

Income and Documentation Matrix		
Income guidance: 7 CFR 3555, Section 3555.152(a) and (b)		
<p>This matrix cannot cover every income/asset type, employment scenario, etc. USDA requires approved lenders to use sound judgment to make accurate and dependable analysis of income per 3555.152(a). Exclusions may apply under 3555.152(b)(5) and Attachment 9-D.</p>		
Considerations for Income Calculations		
<ul style="list-style-type: none"> • Income used in Repayment Income calculations must be confirmed to continue a minimum of three years into the mortgage. • If the income is tax exempt, it may be grossed up 25 percent. • “Documentation Source Options” lists eligible documentation. Every item listed is not required unless otherwise stated. Lenders must meet the income verification documentation requirements outlined in this Chapter. 		
Income Type	Annual	Repayment
Adoption Assistance or Subsidy	<p>If the income will be received in the ensuing 12 months, include the first \$480 of adoption income or subsidy assistance for each grantee.</p>	<p>Required History: None, the income must be received at the time of loan application.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ the applicant is currently receiving the income, and ○ the amount of the income received each month <p>Benefits that do not include expiration dates on the documentation will be presumed to continue.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Benefit/Award letter to document the amount and duration of payments • Online payment schedule from the Agency, bank statements, etc. • Federal income tax returns or IRS tax transcripts with all schedules 		
Automobile Allowance	<p>Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.</p>	<p>Required History: One year</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>The amount of allowance that exceeds the expenditure may be included for repayment. If there is a monthly debt associated with the income (such as a car or equipment payment), this debt must continue to be included in the debt ratio calculation.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • Contract/agreement from employer to state terms and duration of payments • Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
<p>Base Wages (Hourly or Salary)</p>	<p>Include amounts received before deductions for payroll taxes, insurance, etc. Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p> <p>Full time students age 18 and above that are not an applicant, co-applicant, or spouse of an applicant will only have \$480 of their earnings included in the annual income calculation. These household members are not required to present income documentation.</p>	<p>Required History: One year Income must be received at the time of loan application.</p> <p>The one year of required history may be met through a combination of employers, education, or military service. This history does not have to be with the same or current employer. Applicants that were on leave with their employer due to maternity/paternity leave, medical leave, relocation, etc. remain employed.</p> <p>Underwriters may use discretion for applicants returning to the workforce after leaving a previous job to care for a child/family member, complete education, etc. for an extended time of one year or greater.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • W-2's • Written Verification of Employment (VOE) or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		
<p>Boarder Income</p> <p>Guaranteed loans are for the purchase of a primary residence. An applicant with a current roommate that will continue to reside in the new dwelling for all or part of the ensuing 12 months is considered a household member. A boarder contributes financially to the household but will not be a party to the note.</p>	<p>Include income of all household members, including boarders, that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p> <p>Rent paid by the boarder to the applicant that is reported in tax returns must also be included.</p>	<p>Ineligible</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Federal income tax returns or IRS tax transcripts with all schedules • Bank statements, money order receipts, electronic payment verifications, etc. 		

Income Type	Annual	Repayment
Bonus	Include amounts that will be received in the ensuing 12 months based on employment verifications. Exclusions may apply under 3555.152(b)(5).	<p>Required History: One year</p> <p>Underwriters must analyze bonus income for the current pay period and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (example: paid once annually, paid monthly, etc.) before considering the income stable and dependable.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earnings statement(s) • W-2's • Written VOE or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		
Capital Gains	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<p>Required History: Two years</p> <p>Lenders must analyze the previous two years of capital gains income. An average of the previous two years may be logical, or if the current year was 20 percent less than the previous year, the lesser of the current year must be utilized.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Federal income tax returns or IRS transcripts with all schedules • Evidence of additional property or assets retained by the applicant through title, bank statements, etc. 		

