

# Buyer's Cost Statement

**Y**ou can save yourself the disappointment of falling in love with a home you can't afford by pre-qualifying for a loan through the lender of your choice. Using the chart below, you can estimate the amount you can afford. As a rule of thumb, your mortgage payment (principal, tax, interest and insurance) should be no more than 28 percent of your gross monthly income before taxes. All of your monthly obligations including your mortgage payment should not exceed 36 percent of your gross monthly income. The 28 percent and 36 percent ratios apply only to conventional loans. FHA and VA Loans have different criteria.

**1.** Add monthly principal and interest payment from amortization schedule, (page 120).\_\_\_\_\_

**2.** Add monthly real estate tax (can be obtained from your real estate agent or your local county court-house).\_\_\_\_\_

**3.** Add monthly insurance payment (get estimate from insurance agent of your choice).\_\_\_\_\_

Total basic monthly housing cost.\_\_\_\_\_

**4.** Compare basic housing cost to the 28 percent ratio on the chart from the right.\_\_\_\_\_

**5.** With your other monthly obligations, the ratio becomes 36 percent from chart.\_\_\_\_\_

| Gross Yearly Income | 28% of Gross Monthly Income | 36% of Gross Monthly Income |
|---------------------|-----------------------------|-----------------------------|
| \$15,000            | \$350                       | \$450                       |
| \$20,000            | \$467                       | \$600                       |
| \$25,000            | \$583                       | \$750                       |
| \$30,000            | \$700                       | \$900                       |
| \$35,000            | \$817                       | \$1050                      |
| \$40,000            | \$933                       | \$1200                      |
| \$45,000            | \$1050                      | \$1350                      |
| \$50,000            | \$1167                      | \$1500                      |
| \$55,000            | \$1283                      | \$1650                      |
| \$60,000            | \$1400                      | \$1800                      |
| \$65,000            | \$1516                      | \$1950                      |
| \$70,000            | \$1633                      | \$2100                      |
| \$75,000            | \$1750                      | \$2250                      |
| \$80,000            | \$1867                      | \$2400                      |
| \$85,000            | \$1983                      | \$2550                      |
| \$90,000            | \$2100                      | \$2700                      |
| \$95,000            | \$2217                      | \$2850                      |
| \$100,000           | \$2333                      | \$3000                      |

*Housing affordability chart provided by State Bank & Trust.*

# Amortization Schedule

| <i>Interest Rate</i> | <i>10 Year Term</i> | <i>15 Year Term</i> | <i>20 Year Term</i> | <i>25 Year Term</i> | <i>30 Year Term</i> |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 5.50%                | 10.85               | 8.17                | 6.88                | 6.14                | 5.68                |
| 5.75%                | 10.98               | 8.30                | 7.02                | 6.29                | 5.84                |
| 6.00%                | 11.11               | 8.44                | 7.17                | 6.45                | 6.00                |
| 6.25%                | 11.23               | 8.58                | 7.31                | 6.60                | 6.16                |
| 6.50%                | 11.36               | 8.72                | 7.46                | 6.76                | 6.33                |
| 7.00%                | 11.62               | 8.99                | 7.76                | 7.07                | 6.66                |
| 7.50%                | 11.88               | 9.28                | 8.06                | 7.39                | 7.00                |
| 8.00%                | 12.14               | 9.56                | 8.32                | 7.72                | 7.34                |
| 8.50%                | 12.40               | 9.85                | 8.68                | 8.06                | 7.69                |
| 8.75%                | 12.56               | 10.03               | 8.87                | 8.26                | 7.91                |
| 9.00%                | 12.67               | 10.15               | 9.00                | 8.40                | 8.05                |
| 9.25%                | 12.81               | 10.30               | 9.16                | 8.57                | 8.23                |
| 9.50%                | 12.94               | 10.45               | 9.33                | 8.74                | 8.41                |
| 9.75%                | 13.08               | 10.60               | 9.49                | 8.92                | 8.60                |
| 10.00%               | 13.22               | 10.75               | 9.66                | 9.09                | 8.78                |
| 10.25%               | 13.36               | 10.90               | 9.82                | 9.27                | 8.97                |
| 10.50%               | 13.50               | 11.06               | 9.99                | 9.45                | 9.15                |
| 10.75%               | 13.64               | 11.21               | 10.16               | 9.63                | 9.34                |
| 11.00%               | 13.78               | 11.37               | 10.33               | 9.81                | 9.53                |
| 11.25%               | 13.92               | 11.53               | 10.50               | 9.99                | 9.72                |
| 11.50%               | 14.06               | 11.69               | 10.67               | 10.17               | 9.91                |
| 11.75%               | 14.21               | 11.85               | 10.84               | 10.35               | 10.10               |

Estimate your monthly principle and interest payment by multiplying your rate per thousand by your mortgage rate (thousands). **Example:** \$66,000 at 6% for 10 years = 11.11; 11.11 x 66 = \$733.26 principal interest per month.

# Loan Application Checklist

**H**aving the right documents and information for your lender will speed up the processing of your loan. It is important to check with your lender; you may be asked to bring additional or different information. Here is a general list:

1. Accepted purchase agreement signed by all parties. Copy of the listing sheet from the realtor.
2. Two years of address history, including names, full addresses and phone numbers of landlords.
3. Two years of employment history, including the names and full addresses of the employers.
4. Current paystub(s) equaling one month's salary.
5. Last month of all bank and/or investment statements.
6. If self employed:
  - two years' signed and completed federal income tax returns with W-2s attached
  - profit and loss statement
  - if employed by your own corporation, S-corp, or partnership; copies of its returns for the previous two years.
7. Divorce decree, if applicable, and 24-month child support history, paid or received, if applicable.
8. Complete copy of bankruptcy document and discharge, if applicable.
9. If income is received from rental property, a copy of your full income tax returns for the last two years.
10. Bank names, addresses, account numbers, payment amounts and approximate balances for:
  - deposit accounts
  - obligations (installment, mortgage and revolving charge cards)
  - child care (VA only)
  - child support/alimony, if applicable, copy of divorce decree
11. Information regarding other assets; including but not limited to:
  - stocks and bonds
  - cash value of life insurance
  - retirement funds
  - make, year and value of all motor vehicles
  - personal property value
  - real estate owned - if property is to be sold, or has sold within the last six months, a copy of the purchase agreement and/or settlement statement.
12. Application fee for the costs of the appraisal and credit report.

**Application checklist information provided by Gate City Bank.**