



Worksheets

CALCULATING YOUR GROSS MONTHLY INCOME

WORKSHEET 1

Remember that your credit union is interested in your gross monthly income — what you make before taxes and other payroll deductions. You should also include all other sources of regular income, if they are likely to continue for three years. Be sure to list the income of each co-borrower, including yourself.

	Average Monthly Amount	
	You	Co-Borrower
Gross Pay	\$	\$
Gross Pay (for second job)	\$	\$
Regular Overtime	\$	\$
Bonuses/Tips	\$	\$
Alimony, Child Support or other Maintenance Income	\$	\$
Pension/Social Security Benefits	\$	\$
Dividend/Interest Earnings	\$	\$
Business Earnings	\$	\$
Veterans Administration Benefits	\$	\$
Unemployment Compensation	\$	\$
Public Assistance	\$	\$
Other	\$	\$
Total for Each	\$	\$
Grand Total = Gross Monthly Income	\$	

CALCULATING YOUR MONTHLY DEBT PAYMENTS

WORKSHEET 2

Remember that your credit union wants to be sure your income will be enough to cover your mortgage payments and other monthly debts — those debts that will not be paid off in the next 10 months. Be sure to include the debts of all co-borrowers, including you.

	Average Monthly Amount	
	You	Co-Borrower
Car Loan	\$	\$
Installment Loan Payment (such as loans for furniture or appliances)	\$	\$
Credit Card 1 average monthly payment	\$	\$
Credit Card 2 average monthly payment	\$	\$
Credit Card 3 average monthly payment	\$	\$
Student Loan	\$	\$
Medical/Health Care Payment (not an insurance premium automatically deducted from your paycheck)	\$	\$
Other	\$	\$
Total for Each	\$	\$
Grand Total = Gross Monthly Debt Payments	\$	

CALCULATING YOUR MAXIMUM MORTGAGE PAYMENT AND MORTGAGE AMOUNT WORKSHEET 3

You can use the ratio method for calculating the maximum mortgage payment a credit union may allow, based on your income and debts. In this worksheet, we use 33% for the housing expense ratio and 38% for the total debt ratio. These ratios are typically used for affordable housing mortgage products that target first-time homebuyers and/or those with limited income and savings.

HOUSING EXPENSE RATIO	
Total Gross Monthly Income (from Worksheet 1)	\$ _____
x33%	X _____ .33
Maximum Mortgage Payment (covering PITI and homeowner association or condo fee)	\$ _____ (a)
TOTAL DEBT RATIO	
Total Gross Monthly Income (from Worksheet 1)	\$ _____
x38%	X _____ .38
Maximum Mortgage Payment (plus all other monthly debt payments)	\$ _____ (b)

These two calculations show you the maximum allowed under such mortgage products for your (a) mortgage payment and for (b) your mortgage payment plus monthly debt payments. Now let's subtract your current monthly debt payments from (b) above to see how much is left over for your mortgage payment:

MINUS CURRENT MONTHLY DEBT PAYMENTS	
Maximum Mortgage Payment plus Monthly Debt Payments (covering PITI and homeowner association or condo fee)	\$ _____
minus Monthly Debt Payments (from Worksheet 2)	- (minus) _____ .33
Maximum Mortgage Payment (covering PITI and homeowner association or condo fee and minus Current Monthly Debt Payments)	\$ _____ (c)

CALCULATING YOUR MAXIMUM MORTGAGE PAYMENT AND MORTGAGE AMOUNT WORKSHEET 3

Choose the lower of (a) or (c). This figure is the maximum allowable for your mortgage payment given your current income and debt.

\$ _____ (d)

As we know, your mortgage payment is made up of four components known as PITI — principal, interest, taxes and insurance. In order to calculate the mortgage amount made possible by (d), we need to include only the P and I components. So multiply (d) by 80% to arrive at the P and I portion of the payment.

\$ _____ (d) x .80 = \$ _____ (e) = (P and I portion only)

Divide (e) by the factor below for the interest rate or rates currently being offered by mortgage lenders for 30-year fixed-rate loans.

Remember that these calculations are based on one set of ratios — 33% for housing expense and 38% for total debts. Other mortgage products have different ratios. Also remember that the calculations take into consideration only some of your monthly expenses. They do not include groceries, utility payments, the cable bill and so on. You should consider your total **cashflow situation** to make sure that you will be able to afford your new home and new mortgage payments.