Income Type	Annual	Repayment
Child Support	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p> <p>Legally enforceable payments that have not been received may be excluded when payments are not received for an extended time and a reasonable effort has been made to collect them through the official entity responsible for enforcing such payments.</p>	<p><u>Court ordered payments:</u></p> <p>Required History: Six months (payment received must be consistent)</p> <p><u>Voluntary payment agreements:</u></p> <p>Required History: 1 year (payment received must be consistent)</p> <p>Child support that meets the minimum history, but the payment amounts are not consistent must average the amounts received over the time of receipt.</p> <p>Payments received for 6 months or less with zero received for any month must use zero.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> Final divorce decree, legal separation agreement, or court order (front and pertinent pages) to document the amount and timeframe of the obligation Evidence of timely receipt/consistent amount for required history: bank statements, canceled checks, deposit slips, tax returns, etc. 		
Commission	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p>	<p>Required History: One year, in the same or similar line of work.</p> <p>Underwriters must analyze commission for the current pay period and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (example: variances due to seasonal/holiday/etc.) before considering the income stable and dependable.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> Paystub(s)/Earning statement(s) W-2's Written VOE or electronic verifications Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
Contract / Employment Offer	Include amounts that will be received in the ensuing 12 months based on employment verifications.	<p>Required History: One year</p> <p>The one year of required history may be met through a combination of employers, education, or military service. This history does not have to be with the same or current employer.</p> <p>An applicant moving to a new employer (i.e. school district, same profession, etc.) with a contract to begin employment within 60 days of loan closing may be eligible if the underwriter determines the applicant has reserves available post loan closing to cover all monthly liability payments and the new mortgage obligation until employment begins.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Copy of signed employment contract/offer • Payscale(s)/Earning statement(s) of current/former employer to confirm employment/income history • W-2's • Written Verification of Employment (VOE) or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		
Depreciation Depletion	The amount(s) of straight-line depreciation and/or depletion documented on acceptable IRS forms may be deducted.	<p>Required History: Two years</p> <p>Continuance: These amounts will be presumed to continue unless there is documented evidence they will cease.</p> <p>The amount(s) of straight-line depreciation and/or depletion may be added back to repayment.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
<p>Disability Income – Long Term</p> <p>This section does not refer to disability income received from the Social Security Administration.</p>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p>	<p>Required History: None, the income must be received at the time of loan application.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ the applicant is currently receiving the income, and ○ the amount of the income received each month, and ○ determine if there is a contract termination or modification date.
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Verification from the disability policy or benefits provider to document the applicant’s eligibility for benefits, amount and frequency of payments, and termination/modification date. • Federal income tax returns or IRS transcripts with all schedules 		
<p>Dividends</p>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p>	<p>Required History: Two years</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Account statements to support amount of income utilized for repayment purposes, including the balance, rate of interest, and payment amounts/continuance • Federal income tax returns or IRS tax transcripts with all schedules 		
<p>Earned Income Tax Credit</p>	<p>Do not include</p>	<p>Do not include</p>
<p>Employee Fringe Benefits</p>	<p>Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p>	<p>Required History: One year</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • Contract/agreement from employer to state terms and duration of payments • Written VOE or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
<p>Employment Related Account</p> <p>This income source may be a non-self-employed severance package. Lump sum retirement packages should refer to Retirement Income. All payments must be deposited to a verified asset account with acceptable documentation of receipt.</p>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p>	<p>Required History: None, the income must be received at the time of loan application.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ the applicant is currently receiving the income, and ○ the amount of the income received each month, and ○ determine if there is a contract termination or modification date.
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Contract/agreement from employer to state terms and duration of payments • Benefit/Award verification letter, IRS 1099, evidence of current receipt, bank statements, etc. • Federal income tax returns or IRS transcripts with all schedules 		
<p>Expense Allowance</p>	<p>Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p>	<p>Required History: One year</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>The amount of allowance that exceeds the expenditure may be included for repayment. If there is a monthly debt associated with the income (such as a car or equipment payment), this debt must be included in the debt ratio calculation.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Payscale(s)/Earning statement(s) • Contract/agreement from employer to state terms and duration of payments • Federal income tax returns or IRS tax transcripts with all schedules 		
<p>Foreign Income</p>	<p>Include all wages, salaries, and additional income types that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).</p>	<p>Required History: One year (Refer to Base Wages)</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Payscale(s)/Earning statement(s), translated into English if applicable • Written VOE or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		
<p>Foster child or adult income</p>	<p>Do not include</p>	<p>Do not include</p>

