
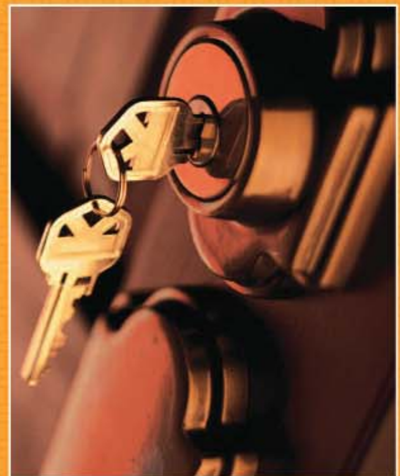
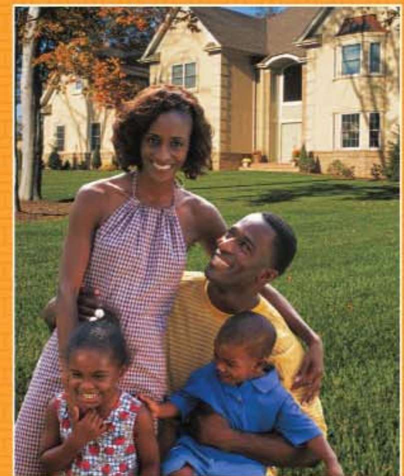

Keys to Homeownership
2nd Edition

NATIONAL FOUNDATION FOR
CREDIT COUNSELING

Knowing the difference can make all the difference.

Founded in 1951, the National Foundation for Credit Counseling, Inc,® (NFCC), through its Member Agencies sets the national standard for quality credit counseling, debt reduction services, and financial literacy training. As the nation's largest and longest-serving nonprofit credit counseling organization, NFCC has played the key role in providing financial counseling and education to consumers for more than 50 years. With 102 Member Agencies and nearly 850 local offices throughout the country, the NFCC is the national voice for its Members, which are nonprofit, mission-driven, community-based agencies.

Copyright ©2006 by the National Foundation for Credit Counseling.

(301) 589-5600 • www.DebtAdvice.org

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means — electronic, mechanical photocopying, recording, or otherwise — without prior permission of the National Foundation for Credit Counseling.

Contents

CHAPTER ONE

Preparing for Homeownership

Overview

For many Americans, owning their own home is the American dream. If homeownership is your dream, too, it can become a reality, but not without realistic goals, sound advice, careful planning, and a clear understanding of the costs involved. As in any new endeavor, the more you know about homeownership, the better you will be able to reach your goals.This opening chapter will help you decide if homeownership is right for you and whether you can afford to buy a home at the present time. It also will provide you with a good idea of how much home you can get for your money and what mortgage lenders look for in approving a loan. Finally, it will show how first-time homebuyers and low- and moderate-income households can stretch their borrowing power with a variety of flexible mortgage products—products that can help you make your dream of homeownership come true.

Approved by the U.S. Department of Housing and Urban Development (HUD), the National Foundation for Credit Counseling, Inc. (NFCC) is a national intermediary for local housing counseling agencies.The first step on your journey to homeownership should begin with a counseling session with a HUD-approved agency. For immediate referral to a HUD-approved, NFCC member agency, please call our housing counseling referral line at (866) 845-2227.

Do you really want to own your own home?

Have you considered what it is about owning your own home that you find appealing? The decision to buy a home is certainly not one to be made lightly because owning a home requires a significant investment in time, energy, and money.Therefore, the best way to start the home-buying process is by taking a realistic look at what you can expect from homeownership and what owning your own home implies.There are many good reasons for buying a home, provided you're ready for the increased responsibilities that come with homeownership.

Advantages of Homeownership

If you are planning to buy a home, you probably have good reasons in mind, ranging from the purely personal to the very practical.

A place of your own…
Your home can be your castle and a place to call your own. Perhaps you are ready to settle down in your community, and want the feeling of permanence and involvement that comes with owning your own home. Perhaps you need more space to raise a family. Or, maybe you want more flexibility than you have in a rental unit to adapt your living space to suit your individual taste and needs.

