

To Determine GROSS monthly income:

A. Salaries

Commissions

Social Security

Pensions/Other

Dividends

Subtotal

B. Monthly Expenses:

Vehicle loans

Credit Card Payments

Other long term loans

Other personal debt

(does not include that
which will be paid off in
10 months or less)

Subtotal

C. Subtract total
expenses
from monthly income

D. multiply net monthly income by 0.28
(equals maximum monthly mortgage
payment
under monthly income method)

OR

E. multiple net monthly income by 0.36
(equal maximum monthly mortgage
payment under the debt ratio method)

Determine the maximum amount of money you can afford to borrow by matching the figures in steps D. against an amortization schedule. To be conservative use the lower of the two monthly payment figures you calculated. In no case should your payment exceed the higher of the two numbers.

F. Determine your TOTAL project budget by adding the loan amount to your estimated down payment.

This should include any outstanding monies you owe on the land.