

## What is the standard debt-to-income ratio?

Providing valuable resources for our Real Estate Buyers and Sellers is our top priority.

A standard ratio used by lenders limits the mortgage payment to 28 percent of the borrower's gross income and the mortgage payment, combined with all other debts, to 36 percent of the total.

The fact that some loan applicants are accustomed to spending 40 percent of their monthly income on rent -- and still promptly make the payment each time -- has prompted some lenders to broaden their acceptable mortgage payment amount when considered as a percentage of the applicant's income.

Other real estate experts tell borrowers facing rejection to compensate for negative factors by saving up a larger down payment. Mortgage loans requiring little or no outside documentation often can be obtained with down payments of 25 percent or more of the purchase price.