Income Type	Annual	Repayment
<p>GI Bill</p> <p>This income source is paid directly to veterans and/or their dependents attending college or university for the purpose of covering tuition and related expenses.</p>	<p>Do not include</p>	<p>Do not include</p>
<p>Government Benefits</p>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Exclusions may apply under 3555.152(b)(5) and Attachment 9-C.</p>	<p>Required History: None, the income must be received at the time of loan application.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ the applicant is currently receiving the income, and ○ the amount of the income received each month <p>Benefits that do not include expiration dates on the documentation will be presumed to continue.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Benefit/Award documentation to support payment amounts and duration 		
<p>Housing Allowance</p>	<p>Include the amounts that will be received in the ensuing 12 months.</p> <p>Exclusions may apply under 3555.152(b)(5).</p>	<p>Required History: One year</p> <p>Include the allowance in repayment income. Do not offset the mortgage payment with the amount of the allowance.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • Contract/Agreement from employer to state the terms and duration of payments • Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
Interest	<p>Include income that will be received in the ensuing 12 months.</p> <p>Net family assets that do not exceed a cumulative total of \$50,000 are not required to be considered in the annual income calculation.</p>	Required History: Two years
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Account statements to support the balance, rate of interest, and payment amounts/continuance • Federal income tax returns or IRS tax transcripts with all schedules 		
Live in Aides	Do not include	Do not include
Medical Reimbursement	Do not include	Do not include
Mileage	<p>Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.</p>	<p>Required History: One year</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease</p> <p>Mileage may be documented on earning statements.</p> <p>When “standard mileage” is deducted from income tax returns, multiply the business miles driven by the depreciation factor for the appropriate year. The calculated amount may be added to repayment. Lenders must follow current IRS guidance to calculate this amount.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
Military	Include all wages and pay allowances that will be received in the ensuing 12 months. Hazardous duty pay and additional income sources may be excluded under 3555.152(b)(5).	Required History: One year College/Technical School attendance may be substituted. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease. In addition to base pay, military personnel may be entitled to additional forms of pay. Income sources such as basic allowance for housing and subsistence (BAH/BAS), clothing allowances, flight or hazard pay, rations and proficiency pay may be used for repayment income provided it is verified to continue. Additional consideration for the tax-exempt nature of these payments may be applied.
Documentation Source Options: <ul style="list-style-type: none"> • Military Earnings and Leave Statement(s) • W-2's • Written VOE or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		
Mortgage Credit Certificate	Do not include	Required History: None Self-employed applicants are not eligible for MCC.
Required Documentation: <ul style="list-style-type: none"> • Copy of the approved MCC award letter/contract with the rate of credit documented • Copy of the IRS W-4 filed with applicant's employer to reflect that the borrower is taking the tax credit on a monthly basis. <p><u>GUS:</u> In the "Borrower Information" page under "Income from Other Sources" use the dropdown button in the Income Source field and select "Mortgage Credit Certificate". Tab to the Monthly Income field and enter the amount.</p> <p><u>Manual Underwrite:</u> Add the monthly benefit amount to repayment income calculations.</p>		

Income Type	Annual	Repayment
Mortgage Differential Payment	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<p>Required History: One year</p> <p>Include the differential payment in repayment income. Do not offset the mortgage payment with the amount of the allowance.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Verification from the employer to confirm the subsidy amount and duration of payments 		
Non-Occupant Borrower	Ineligible	Ineligible
Notes Receivable	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<p>Required History: Two years</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Copy of note to establish the amount and length of time of payment • Federal income tax returns or IRS transcripts with all schedules, for proof of receipt of income 		
Overtime	Include amounts that will be received in the ensuing 12 months based on employment verifications. Exclusions may apply under 3555.152(b)(5).	<p>Required History: One year</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>Underwriters must analyze overtime for the current pay period, and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (example: variances due to seasonal/holiday/etc.) before considering the income stable and dependable.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • W-2's • Written VOE or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
Part-time Employment	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5). Evidence of resignation, termination, retirement, or relocation from these positions may result in the exclusion of this income type.	Required History: One year Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • W-2's • Written VOE or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		
Pensions	Include amounts that will be received in the ensuing 12 months. Lump sum withdrawals or sporadic payments may be excluded under 3555.152(b)(5).	Required History: None, the income must be received at the time of loan application. Lenders must document: <ul style="list-style-type: none"> ○ the applicant is currently receiving the income, and ○ the amount of the income received each month Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Benefit/Award verification letter, retirement documents, IRS 1099, evidence of current receipt, bank statements, etc. • Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
Per Diem	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<p>Required History: One year <u>Taxable Income</u> only.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • Contract/agreement from employer to state terms and duration of payments • Federal income tax returns or IRS tax transcripts with all schedules 		
Rental Income	<p>Include positive net rental income that will be received in the ensuing 12 months.</p> <p>Negative net rental income is counted as zero in the annual income calculation.</p>	<p>Required History: Two years Only rents received 24 months or more Positive net rental income received may be included in the repayment income.</p> <p>Negative net rental income is treated as a recurring liability in the debt ratios. Corresponding mortgage liabilities may be omitted from the debt ratios.</p> <p><u>Rents received less than 24 months:</u> No rental income may be included for repayment purposes.</p> <p>Corresponding mortgage liabilities must be included in the debt ratios.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Federal income tax returns with all schedules, specifically Schedule E, or • IRS transcripts with all schedules, confirm Schedule E is completed. • Evidence of cash/check deposits, money order receipts, electronic payment receipt, etc. to document rents received for last 30 days. • Signed lease of current occupants. <p><u>GUS:</u> Complete the applicable fields in the “Real Estate” page. Include the corresponding mortgage debt associated with the property, if applicable.</p> <p><u>Manual Underwrite:</u> Include only net positive rental income and corresponding mortgage debt associated with the property, if applicable.</p>		

