

# Figure out how much you can borrow for a home loan

To calculate your monthly mortgage payment from this chart just follow these easy steps:

1. Find the number of years for the term of your loan across the top.
2. Find the percentage rate of your loan along the left side.
3. The place on the chart where the year column meets the percentage row is your factor number.
4. To calculate your estimated monthly payment, multiply your factor number by the amount of your loan in thousands (for example, 40 for \$40,000, 75 for \$75,000, etc.)

*Here's an example:* If you are financing \$50,000 for 15 years at 7 percent, multiply 50 times 8.99 (the factor number). Your total is \$449.50 – so your monthly payment, including principal and interest, will be \$449.50.

YEARS	15	20	25	30	35
<b>% RATE</b>					
<b>5.5</b>	8.17	6.88	6.14	5.68	5.37
<b>5.75</b>	8.30	7.02	6.29	5.84	5.54
<b>6</b>	8.44	7.16	6.44	6.00	5.70
<b>6.25</b>	8.57	7.31	6.60	6.16	5.87
<b>6.5</b>	8.71	7.46	6.75	6.32	6.04
<b>6.75</b>	8.85	7.60	6.91	6.49	6.21
<b>7</b>	8.99	7.75	7.07	6.65	6.39
<b>7.25</b>	9.13	7.90	7.23	6.82	6.56
<b>7.5</b>	9.27	8.06	7.39	6.99	6.74
<b>7.75</b>	9.41	8.21	7.55	7.16	6.92
<b>8</b>	9.56	8.36	7.72	7.34	7.10
<b>8.25</b>	9.70	8.52	7.88	7.51	7.28
<b>8.5</b>	9.85	8.68	8.06	7.69	7.47
<b>8.75</b>	10.00	8.84	8.23	7.87	7.66
<b>9</b>	10.15	9.00	8.40	8.05	7.84
<b>9.25</b>	10.30	9.16	8.57	8.23	8.03
<b>9.5</b>	10.45	9.33	8.74	8.41	8.22
<b>9.75</b>	10.60	9.49	8.92	8.60	8.41
<b>10</b>	10.75	9.66	9.09	8.78	8.60
<b>10.25</b>	10.90	9.82	9.27	8.97	8.79
<b>10.5</b>	11.06	9.99	9.45	9.15	8.99
<b>10.75</b>	11.21	10.16	9.63	9.34	9.18

**T**he borrower, as well as the property, must qualify in order to get a mortgage. To qualify borrowers for a loan with a down payment of 20 percent, lenders generally use the 28-to-36 percent ratio. That means house payments cannot exceed 28 percent of the borrower's monthly income before taxes. Total debt, including other outstanding loans, cannot exceed 36 percent. To estimate how much money you can qualify to borrow, use the following formulas:

Income ratio method (28%)	Example	Your figures
Gross monthly income (self & co-borrowers x .28)	\$4,167 x .28	x .28
Maximum monthly payment amount (principal, interest, taxes & insurance)	= \$1,167	_____

### Total debt ratio method (36%)

Example	Your figures
1. Multiply your gross monthly income by .36 Gross monthly income (self and co-borrowers)	x .36
\$4,167 x .36 A = \$1,500	A = _____
2. Add up your outgoing monthly payments Car payments Alimony Child Support	B = _____
\$200 \$125 \$150 B = \$475	B = _____
3. Subtract B from A to get maximum monthly payment	Total = _____
\$1,025	Total = _____

