

PSA HOUSING CERTIFICATION



UNITED WAY OF FREDERICK COUNTY - PROSPERITY SAVINGS ACCOUNTS

In order to qualify for a Housing Prosperity Savings Account, the following requirements must be met:

- Minimum Credit Score: 620
- Debt to Income Ratio:
 - _____ Front-end ratio must 28 percent or lower.

This is also referred to as the housing ratio, which includes mortgage payment, real estate taxes, homeowner's insurance and association dues.

To determine your maximum front-end ratio, multiply your gross monthly income (before taxes) by 28%.

$$\frac{\text{Monthly Gross Earnings}}{\text{Front-end DTI Maximum}} \times 28\% = \text{Maximum Housing Expenses}$$

- _____ Back-end ratio must be 36 percent or lower.

This shows what portion of your income is needed to cover all of your monthly debt obligations. This includes credit card bills, car loans, leases, alimony, child support, student loans and any other debt that shows on your credit report that requires monthly payments, plus your mortgage payments and other housing expenses.

To determine your maximum back-end ratio, multiply your monthly gross income (before taxes) by 36%.

$$\frac{\text{Monthly Gross Earnings}}{\text{Back-end DTI Maximum}} \times 36\% = \text{Maximum Monthly Debt Expenses}$$

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In order to qualify for a Housing Prosperity Savings Account, the following requirements must be met:

- Budget Coach Program

This is a 12 month program which includes a 1-hour budget counseling session each month. Must complete the first 4 months of the program before application can be approved. Must complete remaining 8 months of program prior to using matched funds.

- Housing Class

Must complete a first-time home buyer workshop (available once a month on the Prosperity Center's online calendar) prior to application approval.

In order to qualify for a Housing Prosperity Savings Account, the following criteria will be considered:

Do any of these apply to you?

- More than one "30-day late" on your credit report within the past 12 months
- Bankruptcy or foreclosure discharged less than 36 months
- Outstanding judgements within the past 12 months
- Two or more rent payments 30 days late within the past 3 years
- Outstanding collection accounts with no payment arrangements
- Outstanding tax liens or delinquent federal debt with no payment arrangements
- Accounts converted to collections in the past 12 months+

Can you put at least 20% down on your home purchase?

- Yes
- No

Do you have a steady employment history, including at least two years with the same employer?

- Yes
- No