



# Activity: Home Loan Qualification Assessment

This activity provides an assessment tool that helps you evaluate whether you may be able to qualify for a home mortgage in the area(s) where you are interested to buy a home.

## Activity: Home Loan Qualification Assessment

Answer the questions below to assess whether you are ready to begin the process of qualifying for a home loan in your chosen location.

1. To get a rough idea of the dollar amount of the home loan you may qualify for, divide your total gross monthly income by 3. This figure will give you a rough idea of the near-maximum payments you could qualify for:

Total gross monthly income \$ \_\_\_\_\_ / 3 = \$ \_\_\_\_\_

2. To get a rough idea of how much home you can afford, multiply your gross annual income by 3. Although this calculation can vary significantly based on lender and location, this will give you a ball-park figure:

Total gross monthly income \$ \_\_\_\_\_ X 3 = \$ \_\_\_\_\_

3. As a VERY rough estimate, each \$1,000 lent to you for your mortgage equals about \$50 per month in payments. MANY things affect your actual payment such as loan term, interest rate, property tax rates and PMI. This is purely an exercise to get a rough, ball-park idea of the maximum “amount of house” you can afford.

Mortgage amount \$ \_\_\_\_\_ / 1,000 = \$ \_\_\_\_\_ X \$50 = \$ \_\_\_\_\_ monthly payment

4. Gather information on current property values, mortgage interest rates, property tax rates, and insurance rates in the area where you want to purchase.

Current average home value: \$ \_\_\_\_\_

Current average mortgage interest rate: \_\_\_\_\_%

Current property tax rate: \_\_\_\_\_%

Current average insurance rates: \_\_\_\_\_

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5. Complete the budget worksheet below.


 Home Renting Expenses	Current	Goal
Rent		
Renters Insurance		
Other		
Other		
Sub Total:		

 Home Ownership Expense	Current	Goal
Fixed Rate Mortgage Payments		
Adjustable Rate Mortgage Payments		
Property Taxes		
Homeowner Insurance		
HOA Dues or Assessments		
Maintenance		
Other		
Sub Total:		




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 <b>Utilities</b>	<b>Current</b>	<b>Goal</b>
Electric		
Gas		
Water / Garbage		
Cable/Satellite		
Phone (cell)		
Internet		
Home Security		
Other		
Sub Total:		

 <b>Other Insurance</b>		
Health Insurance		
Life Insurance		
Long-term Disability		
Umbrella Insurance		
Other Insurance		
Sub Total:		




## Activity: Home Loan Qualification Assessment

 Kids & Caregiving	Current	Goal
Children's Activities		
Child Care		
Child Support		
Alimony		
Caregiver		
Sub Total:		

 Pets	Current	Goal
Pet Supplies		
Veterinarian		
Pet Insurance		
Grooming & Boarding		
Other		
Sub Total:		


 Educational Expenses	Current	Goal
Professional Development		
School Tuition		
Books		
Other		
Other		
Sub Total:		

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 <b>Transportation Expenses</b>	<b>Current</b>	<b>Goal</b>
Vehicle 1 Payments		
Vehicle 2 Payments		
Insurance		
Registration		
Gas		
Maintenance		
Public Transportation		
Taxi / Ride Sharing		
Other		
Sub Total:		

 <b>Health &amp; Fitness</b>		
Gym Membership		
Alternative Medicine		
Supplements & Vitamins		
Doctor Visits		
Dentist Visits		
Prescriptions		
Eye Care		
Other		
Sub Total:		


## Activity: Home Loan Qualification Assessment

 Fees & Charges	Current	Goal
Banking Fees		
Credit Card Fees		
Mismanagement fees (late, overdraft)		
Other Fees		
Sub Total:		


  

 Loans & Debt Expense	Current	Goal
Credit Cards		
Personal Loans		
Student Loan		
Tax Debt		
Appliance Loans		
Other		
Sub Total:		


  

 Variable Personal Expenses	Current	Goal
Groceries		
Vitamins & Supplements		
Cell Phone		
Personal Items		
Subscriptions		
Other		
Sub Total:		

## Activity: Home Loan Qualification Assessment

 Entertainment	Current	Goal
Entertainment (movies, concerts)		
Eating Out & Drinks		
Hobbies & Recreation		
Random Purchases		
Other		
Sub Total:		


 Personal Care	Current	Goal
Clothing		
Laundry / Dry-cleaning		
Personal Grooming (hair, nails)		
Skin Care (makeup, lotions)		
Other		
Sub Total:		

 MSC	Current	Goal
Donations / Charity		
Other		
Sub Total:		





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 <b>Monthly Savings Contributions</b>	<b>Current</b>	<b>Goal</b>
Emergency Fund		
Short-term Fund		
Long-term Fund		
Other		
Other		
Sub Total:		

Total Current Expenses  
\_\_\_\_\_

Total Goal Expenses  
\_\_\_\_\_



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6. Finally, compare the amount your budget suggests you can put toward total housing costs with home prices, mortgage interest rates, property taxes, and insurance rates in the area where you want to buy. Does the reality of real estate costs in your desired area match your budget?

Yes

No