Income Type	Annual	Repayment
Restricted Stock Units (RSU)	Include amounts listed as taxable income on the pay statements as gross earnings that will continue to be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	Required History: Two years
Required Documentation: <ul style="list-style-type: none"> • RSU account statements or award letters • Paystubs, VOE's, or other documentation from the employer to support previous and future payments 		
Retirement	Include amounts that will be received in the ensuing 12 months. Lump sum withdrawals or sporadic payments may be excluded under 3555.152(b)(5).	Required History: None, the income must be received at the time of loan application. Lenders must document: <ul style="list-style-type: none"> ○ the applicant is currently receiving the income, and ○ the amount of the income received each month Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Benefit/Award verification letter, retirement documents, IRS 1099, evidence of current receipt, bank statements, etc. • Federal income tax returns or IRS tax transcripts with all schedules 		
Royalty Payments	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	Required History: Two years Lenders must confirm the amount, frequency, and duration of these payments.
Required Documentation: <ul style="list-style-type: none"> • Royalty contract or agreement • Federal income tax returns or IRS transcripts including all schedules 		

Income Type	Annual	Repayment
<p>Schedule K-1</p> <p>This may be utilized to document income for an applicant with less than a 25 percent ownership of a partnership, S corporation, or limited liability company (LLC), ordinary income, net rental real estate income, or other net rental income reported on IRS Form 1065, 1120S, etc.</p>	<p>Include monetary amounts (cash distributions) that will be received in the ensuing 12 months.</p> <p>Distributions of equipment, shares of real estate interest/ownership, non-monetary items, etc. are not included in the annual income.</p>	<p>Required History: Two years</p> <p>Schedule K-1 income may be utilized to qualify the applicant if the lender can confirm the business has adequate liquidity to support the withdrawal of earnings. The Schedule K-1 may provide this confirmation through “guaranteed payments to the partner”.</p> <p>Continuance: These amounts will be presumed to continue unless there is documented evidence they will cease.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Federal tax returns or IRS transcripts with all schedules • Schedule K-1 forms 		
<p>Scholarships</p>	<p>Include funds that will be received in the ensuing 12 months after deducting for tuition, fees, books and equipment.</p>	<p>Required History: Two years</p> <p>Continuance: Income must be confirmed to continue a minimum of three years into the mortgage.</p> <p>Include remaining funds after deducting tuition, fees, books, and equipment.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Award letter to state the benefit/scholarship amount or tuition assistance and date of termination. • Evidence to support the deductions required to arrive at any repayment amount 		
<p>Seasonal Employment</p>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Evidence of resignation, termination, retirement, or relocation from these positions may result in the exclusion of this income.</p>	<p>Required History: Two years in the same line of work.</p> <p>If the income is not earned at the time of loan application, the employer must provide verification that the applicant is still an employee along with an anticipated return to work date.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • W-2's • Written VOE or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
Secondary Employment	Include amounts that will be received in the ensuing 12 months. Evidence of resignation, termination, retirement, or relocation from these positions may result in the exclusion of this income.	Required History: One year Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • W-2's • Written VOE or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		
Section 8 Housing Vouchers	Do not include	Required History: None
Required Documentation: <ul style="list-style-type: none"> • Benefit/Award letter to verify the subsidy amount <p><u>GUS:</u> Enter the amount on the “Borrower Information” page, under “Income from Other Sources”, using the Income Source “Housing Choice Voucher Program”.</p> <p><u>Manual Underwrite:</u> Add the amount of the benefit payment to repayment income calculations.</p>		
Self-Employment Income and Independent Contractors (1099)	Lenders must analyze Federal tax returns to determine the appropriate gross income calculations. Include zero in annual income for a business loss.	Required History: Two years Lenders must analyze Federal tax returns to determine the appropriate gross income. Depreciation, depletion, business use of home, and other paper deductions may be allowed to be added back to the net profit/loss. Lenders may refer to Fannie Mae Form 1084 or comparable self-employed analysis form for assistance. A business loss must be deducted from repayment income.
Required Documentation: <ul style="list-style-type: none"> • Most recent two years of Federal income tax returns or IRS tax transcripts with all schedules, and • YTD Profit and Loss Statement (audited or unaudited), used for income trend analysis 		

