

## APPENDIX B: WORKSHEETS

### Debt Ratio Worksheet

#### Debt to Income Ratio

$$\begin{array}{rcl} \text{Total Monthly Debt Payments} & \$ & \underline{\hspace{2cm}} \\ \text{Total Monthly Gross Income} & \div \$ & \underline{\hspace{2cm}} \\ & \times & 100 \\ & & \underline{\hspace{2cm}} \text{ percent} \end{array}$$

#### Housing Expense Ratio

$$\begin{array}{rcl} \text{Total Monthly Housing Payments} & \$ & \underline{\hspace{2cm}} \\ \text{Total Monthly Gross Income} & \div \$ & \underline{\hspace{2cm}} \\ & \times & 100 \\ & & \underline{\hspace{2cm}} \text{ percent} \end{array}$$

#### **Debt to Income Ratio** (goal is less than 35–40 percent )

To compute this ratio, calculate your total monthly debt payments. Include mortgage or rent payments, credit card minimum payments, auto loan payments, and any other loan payments. Divide your total monthly debt payments by your total monthly gross income. Multiply this result by 100 to get a percentage.

#### **Housing Expense Ratio** (goal is less than 28 percent )

To compute this ratio, calculate total monthly housing expenses. Include mortgage or rent payments, interest, real estate taxes, homeowner insurance, and association fees. Divide your total monthly housing expenses by your total monthly gross income. Multiply this result by 100 to get a percentage.