

DEBT TO INCOME RATIO (DTI)

The Settlement Administrator will calculate your DTI using the information provided on your Claim Form. If you would also like to calculate your DTI, please follow the below formula:

Step 1: Determine your household income on a monthly basis at the time you entered into your PACE assessment contracts. Using gross numbers, before taxes and other deductions, please add together your income and the income of any other person on the title to the home. \$_____

Step 2: Determine your household debt on a monthly basis at the time you entered into your PACE assessment contract. Please add together your debt and the debt of any other person on the title to the home including your monthly mortgage payment(s), any additional taxes and insurance, your previous monthly property taxes (1/12th of annual cost), the monthly cost of home insurance (1/12th annual cost), credit card balance payment(s) (the minimum monthly payment), child/marital support payment, any payday/title loan payment(s), student loan payment(s), car payment(s), this PACE lien, previous PACE lien(s), and any other debt. \$_____

Step 3: Divide the sum of your monthly debt (Step 2) by your monthly gross income (Step 1) at the time of your PACE assessment contract.

Step 4: Convert the figure into a percentage. That is your DTI ratio.

Example:

Step 1: *Income calculation at time of PACE assessment –*

Titleholder A income - \$3,000/month
Titleholder B income - \$2,000/month
Add together: \$3,000 + \$2,000 = \$5,000

Step 2: *Debt calculation at time of PACE assessment –*

Mortgage: \$1000/month
Home Insurance: \$200/month
Property Taxes (1/12th annual): \$250 (1/12th of \$3,000)
Credit card balance payment (minimum monthly payment): \$450
Student loans payment: \$200
Car Payment: \$100
Amount of this PACE lien (e.g. if your annual assessment is \$6000, divide by 12 to get the monthly amount) of \$500

Add together: \$1000+ \$200 +\$250 + \$450 + \$200 + \$100+ \$500 = \$2,700

Step 3: *Divide debt by income - \$2,700/\$5,000 = .54*

Step 4: *Multiply by 100 to get percentage or DTI ratio - .54 * 100 = 54%*