

RENT vs BUY

PRINCIPLE & INTEREST 30 YEAR LOAN

MONTHLY PAYMENTS ON ACCOUNTS, AUTO, CREDIT CARD, LOANS

+ _____
 + _____
 + _____
 + _____
 = TOTAL MONTHLY DEBT A

GROSS MONTHLY INCOME BEFORE TAXES [B]

_____ X 0.36
 = ALLOWABLE TOTAL MONTHLY
 DEBT [C]

MONTHLY ALLOWABLE TOTAL DEBT [C]

_____ MINUS MONTHLY DEBT [-A]

 = MONTHLY ALLOWABLE PITI [D]
 [LESS 20% FOR TAXES & INSURANCE]

 _____ X 0.80
 = ALLOWABLE PRINCIPLE
 INTEREST ONLY [E]

loan amount	interest rate									
	3%	3.5%	4%	4.5%	5%	5.5%	6%	6.5%	7%	
\$80,000	337	359	382	405	429	454	480	506	532	
\$90,000	379	404	430	456	483	511	540	569	599	
\$100,000	422	449	477	507	537	568	600	632	665	
\$120,000	506	539	573	608	644	681	729	758	798	
\$140,000	590	629	668	709	752	795	839	885	931	
\$160,000	675	718	764	811	859	908	959	1011	1064	
\$180,000	759	808	859	912	966	1022	1079	1138	1198	
\$200,000	843	898	955	1013	1074	1136	1199	1264	1331	
\$220,000	928	988	1050	1115	1181	1249	1319	1391	1464	
\$240,000	1012	1078	1145	1216	1288	1363	1439	1517	1597	
\$260,000	1096	1168	1241	1317	1396	1476	1559	1643	1730	
\$280,000	1180	1257	1337	1419	1503	1590	1679	1770	1863	
\$300,000	1265	1347	1432	1520	1610	1703	1799	1896	1996	
\$400,000	1686	1796	1910	2027	2147	2271	2398	2528	2661	
\$500,000	2108	2245	2387	2533	2684	2839	2998	3160	3327	

GROSS MONTHLY INCOME [B] _____

_____ X 0.28

= MONTHLY ALLOWABLE PITI [F]
 [LESS 20% FOR TAXES & INSURANCE]

_____ X 0.80

= ALLOWABLE PRINCIPLE // INTEREST ONLY [G]
 PAYMENT: ENTER LESSER OF E OR G

_____ [H]



USING CHART ABOVE TO FIND CURRENT INTEREST RATE.
 LOCATE PAYMENT AMOUNT IN THAT COLUMN CLOSE TO
 YOUR PRINCIPLE AND INTEREST H.
 FIND LOAN AMOUNT TO THE LEFT AND ENTER HERE.

LOAN AMOUNT _____
 WITH 20% DOWN _____ ÷ 0.80
 = HOME PRICE _____

LOAN AMOUNT _____
 WITH 10% DOWN _____ ÷ 0.90
 = HOME PRICE _____

THIS FORMULA IS ONLY A GUIDE AND SHOULD NOT BE CONSIDERED AS ACTUAL LENDING CALCULATIONS. Please contact a lending professional to determine what price range you should consider. Lenders adhere to certain ratios when calculating what loan amount their customers qualify for; these ratios may vary by loan program and lending institution. This formula uses 28% of the gross monthly income as the maximum allowed mortgage payment (PITI); or principle/interest/taxes/insurance) and the ratio of 36% for the monthly debt ratio. Total monthly debt includes PITI plus long-term debt (such as auto loans) and revolving/credit card debt. Do not use other expenses such as groceries, utilities, clothing, etc., to calculate this ratio.