

“What Can I Afford?” Worksheet

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Step 1

Calculate your Monthly Housing Costs

Most lenders say that your monthly housing expenses (principal, interest and taxes) should not exceed 32% of your before tax personal income. Also known as your Gross Debt Service Ratio (GDS).

Take your total monthly gross (before tax) income
 \$ _____

Multiply it by the maximum GDS Ratio (32%) X 0.32

This is the maximum amount available for your mortgage payment, property taxes and condo fees (if applicable)

= \$ _____

This is the maximum monthly amount that can be applied to housing expenses.

Step 2

Calculate your Total Debt Load

Your Debt Load takes into account monthly housing expenses plus any other debts and loans that you may have. Lenders caution that your TDS ratio should not exceed 40% of your before tax personal income.

Take your monthly gross (before tax) income
 \$ _____

Multiply it by the maximum TDS Ratio (40%)

X 0.40 \$ _____

Subtract your regular monthly expenses (i.e. car payments, personal loans etc)

— \$ _____

This is the maximum amount available for your mortgage payment, property taxes and condo fees (if applicable)

= \$ _____

Step 3

Calculate the amount available to apply to your monthly mortgage payment. This figure will be used to calculate how much mortgage you are eligible for.

To calculate this amount: identify the lower of your GDS or TDS: \$ _____

Subtract an appropriate monthly amount for property tax:

— \$ _____

This is the amount that the lenders will now use to calculate how much mortgage you should be eligible for.

= \$ _____

Step 4

Determine the Purchase Price you can afford.

1. Find the closest number in Column A to your number from step 3.
2. The number in Column B is your eligible mortgage amount
3. The minimum required down payment is 5% of the purchase price, or number in column B

Based on a minimum 5% down payment amortized at 3.29% for 25 years

A—Monthly Payment	B—Mortgage Amount	C—Minimum Down Payment
\$953.19	\$200,000	Mortgage amount
\$1,072.34	\$225,000	\$ _____
\$1,119.48	\$250,000	X 0.05
\$1,310.63	\$275,000	= \$ _____
\$1,429.78	\$300,000	
\$1,548.93	\$325,000	
\$1,668.00	\$350,000	