Step #4: How much can your home cost?

Here's where it all adds up! Use the results from Steps #2 and #3 to determine your house-hunting price range.

Approximate Amount You Can Borrow (from Step #2)		Total Estimated Down Payment (from Step #3)		Your New Home Can Cost Up To
B	+	E	=	F

High Ratio Mortgage

Typically, a bank will lend up to 75% of the value of your home. In some cases, you may be able to borrow up to 90% of the value of your new home by acquiring a High Ratio Mortgage.

If your down payment is:

- 25% or more, you will not require a High Ratio Mortgage
- Between 10% and 25%, you will require a High Ratio Mortgage
- Less than 10%, you will have to either reduce the cost of your new home, or increase your down payment

We recommend that you talk to your Scotiabank Mortgage Specialist to better understand how to qualify for this type of mortgage.

Ready to take the next step?

Bring this completed worksheet into your Scotiabank branch. Whether you're building or buying your home, one of our Mortgage Specialists can help make the numbers work for you.

Speak with your Scotiabank representative today.
Call **345-949-7666** or visit **cayman.scotiabank.com/home**

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KY 08/14

Home Affordability Worksheet

Let's do the math together.

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Discover what's possible

Step #1: How much can you afford to pay each month?

Determine the monthly cost of owning your home.

Calculate your Gross Monthly Income and the payments on existing debt you make every month on the form below.

Gross Monthly Income

Your Gross Monthly Income should include only the verifiable income that you earn consistently each month. If you and your spouse are purchasing a home together, consider both incomes together.

If you own a business or work seasonally, your income likely fluctuates from month to month. You may find it difficult to meet your loan obligations during the low months if you borrow based on your high month income level.

While calculating your monthly amount for housing, we recommend spending no more than 40% of your gross monthly take-home income to cover your new home and other debts. Under certain conditions, you may qualify for more.

Payments on Existing Debt

Be sure to include monthly payments of student loans, car loans, and any other obligations such as utilities and insurance. If you have credit cards and lines of credit, include 5% of their credit limit as a monthly debt payment.

Example:

The Wilsons have a joint gross monthly income of $4,500. They have a car loan with a monthly payment of $200 and a credit card with a limit of $1,800, for which they have calculated a monthly payment of $90 (5% of their credit limit).

The Wilsons' calculation:

Gross Monthly Income		$4,500
× 0.40	=	$1,800
Minus Payment on Existing Debt	-	$290
Equals Monthly Amount for Housing	=	$1,510

Calculate your amount below:

Gross Monthly Income		
× 0.40	=	
Minus Payment on Existing Debt	-	
Equals Monthly Amount for Housing	=	A

Please note that all example figures, rates, and factors are based on US dollars.

Step #2: How much can you borrow?

Determine the approximate amount you can borrow.

Use the monthly amount for housing you determined in Step #1 (A) and the applicable interest rate factor on the table below. The interest rate factor allows you to estimate the approximate amount you can borrow. Take a look at the Wilsons' example which uses a factor of 137 based on the going interest rate of 5%. You can use the matrix below to select a factor that represents the potential mortgage interest rate in your market.

INTEREST RATE	5%	6%	7%	8%	9%	10%	11%	12%	13%
FACTOR	137	124	113	104	95	88	82	76	71

The Wilsons' calculation:

Amount for Housing (from Step #1)	$1,510
×	
Interest Rate Factor (from table)	137
=	
Approximate Amount the Wilsons Can Borrow:	$206,870

Calculate your amount below:

Amount for Housing (from Step #1)	A
×	
Interest Rate Factor (from table)	
=	
Approximate Amount You Can Borrow:	B

Step #3: How much can you put down?

Estimate your available down payment.

Usually when you finance a home, you must have at least 10% of its value or purchase price (after closing costs) as a down payment. If you have less than 25% to put down, you will have to obtain a Scotiabank High Ratio Mortgage (see Step #4). Of course you can put more money down if you have it. The greater your down payment, the lower your monthly payments and the faster you will own your home. Use the following table to calculate the amount of money available for your down payment.

Calculate your amount for down payment:

Make a list of all the sources you can fund your down payment from, such as: savings you already have or will have in the short term, equity in land you already own and are planning to build on, and any gifts or inheritance you have or will receive.

	+		+		=	C
Savings		Equity in Land		Gift or Inheritance		Total Amount for Down Payment

Estimate closing costs:^Δ

Up-front fees and expenses associated with buying or building a home can vary between 4% and 10% of its value. Use the following table to estimate what your closing costs will be. Don't hesitate to ask a Scotiabank Mortgage Specialist to assist you.

Calculate your closing costs:

	+		+		=	D
Application and Other Upfront Fees (1 - 2% of property value)		Legal and Registration Fees (1 - 2.5% of property value)		Contingency and Others (5 - 7% of property value†)		Total Estimated Closing Costs

To estimate how much down payment you have, subtract the Total Estimated Closing Costs from your Total Amount for Down Payment:

C	-	D	=	E
Total Amount for Down Payment (from above)		Total Estimated Closing Costs (from above)		Total Estimated Net Down Payment

Δ Closing costs are estimates for directional purposes only, costs may vary by country
† 5 - 7% contingency applies to construction loans only