loan. If the exact interest rate is not listed, choose the next highest rate for estimation purposes.)

■ 0.1315452×20,000=2630.904

Step 3: Multiply the result by the income percentage factor shown in the income percentage factor table that corresponds to the couple's income (if the income is not listed, you can calculate the applicable income percentage factor by following the instructions under the interpolation heading below):

■ 82.74% (0.8274)×2,630.904=2,176.80997

Step 4: Determine 20 percent of the couple's discretionary income. To do this, subtract the lowest income for married borrowers shown in the income percentage factor table (HHS poverty level for a family of 2) from the couple's income and multiply the result by 20%:

■ $30,000 − $10,030=$19,970
■ $19,970×0.20=$3,994

Step 5: Compare the amount from step 3 with the amount from step 4. The lower of the two will be the annual payment amount. The married borrowers will be paying the amount calculated under step 3. To determine the monthly repayment amount, divide the annual amount by 12.

■ $2,176.80997÷12=$181.40

Interpolation: If your income does not appear on the income percentage factor table, you will have to calculate the income percentage factor through interpolation. For example, let's say you are single and your income is $26,000. To interpolate, you must first find the interval between the closest income listed that is less than $26,000 and the closest income listed that is greater than $26,000 (for this discussion, we'll call the result "the income interval"):

■ $27,112 − $25,000=$2,112

Next, find the interval between the two income percentage factors that are given for these incomes (for this discussion, we'll call the result, the "income percentage factor interval"):

■ 88.77 − 85.55=3.22

Subtract the income shown on the chart that is immediately less than $26,000 from $26,000:

■ $26,000 − $25,000=1,000

Divide the result by the number representing the income interval:

■ 1,000÷2,112=0.4735

Multiply the result by the income percentage factor interval:

■ 0.4735×3.22=1.52

Add the result to the lower income percentage factor used to calculate the income percentage factor interval for $26,000 in income:

■ 1.52+85.55=87.07%

BILLING CODE 4000–01–P