

RATIOS: FRONT-END AND DEBT-TO-INCOME

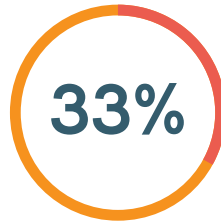
Elevation Community Land Trust (ECLT) is committed to ensuring that our homeowners have affordable, sustainable housing payments. This means that our program requires our participating lenders to qualify applicants at affordable housing payments. The **Front-End Ratio (FER)** is a measure of a household's total housing payment relative to their monthly income. The **Debt to Income (DTI)** is a measure of a household's total debt obligations (including their housing payment) relative to their household monthly income.

Front-End Ratio (FER) "Total Housing Payment"

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

TMHP / Gross Monthly Income x 100 = FER

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

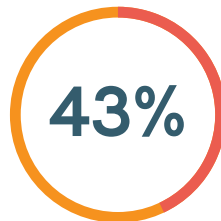


No more than 33% of your monthly gross income can go toward your Total Housing Payment, unless your average FICO score is 700 or above, then you may be eligible for a waiver of up to 35% Front End Ratio.

Debt to Income Ratio (DTI) "Total Debt Obligations"

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.



No more than 43% of your monthly gross income can go toward your Total Monthly Debts. The lender will calculate your DTI based on debts on your credit report.

ECLT does not calculate applicant ratios; this information is determined based on a particular home you may be interested in, and information that your lender has access to through your credit report. This information is shared with ECLT so our staff can work with your lender to try and qualify you for homes that meet the ratio requirements. Lenders should qualify you for a "Total Housing Payment" which can give you flexibility in housing choice depending on HOA fees at various properties. External factors such as interest rates and down payment assistance can also greatly impact an applicant's ratios. Please talk with your lender for more information on ratios.

**Free resources to learn about the
community land trust model and ECLT**

<https://www.elevationclt.org/>

