

A loan officer will ask prospective buyers a series of questions about their finances. This is only a pre-qualification, and is not a commitment to loan: that step is much more detailed and involved. The following is an example of a loan qualifying format:

REQUIRED PERFORMANCE COMPETENCY:

#4. Calculate a Loan Qualification

Name: _____ Loan Amount: \$ _____

Obligor's Monthly Gross Income \$ _____

Co-obligor's Monthly Gross Income + \$ _____

Other Gross Monthly Income + \$ _____

TOTAL INCOME (A) \$ _____ (A)

Proposed Mortgage at _____% interest

Principal and Interest (Use rule of thumb) \$ _____

Property Taxes (.878% of sales price ÷ 12, or use table on next page) + \$ _____

Hazard Insurance (25% of taxes) + \$ _____

Home Owner Association Dues + \$ _____

Private Mortgage Insurance (.34% of loan amount ÷ 12) + \$ _____

TOTAL MORTGAGE PAYMENTS (B) \$ _____ (B)

Monthly Debts (Conventional —10 mo; (FHA & VA—6 mo) + \$ _____

*TOTAL MONTHLY OBLIGATIONS (C) \$ _____ (C)

(B÷A) Monthly Payment ÷ Gross Monthly Income _____% (28%)

(C÷A) Total Monthly Obligations ÷ Gross Monthly Income _____% (36%)

Acceptable Ratios:
 Conventional—25% to 28% and 33% to 36%
 FHA—29% to 31% and 41%
 VA—One ratio only of 41%

*Total monthly obligations includes car payment, credit cards, loans, and other debts.