Tri cities

	Price per month	Location Where in city? Address	Bedrooms Bathrooms	Square Feet	Other Amenities	Garage One, two, or three
Apartment 1						
Apartment 2						
House 1						
House 2						
Other						

Your city of choice

	Price per month	Location Where in city? Address	Bedrooms	Bathrooms	City	Garage
Apartment 1						
Apartment 2						
House 1						
House 2						
Other						

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Your city of choice

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House 2						
Other						

Exceptions to the 36 percent rule

In regions with higher home prices, it may be hard to stay within the 36 percent guideline. There are lenders that allow a debt-to-income ratio as high as 45 percent. In addition, some mortgage programs, such as Federal Housing Authority mortgages and Veterans Administration mortgages, allow a ratio higher than 36 percent. But keep in mind that a higher ratio may increase your interest rate, so you may be better off in the long run with a less expensive home. It's also important to try to pay down as much debt as possible before you begin looking for a mortgage, as that can help lower your debt-to-income ratio.

Where to begin
The key factor in figuring how much home you can afford is your debt-to-income ratio. This is the figure lenders use to determine how much mortgage debt you can handle, and thus the maximum loan amount you will be offered. The ratio is based on how much personal debt you are carrying in relation to how much you earn, and it's expressed as a percentage.

The ideal ratio
Mortgage lenders generally use a ratio of 36 percent as the guideline for how high your debt-to-income ratio should be. A ratio above 36 percent is seen as risky, and the lender will likely either deny the loan or charge a higher interest rate. Another good guideline is that no more than 28 percent of your gross monthly income goes to housing expenses.

Doing the math
First, figure out how much total debt you (and your spouse, if applicable) can carry with a 36 percent ratio. To do this, multiply your monthly gross income (your total income before taxes and other expenses such as health care) by .36. For example, if your gross income is $6,500:

	$6,500	(Gross monthly income)
x	.36	(Debt-to-income ratio)
=	$2,340	(Total allowable monthly debt payments)

Next, add up all your family's fixed monthly debt expenses, such as car payments, your minimum credit card payments, student loans and any other regular debt payments. (Include monthly child support, but not bills such as groceries or utilities.)

	Minimum monthly credit card payments*:	________
+	Monthly car loan payments:	________
+	Other monthly debt payments:	________
=	Total monthly debt payments:	________

*Your minimum credit card payment is not your total balance every month. It is your required minimum payment -- usually between two and three percent of the outstanding balance.

To continue with the above example, let's assume your total monthly debt payments come to $750. You would then subtract $750 from your total allowable monthly debt payments to calculate your maximum monthly mortgage payment:

	$2,340	(Total allowable monthly debt payments)
-	$750	(Total monthly debt payments other than mortgage)
=	$1,590	(Maximum mortgage payment)

In this example, the most you could afford for a home would be $1,590 per month. And keep in mind that this number includes private mortgage insurance, homeowner's insurance and property taxes. To determine the price of home you can afford based on this amount, use a home affordability calculator.