

How Much Home Can You Afford?

HOME BUYING WORKSHEET

	<u>EXAMPLE*</u>	<u>YOUR FAMILY</u>
1. Gross Annual Income (before taxes)	\$48,000	
2. Gross Monthly Income Line 1 divided by 12 months	\$4,000	
3. Monthly Allowable Housing Expense and Long-Term Obligations Line 2 multiplied by .38 ***(38% of gross monthly income is usually allocated for principal, interest, taxes, insurance and monthly long-term obligations.)	\$1,520	
4. Monthly Allowable Housing Expense Line 3 minus you monthly obligations* - credit cards, child support, car loan, etc. (Remainder is allowable principal, interest, taxes and insurance payment.) NOTE: Monthly Allowable Housing Expense on line 4 should not exceed 33%*** of line 2. If it does, enter the lesser amount of the two on line 4 and continue.	\$400 \$1,120	
5. Monthly Principal and Interest Payment Line 4 multiplied by .80 (80% is the amount of the monthly allowable housing expense usually allocated to only the principal and interest payment, <u>excluding</u> taxes and insurance.	\$896	
6. Estimated Mortgage Amount Line 5 divided by 7.34 multiplied by \$1,000 (7.34 is the factor for a 8% loan amortized over a 30-yr term. Factors for other interest rates and terms are shown in the Interest Rate Factor Chart on the next page.)	7.34 \$122,070	
7. Estimated Affordable Price**** Line 6 divided by .80 (80% is the mortgage loan amount, assuming a 20% down payment.) (Use .90 for a 10% down payment.)	\$152,600 \$135,600	

If you would like my help with this worksheet, contact me.

This material is intended for example purposes only and is not a commitment for financing. This worksheet is intended for use on primary residences. Your rate and affordable price will vary, depending on the size of your down payment, specific terms of your loan, other monthly obligations and the amount of assessment fees, if applicable.

* The example column is based upon a customer(s) with a gross annual income of \$48,000 and monthly long-term obligations of \$400, an interest rate of 8%, a mortgage amount of \$122,000 and an APR of 8.125%.

*** These are standard industry guidelines; however, there are a variety of other mortgage products with flexible options.

**** Rounded to the nearest \$100.

Interest Rate Factor Chart

Factors Per \$1,000					
Interest Rate	Term 15 yrs	Term 30 yrs	Interest Rate	Term 15 yrs	Term 30 yrs
4	7.40	4.77	8	9.56	7.34
4 1/8	7.46	4.85	8 1/8	9.63	7.42
4 1/4	7.52	4.92	8 1/4	9.70	7.51
4 3/8	7.59	4.99	8 3/8	9.77	7.60
4 1/2	7.65	5.07	8 1/2	9.85	7.69
4 5/8	7.71	5.14	8 5/8	9.92	7.78
4 3/4	7.78	5.22	8 3/4	9.99	7.87
4 7/8	7.84	5.29	8 7/8	10.07	7.96
5	7.91	5.37	9	10.14	8.05
5 1/8	7.97	5.44	9 1/8	10.22	8.14
5 1/4	8.04	5.52	9 1/4	10.29	8.23
5 3/8	8.10	5.60	9 3/8	10.37	8.32
5 1/2	8.17	5.68	9 1/2	10.44	8.41
5 5/8	8.24	5.76	9 5/8	10.52	8.50
5 3/4	8.30	5.84	9 3/4	10.59	8.59
5 7/8	8.37	5.92	9 7/8	10.67	8.68
6	8.44	6.00	10	10.75	8.77
6 1/8	8.51	6.08	10 1/8	10.82	8.87
6 1/4	8.57	6.16	10 1/4	10.90	8.96
6 3/8	8.64	6.24	10 3/8	10.98	9.05
6 1/2	8.71	6.32	10 1/2	11.05	9.15
6 5/8	8.78	6.40	10 5/8	11.13	9.24
6 3/4	8.85	6.48	10 3/4	11.21	9.33
6 7/8	8.92	6.57	10 7/8	11.29	9.43
7	8.99	6.65	11	11.36	9.52
7 1/8	9.06	6.74	11 1/8	11.44	9.62
7 1/4	9.13	6.82	11 1/4	11.52	9.71
7 3/8	9.20	6.91	11 3/8	11.60	9.81
7 1/2	9.27	6.99	11 1/2	11.68	9.90
7 5/8	9.34	7.08	11 5/8	11.76	10.00
7 3/4	9.41	7.16	11 3/4	11.84	10.09
7 7/8	9.48	7.25	11 7/8	11.92	10.19

This chart will help you calculate your monthly principal and interest payments for both fixed and adjustable rate loans at various interest rates over 15 and 30-year terms.

Start by finding the appropriate interest rate, then look across to the column indicating the desired term of the loan. That number is the interest rate factor. This is the dollar amount required each month to amortize \$1,000 over the specified term. Enter number in Item 6 of **How Much Can You Afford** on the first page.