

RE 310 – Principles of Real Estate
Mortgage Calculations Homework

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- 1) What is the monthly payment on a \$68,000, 30-year, fixed-rate mortgage at 7.25 percent interest?
- 2) Suppose you want to purchase a property for \$85,000. The professional appraisal on this property valued it at \$83,000. You have \$5,000 available for a down payment and intend to obtain a mortgage for the rest of the funds you need.
 - a) If you are able to borrow all the rest of the funds you need, what will be your loan-to-value (LTV) ratio?
 - b) If the lender requires a maximum LTV ratio of 90 percent, what is the most you will be able to borrow against this property?
- 3) You have just applied for a \$120,000, 30-year loan with a 7.5 percent interest rate and monthly payments. Annual property taxes are expected to be \$1,800 per year. Hazard insurance will cost \$350 per year. Your monthly car payment is \$425, which will continue for three years, and your minimum monthly payment on your credit cards is \$250. Your monthly gross income is \$3,600.
 - a) Calculate the monthly payment of principal and interest (PI).
 - b) Calculate monthly PITI (principal, interest, taxes, and insurance).
 - c) Calculate the housing expense (front-end) ratio. Do you meet the standard conventional mortgage underwriting guideline for this ratio?
 - d) Calculate the debt (back-end) ratio.