

Size of Home Worksheet #1

This worksheet can be used to help you assess how much home you can afford. Your estimated monthly income coming into budget is your income to budget (ITB): \$_____.

After taxes and employment deduction:

Where you chose to spend your income; estimate monthly:

- | | |
|---|---------|
| A. Food and restaurants | \$_____ |
| B. Phones, Internet, cable, BlackBerry™ | \$_____ |
| C. Auto payments or lease | \$_____ |
| D. Auto insurance, gas, maintenance | \$_____ |
| E. Travel; vacations, seminars, family visits | \$_____ |
| F. Entertainment, gifts, recreation, health club | \$_____ |
| G. Clothing, makeup, hair stylist | \$_____ |
| H. Life, disability, hospital/medical insurance | \$_____ |
| I. To retirement plans through 401(k), IRA, 403(b) (10%) | \$_____ |
| J. Childcare, school expenses, children's miscellaneous | \$_____ |
| K. Food, toiletries, household expenses (cleaning service, supplies, etc) | \$_____ |
| L. Loan payments (spread out*) | \$_____ |
| M. Credit card expenses not listed above | \$_____ |
| N. Savings surplus for liquidity, children's education, retirement, second home, etc, at 10% to 20% or whatever makes you comfortable | \$_____ |

Non-housing spending (NHS):

Total all spending before housing A through N: \$_____ (NHS)

ITB: \$_____ (Income to budget, from above line)

NHS \$_____ Non-housing spending, subtract from above ITB

AFH \$_____ (Available for housing) first home, second home, etc.

*See "Debt Management" illustrations on page 000 and 000.
IRA indicates individual retirement account.

If there is any question about which home is your primary residence, the IRS will use relevant factors such as your place of employment; the principal place of abode of your family; the address listed on federal and state tax returns, driver's license, automobile registration, and voter registration card; mailing address for bills and correspondence; and the location of banks, religious organizations, and recreational clubs. Go to www.IRS.gov for more details. Of course, your certified public accountant can guide you in the specifics of how these rules apply to you.

Size of Home Worksheet #2

Amount available for housing, \$ _____ monthly*
(from "Size of Home Worksheet #1" on page 000)

Estimated monthly cost of owning a home without debt (payment included)

■ Approximate utilities*: electric, heat, gas, condo fees, etc	\$ + _____
■ Approximate property taxes† ÷ 12	\$ + _____
■ Approximate maintenance: 1% of home value ÷ 12	\$ + _____
Total	\$ = _____
Amount available for housing	\$ _____
Estimated cost of owning home without debt	\$ - _____
Available for debt service	\$ = _____

Now that you have the amount available for debt service, you can do "upside-down math" to figure out how much home you can afford, or ask a mortgage broker. A mortgage broker can guide you to the right mortgage, which usually is a fixed rate, no points, fully amortized over 30 years mortgage or one that balloons in 4 to 10 years (if you do not think you will be in the home for over 10 years). To check the broker's numbers, enter www.netbank.com, or type "home mortgage/your town & state" in your browser's search engine.

Payment \$ _____ ÷ factor from below = amount of house payment will support \$ _____

Example: Payment of \$3,000 ÷ \$665 = \$451,000. Mortgage amount supported by a 7%, 30-year loan. (See "Interest Rate/Mortgage Payment Table" on page 000.)

*If you rent or lease, this is what you can afford including utilities.

†Your Realtor® can provide this information to you in writing.