UNDERSTANDING YOUR BUDGET

Calculate Your TRUE Monthly Housing Cost:

Monthly Mortgage Payment Includes:

- *Principal (the loan amount)*
- *Interest (the cost of borrowing)*
- *Property Taxes (varies by location)*
- *Homeowners Insurance (required by lenders)*
- *PMI - Private Mortgage Insurance (if down payment is less than 20%)*
- *HOA Fees (if applicable)*

Additional Monthly/Annual Costs to Consider:

Utilities:

- *Electric*
- *Gas*
- *Water/Sewer*
- *Trash*
- *Internet/Cable*

Maintenance & Repairs:

- *Rule of thumb: Budget 1-2% of home value annually*
- *Example: $300,000 home = $3,000-$6,000/year or $250-$500/month*

Other Costs:

- *Lawn care/landscaping*
- *Pest control*
- *HVAC maintenance*
- *Appliance repairs/replacements*
- *Home warranty (optional but recommended)*

Budget Worksheet:

GROSS MONTHLY INCOME: *$__________*

CURRENT MONTHLY DEBTS:

- *Car payment: $__________*
- *Student loans: $__________*
- *Credit cards: $__________*
- *Other loans: $__________*
- ***TOTAL DEBT:*** *$__________*

DEBT-TO-INCOME RATIO (DTI): *Total Monthly Debt ÷ Gross Monthly Income = _______%*

Most lenders prefer DTI below 43%, but some programs allow up to 50%

COMFORTABLE MONTHLY HOUSING BUDGET: *$__________*

Your total housing payment should ideally be no more than 28-30% of your gross monthly income

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