Mortgage Ready Worksheet

Monthly Income:
Loan Type:
Monthly Debts:

Interest Rate:
Length of Mortgage:

Gross Monthly Income **1**

Gross Monthly Income x housing ratio/front end ratio: FHA=31%, VA=n/a, CONV=28% **2**

Gross monthly income **x** Ratio = (Housing Ratio)

Gross Monthly Income x debt-to-income ratio/back end ratio: FHA=43%, VA=41%, CONV=36% **3**

(Gross monthly income) **x** Ratio = (Debt to Income Ratio)

Total Monthly Debts = **4**

Subtract line (4) from line (3) **5**

(Debt to Income Ratio) **-** (Monthly Debts) =

Maximum Monthly Mortgage Payment Allowed

Enter lesser amount from line (2) or (5) **6**

Escrows

(Monthly Mortgage Payment) **x** .25 =

Multiply line (6) **25%** **7**

Subtract line (7) from line (6) **8**

Monthly Mortgage Payment **-** Escrows =

Affordability

Divide line (8) by factor **9**

(The factor that is used depends on the loan's interest rate. See below.)

Line (8) ÷ Factor =

Multiply line (9) by $1,000.00 **$1,000.00** **10**

Maximum Mortgage Amount

Line (9) **x** $1000 =

Sample 30-Year Loan Factors

4.00% interest rate: $4.77	4.50% interest rate: $5.07	5.00% interest rate: $5.37
5.50% interest rate: $5.68	6.00% interest rate: $6.00	6.50% interest rate: $6.32
7.00% interest rate: $6.65	7.50% interest rate: $6.99	8.00% interest rate: $7.34