## **Buying a Home Personal Worksheet**

Use this worksheet to get organized and make a plan for purchasing your new home. The following information can help you to start thinking about becoming a homeowner and what you need to do to make your dream a reality.

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1. Make a Mini Wish List: The top 3 things you absolutely must have for your dream house are:
1. 2. 3.
2. Purchase Price:
The price range of the homes you are looking at is \$ to \$
3. Down payment and closing costs: What percentage of the home's price will you pay upfront?
% X \$ purchase price = \$ down payment amount  Remember: If you put down less than 20%, you may be required to pay Private Mortgage Insurance (PMI).
Don't forget to allow for closing costs when deciding how much to have available for a down payment. Loan fees, escrow and title cost, transfer tax and other items due at closing can total one to five percent of the price of the home!
Where will you find the money for your down payment and other closing costs? Check all that apply.
<ul><li>☐ Monthly savings</li><li>☐ Current assets/investments</li></ul>
□ IRA
□ Retirement plan loan
<ul><li>□ Family members</li><li>□ Other sources (list)</li></ul>



4.	Your Mortgage: You have determined your purchase price and down payment but you will probably
stil	Il need to borrow money. How much will you need to borrow? (Purchase price of the home minus
yo	ur down payment equals the amount you will need to borrow in the form of a mortgage loan.)

I will need to borrow \$	
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A mortgage is usually the biggest loan you'll take on in your lifetime. One rule of thumb lenders often use is that your total monthly debt payments (including car loan, credit cards, etc.) should not exceed 36% of your pre-tax monthly income.

What mortgage payment can you afford based on the 36% guideline? Find your income in the gross annual income column. Then add up your monthly car payment, credit card payments, and other loan payments and subtract that total from the amount in the column on the right. The amount left over is approximately the monthly mortgage payment you can afford.

Gross Annual Income	Monthly Income	Allowable Total Monthly Debt Payments
\$30,000	\$2,500	\$900
\$40,000	\$3,333	\$1,200
\$50,000	\$4,167	\$1,500
\$60,000	\$5,000	\$1,800
\$70,000	\$5,833	\$2,100
\$80,000	\$6,667	\$2,400
\$90,000	\$7,500	\$2,700
\$100,000	\$8,333	\$3,000
\$110,000	\$9,167	\$3,300
\$120,000	\$10,000	\$3,600
\$150,000	\$12,500	\$4,500
\$180,000	\$15,000	\$5,400

**Example:** Joe and Joan have a combined income of \$70,000. They have a car payment of \$320, student loan payment of \$150 and a credit card payment of \$80, for a total of \$550. Their total allowable payment of \$2,100 must be reduced by \$550, so the maximum amount of their potential mortgage payment is \$1,550.



**5. Your Mortgage Payment**: Now that you know the monthly mortgage payment that you can afford, use the chart below to see the mortgage loan amount you may qualify for at different interest rates.

## Mortgage Payment (30 year term) (Principal and Interest) at different interest rates

Mortgage Amount	3.50%	4.00%	5.00%	5.50%
\$50,000	\$225	\$239	\$268	\$284
\$75,000	\$337	\$358	\$403	\$426
\$100,000	\$449	\$477	\$537	\$568
\$150,000	\$674	\$716	\$805	\$852
\$200,000	\$898	\$955	\$1,074	\$1,136
\$250,000	\$1,123	\$1,194	\$1,342	\$1,419
\$300,000	\$1,347	\$1,432	\$1,610	\$1,703
\$350,000	\$1,572	\$1,671	\$1,879	\$1,987
\$400,000	\$1,796	\$1,910	\$2,147	\$2,271
\$450,000	\$2,021	\$2,148	\$2,416	\$2,555
\$500,000	\$2,245	\$2,387	\$2,684	\$2,839

Another rule of thumb is that your annual pre-tax salary should equal at least four times your annual mortgage payment. Do this quick calculation to see if you will meet this guideline. (Use the monthly mortgage payment amount from above and multiply by 12 to get the annual payment.)

Annual mortgage payment $x 4 = $ \$	 , which should be less than yo	ur
annual pre-tax salary.		



you.				
a.	How would yo	ou describe your curre	ent financial situation?	
b.	Any significar	nt changes in the fores	seeable future?	
C.	How long do	you think you will stay	in your new home?	
d.	How comforts	able are you with a var	rying (instead of a fixed	) mortgage payment?
7. My estimated total monthly mortgage payment: In addition to the principal and interest payments, your monthly mortgage payment can also include property taxes, homeowner's insurance premiums, and Private Mortgage Insurance (PMI; if applicable), if you set up your monthly escrow to include these items. Even if you choose not to escrow your taxes and insurance, be sure to find out how much both will cost so you can budget accordingly.  Estimated property taxes for the home I wish to purchase:				
Annua	l amount	\$	Monthly amount	\$
Estimated homeowner's insurance for the property I want to buy:				
Annua	l amount	\$	Monthly amount	\$
If your down payment will be less than 20%, here is a guideline for estimating the annual amount for PMI:  • PMI is .0078 times the loan amount with a 5% down payment  • PMI is .0052 times the loan amount with a 10% down payment				
Annua	l amount	\$	Monthly amount	\$

**6. Things to consider before taking on a mortgage:** A mortgage is a big financial commitment and before taking one on, be sure that you are ready. Answer these questions to see if the timing is right for



Now bring all the monthly amounts together to calculate your total monthly mortgage payment:					
Principal and interest payment (from #5 above)	\$				
Property Taxes	\$				
Homeowner's Insurance	\$				
PMI (if applicable)	\$				
MONTHLY TOTAL:	\$				
Next Steps:					
Get a copy of your credit report. (For a free	one go to www.annualcreditreport.com.)				
☐ Line up professionals to help you.					
Save for a down payment and closing costs.					
☐ Get pre-approved for a mortgage.					
Begin to look for properties.	☐ Begin to look for properties.				