

**Example:**

For a family with a gross annual income of \$48,000 and monthly long term debt obligations of \$400 (installment debt, auto loans, credit cards, child support, etc.)

- A. Gross Annual Income (Before Taxes) \$48,000
- B. Gross Monthly Income (\$48,000 divided by 12) \$4,000
- C. Monthly Allowable Housing Expense and Long-Term Obligations \$1,560

\$4,000 multiplied by 39 (39% of gross monthly income is usually allocated for principal, interest, taxes, insurance and monthly long-term obligations)

- D. Monthly Allowable Housing Expense \$1,160  
 \$1,560 - \$400 (Subtract monthly long-term obligations from line C. Remainder is allowable principal, interest, taxes and insurance payment. Example uses \$400.)  
 NOTE: Monthly Allowable Housing Expense on line D. should not exceed 30% of Gross Monthly Income on line B. If it does, enter the lesser amount on line D and continue.

- E. Monthly Principal and Interest Payment \$928.00

\$1,160 multiplied by .80 (80% is the estimated amount of the monthly allowable housing expense usually allocated to the principal and interest payment only, excluding taxes and insurance.)

- F. Estimated Mortgage Amount \$146,603

\$928 divided by 6.33 multiplied by \$1,000 (6.33 is the factor for a 6.5% loan amortized over a 30-year term.)

**Actual:**

- A. Gross Annual Income (Before Taxes) \$ \_\_\_\_\_
- B. Gross Monthly Income Line A. divided by 12 \$ \_\_\_\_\_
- C. Monthly Allowable Housing Expenses and Long Term Obligations Line B. multiplied by .39 \$ \_\_\_\_\_
- D. Monthly Allowable Housing Expense Line C minus long-term obligations or line B multiplied by .30, whichever is less \$ \_\_\_\_\_
- E. Monthly Principal and Interest Line D multiplied by .80 \$ \_\_\_\_\_
- F. Estimated Mortgage Amount Line E divided by the appropriate factor from the interest rate chart and multiplied by 1,000 \$ \_\_\_\_\_

Payment Calculator		
Term	15 yr.	30 yr.
5.50%	8.18	5.68
APR	5.71	5.63
5.75%	8.31	5.84
APR	5.96	5.88
6.00%	8.44	6.00
APR	6.22	6.13
6.25%	8.58	6.16
APR	6.47	6.38
6.50%	8.72	6.33
APR	6.72	6.63
6.75%	8.85	6.49
APR	6.97	6.88
7.00%	8.99	6.66
APR	7.23	7.14
\$100,000 Mortgage amount APR		



**The Home Purchase Process**