

Pre-Qualification Worksheet

TO DETERMINE MAXIMUM LOAN AMOUNT: Working backwards from income to determine maximum loan amount requires examining whether the front or back ratio is the limiting qualifying factor.

- 1. Multiply Total Monthly Income by 28%.** Enter Result as Total Housing Payment
- 2. Multiply Gross Monthly Income by 36%.** Enter Result as Total Monthly Obligations. Deduct all debts. Enter Result as Total Housing Payment.
- 3.** The *smaller* of these two numbers is the recommended PITI. Subtract all components (taxes, ins, etc.) from the smaller number. Result is Maximum Principle & Interest. Divide this number by the factor from the table and multiply by \$1,000 to arrive at maximum loan amount.

Proposed Monthly Payments		Total Monthly Obligations		
First Mortgage Principle & Interest	\$	Total Housing Payment	\$	
Second Mortgage Principle & Interest	\$	Other Mortgages (<i>Rent income payments = negative</i>)	\$	
Monthly Hazard Insurance	\$	Auto Loans	\$	
Monthly Real Estate Taxes	\$	Other Installment Loans	\$	
Condo/Association Fees	\$	Charge Card (<i>5% of balance</i>)	\$	
Mortgage Insurance	\$	Other Monthly Payments	\$	
Total Housing Payment	\$	Total Monthly Obligations	\$	
Front Ratio Calculation		Back Ration Calculation		
Total Housing Payment divided by Total Income	\$	Total Monthly Obligation divided by Total Income	\$	
Monthly Income		Down Payment		
	<i>Borrower</i>	<i>Co-Borrower</i>	Down Payment	\$
Base Income	\$	\$	Closing Costs	\$
Other Income	\$	\$	Less Seller Contribution	\$
Total Income	\$	\$	Total Cash Required	\$