

# Mortgage

Net Income	Amount
	4,500
	2,500
	7,000

Additional Income		
Details	Month	Amount
Mid Year Bonus	June	2,000
Year End Bonus	December	3,000
	January	5,000
Total Additional Income		

1. Enter your income information in the income tables.

Planned Expenses		
Expenditure	Month	Amount
November vacation	November	450
Home for the holidays	December	100
Gifts for family	December	880
Family vacation	January	230



- Home
- Food
- Gas
- Credit Card
- Entertainment

## Roadmap to **HOMEOWNERSHIP**

# WORKSHEETS

**AlaskaUSA<sup>®</sup>**  
**Mortgage Company**

a Partnership with

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for Credit Unions



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# CALCULATING YOUR GROSS MONTHLY INCOME

## WORKSHEET#1

Remember that your Credit Union is interested in your gross monthly income— what you make before taxes and other payroll deductions. You should also include all other sources of regular income, if they are likely to continue for 3 years. Be sure to list the income of everyone who will be signing the Note.

	Average Monthly Amount	
	Yourself	Co-borrower
Gross Pay	\$	\$
Gross Pay (for second job)	\$	\$
Regular Overtime	\$	\$
Bonuses/Tips	\$	\$
Alimony, child support, or other maintenance income	\$	\$
Pension/Social security Benefits	\$	\$
Dividend/Interest Earnings	\$	\$
Business Earnings	\$	\$
Veterans Administration Benefits	\$	\$
Unemployment Compensation	\$	\$
Public Assistance	\$	\$
Other	\$	\$
<b>Total for each Co-borrower</b>	\$	\$
<b>Grand total = Gross monthly income</b>	\$	\$

# CALCULATING YOUR MONTHLY DEBT PAYMENTS

## WORKSHEET#2

Remember that your Credit Union wants to be sure that your income will be enough to cover your mortgage payments and other monthly debts—those debts that will not be paid off in the next 10 months. Be sure to include the debts of anyone who is signing the Note.

	Average Monthly Amount	
	Yourself	Co-borrower
Car Loan	\$	\$
Installment Loan Payment ( <i>e.g., loan for furniture or an appliance</i> )	\$	\$
Credit Card #1 average monthly payment	\$	\$
Credit Card #2 average monthly payment	\$	\$
Credit Card #3 average monthly payment	\$	\$
Student Loan	\$	\$
Medical/Health Care Payment ( <i>not an insurance premium automatically deducted from your paycheck</i> )	\$	\$
Business Earnings	\$	\$
Veterans Administration Benefits	\$	\$
Unemployment Compensation	\$	\$
Public Assistance	\$	\$
Other	\$	\$
<b>Total for each Co-Borrower</b>	\$	\$
<b>Grand Total = Gross Monthly Debt</b>	\$	\$

# CALCULATING YOUR MAXIMUM MORTGAGE PAYMENT AND MORTGAGE AMOUNT

## WORKSHEET#3

You can use the ratio method for calculating the maximum mortgage payment a Credit Union may allow, based on your income and debts. In this worksheet, we employ 33% for the housing expense ratio and 38% for the total debt ratio. These ratios are typically used for affordable housing mortgage products that target first-time homebuyers and/or those with limited income and savings.

<b>HOUSING EXPENSE RATIO</b>	
Total Gross Monthly Income (from Worksheet #1)	\$ _____
x33%	x _____ <b>.33</b>
Maximum Mortgage Payment (covering PITI and homeowner association or condo fee)	\$ _____ (a)
<b>TOTAL DEBT RATIO</b>	
Total Gross Monthly Income (from Worksheet #1)	\$ _____
x38%	x _____ <b>.38</b>
Maximum Mortgage Payment (covering PITI and homeowner association or condo fee)	\$ _____ (b)

So these 2 calculations show you the maximum allowed under such mortgage products for your (a) mortgage payment and for (b) your mortgage payment plus monthly debt payments. Now let's subtract your current monthly debt payments from (b) above to see how much is left over for your mortgage payment:

<b>MINUS CURRENT MONTHLY DEBT PAYMENTS</b>	
Maximum Mortgage Payment plus Monthly Debt Payments (covering PITI and homeowner association or condo fee)	\$ _____
minus Monthly Debt Payments (from Worksheet #2)	x _____ <b>.33</b>
Maximum Mortgage Payment (covering PITI and homeowner association or condo fee and minus Current Monthly Debt Payments)	\$ _____ (c)

# CALCULATING YOUR MAXIMUM MORTGAGE PAYMENT AND MORTGAGE AMOUNT

WORKSHEET#3

Choose the lower of (a) or (c). This figure is the maximum allowable for your mortgage payment given your current income and debt.

\$ \_\_\_\_\_ (d)

As we know, your mortgage payment has 4 components—or PITI—principal, interest, taxes, and insurance. In order to calculate the mortgage amount made possible by (d), we need to include only the P and I components. So multiply (d) by 80% to arrive at the P and I portion of the payment.

