




MEMORANDUM

VIA E-MAIL

TO: All WVHDF Participating Lenders

FROM: Kay Bowe 
Underwriting and Post-Closing Manager

DATE: October 31, 2024

SUBJECT: Homeownership Program: FHA-Insured Maximum DTI Adjustment

The Fund's existing overlays on FHA-insured Homeownership Program loans concerning representative credit score (620 minimum) and DTI (may exceed 50% provided score is \geq 640) have been in place for some time. Recently, we identified a number of non-performing loans and a commonality among the group was DTI exceeding 50%. As such, *effective with WVHDF locks accepted Thursday, January 2, 2025*, and thereafter, the Fund's FHA-insured Homeownership Program parameters will be:

- 620 – Minimum, representative score.
- **49.99% – Maximum, total DTI ratio. (DTIs of 50.00% and higher will not be accepted, regardless of credit score.)**
- Loans must receive a DU "Approve/Eligible" finding and are not eligible for a manual downgrade under any circumstances.

We have long been the outlier among our peers with our acceptance of DTI ratios exceeding 50%. We trust you know we do not take adjustments to our programs which may negatively impact eligibility lightly, but we must align more closely to industry standards to improve loan quality on this particular product.

Please let me know if you have any concerns or questions. We appreciate your continued support and cooperation.