

ABILITY TO REPAY

THE 2 RATIOS IN DEBT TO INCOME

THESE DO COUNT

- Subject Property & REO
- Mortgage Payments
- Home Insurance
- HOA Fees
- Property Taxes
- Hazard Insurance
- Flood Insurance



FRONT-END RATIO

HOUSING PAYMENT

Divided by INCOME

CONFORMING LOANS DTI 50% : 50%

FHA LOANS DTI 46.9% : 56.9%



BACK-END RATIO

ALL "Counted" DEBTS

Divided by INCOME

THESE DON'T COUNT

- ~~Auto Loans 10 payments left~~
- ~~Other Installment only 10 left~~
- ~~Health Club Memberships~~
- ~~Co-Sign Debt Paid 12x by Others~~
- ~~Medical Collections~~
- ~~Duplicate Debts on Credit Report~~
- ~~Utility Bills~~

