Essex County Habitat for Humanity®

YOU MAY BE ELIGIBLE FOR A HABITAT HOME

Are you seeking the strength, stability and self-reliance of homeownership but finding it out of reach?

- You are unable to qualify for conventional mortgage financing for a market rate home and
- You have a household income under 60% of the Area Median Income adjusted for family size and
- You are a first-time home buyer and
- Your assets are below $75,000

Are you willing to partner with Habitat?

- You are willing to complete the required "sweat equity" on your home and other Habitat projects (360 hours for a two-adult household or 240 hours for a one adult household)
- A typical home takes 12 to 18 months to complete

Are you able to pay an affordable mortgage?

- You are able to make monthly housing payments of approximately $1900 to $2,100 and
- You have an annual household income of at least $68,560?
- You are not overly burdened with debt and have “good enough” credit (640 minimum credit score)

Are you in critical need of affordable housing?

- Your current living situation is poorly built, damaged, unaffordable, unsafe or overcrowded

SELF-ASSESSMENT OF INCOME ELIGIBILITY

1. Income: Total current annual household gross income. This includes all wages, child support, social security, disability, and retirement payments for all household members over the age of 18. Gross income means before deductions for taxes and insurance.
Enter your gross income $: _____

2. Household: Enter total number of people in your household: _____

3. Area Medium Income: Compare your household size and income range, to the appropriate area median income table.

4. Credit report: Request a free credit report from *annualcreditreport.com* or by calling 877-322-8228. Input the date you acquire & read your credit report:

_____

Effective May, 2026 **Adjusted Annually by HUD**

Household Size	Minimum Income Required	Maximum Income Allowed (60% Area Median Income)
3	$68,560	$92,580
4	$68,560	$102,840
5	$74,080	$111,120
6	$79,560	$119,340

The above table shows the minimum and maximum gross, current and anticipated annual income your household may earn, and be eligible for consideration for a home in our program.

EQUAL HOUSING OPPORTUNITY

Essex County Habitat for Humanity does not discriminate in the selection of applicants. Essex County Habitat for Humanity is a not-for profit organization and we do business in accordance with Federal and Massachusetts Fair Lending Laws.

WHAT YOU SHOULD KNOW ABOUT BUILDING A HOME WITH HABITAT FOR HUMANITY

Sweat Equity and Unique Habitat for Humanity Partnership Requirements:

- You will be building your own home alongside community volunteers!
- Construction typically takes 12-18 months from the date of wall raising. During this period, you will typically be dedicating at least one day per week to building your home.
- You will also need to attend pre-purchase education courses.
- The sweat equity requirement is 240 hours per adult in your household, with a maximum of 360 hours.
- Friends and other family members of the home buyer may contribute some sweat equity hours.
- Your sweat equity requirement must be completed before you can purchase your home.

Affordability:

- To keep our homes affordable, we rely on cash donations, grants, land donations, volunteerism, and gifts of materials and professional services.
- Purchasers will need to qualify for an affordable mortgage for these Habitat homes, and purchase from a third party lender.
- Habitat homes are deed restricted to continue as affordable homes in perpetuity.
- We will inform you before closing of any additional funding restrictions or liens.

Application Review Process:

- ***Complete applications will be reviewed and accepted on a first-come, first-served basis.*** The first complete application that meets financial eligibility will be accepted as a Future Habitat Homebuyer pending a family interview.

- You will then be contacted to schedule the family interview appointment. Two Habitat volunteers will visit your family in your home to talk with you, to answer questions and to review your application with you.

- After your interview, there will be a final review of your application. If qualified, you will be asked to sign the Future Habitat Homebuyers agreement.

- If your application is rejected at any step in the above process, you will be notified in writing.

Construction of Your Home:

- Habitat does not build custom homes. Essex County Habitat for Humanity will be the general contractor and make all construction decisions.
- A combination of volunteer labor and paid labor will go into the construction of your home.
- Because we cannot accurately project an occupancy date, we urge applicants to maintain the best housing circumstances possible until their new home is ready.

More About Habitat for Humanity:

- Essex County Habitat for Humanity is a non-profit organization building strength, stability and self-reliance for families with low incomes in Essex County Massachusetts.
- Homes are built in partnership with families who have a need for decent, affordable housing and do not have the financial means to build or purchase a market rate home through conventional financing.

