Financial Tools

About Financial Tools

Financial Tools allow you to:

- Help a buyer understand the maximum mortgage amount for which they may qualify using Mortgage Pre-Qualification
- Determine whether a buyer will qualify for a specific mortgage using Mortgage Qualification
- Prepare a mortgage amortization schedule determining monthly (or other) payments through Mortgage Amortization

Each Financial Tool can be used in two ways:

- To create a single report based on actual figures
- To explore "What-If" scenarios, producing multiple reports with trial figures for sale price, down payment, interest rate, etc.

Mortgage Amortization

The mortgage amortization calculator determines payments (monthly or other) based on a particular principal amount, length of loan, and interest rate. It also creates an amortized payment schedule for a specified term.

The amortization schedule displays in column format. The columns include: Pmt (payment number), Date (date of payment), Interest (portion of payment that is interest), Principal (portion of payment that is principal) and Remaining Principal. *The total amount of principal and interest paid-to-date appears at the end of the schedule for the specified term.*

Completing the Form

As you click (or Tab) from one field to the next, the system performs calculations displayed below in bold italic. When your entries are complete, click Calculate Amortization to display the payment amount and amortization schedule.

Prepared For:	Client's name
Principal:	Dollar amount being borrowed (numbers and decimal point only)
Interest Rate (%):	Interest rate of mortgage as a percentage (e.g., 7.85)
Amortization:	The life of the loan in years *(should auto recalculate if accelerated or if anniversary amount). Defaults to 25 years.*
Start Date:	Date on which the loan begins. Defaults to today's date. Use mm/dd/yyyy format.
Term:	How long before the loan must be re-negotiated with the Lending Organization. Defaults to 5 years. To select a term other than 5 years, enter the desired number, then select (from the drop-down list) whether the specified period is in months or years.
Payment Method:	Payment frequency. Select from drop-down list: 'weekly', 'bi-weekly', 'monthly', 'semi-monthly', 'quarterly', or 'annually'. Defaults to 'monthly'. NOTE: if you select a weekly or bi-weekly payment method, you must also decide whether or not you want the payments to accelerate the paydown of the mortgage. If you choose Yes, the amortization period is automatically reduced when the payment schedule displays.
Accelerated?	Yes or No. If weekly or bi-weekly payments are to accelerate mortgage paydown, select Yes. *In this case, the amortization period is automatically reduced when the payment schedule displays.*
Anniversary Amount:	Optional. If entered, borrower expects to pay this amount, in excess of the regular payment, on each anniversary of the loan. This accelerates payments toward principal, resulting in a loan paid down faster. Enter a lump sum or a percentage of the principal. Select 'Dollars' or 'Percent' from the drop-down list, as appropriate.
Force Custom Payment Amount check box	Select this check box if you want to calculate the amortization with a specific payment amount.
Payment Amount:	*Monthly (or other) payment. System-calculated unless you select 'Force Custom*

Payment Amount', in order to enter a specific payment amount.

Using the Mortgage Amortization Tool

To Prepare a Mortgage Amortization

1. Select the **Financial** tab at the top of any TMLS page.
2. At **Financial Tools**, click **Mortgage Amortization**.
3. Enter data as appropriate.
4. Click **Calculate Amortization**. At **Payment Amount**, view the system-calculated amount. NOTE: if you selected 'Force Custom Payment Amount', then you determined Payment Amount yourself.
5. Scroll to view the amortization table.
6. To print the schedule, click **Print View**, then select **Print** from the browser's **File** menu.

Tips:

- You can print documents without extraneous reference information at the top (header) and the bottom (footer) of each page. (See Special Printing Format.)
- Some fields show pre-filled (default) responses. These can be changed as desired.

Adjusting for What-If Scenarios

To test "what-if" scenarios, click Clear, then enter new values as desired.

- What-if scenarios might explore the effect of higher or lower mortgage amounts, of different interest rates, of shorter or longer loan duration, or of accelerated payments.
- You might also explore the effect on the mortgage paydown using a custom payment amount (select 'Force Custom Payment Amount').

Mortgage Pre-Qualification

The Mortgage Pre-Qualification calculator pre-qualifies purchasers, determining the highest price property they may qualify for.

Completing the Form

As you click (or Tab) from one field to the next, the system performs calculations displayed below in bold italic. When all values are entered, click Calculate Qualification to display the "Qualified for" purchase price.

Prepare For:	Client's name.
Gross Income:	Monthly gross income for up to three purchasers. (System calculates annual values and totals.)
Monthly Debt Costs:	Optional. Monthly dollar amount for loans (e.g., auto loans, personal loans), charge cards, and other debt. (System calculates total.)
Debt Ratios:	**GDS** (Gross Debt Service Ratio) represents the percentage of pre-tax income that may be applied to housing costs. Some lenders may consider a GDS of more than 30%. You may change the default displayed.
	TDS (Total Debt Service) represents the percentage of pre-tax income that may be applied to housing costs and debt combined. You may change the default displayed.
Mortgage Amortization:	The life of the loan in years.
Interest Rate:	Interest rate of mortgage as a percentage (e.g., 4.85)
Maximum Mortgage Payment:	*System-calculated. Maximum monthly housing payment. (The system calculates a TDS limit representing the purchaser's TDS amount less the total monthly debt. The lesser of 'GDS' and 'TDS limit' is used.)*
Est. Monthly Property Tax:	Estimated monthly property tax. Numbers only.
50% Monthly Condo Fee:	If the property under consideration is a condo, enter 50% of the estimated monthly fees.
Est. Monthly Heating Cost:	Estimated monthly heating cost. Numbers only.
Maximum Mortgage Payment After Costs:	*System-calculated. Maximum monthly mortgage payment after costs.*
Maximum Mortgage Amount:	*System-calculated. Applies Maximum Mortgage Payment After Costs, the Mortgage Amortization in years, and the Interest Rate.*
Mortgage	If the down payment is less than 20% of the property's value, select the applicable

