

QUALIFYING RATIOS FOR LENDERS

HER (HOUSING EXPENSE RATIO)

&

TOR (TOTAL OBLIGATION RATIO)

FORMULA: TOTAL HOUSE PAYMENT DIVIDED BY GROSS MO. INCOME = HER

(EXAMPLE)

\$500. P.I.T.I. (PRINCIPLE, INTEREST, TAX & INSURANCE)

DIVIDED BY

\$2,000. (GROSS MONTHLY INCOME)

EQUALS A 25% HER

FORMULA: TOTAL OBLIGATIONS DIVIDED BY GROSS MO. INCOME = TOR

\$700. TOTAL OBLIGATIONS (FROM CREDIT REPORT)

DIVIDED BY

\$2,000. (GROSS MONTHLY INCOME)

EQUALS A 35% TOR