

Affordability Guide

Use these important formulas to determine you much you can afford to pay for housing. This is how lenders determine the monthly costs you can carry.

Maximum monthly housing costs you can afford	
Gross Debt Service Ratio (GDS)	
Your gross * monthly salary	_____
+ Your spouse's gross monthly salary	_____
+ Other monthly Income	_____
Total	A. _____
	X 32%
= Maximum monthly housing costs you can afford	B. _____
<p>This maximum monthly payment includes principal, interest, taxes (property taxes), heating (P.I.T.H) and, if applicable, all of the annual site lease and 50% of the condominium fees.</p> <p>*Gross salary is income before taxes</p>	

Maximum monthly debt load you can afford	
Total Debt Service Ratio (TDS)	
Total monthly income	A. _____
	X 40%
= Max monthly debt service load you can afford	C. _____
- monthly auto payment	_____
- monthly loan payment	_____
- monthly credit card/ line of credit payment	_____
- other monthly payments	_____
= monthly income left for housing	D. _____
<p>If the home you wants costs more per month than you can afford right now (D), consider these strategies: lower your expectations and buy a cheaper home; lower your non-housing debt obligations; and/or raise a larger down payment.</p>	