

**WAC 208-620-506 Must my underwriting analysis of a borrower's residential mortgage loan application include a determination of the borrower's ability to repay the loan?** Yes. To ensure that underwriting standards are consistent with prudent lending practices, the underwriting standards should include, at a minimum, an analysis of the borrower's ability to repay the obligation. The analysis of a borrower's repayment capacity must include the debt to income ratio; the assets, net worth, or equity; and any prepayment penalty clauses. If the residential mortgage loan is underwritten to the guidelines of Fannie Mae, Freddie Mac, FHA, VA, or USDA and you have met the underwriting standards of an ability to repay analysis for those loans types, you are in compliance with this section.

[Statutory Authority: RCW 43.320.040, 31.04.165, 2009 c 120, and 2009 c 149. WSR 09-24-090, § 208-620-506, filed 12/1/09, effective 1/1/10.]