Financial incentives…
For many people, the motivation for homeownership is primarily financial. Owning your own home can be a sound financial investment as well as a way to reduce your tax obligations.

Scheduled savings…
When you buy a house, your monthly mortgage payments serve as a type of scheduled savings plan. Over time you gradually accumulate what lenders call "equity," an ownership interest in the property that you can often borrow against or convert into cash by selling the house. In contrast, renters must continue paying rent to a landlord for as long as they rent, without the opportunity to build up equity.

Stable housing costs. Another advantage of homeownership is that while rents typically increase year after year, the principal and interest portions of "fixed-rate" mortgage payments remain unchanged throughout the entire repayment period, which is 30 years for a 30-year fixed-rate mortgage. In fact, because of the effect of inflation, this means that over the years you pay the same amount but with ever "cheaper" dollars. However, taxes and insurance are also part of the borrower's monthly payment and they can fluctuate. They are generally held in an escrow account for the payment of the borrower's state and local property taxes as well as insurance premiums.

Note: with an adjustable-rate mortgage or ARM, the interest portion of the mortgage payments may increase if interest rates increase. See the "Alternative financing mortgages" section below for further detail.

Increased value. Houses may increase in value, or appreciate, over time. In certain parts of the country, it's not unusual to find that a house that sold for $100,000 15 years ago is worth a much higher amount today. This increased worth (equity) is as good as money in the bank to the homeowner.

Tax benefits. Homeowners also get significant tax breaks not available to renters. Most importantly, interest paid on a home mortgage is usually deductible.This alone can save you a substantial amount each year in federal and state income taxes.The tax benefits of homeownership are discussed in more detail in Chapter 5.

Possible Drawbacks to Homeownership

Despite its many attractions, homeownership is not for everybody. For one thing, buying a home is a complex, time-consuming, and costly process that brings with it sometimes unwelcomed responsibility.

High cost of homeownership…
Buying a house can put considerable strain on a family's finances. Even if your mortgage payments are less than you paid previously in rent, you must also pay property taxes, homeowner's insurance, utilities, and upkeep expenses.

Possibility of foreclosure…
Foreclosure is the sale of a mortgaged property (your home) by the lender when the borrower fails to make monthly mortgage payments on a timely basis or otherwise defaults on the mortgage.A mortgage represents a large financial obligation extending over a long period of time.

Financial institutions can foreclose when borrowers fail to keep up with their payments.This can result not only in the loss of your home but also in the loss of your investment and good credit rating.

Decreased mobility…
Homeowners also have less mobility than renters. A homebuyer cannot move after simply giving the required notice to the landlord. If you anticipate being transferred to a new job location within the next year or two, this might not be the ideal time to buy a house.

Repairs and maintenance…
Many people shy away from buying a house because they don't want the responsibility of maintenance (mowing the lawn, taking care of needed repairs, etc.). Condominiums are popular for this reason—homeownership without the repair and maintenance responsibilities.

Calculate your Mortgage Payment

The amount of your monthly mortgage payment will depend on how much you borrow, the term (repayment period) of the loan, and the interest rate. If you know how much you need to borrow (the purchase price minus your down payment) and what the interest rate will be, you can use this chart to find what your monthly principal and interest payment will be if you get a standard 30–year fixed-rate mortgage. Note that this chart includes only principal and interest payments, not property taxes, hazard insurance, and private mortgage insurance.

