

## HOME AFFORDABILITY ANALYSIS\*

Name \_\_\_\_\_ Date \_\_\_\_\_

Item	Description	Amount
1	Amount of annual income	\$ _____
2	Monthly income (Item 1 $\div$ 12)	\$ _____
3	Lender's affordability ratio (in decimal form)	_____
4	Maximum monthly mortgage payment (PITI) (Item 2 $\times$ Item 3)	\$ _____
5	Estimated monthly property tax and homeowner's insurance payment	\$ _____
6	Maximum monthly loan payment (Item 4 $-$ Item 5)	\$ _____
7	Approximate average interest rate on loan	_____
8	Planned loan maturity (years)	_____
9	Mortgage payment per \$10,000 (using Item 7 and Item 8 and Table of Monthly Mortgage Payments in Exhibit 5.11)	\$ _____
10	Maximum loan based on monthly income (\$10,000 $\times$ Item 6 $\div$ Item 9)	\$ _____
11	Funds available for making a down payment and paying closing costs	\$ _____
12	Funds available for making a down payment (Item 11 $\times$ .67)	\$ _____
13	Maximum purchase price based on available monthly income (Item 10 $+$ Item 12)	\$ _____
14	Minimum acceptable down payment (in decimal form)	_____
15	Maximum purchase price based on down payment (Item 12 $\div$ Item 14)	\$ _____
16	Maximum home purchase price (lower of Item 13 and Item 15)	\$ _____

*\*Note:* This analysis assumes that  $\frac{1}{3}$  of the funds available for making the down payment and paying closing costs are used to meet closing costs while the remaining  $\frac{2}{3}$  are available for a down payment. This assumption means that closing costs will represent an amount equal to 50 percent of the down payment.