

CURRENT BUDGET

Your current Monthly Household Budget is a limiting factor in determining your affordable monthly mortgage payment and an important tool in improving your financial management. We have included an example of the monthly budget form, which has two columns: Frequency - to determine the frequency of the specific income or expense; and Monthly Amount - to determine the total income or expense per month. This form, which you may want to make copies for additional months, can help you complete the Current Budget in the Member Portal. You should complete the Current Budget in the Member Portal prior to scheduling your Intake counseling session.

Your Current Budget should include the income and expenses of all the Members to reflect the household's complete pattern of reliable monthly income, debt payments, and ordinary expenses. It provides a realistic evaluation of whether your household can save on a regular basis. Keep in mind that Members who are not on the mortgage can also affect your ability to afford a house based on their debt and income. You want to avoid any unpleasant surprises when your monthly mortgage payment is due, so be conservative with your estimates. Using the actual amounts from the bank data or shown on your bank, credit card, and other statements will result in the most accurate representation of your current financial situation. All reliable sources of consistent household income and expenses must be included to determine the true cash flow.

During the counseling sessions, you will work with your NACA Counselor to complete a Homeownership Budget. This budget will consist of estimates for your future home, taking into account the current income and expenses for each Member of the household as well as future homeownership expenses.

CURRENT BUDGET ANALYSIS

Experts say most people do not know where 20% of their income is spent. A monthly household budget is crucial for better financial management, as it can reveal the true extent of your income and expenditures and whether you are living beyond your means. Following your NACA Counselor's advice is crucial to improving your finances in preparation for affordable homeownership. You and your NACA Counselor must get a thorough understanding of your cash flow, including your reliable, consistent income and costs. Fixed costs include expenses such as rent, utilities, food, debt payments, transportation, childcare, education, etc. While the goal may be to reduce some of these costs, many are under contract and have minimum payments that will not change anytime soon. Elective expenses include money spent on things beyond basic needs, like clothes, eating out, coffee, hair, nails, cable TV, entertainment, etc. These are the expenses you should consider reducing if you are willing and able.

A change in your budget must be indicated in your bank data credit card balances as an increase in savings or accelerated debt reduction. For example, maintaining a high credit card balance while only making the minimum monthly payment is extremely expensive and reflects poor financial management. In this case, it is likely that your finances are stretched too thin. The minimum payment, which is likely to have an extremely high interest rate, is typically only two to four percent of the outstanding balance and it could take many years to pay off the complete outstanding balance in its entirety.

Your NACA Counselor will work with you to improve your financial management. You can determine how changes in household expenses and casual spending affect your finances by using the knowledge gained from the monthly budget exercise. Separating necessities from wants enables you to decide which non

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necessities can be eliminated in order to afford a house. You will likely need several months to determine if changing your spending habits is a realistic way to meet your targeted Monthly Savings Commitment. Use this time to determine if you and the other Members in your household are comfortable with the permanent spending reduction necessary to afford a monthly mortgage payment higher than the current rent. The actual numbers on the budget may surprise you compared to the estimate in your head. The monthly budget exercise helps with:

- Better management of expenses.
- Increase savings potential.
- Reality check – what you believe your expenses are compared to your actual expenses as reflected in your bank accounts, credit card statements, and other payments.

After completing your budget, you and the other Members in your household must answer these questions:

- Can I/we be prudent managers of our income and debts to meet the requirements of homeownership?
- Do I/we have steady income and stable employment?
- Am I/are we able to save money?
- Can I/we make the necessary changes to meet the desired monthly mortgage payment?

MONTHLY AVAILABLE SAVINGS

The Monthly Available Savings is the amount that remains after deducting the total payments for liabilities, rent, and household expenses from the total net income. Your bank account(s) should reflect a monthly increase if your Monthly Available Savings are positive. This also indicates that you should have additional funds to contribute toward meeting the Payment Shock goal for a monthly mortgage payment that is higher than your current rent. If your Monthly Available Savings are negative, it means that your bank account(s) will reflect a deficit and/or your credit card(s) will show an overall balance increase. This indicates that the household may be living beyond its means by relying on credit or savings. In this case, the affordable monthly mortgage payment will likely be an amount lower than your current rent.

