

PRE-QUALIFICATION WORKSHEET

(USE TO DETERMINE THE AMOUNT OF LOAN AND PURCHASE PRICE SOMEONE CAN QUALIFY FOR BASED UPON INCOME)

GROSS ANNUAL INCOME:

HIS: \$ _____ ÷ 12 = \$ _____ (MONTHLY INCOME)

HER: \$ _____ ÷ 12 = \$ _____ (MONTHLY INCOME)

TOTAL \$ _____ (MONTHLY INCOME)

RATIOS:

FRONT RATIO (HOUSING RATIO / INCOME RATIO)

MONTHLY INCOME \$ _____ x 28% = \$ _____

BACK RATIO / DTI (DEBT TO INCOME RATIO / DTI)

MONTHLY INCOME \$ _____ x 38% = \$ _____ = MAX DTI

MAX DTI \$ _____ - DEBT OF \$ _____ = \$ _____ MAX PITI

MAX PITI \$ _____ - 1/12 TAX & INS OF \$ _____ AND

- MI OF \$ _____ - HOA \$ _____ = \$ _____ FOR PI

(TAX & INS REQUIRES A BIT OF A GUESS AT THIS POINT. USE \$200 TO \$400 DEPENDING ON YOUR GUESS OF VALUE, HIGHER VALUE = HIGHER TAX & INS. SAME THING IS TRUE OF MI. USE \$75 TO \$200 DEPENDING ON YOUR GUESS OF LTV, HIGHER THE LTV (ABOVE 80%) = HIGHER MI)

HP12C STEPS

(OR USE THE FINANCIAL CALCULATOR AT WWW.COFIRST.COM)

1. ENTER PI AS A NEGATIVE # IN PMT.
2. ENTER TERM OF LOAN IN N. (example 30 blue key n = 360)
3. ENTER INTEREST RATE IN I. (example 6% blue key I = .50)
4. PRESS PV AND SOLVE FOR LOAN AMOUNT

LOAN AMOUNT + DOWN PAYMENT = PURCHASE PRICE

\$ _____ + \$ _____ = \$ _____

LOAN AMOUNT ÷ VALUE = LTV

\$ _____ ÷ \$ _____ = _____ %

OTHER FACTORS TO CONSIDER:

1. CAN DEBTS BE PAID OFF TO LOWER RATIOS?
2. YEARS IN THIS LINE OF WORK? ANY JOB GAP?
3. CREDIT: SCORES? LATE PAYS (ESP. MTG)? JUDGMENTS? BK?
4. DOWN PAYMENT? SOURCE OF FUNDS? (MUST BE VERIFIABLE)
5. CURRENT RENT? ANY PAYMENT SHOCK?

ANY COMPENSATING FACTORS?

1. AVAILABLE CASH RESERVES?
2. YEARS ON JOB?
3. GREAT CREDIT?

REMEMBER YOU MUST ALWAYS CONSIDER THE 3 PARTS OF A LOAN
“VIC” (VALUE, INCOME, CREDIT)