

AFFORDABILITY WORKSHEET

How Much House Can You Afford to Buy?

The numbers in the [square brackets] represent the calculations for the following example: Gross annual income \$66,000; monthly long term debt obligations \$400; interest 7%; down payment 20%; taxes and insurance = 20% of the allowable housing cost. Enter *your* own figures on the dotted lines.

YOUR FIGURES

1. Gross annual income (Before taxes) [\$66,000] \$ _____
2. Gross Monthly Income (Line 1 divided by 12) [\$5,500] \$ _____
3. Monthly Allowable Housing Expense and Long Term Obligations
 (Line 2 times .36) [\$1,980] \$ _____
4. Monthly Long Term Obligations.
 (Enter sum of monthly payments for installment debt,
 auto loans, credit cards, child support, etc.) [\$400] \$ _____
5. Monthly Allowable Housing Expense
 (Line 3 minus Line 4) [\$1,580] \$ _____
6. Maximum Allowable Housing Expense
 (Line 2 times .28) [\$1,540] \$ _____
7. Enter the lesser of Line 5 or Line 6. [\$1,540] \$ _____
8. Monthly Principal and Interest Payment
 (Line 7 multiplied by .80) [\$1,232] \$ _____
 (80% is the amount of the monthly allowable housing expense usually allocated
 to principal and interest payment only, excluding taxes and insurance.)
9. Estimated payment per \$100,000 loan. (From the chart below, select the
 interest rate closest to the expected interest rate, and circle the monthly
 cost of a \$1,000 loan. Chart assumes a 30 year loan.)

Monthly Cost of \$1000 loan, 30 year term

Interest Rate	5%	5.5%	6%	6.5%	[7%]	7.5%	8%	8.5%	9%
Monthly Payment	5.37	5.68	6.00	6.32	[6.65]	6.99	7.34	7.69	8.05

10. Estimated Mortgage Amount [\$185,000] \$ _____,000
 (Line 8 divided by Line 9 circled amount. Answer is per \$1,000.
 Round to nearest \$1,000.)
11. Estimated Affordable Price [\$231,000] \$ _____,000
 (Line 10 divided by .80) (80% is the mortgage amount, assuming
 a 20% down payment. Use .90 for a 10% down payment.
 Round to nearest \$1,000)

JILL HILL's Real Estate Guide for Marin County

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