# Define what is affordable for you.

Only you can decide how much you feel comfortable spending on a home. This worksheet will help you plan for the future and calculate a monthly payment that is affordable to you.

This worksheet is designed for first-time home buyers.

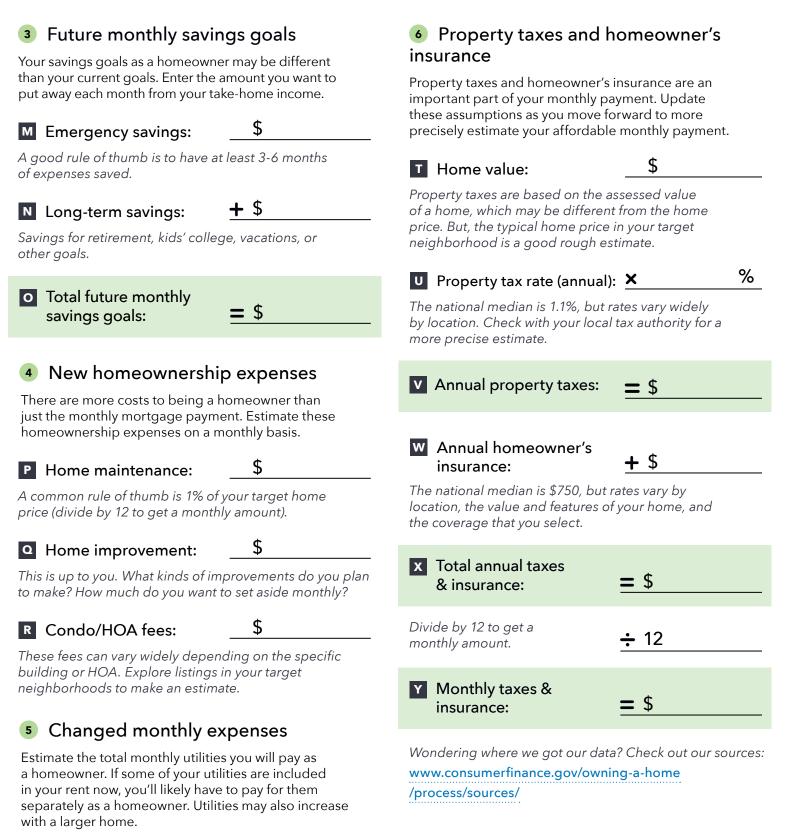
## Assess your current income, spending, and savings.

<ol> <li>Monthly income</li> </ol>		2 Monthly spending and savings	
PRE-TAX INCOME		G Rent:	\$
A Your income:	\$		
B Co-borrower's income:	+ \$	<b>H</b> Utilities: Electricity, gas, water, phone, inte	+ \$ ernet, etc.
<b>c</b> Total monthly pre-tax income:	= \$	<b>Debt payments:</b> Student loans, car loans, credit c	+ \$ ard debt, etc.
		J Living & other expenses	<b>+</b> \$
TAKE-HOME INCOME		Groceries, transportation, child c eating out, health, entertainment	
D Your income:	\$	K Savings:	<b>+</b> \$
E Co-borrower's income:	<u>+</u> \$	Amount you put away each mont take-home income.	h from your
F Total monthly take-home income:	<u>= \$</u>	L Total monthly spending and savings:	<u>=</u> \$
		/	
	Your total monthly apondir	a and savings should be	

Your total monthly spending and savings should be no more than your total monthly take-home income.



# Estimate your financial responsibilities after buying a home.



cfpb c

**s** Future utilities:

<ul> <li>Your homeownership</li> <li>This budget is based on your montand estimated expenses.</li> <li>Take-home income: (Line F)</li> <li>Debts: (Line I)</li> <li>Living expenses: (Line J)</li> <li>Future savings: (Line O)</li> <li>Home maintenance: (Line P)</li> <li>Home improvement: (Line Q)</li> <li>Future utilities: (Line S)</li> <li>Total available for monthly housing obligations:</li> </ul>	J	What's included in your total monthly housing obligations?The amount you have available for monthly housing obligations needs to cover your principal & interest payment, taxes and insurance, and condo/HOA fees.Total available for monthly housing obligations: (Line Z)\$\$Condo/HOA fees: (Line R)\$- \$Usually not included in your mortgage payment.Estimated total monthly payment:*= \$Monthly taxes and insurance: (Line Y)- \$Estimated monthly principal & interest:= \$You'll need this number to calculate how much you want to spend on a home.

#### 8 Check your percentage

Total monthly housing obligations: (Line Z)	\$
Pre-tax income: (Line C)	÷\$
Multiply by 100 to get a percentage.	× 100
Percentage of your pre-tax income:	<u>= %</u>

A mortgage lending rule of thumb is that your total monthly housing obligations should be no more than 28% of your pre-tax income. Lenders may approve you for more or less depending on your overall financial picture.

### 9 Next steps

Knowing your affordable monthly payment is the first step to deciding how much you want to spend on a home. Next:

#### Determine your down payment.

www.consumerfinance.gov/owning-a-home /process/prepare/#down-payment

#### Estimate your affordable home price.

www.consumerfinance.gov/owning-a-home /process/prepare/#price

\* This worksheet assumes you are able to put down 20% of your home's purchase price. If you put down less than 20%, you will likely have to pay for mortgage insurance, which will increase your monthly payment. Learn more at

www.consumerfinance.gov/askcfpb/1953/what-ismortgage-insurance-and-how-does-it-work.html