Loan Amount ($)	Interest Rate												
	6%	6.5%	7%	7.5%	8%	8.5%	9%	9.5%	10%	10.5%	11%	11.5%	12%
40,000	240	253	266	280	294	308	322	336	351	366	381	396	411
45,000	270	284	299	315	330	346	362	378	395	412	429	446	463
50,000	300	316	333	350	367	384	402	420	439	457	476	495	514
55,000	330	348	366	385	404	423	443	462	483	503	524	545	566
60,000	360	379	399	420	440	461	483	505	527	549	571	594	617
65,000	390	411	432	454	477	500	523	547	570	595	619	644	669
70,000	420	442	466	489	514	538	563	589	614	640	667	693	720
75,000	450	474	499	524	550	577	603	631	658	686	714	743	771
80,000	480	506	532	559	587	615	644	673	702	732	762	792	823
85,000	510	537	566	594	624	654	684	715	746	778	810	842	874
90,000	540	569	599	629	660	692	724	757	790	823	857	891	926
95,000	570	600	632	664	697	731	764	799	834	869	905	941	977
100,000	600	632	665	699	734	769	805	841	878	915	952	990	1029
110,000	660	695	732	769	807	846	885	925	965	1006	1048	1089	1131
120,000	720	758	798	839	881	923	966	1009	1053	1098	1143	1188	1234
130,000	780	822	865	909	954	1000	1046	1093	1141	1189	1238	1287	1337
140,000	840	885	932	979	1027	1077	1126	1177	1229	1281	1333	1386	1440
150,000	900	948	998	1049	1101	1153	1207	1261	1316	1372	1429	1485	1543
160,000	960	1011	1065	1119	1174	1230	1287	1345	1404	1464	1524	1584	1646
170,000	1020	1074	1131	1189	1247	1307	1368	1429	1492	1555	1619	1683	1749
180,000	1080	1138	1198	1259	1321	1384	1448	1513	1580	1647	1714	1782	1851
190,000	1140	1201	1264	1328	1394	1461	1529	1598	1667	1738	1810	1881	1954
200,000	1200	1264	1331	1398	1468	1538	1609	1682	1755	1830	1905	1980	2057
210,000	1260	1327	1397	1468	1541	1615	1690	1766	1843	1921	2000	2079	2160
220,000	1320	1390	1464	1538	1614	1692	1770	1850	1931	2013	2095	2178	2263
230,000	1380	1454	1530	1608	1688	1769	1851	1934	2018	2104	2190	2278	2366

How Large a Mortgage Do You Qualify For?

You can use this chart to find out how large a mortgage you can qualify for based on your annual income and interest rates currently being quoted for 30 year mortgages.This chart uses Fannie Mae's "Community Homebuyer Program" as an example, so other loan programs will provide different results.

Interest Rate	Annual Income $20,000	$25,000	$30,000	$35,000	$40,000	$45,000	$50,000	$55,000	$60,000	$65,000	$70,000
6.5%	$62,975	$78,720	$94,460	$110,210	$125,950	$141,695	$157,440	$173,186	$188,930	$204,675	$220,415
7%	$60,665	$75,830	$91,000	$106,170	$121,336	$136,500	$151,665	$166,835	$182,005	$197,170	$212,335
7.5%	$58,480	$73,100	$87,720	$102,340	$116,960	$131,580	$146,200	$160,820	$175,440	$190,060	$204,860
8%	$56,405	$70,510	$84,610	$98,715	$112,815	$126,915	$141,020	$155,120	$169,225	$183,325	$197,425
8.5%	$54,445	$68,055	$81,664	$95,280	$108,890	$122,500	$136,110	$149,725	$163,335	$176,945	$190,560
9%	$52,585	$65,730	$78,880	$92,025	$105,170	$118,320	$131,465	$144,610	$157,760	$170,905	$184,050
9.5%	$50,825	$63,530	$76,235	$88,945	$101,650	$114,355	$127,060	$139,770	$152,475	$165,180	$177,890
10%	$49,155	$61,445	$73,735	$86,025	$98,315	$110,605	$122,895	$135,185	$147,470	$159,760	$172,060
10.5%	$47,575	$59,740	$71,365	$83,260	$95,150	$107,045	$118,940	$130,836	$142,730	$154,625	$166,520
11%	$46,080	$57,600	$69,120	$80,635	$92,115	$103,675	$115,195	$126,715	$138,235	$149,755	$161,275

* Data provided by Fannie Mae, uses 33% of gross income as the qualifying ratio, but does not consider existing debt, which could reduce the amount for which you could qualify.

