

Which Home Can I Best Afford?

There are a few components of total housing cost that need to be considered to answer that question. They are the loan component, the taxes and insurance component and land lease lifestyle rent component.

The loan component is based on the chattel loan products offered by various lenders. The homes within Harston Woods are on leased land, a chattel loan must be used for these homes. Even if you are prequalified with a lender for an FHA or conventional loan, you need to keep in mind that not all lenders and banks offer chattel loans on manufactured homes.

You may finance the home through any lender you want. They do not have to be on the following list of lenders have made chattel loans on new homes in Harston Woods within the past 24 months:

<i>In Park Lending</i>	www.inparklending.com
<i>Credit Human</i>	www.MHDirect.CreditHuman.com
<i>ACSI</i>	www.ACSImobilefinance.com
<i>Priority Funding</i>	www.priloan.com
<i>KC Lending</i>	www.HarstonWoods.com

As with any lender, your credit score, repayment history, down payment, delinquent payment or any bankruptcy along with other factors will affect the financing term of your loan. That in turn will affect your monthly payment. The CFPB “Consumer Finance Protection Bureau” is a good resource for information or questions concerning loans.

Their website is . www.ConsumerFinance.gov

The lenders follow the “ability to Repay” rules set by the CFPB in their determination to make a loan to a buyer. They require verifiable proof of income and debt. They will run your credit check with your written approval. In addition to a credit check, Harston Woods will run a criminal background check in the approval for residency process at Harston Woods.

To get an accurate picture of picture of which home you can best afford, you list all your incomes and all your debts so you can determine your DTI (Total Debt to Income) and PTI (Housing Payment to Income) ratios? Most lenders typically look for a maximum of 42% for the DTI and they like to see a maximum of 28% for the PTI ratio. The exact range may vary a little, but not exceeding these limits is a good start to a chattel loan approval.

In the last 24 months, Chattel lenders in Harston Woods have offered chattel loans with various terms depending on your particular FICO scores, credit history and down payment. The loan terms offered were typically either 15 or 20 years. Depending on whether you elect to choose a “step rate” or “fixed rate” loan and whether you have good credit and/or make a large down payment, the interest rate typically started from a low of 4.3% to 7.5%.

INCOMES				Before Tax
	Job Salary	Other \$	Other \$	Total \$
Applicant:	-	-	4,000	4,000
Co-Appl.:	-	-	3,500	3,500
TOTALS:	\$ -	\$ -	\$ -	
Total of All Incomes				7,500

EXPENSES				
Revolving Payments:	-	-	-	-
Installment Payments:	-	-	150	150
Car loans:	-	-	950	950
Other loans:	-	-	-	-
Total of All Payments				1,100

The total monthly housing payment is the sum of the loan payment principal, loan payment interest, monthly tax escrowed, monthly insurance escrowed and the land lease fee. You can apply for a homestead exemption if the new home is your primary residence for the year and you and not claim another homestead on another property.

Land Lease Fee	600
New Home Sales Price	160,000
Down Payment	<u>40,000</u>
Loan Amount Excluding any Fees Financed in the loan	120,000
Loan Term in Years	15
Annual interest rate	6.50%
Monthly Principal and Interest Payment	1,045
Estimated Monthly Home Insurance	125
A Good Estimate is \$125	
*Estimated 2021 Monthly Personal Property Tax on Home claiming Homestead Exemption	314
Total Monthly Housing Payment	2,084
Total of All Monthly Debt and Housing Payments	3,184
DTI Total Debt to Income Ratio	42%
PTI Housing Payment to Income	28%

If your ratios are close after using this worksheet, you should apply with a chattel loan lender of your choice. Different chattel lenders have different underwriting standards, and some are more lenient with the maximum DTI ratio.

* Used the 2020 Tax Rate of .02562799 times the Home Value divided by 12 months. Claiming the homestead exemption reduced the estimated personal property tax on the home by \$38.74 a month.

**Claiming the over 65 age exemption will reduce the estimated personal property tax by additional \$271.16 a month

Following are the links to lenders who have made chattel loans on new manufactured homes in Harston Woods during 2020 and 2021:

<i>In Park Lending</i>	www.inparklending.com
<i>Credit Human</i>	www.MHDirect.CreditHuman.com
<i>ACSI</i>	www.ACSImobilefinance.com
<i>Priority Funding</i>	www.priloan.com
<i>KC Lending</i>	www.HarstonWoods.com

If your ratios exceed the maximum, there are still a couple of things you can do to have a lender approve your chattel loan. If you are applying by yourself, you can add your working spouse to the loan application. You can put down a larger down payment. You can check with your 401k provider to see what your options are to borrow from your 401k to buy a home. You can pay off some debt or car loan if possible. You can go through the above worksheet with new numbers to see what changes you need to make to ratio fall within the suggested ratios. You can contact the other lender to see what loan terms they offer.