

# INCOME TO DEBT RATIO WORKSHEET

## Monthly Income

Take-home pay from job(s) \_\_\_\_\_  
 Alimony and child support + \_\_\_\_\_  
 Bonuses, commissions and other tips + \_\_\_\_\_  
 Dividends and interest + \_\_\_\_\_  
 Social Security + \_\_\_\_\_  
 Unemployment + \_\_\_\_\_  
 Other income + \_\_\_\_\_  
  
 Monthly Take-Home Pay = \_\_\_\_\_

## Minimum Monthly Debt Payments

Car Payment \_\_\_\_\_  
 Rent or Mortgage + \_\_\_\_\_  
 Utility Payments *Gas, Water, Electric Bills* + \_\_\_\_\_  
 Pawns + \_\_\_\_\_  
 Student Loan Payment + \_\_\_\_\_  
 Other Insurance + \_\_\_\_\_  
 Loans + \_\_\_\_\_  
 Credit Card Payments + \_\_\_\_\_  
 Payments for past Medical Care + \_\_\_\_\_  
  
 Total Debt Payments = \_\_\_\_\_

## My Debt to income Ratio is

Monthly Debt Payments \_\_\_\_\_  
 Divide by  
 Monthly Income \_\_\_\_\_  
 Equals  
 Debt to Income Ratio \_\_\_\_\_

Your household debt should not go over 40% of your monthly income. If your monthly debt is less than 40% of your monthly income you may be able to comfortably add a car payment.

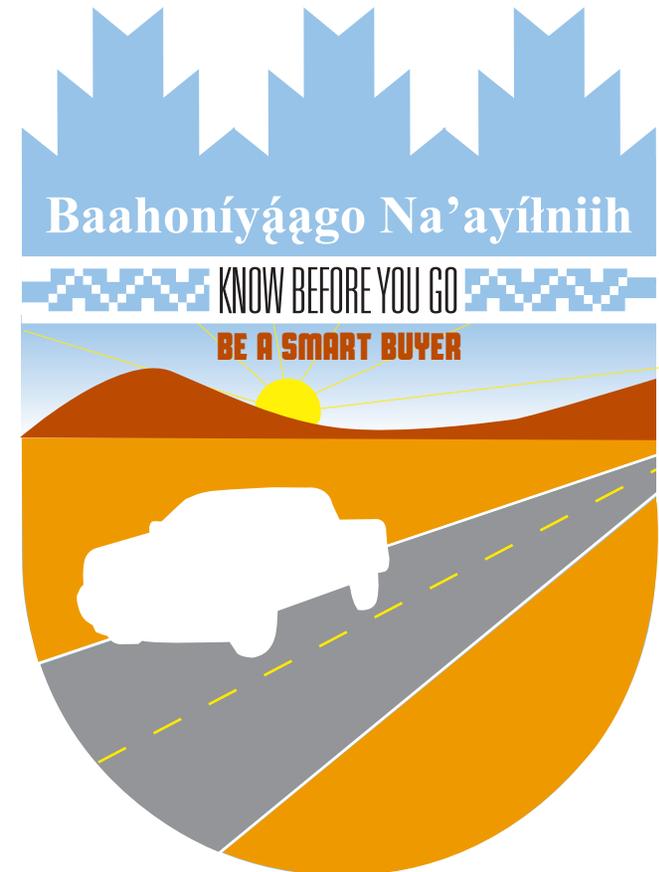


DNA-People's Legal Services  
 PO Box 306, Window Rock, AZ 86515  
 T 928.871.4151  
[www.dnalegalservices.org](http://www.dnalegalservices.org)

## Navajo Nation Human Rights Commission



PO Box 129, St. Michaels  
 Navajo Nation (AZ) 86511  
 T 928.871.7436 · F 928.871.7437  
[www.nnhrc.navajo-nsn.gov](http://www.nnhrc.navajo-nsn.gov)





# THINGS TO KNOW BEFORE YOU BUY A VEHICLE



*Bee Aqhadaajiligii Yaahalne 'igii T'aa  
Bitséedi Nił Beehozin doo.*

## **Know your credit score.**

Know where to check it.

► [www.annualcreditreport.com](http://www.annualcreditreport.com) or you can call 877.322.8228

Know that there are penalties for checking it repeatedly.

*Chidi Neit'aahigii Áłtsé Bik'eh Áhólééh.*  
**Research the vehicle you want**

- Engine Size
- Make and Model
- Manufacture Suggested Retail Price MSRP
- Invoice Price
- Vehicle accessories and add-ons.

*Béeso Naa 'nilgo Chidi Daats 'i Bóhonee 'á.*

**Know your debt-to-income ratio.** Usually 40% of your monthly gross income is dedicated to your monthly bills like credit card payments, rent and utility payments, and other monthly bills. Filling out an income debt ratio worksheet can help you determine if you can take on another bill.

Compare the MSRP and Invoice Prices among dealers for the vehicle you are interested in purchasing.

Negotiate the price of your vehicle closest to the Invoice Price.

Calculate your projected monthly new car payments using several interest rates i.e., 0%, 5%, 10% and 15%.

Talk to your bank or credit union to see if they can finance the purchase of your new vehicle.

Determine which lender will provide the best financing for you.

Contact your insurance carrier to determine the premium on the new vehicle you want to purchase.

Talk to friends, relatives and others to gain their opinion about their vehicle purchasing experiences.

If you are trading in your old vehicle, research its trade-in value.

*Chidi Yah Anánítne 'go Kódiiniit:*  
**If you are trading-in your old vehicle, Clean it**

- Degrease the engine
- Clean carpet
- Maintenance History

If you are still paying on the vehicle you want to trade-in, determine the value of your vehicle and how much of the value you can use as a down payment.

If the value of your trade in is less than the amount you owe, you are subject to paying the remaining balance.

*Chidi Ilinii Át'e*

**A Vehicle is an important and costly purchase so make sure you:**

**Don't buy on impulse. Plan ahead.**

**Decide ahead on the vehicle you need.**

**Get pre-approved** Secure your own financing from your bank or credit union.

**Know what the add-ons are and the purpose of them. They may be optional.**

- GAP – will pay off the balance on your loan if the vehicle is a total loss in an accident.
- Mechanical Breakdown Protection Warranty – how long is your vehicle covered by the factory?
- Credit Life and Disability – Debt Protection Plan
- Window Etching – Does not save money on your insurance.

**Maintenance plans** Do you need this? What is the cost vs benefits?

**Check the value of vehicle.** Consumer reports, Edmunds, etc, can help you find safety features and resale value.

*Remember this is a big Purchase so plan and research*