Determining the Ability to Pay a Mortgage

Housing expense ratio = PITI (monthly mortgage principal, interest, property tax and hazard insurance in an escrow account) **divided by Gross Monthly Income** (GMI).

The **housing expense ratio** should not exceed 28%.

The **Debt-to-Income Ratio** should not exceed 36% depending on the lender.
Debt-to-Income Ratio = Your PITI plus monthly debt divided by your GMI.