Lenders' qualifying guidelines…

Lenders use two qualifying guidelines to determine the size mortgage for which you are eligible.

- Your monthly costs (including mortgage payments, property taxes, insurance, and condominium or cooperative fee, if applicable) should total no more than 28 percent of your monthly gross (before-tax) income.
- Your monthly housing costs plus other longterm debts should total no more than 36 percent of your monthly gross income.

Lenders and financial advisors recommend that you spend no more than 25-28 percent of your income on housing and not more than 33-36 percent on total debt (housing, credit cards, and other debts). In certain situations, you can exceed these amounts, but they are a good start for a first-time homebuyer. Some local, state, and federal programs have limits on the percentage of debt someone can have in order to participate. Please talk to your NFCC HUD-approved local housing counseling agency for more information.

There are many excellent online resources to help you determine the right-sized mortgage for you. The following are several examples:

Bank Rate
www.bankrate.com/brm/mortgage-calculator.asp

Fannie Mae
www.mortgagecontent.net/scApplication/fanniemae/affordability.do

How Much Debt is Too Much?

Use this chart to find out how much monthly debt most lenders find acceptable for borrowers at your income level.Then compare this figure with your actual monthly debt (see Worksheet 4, page 73). If your actual debt exceeds the allowable debt, this will reduce the amount of mortgage you qualify for.

Gross Annual Income	Allowable Debt Payments
$20,000	$133
25,000	167
30,000	200
35,000	233
40,000	267
45,000	300
50,000	333
55,000	367
60,000	400
65,000	432
70,000	467
75,000	500
80,000	534

The FICO score, developed by the Fair Isaac Corporation, is the most common credit score used in mortgage lending.The broad categories of credit data that are included in a FICO credit score are:

- Payment history (approximately 35 percent of your FICO score). Have you been late paying bills? If so, how recently did these late payments occur? How long did you remain delinquent on any bill at one time? What is the highest level of delinquency reached in the last year? How many months have passed since the most recent negative item on record (a judgment, lien, bankruptcy, etc.)?
  (Generally, the "worse" your credit performance is, the "worse" your credit score. Recent bad credit has a more negative impact.)
- Amounts owed (approximately 30 percent of your FICO score). How many consumer loans and open charge accounts do you have? What is the ratio of revolving debt to total revolving limits available to you? What is the percentage outstanding on open installment loans? (Generally, the higher the percentage of utilization of credit, the higher the risk. So DO NOT max out your credit cards!)
- Length of credit history (approximately 15 percent of your FICO score). How long have you had credit? (Generally, the longer you have had credit and have successfully managed your debts, the better the credit score. However, even if you have a relatively new credit history or only one or two traditional accounts, you can obtain high scores as well.)

CHAPTER TWO

Shopping for a Home

Overview

After you have considered how much money you can put toward a down payment and how large a mortgage you can qualify for, you will have a good idea of your price range and you can begin shopping for a home.This chapter explains what that process involves.We begin with why it is important to think about what location, size, style, and special features you're looking for.We then suggest ways to locate a house that is both affordable and offers the features you want. Next, we focus on how to negotiate the purchase price.The chapter closes with an explanation of the nature and importance of a professional home inspection. In the course of this chapter, we also look at the role of three important professionals whose services you will be using: the real estate sales professional, the home inspection expert, and the settlement agent.

Your New Home

New vs. Existing Home

Eight out of 10 homebuyers purchase existing rather than new homes. Some people like the idea of moving into a brand new house, but many prefer older homes.

If you're handy with tools, you may be willing to consider a house that needs work (what real estate ads call a "handyman's special" or "fixer upper"). Or, you may insist on a house that is in perfect condition. Most homebuyers fall somewhere between these two extremes, and even finicky buyers often decide to accept some imperfections when they see the price of perfection.