Interest Rate	P and I Factor for 30-Year Term
3.5%	0.00449
4.0%	0.00477
4.5%	0.00507
5.0%	0.00537
5.5%	0.00568
6.0%	0.00600
6.5%	0.00632
7.0%	0.00665
7.5%	0.00699
8.0%	0.00734
8.5%	0.00769
9.0%	0.00805

\$ _____ (e) divided by P and I Factor _____ =
 \$ _____ **Maximum Loan Amount**

SHOPPING FOR A MORTGAGE WORKSHEET 4

	(1)	(2)	(3)
Credit Union's Name			
Contact's Name			
Phone Number			
Website			
Loan Amount Needed	\$	\$	\$
Type of Mortgages Available (conventional, FHA, VA, fixed-rate, ARMs)			
Interest Rate			
Points			
APR			
Rate Lock-in <ul style="list-style-type: none"> ▪ After loan approval or at application? ▪ Written agreement? ▪ Lasts how long? ▪ Covers both rate and points? 			

SHOPPING FOR A MORTGAGE WORKSHEET 4

	(1)	(2)	(3)
Loan Terms Available			
Fees			
Application			
Origination			
Credit Report			
Document Preparation			
Underwriting			
Appraisal			
Survey			
Courier			
Flood Certification			
Assumption (if applicable)			
Credit Union's Attorney			
Title Search and Insurance			
Other			
Are Escrows Required for Taxes and Insurance?			
Minimum Down Payment <ul style="list-style-type: none"> ▪ With PMI. ▪ Without PMI. 			

SHOPPING FOR A MORTGAGE WORKSHEET 4

	(1)	(2)	(3)
If PMI is required: <ul style="list-style-type: none"> ▪ Upfront cost. ▪ Monthly premiums. ▪ Automatically canceled at what point? 			
Prepayment Penalty:* <ul style="list-style-type: none"> ▪ Is there one? ▪ If yes, how long is it in effect? 			
Is the Loan Assumable?			
Is Credit Life Insurance Required?* <ul style="list-style-type: none"> ▪ If yes, how is the premium paid? 			
Application Options <ul style="list-style-type: none"> ▪ In-person meeting. ▪ Via phone and fax. ▪ Online application. 			
Payment options <ul style="list-style-type: none"> ▪ Monthly. ▪ Biweekly. ▪ Automatic deduction. ▪ Other? 			
Is payment data reported to the national credit bureaus?*			

SHOPPING FOR A MORTGAGE WORKSHEET 4

FOR ARMS ONLY:			
<ul style="list-style-type: none"> Initial interest rate. Adjusted how frequently? Index. Margin. 			
<p>Rate Caps</p> <ul style="list-style-type: none"> Periodic. Lifetime. 			
<p>Payment Cap</p> <ul style="list-style-type: none"> Can negative amortization occur? If so, is the maximum LTV also capped? 			
<p>If convertible:</p> <ul style="list-style-type: none"> When can the loan be converted to a fixed-rate? What fees are charged? Which index is used? What margin is used? 			

***REMEMBER THE POSSIBLE WARNING SIGNS OF A "PREDATORY" LENDER**

- Prepayment penalty of five years or longer.
- Requirement that credit life insurance premium be added to the mortgage loan amount or otherwise paid as a lump sum at closing.
- Does not report your mortgage payment history to the three national credit bureaus.

CHECKLIST OF WHAT TO BRING WHEN APPLYING FOR YOUR MORTGAGE

- Personal check for the loan application fee.
- Copy of sales contract for the property you are buying.
- Copy of real estate listing for the property you are buying.
- Copy of the earnest money check.

Each individual on the loan application must bring:

- Payroll stub(s) from employer or W-2 forms for the past two years or other proof of employment and salary.
- If self-employed: balance sheets, tax returns for the past two years and year-to-date profit and loss statement.
- Copies of last three monthly bank statements for all checking and savings accounts.
- Company name, number and value of stocks and bonds you own.
- Make, year and value of all cars you own.
- If establishing a non-traditional credit history: Canceled checks or money order receipts as evidence of rental, utility or other payments made on time.