

Buyer's Estimated Price Range

EXAMPLE:

For a family with gross annual income of \$42,000 and monthly long-term obligations of \$400 (installment debt, auto loans, credit cards, child support, etc.)

A. Gross Annual Income \$42,000
(Before Taxes)

B. Gross Monthly Income \$3,500
\$42,000 divided by 12

C. Monthly Allowable Housing \$1,435
Expense and Long-Term
Obligations
\$3,500 multiplied by .41 (41% of gross
monthly income is usually allocated for
principal, interest, taxes, insurance and
monthly long-term obligations.)

D. Monthly Allowable Housing Expense \$1,035
\$1,435 minus \$400 (Subtract monthly long-term
obligations from line C. Remainder is allowable
principal, interest, taxes and insurance payment.)

NOTE: Monthly Allowable Housing Expense
on line D should not exceed 28% of Gross
Monthly Income on line B. If it does, enter the
lesser amount on line D and continue.

E. Monthly Principal \$932
and Interest Payment
\$1035 multiplied by .90 (90% is the amount
of the monthly allowable housing expense
usually allocated to principal and interest
payments only, excluding taxes and insurance)

F. Estimated Mortgage Amount* \$115,714
\$932 divided by 8.05 multiplied by \$1000
(8.05 is the factor for a 9% loan amortized
over a 30-year term. Factors for other
interest rates and terms are shown in the
Interest Rate Factor Chart.)

G. Estimated Affordable Price Range \$144,643
(\$115,714 divided by .80 (80% is the
mortgage loan amount, assuming a 20%
down payment. Use .90 for a 10%
down payment.)

* Rounded to the nearest \$100

ACTUAL:

A. Gross Annual Income _____
Before taxes

B. Gross Monthly Income _____
Line A divided by 12

C. Monthly Allowable Housing _____
Expense and Long-Term
Obligations
Line B multiplied by .41

D. Monthly Allowable Housing _____
Expense
Line C minus long-term obligations
or line B multiplied by .28 whichever is less

E. Monthly Principal and Interest _____
Line D multiplied by .90

F. Estimated Mortgage Amount* _____
Line E divided by the appropriate
factor from the interest rate chart
and multiplied by \$1,000

G. Estimated Affordable Price Range _____
Line F divided by .80 or .90
depending upon down payment

* Rounded to the nearest \$100

This material is intended for example purposes only and is not a commitment for financing.