MONTHLY SAVINGS COMMITMENT

The Monthly Savings Commitment are funds you will need as a homeowner to cover unexpected expenses. You must add at least \$200 to your total expenses to account for unexpected or one-time expenses for a single-family home, and \$400 for a multi-family property. Your Monthly Savings Commitment, which can be used for your Minimum Required Funds and Payment Shock, needs to be deposited into a Household Savings Account without any overall reduction in the balance in your other accounts (i.e., you need to increase your savings, not just move money between accounts). You should not withdraw any funds from your Household Savings account during the home buying process except for home purchase costs (e.g., escrow, inspections, etc.).

Do not feel pressured. Buying a house can be a great investment, but personal situations or other factors, such as whether you and the other Members anticipate remaining in the area for several years, may counsel against it. NACA is a nationwide organization and we will assist you wherever and whenever you are ready to be a homeowner. Do not hesitate to discuss these issues with your NACA Counselor.

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MONTHLY CURRENT BUDGET FORM

MONTH COMPLETED:

YEAR:

Total number of people intending to live in your future home:

Members are identified by their number in the below budget:

M1:

M2:

M3:

M4:

Dependents:

1.

2.

3.

4.

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INCOME AND EXPENSE TYPE				FREQUENCY (monthly or other)	MONTHLY AMOUNT
GROSS INCOME					
M1: \$	M2: \$	M3: \$	M4: \$		
NET INCOME (TAKE-HOME INCOME)					
M1: \$	M2: \$	M3: \$	M4: \$		
JOB 1 (W2 INCOME)					
M1:\$	M2:\$	M3: \$	M4:\$		
JOB 2 (W2 INCOME)					
M1:\$	M2:\$	M3:\$	M4:\$		
SELF-EMPLOYMENT INCOME					
M1:\$	M2:\$	M3: \$	M4:\$		
OTHER INCOME					
M1:\$	M2:\$	M3:\$	M4:\$		
TOTAL HOUSEHOLD NET INCOME					

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DEBT PAYMENTS				FREQUENCY (monthly or other)	MONTHLY AMOUNT
CREDIT CARDS					
M1:\$	M2:\$	M3:\$	M4:\$		
CAR LOANS					
M1:\$	M2:\$	M3:\$	M4:\$		
STUDENT LOANS					
M1:\$	M2:\$	M3:\$	M4:\$		
FEDERAL & STATE TAX PAYMENTS					
M1:\$	M2:\$	M3:\$	M4:\$		
CHILD SUPPORT/ALIMONY PAYMENTS					
M1:\$	M2:\$	M3:\$	M4:\$		
TIMESHARES & OTHER PROPERTIES					
M1:\$	M2:\$	M3:\$	M4:\$		
PAYDAY LOANS					
M1:\$	M2:\$	M3:\$	M4:\$		
BUY NOW & PAY LATER					
M1:\$	M2:\$	M3:\$	M4:\$		
PERSONAL LOANS					
M1:\$	M2:\$	M3:\$	M4:\$		
OTHER HOUSEHOLD LOANS (EG: PERSONAL LOAN, OTHER DEBT)					
M1:\$	M2:\$	M3:\$	M4:\$		
TOTAL DEBT PAYMENTS					
HOUSEHOLD EXPENSES				FREQUENCY (monthly or other)	MONTHLY AMOUNT
Rent Payment					
Mortgage Payment (Including Taxes, Insurance, and PMI)					
Homeowner Association Fees					
Repairs/Improvements					
Home Cleaning					
Household Supplies					
Renter/Homeowner Insurance					

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Yard Maintenance		
Security System		
Appliances Warranty		
Storage		
Other Housing Expenses		
TOTAL HOUSING EXPENSES		
UTILITY EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Electricity		
Heat & Gas		
Waste Disposal		
Water/Sewer		
Solar Energy		
Other Utilities		
TOTAL UTILITY EXPENSES		
COMMUNICATION EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Internet Phone		
Mobile/Home Phone		
TV/Cable Services		
Other Communication Expenses		
TOTAL COMMUNICATION EXPENSES		
FOOD & BEVERAGE EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Groceries		
Take Out/Delivery		
Meals Out (eg: Restaurant, Cafe, Bar)		
Coffee/Snacks		
Alcohol		
Tobacco /E-Cigarettes/Recreational Substances		
Other Food & Beverage Expenses		
TOTAL FOOD & BEVERAGE EXPENSES		

