

# What Monthly Payment Can You Afford?

There are many online calculators available to help you determine how much of a total monthly mortgage payment you may be able to afford. An easy guideline to follow is the 36% rule; your total monthly debt should stay below 36% of your gross income (Debt-to-Income Ratio or DTI)<sup>1</sup>. To do a quick estimate of what you could potentially afford, you need two basic numbers: Maximum Monthly Debt and Current Monthly Debt. Your lender may permit a different ratio than the estimate below.

## GROSS INCOME

Step 1: Calculate your maximum debt based on your desired DTI ratio.

1	Annual Base Income	\$	
2	Annual Bonus, Commission and Overtime	\$	
3	Annual Military Entitlements	\$	
4	Other Annual Income (i.e. Child Support or Alimony)	\$	
5	GROSS ANNUAL INCOME (Rows 1+2+3+4)	\$	
6	GROSS MONTHLY INCOME (Row 5÷12)	\$	
7			

X

MAXIMUM MONTHLY DEBT	\$	
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## DEBTS

Step 2: Subtract your monthly debt from your maximum debt to calculate your max monthly mortgage payment.

8	Total Monthly Minimum Credit Card Payments	\$	
9	Total Monthly Car Payments	\$	
10	Total Monthly Personal Loan Payments	\$	
11	Total Monthly Student Loan Payments	\$	
12	Total Other Monthly Debts	\$	
13	CURRENT MONTHLY DEBT (Rows 8+9+10+11+12)	\$	
14	MAXIMUM MONTHLY MORTGAGE PAYMENT Maximum Debt (Row 7) – Current Debt (Row 13)	\$	

Homeownership doesn't have to be a dream. Mortgage insurance can get you into a house faster with less than a 20% down payment. Talk to your loan officer to learn more about the value of MI.

<sup>1</sup>For illustrative purposes only; please consult your financial advisor regarding your own financial situation.