2805 UNDERWRITING STANDARDS

2805.1 DHCD rehabilitation loans to owner-occupants shall be based on an analysis of the owner's ability to afford a loan.

2805.2 No DHCD loan shall be made to any applicant who can qualify for a loan for the full amount required from a private lending institution.

2805.3 DHCD loans shall be made only to eligible applicants for the portion of the new debt required to rehabilitate an applicant's property which cannot be borrowed from a private lending institution, based on the following underwriting standards:

(a) The applicant's total monthly expenses for payment of principal, interest, taxes, and insurance (also collectively referred to in this chapter as "PITI") related to the property shall not exceed thirty-six (36%) of the applicant's gross monthly income; and

(b) The applicant's total monthly payments for all installment debt shall not exceed forty-two percent (42%) of the applicant's gross monthly income.

2805.4 The total amount of a DHCD rehabilitation loan, plus any other indebtedness secured by the property, shall not exceed ninety percent (90%) of the 'as-is' value of the property subject to completion of rehabilitation, except as otherwise provided in § 2805.5.

2805.5 The Director may approve the use of up to one hundred percent (100%) of the 'as-is' value of the property subject to completion of rehabilitation in determining the maximum principal for any DHCD loan if it is determined that the objectives of the rehabilitation loan program cannot be achieved otherwise.

2805.6 [Deleted]

SOURCE: Notice of Final Rulemaking published at 29 DCR 5394, 5399 (December 10, 1982); as amended by Notice of Final Rulemaking published at 32 DCR 329 (January 18, 1985); as amended by Notice of Emergency Rulemaking published at 50 DCR 10182,10183 (November 28, 2003); as amended by Notice of Final Rulemaking published at 51 DCR 11063 (December 3, 2004).