The Mortgage Qualifying Worksheet (Example #1) below provides a simplified example of the process used to qualify for a mortgage. In this example, Joe earns $36,000 per year ($3,000 per month). Joe’s long-term debt payments (payments which need to be made for more than six remaining months) include his car loan, a school loan and monthly credit card minimum payments totaling $600 per month.

### Mortgage Qualifying Worksheet

**Example #1**

**Step #1:**

<table>
<thead>
<tr>
<th>Gross Monthly Income</th>
<th>$ 3,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Times 28% (this percentage varies with the type of loan product)</td>
<td>x 0.28</td>
</tr>
<tr>
<td>Equals</td>
<td>$ 840</td>
</tr>
</tbody>
</table>

**Step #2:**

<table>
<thead>
<tr>
<th>Gross Monthly Income</th>
<th>$ 3,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Times 36% (this percentage varies with the type of loan product)</td>
<td>x 0.36</td>
</tr>
<tr>
<td>Equals</td>
<td>$ 1,080</td>
</tr>
<tr>
<td>Minus monthly long-term debt*</td>
<td>-$ 600</td>
</tr>
<tr>
<td>(long-term debt = remaining payments exceeding six months)</td>
<td></td>
</tr>
<tr>
<td>Equals</td>
<td>$ 480</td>
</tr>
</tbody>
</table>

**Step #3:**

The lesser of the two results from Step #1 and Step #2 ($840 and $480 respectively) is the maximum amount that Joe would be able to qualify for as a mortgage payment, (PITI: principal, interest, taxes and insurance).

*Note that despite Joe’s level of income, his debt has greatly reduced his ability to qualify for his full potential mortgage payment of $840.*

In the next example, let’s assume that Joe earns $36,000 per year ($3,000/month) and that his long-term debt payments total $175 per month.
### Mortgage Qualifying Worksheet

**Example #2**

#### Step #1:
- **Gross Monthly Income** $3,000
- Times 28% (this percentage varies with the type of loan product) $3,000 \times 0.28
- Equals $840

#### Step #2:
- **Gross Monthly Income** $3,000
- Times 36% (this percentage varies with the type of loan product) $3,000 \times 0.36
- Equals $1,080
- Minus monthly long-term debt* - $175
  (* long-term debt = remaining payments exceeding six months)
- Equals $905

#### Step #3:
The lesser of the two results from Step #1 and Step #2 ($840 and $905 respectively) is the maximum amount that Joe would be able to qualify for as a mortgage payment, (PITI: principal, interest, taxes and insurance).

*Note that in this example, because of the reduction of Joe’s debt, he would be able to qualify for his full potential mortgage payment of $840.*

The following *Mortgage Qualifying Worksheet* has been left blank for you to use it and calculate your own mortgage borrowing potential.
Mortgage Qualifying Worksheet

**Step #1:**
Gross Monthly Income $__________
Times 28% (this percentage varies with the type of loan product) x 0.28
Equals $__________

**Step #2:**
Gross Monthly Income $__________
Times 36% (this percentage varies with the type of loan product) x 0.36
Equals $__________
Minus monthly long-term debt* - $__________
(* Long-term debt = remaining payments exceeding six months)
Equals $__________

**Step #3:**
The lesser of the two results from Step #1 and Step #2 is the maximum amount that you would be able to qualify for as a mortgage payment, (including principal, interest, taxes and insurance) using a qualifying ratio of 28/36.

*Feel free to use this form to calculate various qualifying scenarios by increasing and decreasing your long-term debt.*