Home Affordability Checklist

OVERVIEW:

There are several ways you can assess your home affordability to help you build a budget and make your homeownership dreams come true.

Review the following three models to determine which method works best for you.

WHAT'S INCLUDED:

- **Affordability Checklist**
  A list of information you'll need to calculate how much you can spend on a home

HOME AFFORDABILITY CHECKLIST

Income based

Typically applied by most lenders, this straightforward method uses your gross income as a starting point to assess how much you can afford on a home.

- ☐ Annual household income
- ☐ Total monthly debt (e.g., credit cards, student and auto loans)
- ☐ Loan term (number of years)
- ☐ Loan amount
- ☐ Property taxes (annual)
- ☐ Homeowners insurance (annual)
- ☐ Estimated monthly payment

Payment based

This method jumps off your ideal monthly payment, giving you a good idea of the maximum price to aim for in your home search.

- ☐ Desired monthly payment
- ☐ Down payment
- ☐ Interest rate
- ☐ Loan term (number of years)
- ☐ Property taxes (monthly)
- ☐ Homeowners insurance (monthly)
- ☐ Homeowners association fees (monthly)

Price based

If you have a specific budget in mind for your home purchase, this approach is most effective because it sets clear expectations for your approximate monthly payment from the outset.

- ☐ Purchase price
- ☐ Down payment
- ☐ Interest rate
- ☐ Loan term (number of years)
- ☐ Property taxes (monthly)
- ☐ Homeowners insurance (monthly)