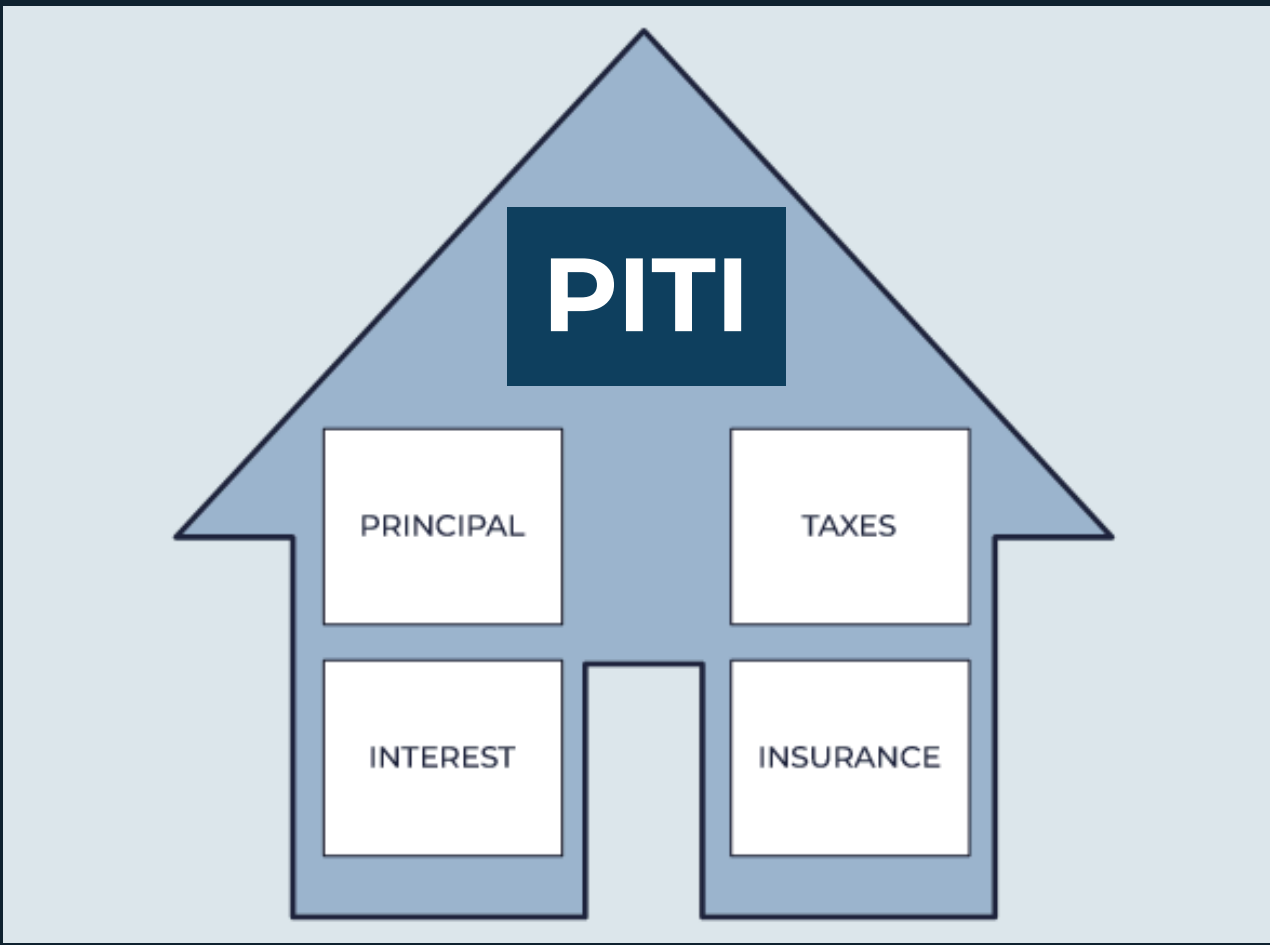


# LENDER FORMULAS

This information is only intended to be used as a guide.



**Principal**      The monthly mortgage payment paid toward the entire amount of the loan.

**Interest**      The cost of borrowing money.

**Taxes**      Property charges by the state for owning a home.

**Insurance**      Policy on home for financial protection.

## Example Calculation

PITI		
Principal	Monthly Mortgage Payment	\$550.00
Interest	Cost of borrowing money	\$125.00
Taxes	Property Charges by State for Owning a Home	\$120.00
Insurance	Policy on Home for Financial Protection	\$105.00
	TOTAL PITI	\$900.00

### Other Monthly Expenses:

- Credit Card Payment
- Student Loan Payment
- Car Payment

PITI

Gross Monthly Income

=

Front End Debt-to-Income Ratio

PITI+Monthly Expenses

Gross Monthly Income

=

Back End Debt-to-Income Ratio

Total Credit & Loan Debt

Total Available Credit & Loan Limits

=

Credit Utilization Ratio