

## Affordability Guide


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

**Maximum Monthly Housing costs you Can afford (GDS)**

Your gross Monthly salary \$ \_\_\_\_\_

+ Your spouse's Gross monthly Salary \$ \_\_\_\_\_

+ Other verifiable Monthly Income \$ \_\_\_\_\_ x 32%

Monthly housing Costs allowed = \$ \_\_\_\_\_ 

Less monthly Property taxes \$ \_\_\_\_\_

Maintenance Fee's: 1/2 month fee's \$ \_\_\_\_\_

**Total monthly mortgage payment** \$ \_\_\_\_\_

If you divide **total monthly mortgage payment** by the rate factor (today's 5 year rate is 4.75%..the factor is 5.67 see chart to the right) and multiply by 1000 it will give you the approx. mortgage amount you qualify for. BUT your TDS must not exceed 40%


**Mortgage Amount** \$ \_\_\_\_\_

**Maximum Monthly debt load you Can afford (TDS)**

Your gross Monthly salary \$ \_\_\_\_\_

+ Your spouse's Gross monthly Salary \$ \_\_\_\_\_

+ Other verifiable Monthly Income \$ \_\_\_\_\_ x 40%

Monthly housing Costs allowed = \$ \_\_\_\_\_ 

Less monthly Property taxes \$ \_\_\_\_\_

Maintenance Fee's: 1/2 month fee's \$ \_\_\_\_\_

Less Car payments \$ \_\_\_\_\_

Less Credit card/ Line of credit payments \$ \_\_\_\_\_

**Total monthly mortgage payment** \$ \_\_\_\_\_

If you divide **total monthly mortgage payment** by the rate factor (today's 5 year rate is 4.75%..the factor is 5.67 see chart to the right) and multiply by 1000 it will give you the approx. mortgage amount you qualify for. But you GDS must not exceed 32%

**Mortgage Amount** \$ \_\_\_\_\_

- Important Notes**
1. Verifiable income includes pension, support, disability, part time T4 income . **DOES NOT INCLUDE** cash income.
  2. When purchasing with more than 15% down payment there are many other options even if the ratio's are higher than 32% and 40%.
  3. When a client has 25% or more down payment we can definitely get any amount of mortgage they want...it just might not be at the best rates.
  4. When property is a condo please use 1/2 month's maintenance fee's.

Rate Factors	
Rate	Factor
4.25	5.40
4.50	5.30
4.75	5.67
5.00	5.82
5.25	5.96
5.50	6.10
5.75	6.25
6.00	6.40

These are just guide lines & depending on the amount of down payment you have available there may be exceptions. It is best to get pre-approved. OAC