



November 10, 2022

Dane County Commission
City-County Building
210 Martin Luther King Jr. Blvd.
Madison, WI 53703

To: Dane County Commission

Subject: Requesting a waiver to the front-end DTI & Flexibility for future transactions

Dane County Commission,

Movin' Out, Inc.'s Lead Housing Counselor, Rebeca Wiese is currently working with a homebuyer who has an accepted offer to purchase a home in Mount Horeb, WI. Rebecca analyzed her income and completed a housing plan (see attached plan) with the help of her lender at Prosperity Home Mortgage, which includes the principal, interest, taxes, insurance, (PITI), and private mortgage insurance.

After calculating the full cost of the home, the total for PITI and private mortgage insurance would be \$2,093. Using the monthly income and debt provided, we can confirm the front-end debt-to-income ratio would be 39% and the back-end debt-to-income ratio would be 40%.

Current Dane County guidelines require the front-end debt-to-income ratio to be at 38% or less. Therefore, Movin' Out, Inc. is requesting that the Commission waive this requirement and allow a front-end debt-to-income ratio of 39%, so that the homebuyer can utilize the Dane County funds of \$24,250 to purchase her home. Her closing date is set for December 9, 2022.

As interest rates increase, the dream of homeownership is disappearing for many low-income households with a family member with a disability. Our HUD-approved housing counselors are working with clients to use closing costs for interest rate buy-downs; looking at increased down payment assistance options; and exploring various mortgage products in a changing housing market. Movin' Out, Inc. is also requesting flexibility with emergency client homeownership decision-making because the commission meetings aren't always being held at a time when a major decision is needed. Therefore, we are asking that in emergency situations that decisions be made at the program level.

Sincerely,

Vivien Rayam
Vivien Rayam
Home Ownership & Housing Counseling Program Director

cc: Rebecca Wiese, Lead Housing Counselor, Movin' Out, Inc.

Enclosure: Housing Plan

HOUSING PLAN
DANE COUNTY
DEBT \$75/MONTH

ACTUAL INCOME: \$63,772/YEAR(ACTUAL) \$5,314/MONTH

LENDER- \$5,614.30

TRANSACTION:

Purchase Price	\$282,000
Closing Costs	<u>\$2,000</u>
Total	\$284,000

FINANCING:

1 st Mortgage	\$227,750- per Lender
Buyer Down payment	\$10,000
Dane County	\$24,250
HCRI	\$20,000
HBAD	\$5,000

MONTHLY PAYMENTS:

Principal and Interest:	\$1,503- 6.75% interest rate
Taxes	\$422
Insurance	\$117
PMI	<u>\$151</u>
PITI	\$2,193

RATIOS: The estimated monthly housing payment is 39% of your total monthly income. Your house payment plus your monthly debt payments is 40% of your monthly income.

Please remember that all of the above numbers are estimates and are subject to change.

The above scenario is what will be presented for Movin' Out, Inc. underwriting approval. Please sign and send back to me if you agree with the information presented here.

Signature

Date