

# Ratios:

## Front-End Ratios (FER) and Debt-to- Income (DTI/ Back-End Ratios)

### Front-End Ratio (FER)

Mortgage Payment\*  
+ \$100 CLT Fee  
+ HOA Fee (if applicable)  
= Total Monthly Housing Payment (TMHP)

$TMHP / \text{Gross Monthly Income} \times 100 = FER$

\*Mortgage Payment includes your Principal, Interest, Taxes and Insurance (PITI).



Elevation's maximum allowable FER is 33%, meaning no more than 33% of your monthly gross income can go toward your Total Housing Payment. A waiver of up to 35% may be granted for applicants with an average FICO score of 700+.

### Debt to Income Ratio (DTI) / Back-End Ratio

Total Monthly Debt\* / Gross Monthly  
Income x 100 = DTI

\*Total Monthly Debt includes Housing Payment, Credit Card Balances, Auto Loan and Student Loan Pymts, etc.



Elevation's maximum allowable DTI is 43%, meaning no more than 43% of your monthly gross income can go toward your Total Monthly Debts, including your new ECLT total monthly housing payment. The lender will calculate your DTI based on debts on your credit report. Deferred payments for student debt or other debts may still be counted, even if they are temporarily deferred. Please talk with your lender.

## FER Considerations

- Lender pre-approval letters may give you a maximum monthly housing payment that you are approved for -- this amount must include your PITI, \$100 CLT Fee and any HOA fee
- A larger down payment will decrease your mortgage amount and lower your FER
- Down payment assistance (DPA) programs may add another monthly payment to your housing payment, increasing your FER
- FER will vary depending on your interest rate and loan amount. Talk to more than one lender to compare interest rates and available DPA programs.

## DTI Considerations

- Total debt will include your Housing Payment used in your FER calculation and add to it other monthly debt obligations
- Paying off recurring debts (ie: outstanding credit card balances, auto loans, etc.) will lower your DTI
- Please consult with your lender about student loans with deferred payments; even though you are not making monthly payments now, an assumed payment may still be added to your Total Debt, increasing your DTI ratio
- Choosing a lower priced home or a home with a lower HOA amount will lower both your FER and DTI ratios