

**Fannie Mae HomeChoice
Group 1 & 2 Borrower Budget Worksheet**

(NOTE: Pages One and Two of this form are to be completed by the borrower as part of homebuyer education AND verified by lender. Page Three is to be completed by the lender. See instructions attached.)

Name of Borrower(s) _____

Prepared by _____

(Name and relationship to borrower)

(Date prepared)

Name of Lender _____

Verified by _____

(Name and title of lender representative)

(Date verified)

Monthly Income Analysis	Current	Proposed
A. List Wage/Salary Income (Gross)		
Total Wage/Salary Income	(A-1)	(A-2)
B. List Benefit Income (Nontaxable)		
Total Benefit Income	(B-1)	(B-2)
C. List other Funds Designated Specifically for Mortgage (Attach documentation)		
Total Other Funds	(C-1)	(C-2)
D. Total Monthly Income (A) + (B) + (C)	(D-1)	(D-2)
E. List Other Sources of Support (Dollar Amount or Value of Services) (Note: These amounts are included in the Income and expense analysis, but may NOT be used to calculate qualifying ratios. Any income sources designated for a specific type of support must also be reflected in monthly expenses on page 2)		
Total Other Sources of Support	(E-1)	(E-2)
F. Total Effective Income (D) + (E)	(F-1)	(F-2)

Borrower Budget Worksheet

Name of Borrower(s) _____

Number of Persons in Household _____

Monthly Expense Analysis	Current	Proposed
G. List All Living Expenses		
Food		
Household supplies		
Utilities (gas, electric, water, sewer)		
Property maintenance/repair		
Transportation		
Telephone		
Cable television		
Clothing		
Recreation/entertainment		
Health care		
Insurance (health, life)		
Taxes (Income, FICA, personal property)		
Other (personal assistance, child care, pet costs, gifts, donations, religious offerings, etc.) – List here or itemize on separate sheet and enter total amount		
Total Monthly Living Expenses	(G-1)	(G-2)
H. List Monthly Bills (Debt)		
Total Monthly Bills	(H-1)	(H-2)
I. Total Non-Housing Expenses Add (G) + (H)	(I-1)	(I-2)
J. Housing Expenses (J-1 Enter current rent; J-2 Enter proposed mortgage)	(J-1)	(J-2)
K. Total Monthly Expenses Add (I) + (J)	(K-1)	(K-2)

Borrower Budget Worksheet

Name of Borrower _____

Income and Mortgage Qualifying Analysis	
Enter Proposed Total Effective Income (F-2) from page 1	(F-2)
Enter Proposed Total Monthly Expenses (K-2) from page 2	(K-2)
L. Borrower's Residual Income: Subtract (K-2) from (F-2) NOTE: If the proposed residual income is a negative amount, the borrower is ineligible for a HomeChoice mortgage.	(L)

Qualifying Ratio Test	
Enter Nontaxable Benefit Income (B-2) from page 1	(B-2)
(i) Multiply (B-2) x 1.25	(i)
(ii) Add (A-2) plus (C-2) from page 2	(ii)
(iii) Total Gross Income – Add (i) plus (ii)	(iii)
Enter Proposed Mortgage Expense (J-2) from page 2	(J-2)
M. Housing Debt-to-Income Ratio: Divide (J-2) by (iii)	(M)
(iv) Add Proposed Monthly Bills (H-2) from page 2 plus Proposed Mortgage Expense (J-2) above	(iv)
N. Total Debt-to-Income Ratio: Divide (iv) by (iii)	(N)
<p>Note: Proposed total debt-to-income ratio may not exceed 50/50 percent with compensating factors per Fannie Mae Selling Guide (section 209.03) List any compensating factor or other comments here.</p>	

Instructions for Completing the HomeChoice Budget Worksheet

To the borrower: You must complete pages one and two of this worksheet if you are applying for a HomeChoice loan. (Your homebuyer education counselor should be able to tell you whether this applies to you). You will have to submit this worksheet with your loan application and the lender will be required to verify your income and expense figures. Be sure to provide as much information as possible to help the lender understand all your sources of income and support and all your expenses.

