

## SHORT-CUT METHODS

**1. GIVEN:                   PITI ONLY**

**CALCULATE:       REQUIRED MONTHLY INCOME**

**PITI DIVIDED BY 33% = REQUIRED  
MONTHLY INCOME**

**2. GIVEN:               PITI AND ALL OTHER MONTHLY DEBTS**

**TOTAL PITI PLUS ALL OTHER MONTHLY  
DEBTS DIVIDED BY REQUIRED BACK-END  
RATIO**

**EXAMPLE; \$3,300 (PITI) + \$1,000 (ALL DEBTS)  
DIVIDED BY 45% (REQUIRED BACK-END  
RATIO) = \$9,555.56 (REQUIRED MONTHLY  
INCOME)**

**3. GIVEN:               LOAN AMOUNT**

**CALCULATE:       REQUIRED MONTHLY INCOME**

**LOAN AMOUNT DIVIDED BY 3 = ANNUAL  
INCOME DIVIDED BY 12 = REQUIRED  
MONTHLY INCOME**

**4. GIVEN:               ANNUAL INCOME**

**CALCULATE:       MAXIMUM QUALIFIED LOAN AMOUNT**

**ANNUAL INCOME x 3.3 = MAXIMUM  
QUALIFIED LOAN AMOUNT**

**PURCHASE PRICE  
MAXIMUM QUALIFIED LOAN AMOUNT +  
DOWNPAYMENT = PURCHASE PRICE**

**5. GIVEN: FAMILY BUDGET SHOWING ALL MONTHLY BILLS AND NET DISPOSABLE INCOME**

**CALCULATE: A. REQUIRED MONTHLY INCOME  
B. ANNUAL INCOME  
C. MAXIMUM LOAN AMOUNT  
D. PURCHASE PRICE**

**ASSUMPTIONS; BREAK-EVEN = CURRENT + NET DISPOSABLE INCOME**

<b>EXAMPLE;</b>	<b>CURRENT RENT</b>	<b>\$1,300</b>
	<b>NET DISPOSABLE</b>	<b><u>\$1,900</u></b>
	<b>MAX PITI</b>	<b>\$3,200</b>

**REQUIRED MONTHLY INCOME  
\$3,200 DIVIDED BY 33% = \$9,696.97**

**ANNUAL INCOME  
\$9,696.97 X 12 = \$116,363.64**

**MAXIMUM LOAN AMOUNT  
\$116,363.64 X 3.3 = \$384,000**

**PURCHASE PRICE  
\$384,000 + DOWNPAYMENT**