



*So what can I afford? And what will a bank lend me?*

**Banking Secrets Revealed:** This is a simplified but accurate formula, for how the banks calculate your pre-qualified loan amounts.

\$ \_\_\_\_\_ Gross monthly income (before taxes) Combined income (for hourly people use /hr pay x 40 x 4.3 weeks per month) no overtime

\$ multiply x .36 \_\_\_\_\_ This is the percent of income banks will lend

\$ \_\_\_\_\_ Loan able payment amount before dept.

Debt- is defined as any large dollar amount paid in monthly increments such as car loans, bank loans or credit card balances, payments such as power bills or cable are not debt.

Subtract these amounts from your monthly loan able amount

\$ \_\_\_\_\_ Car # 1  
\$ \_\_\_\_\_ Car # 2  
\$ \_\_\_\_\_ Bank Loan # 1  
\$ \_\_\_\_\_ Bank Loan # 2  
\$ \_\_\_\_\_ Credit Card # 1  
\$ \_\_\_\_\_ Credit Card # 2  
\$ \_\_\_\_\_ Credit Card # 3  
\$ \_\_\_\_\_ Credit Card # 4  
\$ \_\_\_\_\_ Other  
\$ \_\_\_\_\_ Other

\$ \_\_\_\_\_ Balance- this is the amount of payment you can be loaned.

\$ \_\_\_\_\_ Subtract- monthly tax and insurance escrow amount

\$ \_\_\_\_\_ Monthly Mortgage amount-

This is a starting point take this number to a mortgage book and look up the interest rate you qualify for and find out what the 30 year loan value for that amount is. If your credit is good look at the more competitive loan rates if it is poor add a couple of percent to the best interest rates

\$ \_\_\_\_\_ Loan Value

\$ \_\_\_\_\_ Add Cash down payment

\$ \_\_\_\_\_ This number is the Glass Ceiling for your new Home.

*Now that you know the Glass Ceiling on your project you will want to know how much house that gets you. This sheet will help you calculate that based on your specific circumstances.*

*Start with your total mortgage budget and work backwards into your house number. Then we can help you get the most house you can for your needs in that budget. We can design the options you want into the house that is in your budget.*

\$ \_\_\_\_\_ fill in your total affordable mortgage amount (if you do not know that, you need to start by establishing that) for assistance establishing this number look at our "Banking Secrets Revealed" worksheet.

-\$ \_\_\_\_\_ cost of land (find pricing for lots in the areas you would like to build on) try [www.realtor.com](http://www.realtor.com)

-\$ \_\_\_\_\_ excavation cost- this includes digging, driveway, backfill, any fill or stone etc. This is the really hard one to work with because there are so many unknowns but figure \$8000/half acre of excavation- Example-if you have 10 acres but are only opening up 1.5 plus a 1/2 acre of driveway (500 feet) then you would use \$32,000.

-\$ \_\_\_\_\_ septic -\$1500 to tie in if city sewer and \$6000 or \$20,000 if you have heavy soil that dose not allow water to drain.

-\$ \_\_\_\_\_ water supply- \$1500 to tie into city water or \$5000 +/- for a well

-\$ \_\_\_\_\_ Foundation cost- a safe number is to multiply the first floor square footage by \$15/sq' – This covers the foundation as well as design and engineering, waterproofing, sill plates, insulation etc. 50% of this if you are only doing a crawl space.

-\$ \_\_\_\_\_ electrical figure \$4000 to tie in plus the cost of running power to site

-\$ \_\_\_\_\_ plumbing figure \$4000 to tie in plus additional of extra plumbing needs

-\$ \_\_\_\_\_ HVAC- use \$6500 for hot air heat, \$12,000 for hot water baseboard and add \$4000 for air conditioning on either one

-\$ \_\_\_\_\_ cost of porches, patios, decks, landscaping etc.

-\$ \_\_\_\_\_ garage with foundation- figure \$32/square foot for this (24x24 2 car garage=\$18,432)

\$ \_\_\_\_\_ Now what you have left is your house budget..

Divide your budget by the following number to price you house.

Mobile homes- Reduce site prep cost by \$21,000 then divide by \$40-50 per square foot

Framed Modular- Reduce site prep cost by \$21,000 then divide by \$50-\$60 per square foot

Custom Modular home with a single peak- \$65-\$85 per square foot

Custom Modular home with multiple peaks \$75-\$90 per square foot

Chalet or finished 2<sup>nd</sup> floor Capes \$85-\$105 per square foot

Low to high end of range is based on the upgrade options you desire

USE Pencil- you will change and change the numbers as you work through the process if you find land for \$20,000 less then you will add \$20,000 to your house budget and gain 250-450 square feet of house.