

Home Affordability Quick-Check Guide

A 15-Page Workbook for Future Homeowners — Calculate what you may comfortably afford, plan for costs beyond the mortgage, and take the next step with more confidence.

FREE WORKBOOK

SAVE, PRINT & COMPLETE BEFORE SHOPPING

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How to Use This Guide

A home price is only one part of affordability. This workbook helps you estimate a monthly housing budget, measure debt pressure, plan for upfront cash, and identify ownership costs that may be easy to overlook. Complete worksheets using your current income, debts and savings, then compare results against mortgage estimates and your own comfort level.

What This Guide Does

- Provides planning worksheets and general education
- Helps you estimate a realistic monthly housing budget
- Identifies upfront cash needs and hidden ownership costs
- Prepares you to compare lender options confidently

What It Does Not Do

- Guarantee mortgage approval, rates or exact property costs
- Constitute financial, tax, legal or lending advice
- Replace a qualified lender or housing counselor
- Substitute for property-specific professional quotes

ⓘ Educational use only: this guide is not financial, tax, legal or lending advice. Review results with a qualified lender or housing counselor before committing.

Step 1 — Define Your Monthly Budget

Mortgage qualification may be based largely on gross income, but your day-to-day comfort depends on take-home pay and real monthly commitments. Write down what actually comes in and goes out each month before applying any rule of thumb.

Gross annual income (before taxes)	\$ _____
Gross monthly income (÷ 12)	\$ _____
Monthly take-home pay	\$ _____
Essential monthly spending (excl. housing)	\$ _____
Monthly savings goal	\$ _____
Amount comfortable to reserve for housing	\$ _____

- ☐ Reality check: approval is not the same as comfort. Leave room for savings and unexpected costs.

Step 2 — Apply the 28% Housing Guideline

A widely used mortgage-planning rule of thumb suggests keeping the total monthly home payment at or below 28% of gross monthly income. The Consumer Financial Protection Bureau describes this as a rule of thumb, not a guarantee of affordability or approval. Your total home payment may include principal, interest, property taxes, homeowners insurance, mortgage insurance and association dues.

Gross monthly income (from Step 1)	\$ _____
Multiply by 0.28	× 0.28
Starting monthly housing guideline	\$ _____

- ☐ Formula: Gross monthly income × 0.28 = initial total monthly home-payment guideline

Step 3 — Apply the 36% Total-Debt Guideline

Debt-to-income ratio (DTI) compares monthly debt payments with gross monthly income. A common planning guideline places total debt — including the future housing payment — at no more than 36% of gross monthly income. Loan programs and underwriting results vary; some loans may permit higher ratios.

Gross monthly income	\$ _____
× 0.36 = total-debt guideline	\$ _____
Car loan payments	\$ _____
Student loan payments	\$ _____
Credit card minimum payments	\$ _____
Other recurring debt payments	\$ _____
Total existing monthly debts	\$ _____
Debt-based room for housing (guideline - debts)	\$ _____

⚠ Use the LOWER number from Steps 2 and 3 as your baseline monthly housing limit.

Step 4 — What Counts as a Monthly Housing Payment?

A mortgage estimate may emphasize principal and interest, but a realistic monthly affordability check includes all recurring costs tied to the property and loan. PITI commonly means principal, interest, taxes and insurance — but your true payment may include more.

Principal & Interest
\$ _____ / month

Property Taxes
\$ _____ / month

Homeowners Insurance
\$ _____ / month

Mortgage Insurance (if applicable)
\$ _____ / month

HOA / Condo Fees (if applicable)
\$ _____ / month

Estimated Total Monthly Payment
\$ _____ / month

Step 5 — Upfront Cash: Down Payment & Closing Costs

Monthly affordability is not enough. Buyers usually need cash for a down payment, closing-related charges and prepaid items. The CFPB recommends comparing the Loan Estimate and Closing Disclosure when evaluating mortgage costs. Exact fees depend on the lender, location, loan and transaction.

Target home price	\$ _____
Planned down payment	\$ _____
Estimated closing costs (lender/title estimate)	\$ _____
Prepaid taxes and insurance / escrow funding	\$ _____
Inspection and due-diligence expenses	\$ _____
Moving or immediate setup costs	\$ _____
Emergency reserve to keep after closing	\$ _____
Total cash needed (target)	\$ _____
Cash currently available	\$ _____
Remaining savings gap	\$ _____

⚠ Do not use every available dollar at closing; plan to keep a reserve after you receive the keys.

Step 6 — Down Payment, Mortgage Insurance & Points

A smaller down payment may make buying possible sooner, but it can affect monthly expenses and cash needs. For many conventional loans, private mortgage insurance may be required when the down payment is below 20%. Discount points are upfront charges paid in exchange for a lower interest rate; one point generally equals 1% of the loan amount. Ask for side-by-side Loan Estimates before deciding.

Option A: Down payment	\$ _____
Option A: Estimated rate / points	_____
Option A: Monthly payment incl. insurance	\$ _____
Option B: Down payment	\$ _____
Option B: Estimated rate / points	_____
Option B: Monthly payment incl. insurance	\$ _____
Which option preserves adequate emergency savings?	_____

- ☐ Lowest monthly payment does not automatically mean lowest total cost or best fit.

Step 7 — Hidden Ownership Costs & Maintenance Reserve

A 2025 Bankrate analysis, reported by Axios, estimated average U.S. "hidden" annual costs of owning a single-family home at \$21,400, including maintenance, utilities, property taxes, insurance

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