WKPR

DEBT TO INCOME RATIOS

What Is Debt to Income?

Debt-to-income is a calculation made to determine whether the borrower can repay the loan they are attempting to receive. The debt-to-income ratio, or qualifying ratio, vary from program to program. There are two parts to the debt-to-income ratios:

CONVENTIONAL

Front End 28% | Back End 36%

FHA

FRONT END 31% | BACK END 43%

VA

Front End 41% | Back End 41%

USDA

Front End 29% | Back End 41%

THE *FRONT-END* DEBT TO INCOME RATIO/HOUSING EXPENSE RATIO: THIS RATIO SIMPLY TAKES THE AMOUNT THAT THE BORROWER WILL BE PAYING FOR THEIR MORTGAGE AND DIVIDES IT BY THEIR GROSS MONTHLY INCOME.

THE *BACK-END* DEBT TO INCOME RATIO/ TOTAL EXPENSE RATIO: THIS RATIO TAKES ALL THE BORROWER'S MONTHLY LIABILITIES AND DIVIDES IT BY THEIR GROSS MONTHLY INCOME.