

## **II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT**

### **A. Title II Insured Housing Programs Forward Mortgages**

#### **5. Manual Underwriting of the Borrower**

and verify compliance with the ratio requirements listed in the Approvable Ratio Requirements Chart.

The Mortgagee must exclude any obligation that is wholly secured by existing assets of the Borrower from the calculation of the Borrower's debts, provided the assets securing the debt are also not considered in qualifying the Borrower.

#### **(B) Calculating Total Mortgage Payment**

The total Mortgage Payment includes:

- P&I;
- real estate taxes;
- hazard insurance;
- flood insurance as applicable;
- MIP;
- HOA or condominium association fees or expenses;
- Ground Rent;
- special assessments, including any assessments related to a PACE obligation;
- payments for any acceptable secondary financing; and
- any other escrow payments.

The Mortgagee may deduct the amount of the Mortgage Credit Certificate or Section 8 Homeownership Voucher if it is paid directly to the servicer.

#### **(1) Estimating Real Estate Taxes**

The Mortgagee must use accurate estimates of monthly tax escrows when calculating the total Mortgage Payment.

In New Construction cases, property tax estimates must be based on the land and improvements.

#### **(2) Condominium Utility Expenses**

The portion of a condominium fee that is clearly attributable to utilities may be subtracted from the HOA fees before computing qualifying ratios, provided the Borrower provides proper documentation, such as statements from the utility company.

#### **(3) Temporary Interest Rate Buydowns**

The Mortgagee must use the Note rate when calculating principle and interest for Mortgages that involve a temporary interest rate buydown.