Following is a line-by-line description of the budget worksheet.

Page One: Monthly Income Analysis

- A. **Wage/Salary Income (Gross)** – Enter the gross amount of any income you earn at a job (before taxes or other deductions).
- B. **Benefit Income (Nontaxable)** – Enter all government benefits that you receive, such as Social Security, Supplemental Security Income (SI), Social Security Disability Insurance (SSDI), Food Stamps, Veterans Benefits, Aid to Families with Dependant Children (AFDC or ADC), and any state or local supplements to federal benefits.
- C. **Other Funds Designated Specifically for Mortgage** – Include any funds that may be used only to make a mortgage or other housing payment. Examples of such funds are the housing portion of room and board payments for a live-in personal assistant made through a state Medicaid Home and Community-Based Services (HCBS) Waiver program, or housing payments designated from a special needs trust.
- D. **Total Monthly Income** – Add the first three categories (A + B + C) together.
- E. **Other Sources of Support** – List any other sources of cash or noncash support that help with your daily living expenses (such as food, transportation, or home maintenance), and record their dollar amount or value. Examples of items to include are regular monthly financial support from a parent or family member, funds from a government or private source for personal assistance, food club, or food voucher assistance, transportation vouchers, and other sources of support you receive through a housing or support service organization. All items must be verifiable with documentation from the source of support. Although the lender will not count these types of resources as true income for purposes of calculating how much mortgage you qualify for, listing them will help the lender better understand your overall financial situation.
- F. **Total Effective Income** – Add D + E. This is the total amount of resources you have to meet your personal needs, including your proposed mortgage payment and the housing-related expenses.

Page Two: Monthly Expense Analysis

- G. **Living Expenses** – The best way to develop an accurate monthly expense budget is to keep track of everything you spend for a period of six months to a year. Add any expense categories under “Other” that apply to your situation but are not listed. Remember to account for any expenses that may increase or decrease when you live in your own home. Also be sure that you have included an expense to match each specific resource listed on page one. For example, if you listed \$60 under “Transportation” in your monthly expense list. If your actual transportation costs are greater than the voucher amount, list the total or actual cost of transportation.
- H. **Monthly Bills (Debt)** – List your monthly payments for credit card debt, student loans, car payment or other consumer loans, and any other monthly payments you are making that are not for current living expenses. Your credit history should also reflect that you are making these payments.
- I. **Total Non-Housing Expenses** – Calculate your total living expenses, not including housing (G + H).
- J. **Housing Expenses** – In the first column, enter the amount you currently pay for rent in the second column, enter the expected amount of your mortgage payment.

Page Three: Income and Qualifying Analysis

This page will generally be completed by the lender. However, you may want to complete it on a preliminary basis with your homebuyer education provider.

- K. **Total Monthly Expenses** – This is the total of your housing costs, daily living expenses, and monthly bills (I + J).
- L. **Residual Income** – This is the amount of money you will have left at the end of each month after paying for your living expenses, bills, and housing. This amount must be greater than zero. If your residual income is a low amount, you will have only a small cushion and you could have trouble making your mortgage payment if unexpected expenses arise. Be sure that your monthly expense analysis (page two of the worksheet) includes every possible expense so there will be as few surprises as possible to affect your budget.
- M. **Housing Debt-to-Income Ratio** – Under Fannie Mae’s guidelines, your monthly mortgage payment should generally not exceed 50 percent of your income if the lender can document compensating factors and you will have two months cash reserve remaining after your closing.
- N. **Total Debt-to-Income Ratio** – Under Fannie Mae’s guidelines your total monthly debt, including your proposed mortgage payments, should not exceed 50 percent if the lender can document compensation factors and you will have two months cash reserves remaining after your loan closing.