Income Type	Annual	Repayment
Separate Maintenance /Alimony	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Legally enforceable payments that have not been received may be excluded when payments are not received for an extended period of time and a reasonable effort has been made to collect them through the official entity responsible for enforcing such payments.</p>	<p><u>Court ordered payments:</u></p> <p>Required History: Six months (payment received must be consistent)</p> <p>Continuance: Three years</p> <p><u>Voluntary payment agreements:</u></p> <p>Required History: One year (payment received must be consistent)</p> <p>Maintenance that meets the minimum history, but the payment amounts are not consistent must average the amounts received over the time of receipt. Payments received for 6 months or less with zero received for any month must use zero.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Final divorce decree, legal separation agreement, or court order (front and pertinent pages) to document the amount and timeframe of the obligation. • Evidence of timely receipt and consistent amount for required history: bank statements, canceled checks, deposit slips, tax returns, etc. 		

Income Type	Annual	Repayment
Social Security Income	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<p>Required History: None, the income must be received at the time of loan application</p> <p>Benefit letters that do not include an expiration date will be presumed to continue.</p> <p>Benefits received by the applicant on behalf of minors (funds are intended for their support) may be utilized for repayment.</p> <p>Benefits received by the applicant on behalf of an adult household member may be used for repayment income when there is evidence they are the legal guardian for the non-applicant adult household member.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> Benefit statement from the Social Security Office or Form SSA-1099/1042S, Social Security Benefit Statement Legal guardianship/payee status for adult household members 		
Student Loans	Do not include	Do not include
Supplemental Nutrition Assistance Program (SNAP)	Do not include	Do not include

Income Type	Annual	Repayment
<p>Temporary Leave Income/Temporary Reduction to Income with current employer</p> <p>This guidance is for an applicant that is currently employed. This guidance does not apply to an applicant that is currently unemployed.</p>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(a)(5).</p>	<p>Required History: None, the income must be received at the time of loan closing.</p> <p>The lender must obtain all the following from the employer:</p> <ul style="list-style-type: none"> ○ Verification the applicant has the right to return to work following the leave. ○ Documentation of the applicant’s return date. ○ Verification of the duration and amount of temporary leave income. ○ Documentation of regular employment prior to temporary leave. <p>An applicant that will return to work prior to the first mortgage payment may use their pre-leave income.</p> <p>An applicant that will not return to work prior to the first mortgage payment must use their current income received (which may be zero) plus non-retirement liquid reserves. Reserves must meet the required history and calculations in the Asset and Reserves section of this matrix. The total of income and assets must meet the mortgage obligation and additional monthly liability payments until the applicant’s date of return to work. Lenders must document their calculation of income plus reserves divided by applicable months on Attachment 9-B, the underwriting transmittal summary, or on an alternate underwriting form.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • All employer verifications required by this section • Benefit statement/Contract • Paystub(s)/Earning statement(s) • Written VOE or electronic verification 		

Income Type	Annual	Repayment
Tips	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	Required History: One year Underwriters must analyze tip income for the current pay period, and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (example: variances due to seasonal/holiday/etc.) before considering the income stable and dependable. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s) • W-2's • Written VOE or electronic verifications • Federal income tax returns or IRS tax transcripts with all schedules 		
Trust Income	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	Required History: Six months
Required Documentation: <ul style="list-style-type: none"> • Trust documents: legally filed or recognized to document the balance, monthly payments, term of payments, mode of payment delivery (revocable or irrevocable), etc. • Documentation to support payments received: bank statements, deposit slips, trust account statements, etc. 		
Unemployment	Include amounts that will be received in the ensuing 12 months. Benefits received while seeking new full/part time employment that have ended are excluded under 3555.152(b)(5)(v).	Required History: Two years Continuance: Income will be presumed to continue unless there is documented evidence the income will cease. Applicants with a sole source of unemployment income are ineligible for a guaranteed loan.
Documentation Source Options: <ul style="list-style-type: none"> • Evidence of compensation: IRS Form 1099 or equivalent • Federal income tax returns or IRS tax transcripts with all schedules 		

