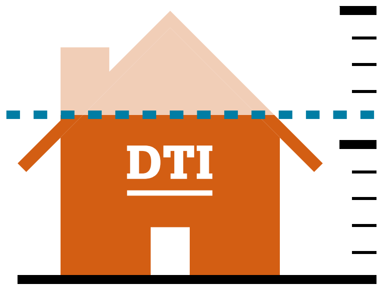
Fannie Mae™

Consumers underestimate max debt-to-income (DTI) ratio…and disqualify themselves?

While consumers may have heard of DTI, more than half don't know what maximum DTI ratio lenders use—that's according to a study conducted by Fannie Mae's Economic & Strategic Research Group. Here's what we learned…

1 They don't know

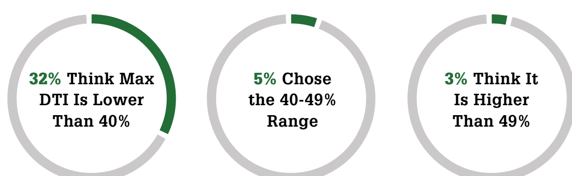


Close to

60%

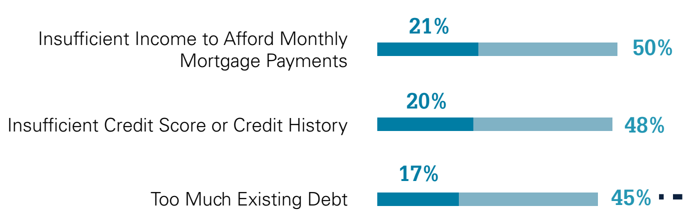
of consumers **do not know** the maximum DTI ratio that lenders use

2 Many guess the wrong answer



Younger, **less-educated**, and **lower-income** consumers are more likely to provide a lower DTI estimate

3 They think it's an obstacle



Most Challenging Reason

Top Three Most Challenging Reasons

FANNIE MAE REQUIREMENTS

45% Maximum DTI Ratio*

*Up to 50% DTI allowed with certain compensating factors

45%

of consumers said **too much existing debt** was one of the top three reasons for not getting a mortgage

Among first-time buyers: **55%**

Among repeat buyers: **60%**

To learn more, read our study:

What do consumers know about the Mortgage Qualification Criteria?

Fannie Mae considers a number of factors in determining eligibility for its acquisition of loans, including, but not limited to, the borrower's credit score, LTV ratio, DTI ratio, cash reserves, property type, and loan type, as detailed in its Selling Guide. Fannie Mae takes these and other factors into consideration, and stronger factors may compensate for weaker ones. It is important to understand that requirements are not always fixed or applicable in every case. For instance, HomeReady® mortgage permits consideration of income from a non-borrower household member as a compensating factor to allow DTIs up to 50% under certain circumstances. Visit Fannie Mae's Eligibility Matrix to see an example of how factors are applied.