

Predicting Your Monthly Payment (The PITI)

Your monthly payment (PITI) is the sum of four items – the principle on the loan (P), the interest on the loan (I), property taxes (T), and homeowner’s insurance (I). To predict your monthly payment for a 30-year fixed rate loan, use the following table to determine the principal and interest part of the payment. Simply divide the loan amount by 1,000 and then multiply that figure by the appropriate interest rate factor from the table below. To that sum add 1/12th of the amount of your yearly taxes and 1/12th the amount of your yearly insurance.

For example: If your mortgage loan amount is \$500,000 and the interest rate is 7%, your monthly “PI” would be:

$$\frac{\$500,000}{1,000} = 500$$

$$500 \times 6.65 = \$3,325.00$$

Then add your monthly insurance premium (approximately \$25-\$75) and your property tax to your principal and interest and this is your monthly payment.

PRINCIPAL AND INTEREST PAYMENT TABLE	
If your interest is:	Your PI Factor is:
6.00%	6.00
6.50%	6.32
7.00%	6.65
7.50%	6.99
8.00%	7.34
8.50%	7.69
9.00%	8.05
9.50%	8.41
10.00%	8.78
10.50%	9.15
11.00%	9.52
11.50%	9.90
12.00%	10.29
12.50%	10.67
13.00%	11.06

Hazard Insurance covering your home for its contract value is required by your mortgage lender. You are at liberty to choose any insurance company and agent you wish. Ask your agent to quote you a policy for insurance coverage.