and expenses. He or she will also provide you with an estimate of how much money you can expect to borrow based on your circumstances.

A rough rule of thumb is that you can afford a house that costs about 2 ½ times your gross annual income. A person earning \$40,000 a year, with minimal debt, probably can afford about a \$100,000 house.

When you begin your house hunt, check out the local newspapers and websites for the best interest rates. Call several lenders to find the loan that fits your needs.