BRIDGING THE

HOME LENDING KNOWLEDGE GAP

TD Bank surveyed 1,801 homeowners to gauge understanding of mortgages and home equity loans.

The verdict? More education is needed.

33%

of homeowners don't know that having a **debt to income (DTI) ratio** as low as possible is more favorable when researching mortgage options.

Debt-to-Income Ratio

DTI ratio helps lenders determine a borrower's ability to manage monthly payments and repay debts. It's calculated by comparing monthly debt payments to monthly income.

50%

of homeowners do not understand **loan-to-value (LTV) ratio.**

Loan-to-Value Ratio

LTV ratio is calculated by dividing the mortgage amount by the current property value. Borrowers with lower LTV ratios often receive better loan terms.

33%

of homeowners could not correctly identify what **PMI** stands for.

PMI

PMI stands for Private Mortgage Insurance and it enables home buyers to put down less than 20% on a home. It is usually paid for a period of time with the monthly mortgage payment. PMI provides insurance to the lender if the borrower cannot repay the mortgage.

32%

of homeowners don't know the equity in their current home.

Home Equity

Tapping home equity is one of the most affordable ways for homeowners to borrow for a variety of needs, from home improvements to debt consolidation. Homeowners can calculate their home equity by subtracting their mortgage balance from their home's value. They can borrow a portion of their available equity.

35%

of homeowners don't know the difference between a **Home Equity Loan** and a **Home Equity Line of Credit (HELOC).**

Home Equity

A home equity loan provides a specific sum of money at one time with a fixed rate and with a consistent monthly payment. A HELOC is a line of credit that allows the borrower to withdraw funds as needed and only pay back what they use.

For more educational resources on home lending, visit

www.tdbank.com/personal-banking/learning

TD Bank

America's Most Convenient Bank®

TD Bank conducted a survey in partnership with research company Maru/Matchbox of 1,801 American homeowners from April 2nd to 17th, 2019.