MONTHLY PAYMENT WORKSHEET

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.

1. Monthly income

PRE-TAX INCOME

<table>
<thead>
<tr>
<th>A</th>
<th>Your income:</th>
<th>$</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Co-borrower's income:</td>
<td>+ $</td>
<td></td>
</tr>
</tbody>
</table>

C Total monthly pre-tax income: = $ 

TAKE-HOME INCOME

<table>
<thead>
<tr>
<th>D</th>
<th>Your income:</th>
<th>$</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Co-borrower's income:</td>
<td>+ $</td>
<td></td>
</tr>
</tbody>
</table>

F Total monthly take-home income: = $ 

2. Monthly spending and savings

G Rent: $ 

H Utilities: + $ 

Electricity, gas, water, phone, internet, etc.

I Debt payments: + $ 

Student loans, car loans, credit card debt, etc.

J Living & other expenses: + $ 

Groceries, transportation, child care, child support, eating out, health, entertainment, etc.

K Savings: + $ 

Amount you put away each month from your take-home income.

L Total monthly spending and savings: = $ 

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

Learn more at consumerfinance.gov/owning-a-home
Estimate your financial responsibilities after buying a home.

3 Future monthly savings goals
Your savings goals as a homeowner may be different than your current goals. Enter the amount you want to put away each month from your take-home income.

M Emergency savings: $__________
A good rule of thumb is to have at least 3-6 months of expenses saved.

N Long-term savings: + $__________
Savings for retirement, kids’ college, vacations, or other goals.

O Total future monthly savings goals: = $__________

4 New homeownership expenses
There are more costs to being a homeowner than just the monthly mortgage payment. Estimate these homeownership expenses on a monthly basis.

P Home maintenance: $__________
A common rule of thumb is 1% of your target home price (divide by 12 to get a monthly amount).

Q Home improvement: $__________
This is up to you. What kinds of improvements do you plan to make? How much do you want to set aside monthly?

R Condo/HOA fees: $__________
These fees can vary widely depending on the specific building or HOA. Explore listings in your target neighborhoods to make an estimate.

5 Changed monthly expenses
Estimate the total monthly utilities you will pay as a homeowner. If some of your utilities are included in your rent now, you’ll likely have to pay for them separately as a homeowner. Utilities may also increase with a larger home.

S Future utilities: $__________

6 Property taxes and homeowner’s insurance
Property taxes and homeowner’s insurance are an important part of your monthly payment. Update these assumptions as you move forward to more precisely estimate your affordable monthly payment.

T Home value: $__________
Property taxes are based on the assessed value of a home, which may be different from the home price. But, the typical home price in your target neighborhood is a good rough estimate.

U Property tax rate (annual): × %
The national median is 1.1%, but rates vary widely by location. Check with your local tax authority for a more precise estimate.

V Annual property taxes: = $__________

W Annual homeowner’s insurance: + $__________
The national median is $750, but rates vary by location, the value and features of your home, and the coverage that you select.

X Total annual taxes & insurance: = $__________
Divide by 12 to get a monthly amount.

Y Monthly taxes & insurance: = $__________

Wondering where we got our data? Check out our sources: www.consumerfinance.gov/owning-a-home/process/sources/
How much can you afford?

Your homeownership budget
This budget is based on your monthly income and estimated expenses.

Take-home income: (Line F) $_________
Debts: (Line I) $_________
Living expenses: (Line J) $_________
Future savings: (Line O) $_________
Home maintenance: (Line P) $_________
Home improvement: (Line Q) $_________
Future utilities: (Line S) $_________

Total available for monthly housing obligations: $_________

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.

Check your percentage

Total monthly housing obligations: (Line Z) $_________
Pre-tax income: (Line C) $_________

Multiply by 100 to get a percentage.

Percentage of your pre-tax income: %

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.

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-is-mortgage-insurance-and-how-does-it-work.html