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TRANSPORTATION EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Car Maintenance/Repairs		
Fuel		
Tolls/Parking		
Public Transportation		
Taxi/Ride Share		
Car Insurance		
Excise Tax		
Vehicle Registration		
Vehicle Warranty		
Other Transportation Expenses		
TOTAL TRANSPORTATION EXPENSES		
HEALTHCARE EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Prescription/Medication		
Doctor/Hospital Bills		
Copays & Deductibles		
Gym Membership & other Fitness		
Supplements/Vitamins		
Eyecare/Glasses/Contacts		
Dental/Braces		
Therapy Services		
Insurance - Medical/Dental/Vision		
Insurance - Life/Disability		
Other Healthcare Expenses		
TOTAL HEALTHCARE EXPENSES		
CHILD EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Tuition		
Daycare/Babysitter		
Clothing		
Lunches		

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School Supplies/Books		
After-School/Extracurricular Activities		
Lessons/Tutoring		
Allowance/Toys		
Dorm Room/Meals		
Camp		
Other Child Expenses		
TOTAL CHILD EXPENSES		
EDUCATION EXPENSES (ADULTS)	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Tuition		
School Supplies/Books		
Other Education		
TOTAL EDUCATION EXPENSES (ADULTS)		
PET CARE EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Pet Food/Supplies		
Veterinarian		
Pet Daycare		
Grooming		
Pet Insurance		
Other Pet Care		
TOTAL PET CARE EXPENSES		
ENTERTAINMENT EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Movies/Concerts/Shows		
Sporting Events		
Hobbies		
Gambling/Lottery Tickets		
Sport Expenses		
Hunting/Fishing/Camping		
Magazines/Books/Newspapers		

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Other		
TOTAL ENTERTAINMENT EXPENSES		
APPEARANCE/CLOTHING EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Clothing/Shoes		
Accessories		
Haircare		
Manicure/Pedicure/Lashes		
Personal Care Products		
Dry Cleaning/Laundromat		
Other Appearance/Clothing Expenses		
TOTAL APPEARANCE/CLOTHING EXPENSES		
TRAVEL EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Airline/Train Tickets		
Vacations		
Other Travel Expenses		
TOTAL TRAVEL EXPENSES		
SUBSCRIPTIONS/MEMBERSHIP EXPENSES	FREQUENCY (monthly or other)	MONTHLY AMOUNT
Streaming Subscriptions (e.g., Netflix, Hulu, HBO)		
Retail/Shopping		
Membership & Organization Dues		
Gaming/Magazines//Newspapers		
Credit Monitoring		
Delivery Service		
Cloud Storage		
Apps		
Other Subscriptions/Membership Expenses		
TOTAL SUBSCRIPTIONS/MEMBERSHIP EXPENSES		

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GIFT/CHARITY EXPENSES		FREQUENCY (monthly or other)	MONTHLY AMOUNT
Gifts to Family/Friends (e.g., Birthdays, Holidays)			
Charitable Donations			
Tithes			
Other Gifts/Charity Expenses			
TOTAL GIFT/CHARITY EXPENSES			
FINANCIAL FEES		FREQUENCY (monthly or other)	MONTHLY AMOUNT
Banking Fees			
Overdraft Fees			
International Transfer Fees			
Check Cashing Fees			
Convenience Fees			
Other Financial Fees			
TOTAL FINANCIAL FEES			
MISCELLANEOUS EXPENSES (IF NOT LISTED ABOVE)		FREQUENCY (monthly or other)	MONTHLY AMOUNT
1.	2.		
TOTAL MISCELLANEOUS EXPENSES			
TOTAL HOUSEHOLD EXPENSES			
MONTHLY BUDGET CALCULATION		FREQUENCY (monthly or other)	MONTHLY AMOUNT
Total Household Net Income			
Less			
Total Household Debt Payments			
Total Housing Expenses			
Total Household Expenses			
MONTHLY AVAILABLE SAVINGS			
MONTHLY SAVINGS COMMITMENT			