

Fix Up Loan Program Eligibility Income: Annualized gross income from all sources for Borrower, Borrower's spouse (if any), and any other household resident with ownership interest in the property. Program Eligibility Income does not apply to Incentive Rate Energy Conservation and Accessibility Improvement Loans.

Underwriting Income: Gross annual income that has been verified and documented as stable and likely to continue, dated within 120 days of Fix Up loan closing date. Used to determine the debt-to-income ratios, and is calculated according to each lender's underwriting guidelines.

| | | Program Eligibility Income | | |
|---|---|----------------------------|----------|----------|
| | | Person A | Person B | Person C |
| Borrower(s) Name(s): | | | | |
| INCOME TYPES | Base Pay | \$ | \$ | \$ |
| | Self-Employment/Business Income | \$ | \$ | \$ |
| | Variable | \$ | \$ | \$ |
| | Flexible Benefit Cash | \$ | \$ | \$ |
| | Housing/Car Allowance | \$ | \$ | \$ |
| | Child/Spousal Support | \$ | \$ | \$ |
| | Custodial Account Income | \$ | \$ | \$ |
| | Miscellaneous Payment | \$ | \$ | \$ |
| | Interest/Dividend | \$ | \$ | \$ |
| | Investment Property | \$ | \$ | \$ |
| | Roommate Rent | \$ | \$ | \$ |
| | Other Sources | \$ | \$ | \$ |
| Subtotal | | \$ | \$ | \$ |
| Total Program Eligibility Income Compare with income limits for Fix Up Loan Program | | \$ | | |

Income Documentation:

- In addition to information obtained for qualifying/underwriting purposes, if needed, obtain additional written information to calculate Fix Up Loan Program Eligibility Income.
- Verification used to determine Program Eligibility Income must be dated within 120 days of the closing date.
- Use most recent documentation provided.

Calculating Income

When calculating Fix Up Loan Program Eligibility Income, there are two types of income to consider – income from an employer and income from all other sources. **Document your calculations** so Minnesota Housing staff can understand how you arrived at the total Program Eligibility Income. **Include all income unless specifically listed as excluded on this worksheet.**

| Income Type | Key Items to Address | Program Eligibility Income Documentation |
|------------------------|--|---|
| Base Pay | <p><u>Salary or Wage Income:</u> The regular rate of pay multiplied by the number of pay periods per year</p> <ul style="list-style-type: none"> This should approximate YTD on VOE. If not, check for variable income such as OT, bonus, etc. (Employers do not always break this out.) If in doubt, average YTD and last year. | <p>Verification provided must include borrower name, employer name, rate of pay, number of pay periods, and YTD income amount:</p> <ul style="list-style-type: none"> Two current paycheck stubs or A Verification of Employment form completed by the employer |
| Self-employment | <p>Use a two-year average from most recent federal income tax returns. Determine income by:</p> <ul style="list-style-type: none"> Use net profit (or loss) from schedule. Add back: all entertainment expenses, private retirement contribution plans, and property or equipment depreciation (which may be tax deductible but are not allowable deductions when calculating Minnesota Housing eligibility income) Request additional supporting documents (i.e. current balance sheet and income statement) when necessary to determine self-employed income If a net loss, use \$0. Do not subtract the loss from the Program Eligibility income calculation. | <p>Sole Proprietorship or Farm Operation:</p> <ul style="list-style-type: none"> Schedule C – for a proprietorship Form 8829 – if borrower operates the business out of the home Schedule F – for a farm operation <p>Partnership:</p> <ul style="list-style-type: none"> Schedule E Form 1065 K-1 US Partnership Return of Income Form 1065 <p>S-Corporation:</p> <ul style="list-style-type: none"> Schedule E |

| Income Type | Key Items to Address | Program Eligibility Income Documentation |
|---|---|---|
| Variable Income: Bonus, Overtime, Shift Pay, Commissions, Tips, Seasonal | <ul style="list-style-type: none"> ▪ Base the amount on an average of the prior years' figures or average amounts awarded to other employees with the same status. The most recent federal income tax return may also be used for this purpose. ▪ Always use an average for overtime (unless employer and income history verifies OT was for one-time, special project, etc.), commissions, part-time income, bonuses, shift differentials, sick pay and holiday pay. | <ul style="list-style-type: none"> ▪ Previous two years W-2 forms; or ▪ A documented telephone call to the employer; or ▪ A Verification of Employment form completed by the employer. |
| Flexible Benefit Cash | If cash benefits exceed benefits cost, include excess as income | <ul style="list-style-type: none"> ▪ W-2 forms from previous two years, or ▪ A documented telephone call to the employer, or ▪ A Verification of Employment form completed by the employer |
| Housing/Car Allowance; Housing, car, cell phone, per diems, etc. | Included all allowances, per diems or stipends as income | <ul style="list-style-type: none"> ▪ A documented telephone call to the employer, or ▪ A Verification of Employment for completed by the employer |
| Child/Spousal Support | Use average of actual support received | <ul style="list-style-type: none"> ▪ Divorce decree/child support agreement, or ▪ County disbursement print-out ▪ Cancelled checks/bank statements |
| Custodial Account Income | Unearned income paid to children age 20 or under, who live with the borrower(s) 50% of the time or more. | <ul style="list-style-type: none"> ▪ Include all custodial account information documentation |
| Miscellaneous Payment Income – Govt. Transfer Payments: Unemployment Compensation, Public Assistance, Worker's Compensation, Disability, VA, Pensions, Social Security | Do not gross up | <ul style="list-style-type: none"> ▪ A current check, or ▪ Bank statements, or ▪ County disbursement print-out, or ▪ Current year award letter |

| Income Type | Key Items to Address | Program Eligibility Income Documentation |
|--|---|---|
| Interest and/or Dividend | Calculate interest income based on current depository rates if liquid assets exceed \$5,000 after closing | <ul style="list-style-type: none"> 1099 forms, or Federal Tax Form 1040 |
| Roommate Rent | For roommates/renters not living in a separate living unit, use gross rent | <ul style="list-style-type: none"> Copy of written rental/lease agreement |
| Investment Property or Owner-occupied duplex, triplex, fourplex | <p>Rental income: Net rental income plus depreciation from Schedule of Form 1040.</p> <p>Contract for Deed: Payments projected to be received in the 12 months following the date of the application, less out of pocket expenses for that same period.</p> | <p>If property has rental history:</p> <ul style="list-style-type: none"> Net Rental Income plus Depreciation from Schedule of Form 1040 <p>If new purchase:</p> <ul style="list-style-type: none"> Copy of rental agreement, or Appraisal income Estimated rental income from the appraisal Copy of Contract for Deed |
| Other Household Income | Always include other sources of income not specifically excluded | <ul style="list-style-type: none"> Document any other income |

Income Exclusions:

- Non-owners residing in the property
- Income no longer available. Borrowers cannot manipulate income (quit job, etc.) to become eligible
- Court ordered support not received (child support, spousal support, etc.)
- Food stamps
- Government paid child care paid directly to the provider
- Foster care income
- One-time, non-recurring income