



Mortgage Loan Program Income Eligibility Calculation Worksheet

INSTRUCTIONS: Use this optional tool when determining MHFA Eligibility Income (current projected household income).

<i>Income Types</i>	A	B	C	D	E
Borrower Name					
Base Pay	\$	\$	\$	\$	\$
Self-Employment	\$	\$	\$	\$	\$
Variable	\$	\$	\$	\$	\$
Flexible Benefit Cash	\$	\$	\$	\$	\$
Housing/Car Allowance	\$	\$	\$	\$	\$
Child/Spousal Support	\$	\$	\$	\$	\$
Educational Grants	\$	\$	\$	\$	\$
Transfer Payment	\$	\$	\$	\$	\$
Interest/Dividend	\$	\$	\$	\$	\$
Investment Property/etc.	\$	\$	\$	\$	\$
Roommate Rent	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$
<i>Subtotal</i>	\$	\$	\$	\$	\$

Total of All Income Types/Residents (Add subtotals of A-E and any additional Residents)	\$
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Include:

- ❖ All Borrowers
- ❖ Unearned Income From Minors
- ❖ All Nonpurchasing Adult Residents (18+)
- ❖ Household Income Not Used For Loan Underwriting/Qualifying Purposes Unless Specifically Excluded

Employment/Business Income

Type	Key Items to Address
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.
Self Employed	<p><u>Self-employed Borrowers</u>: Use a two year average from the most recent federal income tax returns for income verification purposes. Determine gross annual income by:</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. • <u>Deduct</u>: out-of-pocket business expenses such as office rent, telephone, etc., which are generally tax-deductible items. • <u>Include</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).
Variable Income: Bonus, Overtime, Shift Pay, Commissions, Tips, Seasonal	<ul style="list-style-type: none"> • Determine variable income by contacting the employer. • 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.
Flexible Benefit Cash	If cash benefits exceed benefits cost, include excess as income.
Housing/Car Allowance	Always include housing or car allowances as income.

Other Income

Type	Key Items to Address
Child/Spousal Support	Use average of actual support received. <ul style="list-style-type: none"> • Check divorce/child support agreement. • Check with county social service agency. • Cross check with bank statements, etc. If support is scheduled to stop during next 12 months (i.e. child is 17+ years old), use amount of support through scheduled expiration and average over 12 months.
Educational Grants	Grants or scholarships paid directly to the borrower(s). Do not include educational loans.
Transfer Payment Income	Include all sources of this income at current level. Includes: Unemployment Compensation, Public Assistance, Worker's Compensation, Disability, VA, Pensions, Social Security benefits.
Interest/Dividend	Calculate interest income based on current depository rates if liquid assets after closing exceed \$5,000
Investment Property or Owner Occupied Duplex	Rental Income: <ul style="list-style-type: none"> • Monthly Gross Rent - Vacancy Loss = Gross Adjusted Rent • Gross Adjusted Rent - 50% of the PITI and maintenance costs = Net Rental Income. • Note: If rental income is negative, use \$0 when calculating MHFA Eligibility Income. In addition, an operating statement may be used in lieu of using the above-referenced formula. Contract-for Deed: <ul style="list-style-type: none"> • Obtain a copy of the contract. Payments projected to be received in the 12 months following the date of application, less out of pocket expenses for that same period.
Roommate Rent	For roommates/renters not living in a separate living unit, use gross rent provided that it's clear the roommate/renter is not a long term household member. <ul style="list-style-type: none"> • Obtain a written lease documenting the rent paid.
Other Household Income	Always include other sources of income not specifically excluded.

Exclusions

- 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
- Incidental after school income for minors
- Income of Roommates/renters (employment, bonuses, etc.)
 - ✓ Clarification needed the roommate/renter is not a long-term household member
 - ✓ Must obtain a written lease documenting the rental arrangement
- One-time (nonrecurring) income
 - ✓ Income received once that does not have a history and is unlikely to reoccur in the future

Documentation

- Standard employment verification methods
- Obtain additional written information if needed in addition to information obtained for qualifying/underwriting purposes
 - ✓ Ask employer for clarification if the borrower has not been on the job long enough to establish a history