Homeownership Costs:
If you purchase a home from Habitat you will become a homeowner and will be responsible for all home maintenance costs, taxes, insurance and other liabilities. Homeownership costs typically include things like:

1. **A monthly mortgage loan payment**
2. **Property taxes**
3. **Homeowners Insurance**
4. **Condominium fees (if applicable)**

Primary housing costs not to exceed 30% of household gross income at time of purchase

5. Water and sewer bills
6. Electricity (for heat, cooling, lights and all other appliances and plug loads)
7. Phone, cable, internet if desired
8. Maintenance of the home
9. Snow removal and landscaping

Essex County Habitat for Humanity commits, if you partner in our program, to sell you a home where your primary housing costs (mortgage, taxes, insurance and condo fees) do not exceed 30% of your gross income at the time you buy your house. Depending on your income, your housing costs at time of purchase may be $1900 to $2,100 a month.

Your expenses can change over time and there is no ongoing subsidy to keep your primary housing costs below 30% of your income.

Carefully consider the extra obligations of homeownership to make repairs and pay for additional bills like water and sewer that are typically included in rent.

Down payment and closing costs:
You will need to have a 3% down payment and approximately $5000 in closing costs at the time of closing. In addition, you will be required to shop and pre-pay for a year of homeowner's insurance before closing (typically $750 to $1,500/ year).

INFORMATION SESSIONS

To learn more about the process and applying, all applicants are strongly encouraged to watch the pre-recorded applicant information meeting/workshop here:

https://www.youtube.com/watch?v=gH88dnot2jM

APPLICATION CHECKLIST

Information Sessions

- I have watched the information session recording online on this date: _____ or watched a recording online.
- I have not attended a session and need to make alternate arrangements. Please call me.

Complete an Application

- I have completed the application.

Attach Required Documents to Your Application*

Submit all of the following documents that pertain to your situation with your completed application for homeownership. Please do not submit original documents, only copies.

- Copies of your three (3) most recent signed Federal income tax returns, all pages and schedules
- Copies of W-2 forms, 1098, 1099 or other source documentation for the most recent two (2) tax years
- Copies of paystubs covering the most recent six (6) consecutive weeks for all adult household members (18 or older) who are working or a statement confirming no income
- Written proof of any other sources of income: child support, alimony, Social Security, disability payments etc.
- If you receive child support or alimony/palimony, please include a copy of the fully executed (court stamped) court order or the separation agreement and divorce decree
- Copies of your last three (3) bank statements on bank letterhead including savings and checking accounts
- Documentation of all assets over $1,000 in value – cars, land, businesses, investment accounts, collectibles, etc.

I am submitting my application and all required documents for your consideration. I attest that these documents are true and complete.

Name: _____ Signature: _____

**Please note additional documents may be requested by the application reviewer as needed to verify credit and income. If selected, applicants will need to provide proof of identity and may need to provide proof of citizenship or permanent residency for at least one household member if required by the mortgage lender.*

HOW TO APPLY

Applications will be reviewed and accepted on a first-come, first-served basis.

Applications are available at:

- Habitat's website at https://www.essexcountyhabitat.org/application/
- The Haverhill City Hall, 4 Summer Street, Haverhill, MA 01830
- Haverhill Public Library, 99 Main Street, Haverhill, MA 01830

How to submit your documents

There are several options to submit your application on time:

Mail your paper application with copies of required documents to be received by 12:00PM on **Thursday, December 10, 2026. Applications will be reviewed and accepted on a first-come, first-served basis.** *We urge you to submit yours immediately.* Please note that this is NOT a postmark deadline and late applications will not be considered. Mail to:

Essex County Habitat for Humanity
14 Park Street
Danvers, MA 01923
Attn: Carol

Drop off your paper application with copies of required documents to our office at 14 Park Street in Danvers between the hours of 9:00am and 1:00pm, Monday through Friday. We're in the blue-grey house - just knock on the front door!

Submit digitally. Complete he fillable PDF application and gather your supporting documents as digital files (you may need to scan or photograph them – being sure they are legible).
Then go to: https://www.essexcountyhabitat.org/application/ and click the link to our secure Box account to upload all of your document. Your documents will be encrypted in transfer and in rest.

Please do not email account numbers, social security numbers or other personal information directly to us.

