





## HOW MUCH HOME CAN YOU AFFORD?

Before you start shopping for a home, you need to know what kind of home to shop for. To determine that, of course, you've got to figure out how much you can afford to pay each month.

Fortunately, there's a pretty simple formula for coming up with this number. It's the FHA formula that many mortgage lenders use. The FHA has found that most people can afford to budget 29 percent of their gross monthly income to housing expenses, depending on total debt. Buyers with no debt can budget as much as 41 percent of monthly income to housing.

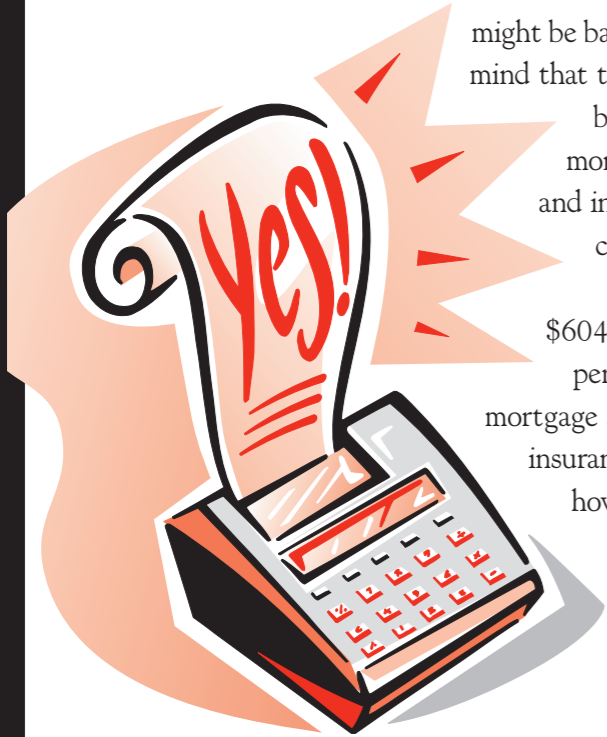
*No need to reach for your calculator—we've done the math for you.* The two charts on the opposite page should tell you everything you need to know.

The first chart tells you how much 29 percent of your monthly income is. Find your annual income, or a figure close to it, in the column at the left. Then read across to find out how much your monthly gross income is, and finally, what 29 percent of that figure amounts to. This is approximately how much you can spend on total housing costs each month.

The second chart tells you how much your monthly mortgage might be based on a home's selling price. Remember to keep in mind that the monthly figure from this second chart is

based on a 30-year fixed mortgage and includes monthly principal and interest payments only. Taxes and insurance – which vary from community to community – are not included.

So if 29 percent of your gross income is, say, \$604, that doesn't mean you can pay a \$604-per-month mortgage. You need to look at a mortgage somewhat below that, to leave room for taxes and insurance. Be sure to ask your lender to help you estimate how much your total costs will be.



Annual Gross Income	Monthly Gross Income	29% of Gross Income
\$15,000	\$1,250	\$363
20,000	1,667	483
25,000	2,083	604
30,000	2,500	725
35,000	2,917	846
40,000	3,333	967
45,000	3,750	1,088
50,000	4,167	1,208

## MORTGAGE PAYMENT CALCULATOR

Monthly principal, interest payments for 30-year, fixed rate mortgage.  
Monthly taxes, insurance not included.

COST	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%	10.0%
\$ 25,000	134	142	150	158	166	175	183	192	201	210	219
\$ 30,000	161	170	180	190	200	210	220	231	241	252	263
\$ 40,000	215	227	240	253	266	280	293	308	322	336	351
\$ 50,000	268	284	300	316	333	350	367	384	402	420	439
\$ 60,000	322	341	360	379	399	420	440	461	483	505	527
\$ 70,000	376	397	420	442	466	489	514	538	563	589	614
\$ 80,000	429	454	480	506	532	559	587	615	644	673	702
\$ 90,000	483	511	540	569	599	629	660	692	724	757	790
\$ 100,000	537	568	600	632	665	699	734	769	805	841	878
\$ 110,000	591	625	660	695	732	769	807	846	885	925	965
\$ 120,000	644	681	719	758	798	839	880	923	966	1,009	1,053
\$ 130,000	698	738	780	822	865	909	954	1,000	1,046	1,093	1,141
\$ 140,000	752	795	839	885	931	979	1,027	1,076	1,126	1,177	1,229
\$ 150,000	805	852	899	948	998	1,049	1,101	1,153	1,207	1,261	1,316
\$ 160,000	859	908	959	1,011	1,064	1,119	1,174	1,230	1,287	1,345	1,404
\$ 170,000	913	965	1,019	1,075	1,131	1,189	1,247	1,307	1,368	1,429	1,492

Source: U.S. Department of Housing and Urban Development: Office of Evaluation



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