New houses are typically clustered together in areas where the sizes, styles, and prices are very similar. New homes are likely to have more efficient heating systems, may be better insulated, and should cost less to maintain than older homes. Older homes, on the other hand, may be larger, more individual, or made with better-quality materials.

Location

For many people, the location of the home they buy is their most important consideration; for many others, location may not be a real choice. You probably know already whether you will be looking in an urban, suburban, or rural area.You may already know what neighborhood you want to live in.

Choosing a neighborhood…
Consider what's important to you—do you need to find a house near your job site, public services, or day-care facilities, or can you commute some distance to and from work in order to live in a house with a yard? Are neighborhood schools a major factor in your home-buying decision? Is proximity to shopping, recreational activities, or public transportation particularly important? Also, make sure to check with the local community government's tax office to see what the annual taxes and fees are for similar houses in the community. Much of this information can be found online, but a quick phone call can often achieve the best results.

CHAPTER THREE

Obtaining a Mortgage

Overview

Most homebuyers have to rely on their borrowing power to buy a house.This chapter explains how to go about obtaining a mortgage.We begin by listing the sources of mortgage loans and explaining how to search for a lender that offers the most attractive terms on mortgage loans.We also provide a checklist that will help you shop for a loan by comparing terms being offered by different lenders.We then look at the loan application process itself, including what to expect from a loan interview and the procedures lenders follow in determining whether or not to approve a loan. Finally, we look at some alternatives you may want to consider if your loan application is turned down.

Shopping for a Loan

Shopping for a mortgage that meets your particular needs is not an easy job, but it is an inescapable part of the process of buying a home. By now, you may have done some preliminary research on interest rates and gone through the process of "prequalifying" for a loan. If you requested a credit report and resolved any problems in your record, or if you assembled documentation on your nontraditional credit history, you can now shop for amortgage with confidence.

Your challenge is to select loan terms that are most favorable to your situation. For example, if you anticipate that you will be living for many years in the house you are buying now, the interest rate may be your primary consideration. If you anticipate keeping the house for only two or three years, the closing costs and whether or not there is a prepayment penalty (a charge for repaying the loan early) may be more important to you.

By the time you have a signed sales contract, you should have a clear idea of what kind of financing you need or want. Now you need to shop around for the lender that offers the best terms for that type of loan.You may be surprised at the range of interest rates quoted, as well as the considerable variation in the fees charged by lenders for originating and processing a loan application.

Even if you have already been prequalified by a lender, you should satisfy yourself that the rates and loan terms offered by that lender compare favorably with those of other lenders. It's definitely

Sources of Mortgage Loans

Mortgages are available from a number of sources including:
• Savings and loan associations;
• Commercial banks;
• Mortgage companies;
• Federal credit unions; and
• Financial companies.

CHAPTER FOUR

Closing

Overview

The mortgage loan closing (or "settlement," as it is called in some parts of the country) is the meeting in which your loan is finalized, your mortgage is issued, and you get the keys to your new house.

In this chapter, we look at what needs to happen in the final weeks before closing, such as the title search, a survey of the property, and your final walk-through inspection. We then run through what you can expect on the closing day, including signing documents and paying closing costs. We also explain the costs that the buyer pays at closing. Although there is no standard settlement process that is followed nationwide, the following description of the process will give you an idea of what to expect.

Preparing for Closing

The final days and weeks prior to closing can be a stressful period for both buyer and seller. For example, you may have second thoughts about taking on such a large debt. Or, you may worry that something will happen to prevent the sale—and indeed the house is not yours until you close on it. However, the signed sales contract and the signed loan commitment letter obligate both you and the seller to complete the transaction. In fact, if you fail to do so, not only will you forfeit your (earnest money) deposit, but you may also find yourself embroiled in a lawsuit.

Setting the Closing Date

The closing date is set after your loan has been approved and the commitment letter is accepted. Often, the real estate sales professional will coordinate this date with you, the seller, your lender, and the closing agent. You need to be sure that closing takes place before the lender's commitment and the rate lock-in expire. You can now make definite moving plans.

