



**Fix Up Loan
Income Calculation Worksheet**
An Optional Lender Tool for Calculating Eligibility Income

Eligibility Income is the annualized gross income from all sources for Borrower, Borrower’s spouse if any, and any other household resident who has ownership interest in property to be improved. See Fix Up Program Procedural Manual, Section 2.08 or Fix Up Loan Income Calculation Worksheet.

- Eligibility Income does not apply to Incentive Rate Energy Conservation and Accessibility Loans as defined in Section 2.05 of Fix Up Program Procedural Manual. Such loans are only subject to the Underwriting, below.

Underwriting Income is gross annual income that has been verified and documented as stable and likely to continue. This income is used to determine the debt-to-income ratio for the Borrower(s) and Guarantor if any and for establishing that the loan constitutes a prudent investment risk. See following pages for documentation differences.

Eligibility Income Types	A	B	C
Borrower Name			
Base Pay	\$	\$	\$
Self-Employment	\$	\$	\$
Variable	\$	\$	\$
Flexible Benefit Cash	\$	\$	\$
Housing/Car Allowance	\$	\$	\$
Child/Spousal Support	\$	\$	\$
Misc. Payment	\$	\$	\$
Interest/Dividend	\$	\$	\$
Investment Property/etc.	\$	\$	\$
Roommate Rent	\$	\$	\$
Other	\$	\$	\$
Subtotal	\$	\$	\$

Total Eligibility Income	\$
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Employment/Business Income

Type	Key Items to Address	Eligibility Income Documentation	Underwriting 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 don't always break this out). If in doubt, average YTD and last year. 	<p>Verification provided to include rate of pay; number of pay periods; and year-to-date income amount:</p> <ul style="list-style-type: none"> • 2+ current paycheck stubs; or • A Verification of Employment form completed by the employer. 	<p>Verification provided to include rate of pay; number of pay periods; and year-to-date income amount:</p> <ul style="list-style-type: none"> • 2 current paystubs with year to date; or • A Verification of Employment form completed by the employer.
Self-Employment	<p><u>Self-employed Borrowers:</u> Use a two year average from the most recent Federal Income tax returns. Determine income by:</p> <ul style="list-style-type: none"> • <u>Use net profit (or loss) from schedule.</u> <p><u>Add back:</u> all entertainment and travel expenses, private retirement contribution plans, and property or equipment depreciation (which may be tax-deductible but are not allowable deductions when calculating MHFA eligibility income).</p> <ul style="list-style-type: none"> • Request additional <u>supporting documentation</u> (i.e., current balance sheet and income statement) when necessary to determine self employed income. 	<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 	<ul style="list-style-type: none"> • Provide schedules as indicated under Eligibility Income • Ensure income used to qualify is stable and likely to continue. If necessary provide additional documentation.

Type	Key Items to Address	Eligibility Income Documentation	Underwriting 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. 	<ul style="list-style-type: none"> • Ensure income used to qualify is stable and likely to continue. If necessary provide additional documentation.
Flexible Benefit Cash	If cash benefits exceed benefits cost, include excess as income.	<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. 	<ul style="list-style-type: none"> • Ensure income used to qualify is stable and likely to continue. If necessary provide additional documentation.
Housing/Car Allowance	Most common for clergy	<ul style="list-style-type: none"> • A documented telephone call to the employer; or • A Verification of Employment form completed by the employer. 	<ul style="list-style-type: none"> • Ensure income used to qualify is stable and likely to continue. If necessary provide additional documentation.

Other Income

Type	Key Items to Address	Eligibility Income Documentation	Underwriting Income Documentation
Child/Spousal Support	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Ensure income used to qualify is stable and likely to continue. If necessary provide additional documentation. Divorce Decree/Child Support Agreement and County Disbursement print out
Misc. Payment Income	<ul style="list-style-type: none"> Include all sources of this income at current level. Includes: Unemployment Compensation, Public Assistance, Worker's Compensation, Disability, VA, Pensions, Social Security benefits. 	<ul style="list-style-type: none"> A current check; or Bank statements; or County disbursement printout; or Current year award letter 	<ul style="list-style-type: none"> Ensure income used to qualify is stable and likely to continue. If necessary provide additional documentation.
Interest and/or Dividend	Calculate interest income based on current depository rates if liquid assets after closing exceed \$5,000.	<ul style="list-style-type: none"> 1099 forms; or Federal Tax Form 1040 	<ul style="list-style-type: none"> Ensure income used to qualify is stable and likely to continue. If necessary provide additional documentation.
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 	<ul style="list-style-type: none"> N/A

Type	Key Items to Address	Eligibility Income Documentation	Underwriting Income Documentation
Investment Property or Owner Occupied Duplex, Triplex, Fourplex	Rental Income: Net Rental Income plus depreciation from Schedule of Form 1040. Contract for Deed: <ul style="list-style-type: none"> • Payments projected to be received in the 12 months following the date of the application, less out of pocket expenses for that same period. 	If property has rental history: <ul style="list-style-type: none"> • Net Rental Income plus Depreciation from schedule of Form 1040 If new purchase: <ul style="list-style-type: none"> • copy of the rental agreement or <ul style="list-style-type: none"> • Appraisal Income • Estimated Rental Income from the Appraisal. • Copy of Contract for Deed 	<ul style="list-style-type: none"> • Ensure income used to qualify is stable and likely to continue. If necessary provide additional documentation.
Other Household Income	Always include other sources of income not specifically excluded.	Document any other income.	<ul style="list-style-type: none"> • Ensure income used to qualify is stable and likely to continue. If necessary provide additional documentation.

Exclusions

- Income of non-owners residing in the property
- Income no longer available
 - ✓ Borrowers can't 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
- Income of Roommates/renters (their employment, bonuses, etc.)
- One-time (nonrecurring) income
 - ✓ Income received once that does not have a history and is unlikely to reoccur in the future