

PMI Debt-to-Income (DTI) Qualifying Ratios

- 45% DTI for manual underwrite, Desktop Underwriter[®] Version 7.0, Loan Prospector[®], custom or proprietary AUS

Compensating Factors:

A DTI ratio higher than 45% may be considered, not to exceed 55%, for loans that are manually underwritten or that receive a DU[®] or LP, custom or proprietary AUS decision when the loan has **at least three** of the compensating factors detailed below:

- Any compensating factors used should be completely documented in the file.
- The borrower has an excellent credit history, represented by a 720 or better credit score based on multiple high credit-line accounts from major creditors.
- The borrower demonstrates the ability to maintain a good credit history, accumulate savings, and maintain a debt-free position.
- The borrower has demonstrated the ability to devote a greater portion of income to housing expense as evidenced by the borrower's current housing and total debt ratios.
- The residual income is equal to or greater than the PITI for the subject property.
- There is less than a ten-point spread between the new housing debt ratio and the total debt ratio.
- The new mortgage payment does not exceed 110% of the prior/existing mortgage or rental payment.
- The borrower has excellent liquid assets, represented by CDs, savings accounts, checking accounts, stocks and bonds (not retirement accounts) that are equal to at least 12 months PITI.
- The borrower has additional short-term income (such as Social Security income, alimony, child support, note receivables, mortgage differential payments, trust income, VA benefits) that could not be counted as "stable" income because the income stream will not continue for at least three years beyond the date of the loan application.
- The borrower has significant equity in other real estate owned, generally 30% or higher.

Please note that the PMI Distressed Markets Policy, which requires a maximum 45% DTI for all California properties, supersedes all other guideline changes.