Selecting a Settlement Agent

In different parts of the country, closings are either conducted by lending institutions, title insurance companies, escrow companies, real estate brokers, or attorneys for the buyer or seller. You may have some flexibility and be able to save money by shopping around for a settlement agent. The "Settlement costs worksheet" (Worksheet 10, page 87) is included for this purpose.

Meeting Conditions of the Loan Offer

Be sure you understand the conditions of the loan offer in the lender's commitment letter. If the home is in violation of a building code or zoning regulation, the commitment letter may specify that those problems must be corrected before the closing. If the seller has agreed to make repairs required by the lender, you will want to make sure the work is finished (and done properly) before closing.

A Sample Amortization Schedule

This chart shows a portion of the amortization schedule for a $50,000 mortgage with a 8 percent interest rate repayable over 30 years.The monthly payment is $366.88. It shows how much of each monthly payment goes to repay principal and how much goes toward interest. Note how much more interest a borrower pays in the early years compared to the later years.

Assumptions:

Loan Amount:	$50,000.00	Monthly Payment:	366.88
Interest Rate:	8.00%		
Term of Loan:	360 Months		

Months	Principal Balance	Beginning Interest Paid	Principal Paid	Remaining Principal Balance	Total Interest Paid
1	$ 50,000.00	$ 333.33	$ 33.55	$ 49,966.45	$ 333.33
2	$ 49,966.45	$ 333.11	$ 33.77	$ 49,932.68	$ 666.44
3	$ 49,932.68	$ 332.88	$ 34.00	$ 49,898.68	$ 999.32
4	$ 49,898.68	$ 332.66	$ 34.22	$ 49,864.46	$ 1,331.98
5	$ 49,864.46	$ 332.43	$ 34.45	$ 49,830.01	$ 1,664.41
6	$ 49,830.01	$ 332.20	$ 34.68	$ 49,795.33	$ 1,996.61
7	$ 49,795.33	$ 331.97	$ 34.91	$ 49,760.42	$ 2,328.58
8	$ 49,760.42	$ 331.74	$ 35.14	$ 49,725.28	$ 2,660.32
9	$ 49,725.28	$ 331.50	$ 35.38	$ 49,689.90	$ 2,991.82
10	$ 49,689.90	$ 331.27	$ 35.61	$ 49,654.29	$ 3,323.09
11	$ 49,654.29	$ 331.03	$ 35.85	$ 49,618.44	$ 3,654.12
12	$ 49,618.44	$ 330.79	$ 36.09	$ 49,582.35	$ 3,984.91
13	$ 49,582.35	$ 330.55	$ 36.33	$ 49,546.02	$ 4,315.46
14	$ 49,546.02	$ 330.31	$ 36.57	$ 49,509.45	$ 4,645.77
15	$ 49,509.45	$ 330.06	$ 36.82	$ 49,472.63	$ 4,975.83
16	$ 49,472.63	$ 329.82	$ 37.06	$ 49,435.57	$ 5,305.65
17	$ 49,435.57	$ 329.57	$ 37.31	$ 49,398.26	$ 5,635.22
18	$ 49,398.26	$ 329.32	$ 37.56	$ 49,360.70	$ 5,964.54
19	$ 49,360.70	$ 329.07	$ 37.81	$ 49,322.89	$ 6,293.61
20	$ 49,322.89	$ 328.82	$ 38.06	$ 49,284.83	$ 6,622.43
21	$ 49,284.83	$ 328.57	$ 38.31	$ 49,246.52	$ 6,951.00
22	$ 49,246.52	$ 328.31	$ 38.57	$ 49,207.95	$ 7,279.31
23	$ 49,207.95	$ 328.05	$ 38.83	$ 49,169.12	$ 7,607.36
24	$ 49,169.12	$ 327.79	$ 39.09	$ 49,130.03	$ 7,935.15

Calculating Your Maximum Mortgage

To compute your maximum mortgage amount for a loan, you must use the lender's qualifying guidelines. Typically you must find the lower of two numbers—(1) the Housing Expense Ratio (typically 28 percent) and the (2) Total Debt Ratio (typically 36 percent). Special loans like those the affordable loan products from Fannie Mae and Freddie Mac allow these numbers to be higher, which will allow you to qualify for a larger loan.

