



KNOW YOUR NUMBERS

Calculate the home payment you can take on by filling in the worksheets below:

Think about what an affordable home loan looks like for you. These worksheets can help. First, estimate your total monthly home payment. Second, look at the percentage of your income that will go toward your monthly home payment. Third, look at how much money you will have available to spend on the rest of your monthly expenses.

Step 1. Estimate your total monthly home payment by adding up the items below

Your **total monthly home payment** is more than just your mortgage. There are more expenses that go along with owning your home. Start with estimates and adjust as you go.

MONTHLY ESTIMATE

Principal and interest (P&I) Your principal and interest payment depends on your home loan amount, the interest rate, and the number of years it takes to repay the loan. Principal is the amount you pay each month to reduce the loan balance. Interest is the amount you pay each month to borrow money. Many principal and interest calculators are available online.	\$
Mortgage insurance Mortgage insurance is often required for loans with less than a 20% down payment.	+ \$
Property taxes The local assessor or auditor's office can help you estimate property taxes for your area. If you know the yearly amount, divide by 12 and write in the monthly amount.	+ \$
Homeowner's insurance You can call one or more insurance agents to get an estimate for homes in your area. Ask if flood insurance is required.	+ \$
Homeowner's association or condominium fees, if they apply Condominiums and other planned communities often require homeowner's association (HOA) fees.	+ \$
My estimated total monthly home payment	= \$

Step 2. Estimate the percentage of your income spent on your monthly home payment

Calculate the percentage of your total monthly income that goes toward your total monthly home payment each month. A mortgage lending rule of thumb is that **your total monthly home payment should be at or below 28% of your total monthly income before taxes**. Lenders may approve you for more or for less depending on your overall financial picture.

$$\begin{array}{ccccc} \$ & & \div & \$ & \times 100 = & \% \\ \hline \text{My estimated total monthly} & & & \text{My total monthly income} & & \text{Percentage of my income} \\ \text{home payment (from step 1)} & & & \text{before taxes} & & \text{going toward my monthly} \\ & & & & & \text{home payment} \end{array}$$

Step 3. Estimate what is left after subtracting your monthly debts

To determine whether you are comfortable with your total monthly home payment, figure out how much of your income is left after you pay for your housing plus your other monthly debts.

Total monthly income <i>after taxes</i>	\$
My estimated total monthly home payment (from step 1)	
Monthly car payment(s)	– \$
Monthly student loan payment(s)	– \$
Monthly credit card payment(s)	– \$
Other monthly payments, such as child support or alimony	– \$
Total monthly income minus all debt payments This money must cover your utilities, groceries, child care, health insurance, repairs, and everything else. If this isn't enough, consider options such as buying a less expensive home or paying down debts.	= \$

Step 4. Your choice

I am comfortable with a total monthly home payment of: \$