\$ \_\_\_\_\_ (d) x .80 = \$ \_\_\_\_\_ (e) = (P and I portion only)

Divide (e) by the factor below for the interest rate or rates currently being offered by mortgage lenders for 30-year fixed-rate loans.

Remember that these calculations are based on one set of ratios—33% for housing expense and 38% for total debts. Other mortgage products have different ratios. Also remember that the calculations take into consideration only some of your monthly expenses. They do not include groceries, utility payments, the cable bill, and so on. You should consider your total **cash flow situation** to make sure that you will be able to afford your new home and new mortgage payments.

INTEREST RATE	P & I FACTOR FOR 30 YEAR TERM
3.5%	.00449
4.0%	.00477
4.5%	.00507
5.0%	.00537
5.5%	.00568
6.0%	.00600
6.5%	.00632
7.0%	.00665
7.5%	.00699
8.0%	.00734
8.5%	.00769
9.0%	.00805

\$ \_\_\_\_\_ (e) divided by P&I Factor \_\_\_\_\_ =  
\$ \_\_\_\_\_ **Maximum Loan Amount**

# SHOPPING FOR A MORTGAGE

## WORKSHEET#4

	(1)	(2)	(3)
<b>Credit Union's Name</b>			
<b>Contact's Name</b>			
<b>Phone Number</b>			
<b>Website</b>			
<b>Loan Amount Needed</b>	\$	\$	\$
<b>Type of Mortgages Available</b> <i>(conventional, FHA, VA, fixed-rate, ARMs)</i>			
<b>Interest Rate</b>			
<b>Points</b>			
<b>APR</b>			
<b>Rate Lock-in</b> -After Loan Approval or at Application? -Written Agreement? -Lasts How Long? -Covers both Rate and Points?			

# SHOPPING FOR A MORTGAGE

## WORKSHEET#4

Loan Terms Available			
<b>FEES</b>			
Application	\$	\$	\$
Origination	\$	\$	\$
Credit Report	\$	\$	\$
Document Preparation	\$	\$	\$
Underwriting	\$	\$	\$
Appraisal	\$	\$	\$
Survey	\$	\$	\$
Courier	\$	\$	\$
Flood Certification	\$	\$	\$
Assumption <i>(if applicable)</i>	\$	\$	\$
Credit Union's Attorney	\$	\$	\$
Title Search and Insurance	\$	\$	\$
Other	\$	\$	\$
Are escrows Required for Taxes and Insurance?			
Minimum Down Payment Required • with PMI • without PMI			
If PMI is required • Up-front cost • Monthly premiums • Automatically cancelled at what point?			
** Prepayment Penalty: • Is there one? • If yes, how long is it in effect?			

# SHOPPING FOR A MORTGAGE

## WORKSHEET#4

<b>Is the Loan Assumable?</b>			
<b>** Is Credit Life Insurance Required?</b> • If yes, how is the premium paid?			
<b>Application Options</b> • Face-to-face meeting • Via telephone and fax • Online application			
<b>Payment options</b> • Monthly • Biweekly • Automatic deduction • Other?			
<b>** Do you report payment data to the national credit bureaus?</b>			
<b>FOR ARMS ONLY:</b>			
• Initial interest rate • Adjusted how frequently? • Index • Margin			
<b>Rate Caps</b> • Periodic • Lifetime			



# SHOPPING FOR A MORTGAGE

## WORKSHEET#4

<p><b>Payment Cap</b></p> <ul style="list-style-type: none"> <li>• Can negative amortization occur?</li> <li>• If so, is the maximum LTV also capped?</li> </ul>			
<p><b>If convertible:</b></p> <ul style="list-style-type: none"> <li>• When can the loan be converted to a fixed-rate?</li> <li>• What fees are charged?</li> <li>• Which index is used?</li> <li>• What margin is used?</li> </ul>			

**\*\*REMEMBER THE POSSIBLE WARNING SIGNS OF A  
"PREDATORY" LENDER\*\***

- Prepayment penalty of 5 years or longer.
- Requirement that credit life insurance premium be added to the mortgage loan amount or otherwise paid as a lump sum at closing.
- Does not report your mortgage payment history to the three national credit bureaus.

# CHECKLIST OF WHAT TO BRING WHEN APPLYING FOR YOUR MORTGAGE

- Personal check for the loan application fee.
- Copy of sales contract for the property you are buying.
- Copy of real estate listing for the property you are buying.
- Photocopy of the earnest money check.

## **Each individual on the loan application must bring:**

- Payroll stub(s) from employer or W-2 forms for the past 2 years or other proof of employment and salary.
- If self-employed: balance sheets, tax returns for the past 2 years, and year-to-date profit and loss statement.
- Copies of last 3 monthly bank statements for all checking and savings accounts.
- Company name, number, and value of stocks and bonds you own.
- Make, year, and value of all cars you own.
- If establishing a non-traditional credit history: Canceled checks or money order receipts as evidence of rental, utility, or other payments made on time.



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