Income Type	Annual	Repayment
Unreimbursed Employee or Business Expenses	Do not include.	Do not include. No longer applicable
VA Benefits	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<p>Required History: None, the income must be received at the time of loan application.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ the applicant is currently receiving the income, and ○ the amount of the income received each month <p>Benefits with no expiration date stated will be presumed to continue.</p> <p>Benefits received by the applicant on behalf of minors (funds are intended for their support) may be utilized for repayment.</p> <p>Benefits received by the applicant on behalf of an adult household member may be used for repayment income when there is evidence they are the legal guardian for the non-applicant adult household member.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Benefit statement from the Office of Veteran’s Affairs • Legal guardianship/payee status for adult household members 		
Workman’s Compensation	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Lump sums or sporadic payments may be excluded under 3555.152(b)(5).</p>	Required History: Six months
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Award letter or settlement to state amount and duration of payments • Earnings statements/Paystubs • Written VOE from employer 		

Adjusted Annual Income Deductions	
3555.152(c)	
Dependent Deduction: 3555.152(c)(1)	
<ul style="list-style-type: none"> • \$480 deduction per eligible dependent at the time of loan application • Applicants with shared custody may include their child(ren) 	
Documentation Source Options:	
<ul style="list-style-type: none"> • Certify to the household number on Form RD 3555-21 • List all household members and ages in Borrower Information page in GUS and Attachment 9-B, or the lender’s Uniform Transmittal Summary, (FNMA Form 1008/Freddie Mac Form 1077), or equivalent. 	
Child Care Expenses: 3555.152(c)(2)	
<ul style="list-style-type: none"> • Care for children age 12 and under • Care is necessary to enable a family member to work, seek employment, or attend school • Calculate anticipated child care expenses for the ensuing 12 months • Applicants that have not placed their child into care or have no evidence to support payments, deposits, or registration fees are ineligible for this deduction 	
Documentation Source Options:	
<ul style="list-style-type: none"> • Utilize income tax returns, receipts, or third- party verifications provided by a licensed childcare facility or provider on letterhead that 1. Identifies the child enrolled, 2. Date of enrollment, 3. Payment due, and 4. Payment history • Relatives or non-licensed private individuals who provide care must also provide evidence of payments made (i.e. canceled checks, money order receipts, bank statements, etc.) • Child support payments and school tuition (K – 8) are not eligible deductions • Attachment 9-G is an available option to document childcare expenses, but may not be used alone when additional documentation is required per this section to verify payment (i.e. relatives and private individuals) • Calculations must be included on the Income Calculation Worksheet 	
Disability Expenses: 3555.152(c)(3)	
<ul style="list-style-type: none"> • Deduction for eligible expenses that exceed three percent of the annual income • Eligible expenses: 1. allow the disabled individual or another household member to work, 2. are non-reimbursable by insurance or other sources, and 3. do not exceed the income earned by the person who is working due to the care provided • Examples include but are not limited to daily living assistance, wheelchairs, ramps, adaption needs, workplace equipment, etc. • Utilize documentation to estimate anticipated annual expenses 	
Documentation Source Options:	
<ul style="list-style-type: none"> • Third party verifications for caregivers/agencies for the dates, costs, and fees • Receipts, itemized income tax returns, and other evidence to support the deductions • Calculations must be included on the Income Calculation Worksheet 	

Adjusted Annual Income Deductions	
3555.152(c)	
Elderly Household Deduction: 3555.152(c)(4)	
<ul style="list-style-type: none">• Applicant or Co-Applicant is age 62 or older• One \$400 deduction allowed	
Documentation Source Options:	
<ul style="list-style-type: none">• Certify to date of birth on Form RD 3555-21 and the loan application	
Medical Expenses: 3555.152(c)(5) (Elderly and Disabled Households Only)	
<ul style="list-style-type: none">• Deduction for eligible expenses that exceed 3 percent of the annual income for entire family• Definition of elderly family is in 3555.10• Utilize documentation to estimate anticipated annual expenses	
Documentation Source Options:	
<ul style="list-style-type: none">• Itemized tax return documents• Receipts for insurance premiums, prescriptions, dental and eye exams, eyeglasses, medical/health products or apparatus, hearing aids, visiting or live in care providers• Calculations must be included on Attachment 9-B, or the Uniform Transmittal Summary, (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.	