Housing Expense Ratio (1)

Total gross monthly income (from Worksheet 3)	$ ____________________	
Multiplied by 28 percent	$ ____________________	x .28
Maximum allowable for PITI plus homeowners' association or condo fee	$ ____________________	(1)

Total Debt Ratio (2)

Total gross monthly income (from Worksheet 3)	$ ____________________	x .36
x 36 percent =	$ ____________________	
Maximum allowable for PITI plus homeowners' association or condo fee		
and other monthly debts	$ ____________________	
Minus Total Monthly Debt Payments (from Worksheet 4)	– ____________________	
Maximum allowable for PITI plus homeowners' association or condo fee	$ ____________________	(2)

Choose the lower of (1) or (2)	$ ____________________	(3)

THIS FIGURE REPRESENTS THE MAXIMUM ALLOWABLE FOR PITI, GIVEN YOUR CURRENT GROSS MONTHLY INCOME AND DEBTS.

Multiply (3) by 80 percent* to estimate portion of PITI that represents		
P&I only	$ ____________________	(3)
x .80		
MAXIMUM ALLOWABLE FOR P&I	$ ____________________	(4)

Lender Mortgage Rates/Fees Checklist

Make copies of this checklist and use it to compare mortgage rates and fees when you contact lenders.

Name of lender	#1	#2
Name of contact		
Phone number		
Web site address		
Amount of mortgage you need		
Types of mortgage available (fixed-rate,ARM, FHA,VA, etc.)		
Interest rate		
Points		
APR		
Loan term (15, 20, 30 years)		
Fees:		
• Application	$	$
• Origination	$	$
• Credit report	$	$
• Document preparation	$	$
• Under writing	$	$
• Appraisal	$	$
• Survey (is one required?)	$	$
• Courier	$	$
• Flood certification	$	$
• Tax service	$	$
• Assumption (if applicable)	$	$
• Fees for lender's attorney	$	$
• Title search and insurance	$	$
•Other	$	$
•Other	$	$
Average time required to process and under write mortgage		
Application options:		
• Face-to-face meeting		
• Via telephone and FAX machine		
• Online application		
Minimum down payment required:		
• Without PMI % %		
• With PMI		

Your Monthly Budget

Net Monthly Income

Total Gross Monthly Income (from Worksheet 3*)		$ ____________
minus Payroll Deductions		$ ____________
Total Net Monthly Income		$ ____________

Monthly Expenses/Savings

Current Housing Expenses		$ ____________
Monthly Mortgage Payment		$ ____________
Property Taxes and Insurance (if not included in mortgage payment)	+	$ ____________
Average Monthly Utilities	+	$ ____________
Allowance for Maintenance Expenses	+	$ ____________
Non-Housing Expenses (from Worksheet 4#)	+	$ ____________
Savings (Emergency Fund)	+	$ ____________
Total Monthly Expenses and Savings		$ ____________

Remaining Discretionary Income

Total Net Income		$ ____________
minus Total Monthly Expenses/Savings	+	$ ____________
Funds Available for Short- and Long-Term Investments		$ ____________

Investment Goals	***Total Amount Needed***	***Monthly Savings***
1.	$ ____________	$ ____________
2.	$ ____________	$ ____________
3.	$ ____________	$ ____________
Long-Term Goals		
1.	$ ____________	$ ____________
2.	$ ____________	$ ____________
3.	$ ____________	$ ____________

*Note: Don't include from Worksheet 3 any income that won't come in each month—for example, bonuses or occasional seasonal employment.
#Note: Don't include any expenses deducted from your paycheck. Include the debt payments you listed in Worksheet 4.