Insurance:	insurance rate from the drop-down list. (If you have not selected an insurance rate, a table with applicable insurance rates displays when you tab or click away from the Down Payment field.
Mortgage Applied to Sale:	*System-calculated. Maximum Mortgage Amount less Mortgage Insurance, if any.*
Down Payment:	Down payment available, in dollars. When you tab or click off this field, the system calculates the percentage. If the down payment percentage is less than or equal to 20%, select the applicable insurance rate at Mortgage Insurance, above.
Highest Price:	*System-calculated. Maximum house price the purchaser is qualified for.*

Using the Mortgage Pre-Qualification Calculator

To Prepare a Mortgage Pre-Qualification

1. Select the **Financial** tab at the top of any TMLS page.
2. At **Financial Tools**, click **Mortgage Pre-Qualification**.
3. Enter data as appropriate.
4. Click **Calculate Qualification**. Scroll down to view the calculated qualification amount.
5. To print the qualification statement, click **Print View**, then select **Print** from the browser's **File** menu.

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- Some fields show pre-filled (default) responses. These can be changed as desired.

Adjusting for What-If Scenarios

To test "what-if" scenarios, click Clear, then enter new values as desired. What-if scenarios might explore the effect of higher or lower income, debt, down payment, interest rates; or of shorter or longer loan duration.

Mortgage Qualification

The Mortgage Qualification calculator determines whether a purchaser will qualify for a particular mortgage based on the offer price of a property.

Completing the Form

As you click (or Tab) from one field to the next, the system performs calculations displayed below in bold italic. When all values are entered, click Calculate Qualification to display whether or not the mortgage qualifies.

Prepared For:	Client's name.
Offer Price of Property:	Offer price in dollars. Numbers only.
Down Payment:	Down payment available, in dollars or % of offer price. Numbers only. If the down payment is entered in dollars, the system calculates the percentage when you tab or click off this field. *If the down payment percentage is less than 20% of property price, select the applicable insurance rate at Mortgage Insurance, below.*
Mortgage Amount:	*System-calculated. Offer less down payment.*
Mortgage Insurance:	If the down payment is less than 20% of the property's value, *select the applicable insurance rate from the drop-down list.* (When mortgage insurance is required, a table with applicable insurance rates displays when you click or tab away from the down payment field. Note the premium for the loan, then select this rate from the drop-down list.)
Total Mortgage:	*System-calculated. Mortgage Amount plus Mortgage Insurance.*
Mortgage Amortization (years):	The life of the loan in years.
Interest Rate:	Interest rate of mortgage as a percentage (e.g., 4.85)
Mortgage Payment:	*System-calculated. Assumes Mortgage amount, Monthly payment period, Years as entered, and Rate as entered.*
Est. Monthly Property Tax:	Estimated property tax in dollars. Numbers only.
50% Monthly Condo Fee:	If the property under consideration is a condo, enter 50% of the estimated monthly fees.
Est. Monthly Heating Cost:	Estimated monthly heating cost. Numbers only.
Cost Per Month:	*System-calculated. Sum of Mortgage Payment, Heating Cost, Condo, and Tax entries.*
Gross Income:	Monthly gross income for up to three purchasers.

Monthly Debt Costs:	Optional. Monthly dollar amount for loans (e.g., auto loans, personal loans), charge cards, and other debt.
Debt Ratios:	**GDS** (Gross Debt Service Ratio) represents the percentage of pre-tax income that may be applied to housing costs. Some lenders may consider a GDS of more than 30%. You may change the default displayed.
	TDS (Total Debt Service) represents the percentage of pre-tax income that may be applied to housing costs and debt combined. You may change the default displayed.

Using the Mortgage Qualifier Calculator

To Prepare a Mortgage Qualification

1. Select the **Financial** tab at the top of any TMLS page.
2. At **Financial Tools**, click **Mortgage Qualification**.
3. Enter data as appropriate.
4. Click **Calculate Qualification**. Scroll down to view whether mortgage qualifies.
5. To print the qualification statement, click **Print View**, then select **Print** from the browser's **File** menu.

Tips:

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- Some fields show pre-filled (default) responses. These can be changed as desired.

Adjusting for What-If Scenarios

To test "what-if" scenarios, click Clear, then enter new values as desired. What-if scenarios might explore the effect of higher or lower offering price, income, debt, down payment, interest rates; or of shorter or longer loan duration.