Assets and Reserves
3555.152(d)
Funds to close will be subtracted from the assets entered on “Assets and Liabilities”, “Other Credits” on the “Lender Loan Information” and “Gifts or Grants You Have Been Given or Will Receive for This Loan” on the “Loan and Property Information” GUS application pages. Remaining funds eligible as reserves must be available to the applicant post loan closing. Lenders must use caution and not overstate assets utilized for reserves. USDA does not require evidence from all parties to access joint or business accounts unless access to the funds are restricted without it.
Bridge Loan
<p>Documentation:</p> <ul style="list-style-type: none"> • Evidence of the loan proceeds, where they are held (depository account, etc.), and balance remaining • Confirm corresponding liability for this debt is included in the total debt ratio if applicable <p>Reserves: Eligible Funds to Close: Eligible</p>
Business Accounts
<p>Documentation:</p> <ul style="list-style-type: none"> • Two months of recent bank statements, <u>or</u> • Verification of Deposit (VOD) and a recent bank statement, <u>or</u> • Alternate evidence (example: statement print outs stamped by lender) to support account activity and monthly balances <p>Reserves: Eligible</p> <ul style="list-style-type: none"> • Lenders must use the lesser of the current balance or previous months ending balance <p>Funds to Close: Eligible</p> <p><u>GUS:</u> Enter as Asset Type “Other” and specify as either “Liquid” or “Non-Liquid.”</p>
Cash on Hand
<p>Documentation:</p> <ul style="list-style-type: none"> • Applicant must supply a letter of explanation to state how the funds were accumulated (how much weekly/monthly/etc.) • Lender must determine reasonableness of accumulation based on income stream, spending habits, etc. <p>Reserves: Ineligible Funds to Close: Eligible</p>
Certificate of Deposit (CD)
<p>Documentation:</p> <ul style="list-style-type: none"> • Recent account statement (monthly, quarterly, etc.) to evidence the account balance and early withdraw penalty if applicable <p>Reserves: Eligible</p> <ul style="list-style-type: none"> • Lenders may use the current vested balance, minus applicable fees/penalties <p>Funds to Close: Eligible</p>

Assets and Reserves	
Depository Accounts: Checking, Money Market Accounts, and Savings	
<p>Documentation:</p> <ul style="list-style-type: none"> • Two months of recent bank statements, or • Verification of Deposit (VOD) and a recent bank statement, or • Alternate evidence (example: statement print outs stamped by lender) to support account activity and monthly balances. • Investigate all deposits on the account statements that are not attributed to wages or earnings. Confirm deposits are not from undisclosed income sources. There is no tolerance or percentage of the deposit amount that is not required to be investigated. <p>Reserves: Eligible</p> <ul style="list-style-type: none"> • Lenders must use the lesser of the current balance or previous month’s ending balance <p>Funds to Close: Eligible</p>	
Earnest Money	
<p>Documentation:</p> <ul style="list-style-type: none"> • Retain a copy of the check, money order receipt, etc. that was remitted for the earnest money. <p>Reserves: Eligible</p> <ul style="list-style-type: none"> • Earnest money that has cleared an applicant’s depository account may be entered under “Other Credits” section of the “Lender Loan Information” GUS application page. The amount of earnest money should not be reflected in the balance of any asset entered on the “Assets and Liabilities” application page. <p>Funds to Close: Eligible</p>	
Gift of Equity, Sweat Equity, or Rent Credits	
<p>Documentation:</p> <ul style="list-style-type: none"> • These gifts or credits must be applied as a reduction to the purchase price of the dwelling • Ensure the appraiser is aware of the gift and/or credit. This will allow them to properly complete the appraisal report, note the reduction, and support the appraised value compared to purchase price if applicable. • The borrower may not receive cash back at loan closing for these gifts and/or credits. <p>Reserves: Ineligible</p> <p>Funds to Close: Ineligible</p>	

Assets and Reserves
<p>Gift Funds</p>
<p>Documentation:</p> <ul style="list-style-type: none"> • Gift funds are considered the applicant’s own funds therefore they are eligible to be returned to the applicant at loan closing as applicable • Gift funds may not be contributed from any source that has an interest in the sale of the property (seller, builder, real estate agent, etc.) • Gift funds must be properly sourced: <ul style="list-style-type: none"> ○ If the funds have been deposited to the borrower’s account, obtain a gift letter to state the funds do not have to be repaid <u>and</u> bank statement as evidence of funds from the donor’s account. Cash on hand is not an acceptable explanation for the source of funds. ○ If the funds have not been deposited in the borrower’s account, obtain a gift letter to state the funds do not have to be repaid, a certified check, money order, or wire transfer and a bank statement showing the withdrawal from the donor’s account. ○ If the gift funds will be sent directly to the settlement agent, the lender must obtain a gift letter to state the funds do not need to be repaid and verify the funds have been received by the settlement agent by the donor. • Gift funds should be entered in the “Gifts or Grants You Have Been Given or Will Receive for This Loan” section of the “Loan and Property Information” GUS application page, as well as included in an Asset account on the “Assets and Liabilities” page. If cash back is received at loan closing, it cannot exceed monies advanced by the borrower minus utilized gift funds. <p>Reserves: Ineligible Funds to Close: Eligible</p>
<p>Individual Development Account (IDA)</p>
<p>Documentation:</p> <ul style="list-style-type: none"> • Two months of account statements, or • Verification of Deposit (VOD) or • Alternate evidence provided by the account trustee/management to support account activity and monthly balances • Verification must document the vested/amount available for withdrawal without penalty or reimbursement <p>Reserves: Eligible</p> <ul style="list-style-type: none"> • Lenders must use the lesser of the current vested balance or the previous months ending vested balance <p>Funds to Close: Eligible</p>
<p>Life Insurance</p>
<p>Documentation:</p> <ul style="list-style-type: none"> • Document the applicant’s receipt of funds from the policy • Verify where the proceeds are held and available to the applicant • Confirm corresponding liability for this debt in the total debt ratio if applicable <p>Reserves: Eligible Funds to Close: Eligible</p>

Assets and Reserves
Personal Property Sold
<p>Documentation:</p> <ul style="list-style-type: none"> • Document the applicant’s ownership of the asset • Evidence of the transfer of ownership of the asset through a bill of sale or statement from the purchaser • Receipt of sales proceeds through deposit slips, bank statements, or a copy of the purchasing party’s canceled check, money order, or electronic funds transfer <p>Reserves: Eligible Funds to Close: Eligible</p>
Retirement: 401k, IRA, etc.
<p>Documentation:</p> <ul style="list-style-type: none"> • Recent account statement (monthly, quarterly, etc.) to evidence the account balance, vested balance available for withdraw, and early withdraw penalty if applicable <p>Reserves: Eligible</p> <ul style="list-style-type: none"> • 60 percent of the vested amount available to the applicant may be used as reserves <p>Funds to Close: Eligible</p>
Sales Proceeds: Real Estate Owned
<p>Documentation:</p> <ul style="list-style-type: none"> • Closing disclosure or acceptable alternative • Verify where the proceeds are held and available to the applicant <p>Reserves: Eligible</p> <ul style="list-style-type: none"> • Reserves will be calculated based on the data entered in the “Assets and Liabilities” and “Real Estate” application pages in GUS. Lenders must confirm the GUS calculation, their override data entry, or other asset data entry for this purpose has supporting documentation. • Net equity/sales proceeds manually entered on a loan application must have supporting documentation <p>Funds to Close: Eligible</p>
Secured Loan from Personal Asset
<p>Documentation:</p> <ul style="list-style-type: none"> • Document the amount of the secured loan proceeds and the source (example: Certificate of Deposit, stocks, etc.) • Confirm corresponding liability for this debt is included in the total debt ratio if applicable <p>Reserves: Eligible Funds to Close: Eligible</p>
Stocks, Stock Options, Bonds, Mutual Funds, and Investments
<p>Documentation:</p> <ul style="list-style-type: none"> • Recent account statement (monthly, quarterly, etc.) to evidence the account balance, vested balance available for withdraw, and early withdraw penalty if applicable <p>Reserves: Eligible Funds to Close: Eligible</p>

Assets and Reserves	
Trust Accounts	
Documentation:	
<ul style="list-style-type: none"> • Verify applicant has access to the funds, amounts, circumstances, requirement to repay withdrawal, etc. • Recent account/trust statement (monthly, quarterly, etc.) to evidence the account balance 	
Reserves: Eligible	
Funds to Close: Eligible	
Unsecured Loan: Borrowed Funds	
Documentation:	
<ul style="list-style-type: none"> • Document the amount of the loan proceeds and the source (example: signature loan, line of credit, credit card advance/loan, overdraft protection, etc.) • Confirm corresponding liability for this debt is included in the total debt ratio if applicable 	
Reserves: Ineligible	
Funds to Close: Ineligible	
ASSET CHANGES AFTER CONDITIONAL COMMITMENT ISSUANCE	
<p>Assets verified prior to loan closing that are less than the amounts entered into GUS or on the loan application may retain the issued Conditional Commitment (Form RD 3555-18/18E) when one the following are met:</p> <ol style="list-style-type: none"> 1. The application was approved with zero months of cash reserves, or 2. The application will continue to have a minimum of four months of cash reserves. 	