Application Deadline

Applications will be reviewed and accepted on a first-come, first-served basis. Deadline

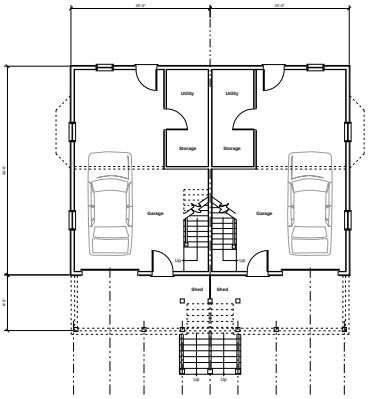
for applications is **Thursday, December 10, 2026,** but we urge you to submit yours

immediately**.**

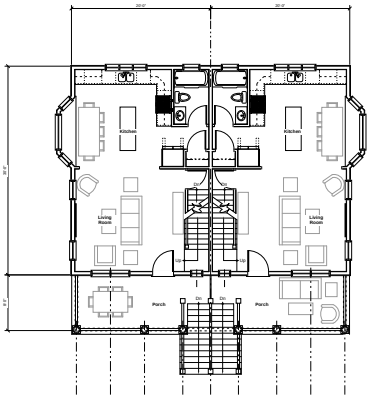
Essex County Habitat for Humanity®

Attachment D
Haverhill Project Overview

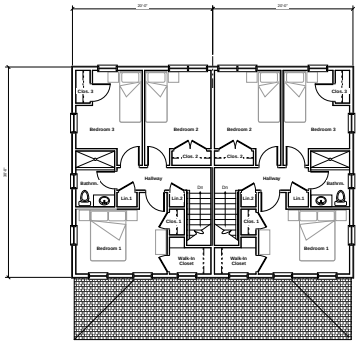




basement/garage



first floor



second floor

41 Curtis Street, Haverhill

Essex County Habitat for Humanity is building a two-home duplex at the end of Curtis Street in the City of Haverhill.

This application is for the left hand unit in the duplex which has three (3) bedrooms, two (2) full bathrooms, a one (1) car garage, and a front porch. It also includes a refrigerator, stove, washer & dryer hook up, and driveway parking for one additional car. There will be a Homeowners Association (HOA) fee that will cover master insurance and common expenses. This HOA will be set up at closing and will be managed by the homeowners.

Haverhill is a small city located on the Merrimack River and is approximately 35 miles north of Boston on the New Hampshire border. The city is served by the MBTA with a Commuter Rail Station minutes from the property as well as the MVRTA bus service. The downtown restaurants and shops are only a 10 minute walk away.

This home is a wonderful opportunity for those who will enjoy the benefits of small city living in an affordable home.

Essex County Habitat for Humanity
14 Park Street, Danvers MA 01923
(978) 681-8858
essexcountyhabitat.org for more info

In accordance with the Equal Credit Opportunity Act and the Fair Housing Act, Essex County Habitat for Humanity does not discriminate with regards to race, color, religion, national origin, sex, handicap, family status, marital status, receipt of public assistant income or age (provided that the applicant has the capacity to enter into a binding contract).

EQUAL HOUSING OPPORTUNITY

*All amounts listed above are subject to change.

Essex County Habitat for Humanity
14 Park Street
Danvers, MA 01923
978-681-8858

Application

Habitat Homeownership Program

Dear Applicant: Please complete this application to determine if you qualify for the Habitat for Humanity homeownership program. Please fill out the application as completely and accurately as possible. All information you include on this application will be kept confidential in accordance with the Gramm-Leach-Bliley Act.

1. APPLICANT INFORMATION

Applicant	Co-applicant
Applicant's Name & Email	**Co-applicant's Name & Email**
Social Security number _____ Home phone _____ Age _____ ☐ Married ☐ Separated ☐ Unmarried (Incl. single, divorced, widowed)	Social Security number _____ Home phone _____ Age _____ ☐ Married ☐ Separated ☐ Unmarried (Incl. single, divorced, widowed)
Dependents and others who will live with you (not listed by co-applicant) Name Age Male Female _____ ____ ☐ ☐ _____ ____ ☐ ☐ _____ ____ ☐ ☐ _____ ____ ☐ ☐ _____ ____ ☐ ☐	**Dependents** and others who will live with you (not listed by co-applicant) Name Age Male Female _____ ____ ☐ ☐ _____ ____ ☐ ☐ _____ ____ ☐ ☐ _____ ____ ☐ ☐ _____ ____ ☐ ☐
Present address (street, city, state, ZIP code) ☐ Own ☐ Rent _____ _____ Number of years _____	Present address (street, city, state, ZIP code) ☐ Own ☐ Rent _____ _____ Number of years _____
If you have lived at your present address for less than two years, complete the following:	
Last address (street, city, state, ZIP code) ☐ Own ☐ Rent _____ _____ Number of years _____	Present address (street, city, state, ZIP code) ☐ Own ☐ Rent _____ _____ Number of years _____

2. FOR OFFICE USE ONLY — DO NOT WRITE IN THIS SPACE

Date received: _____	Date of selection committee approval: _____
Date of notice of incomplete application letter: _____	Date of board approval: _____
Date of adverse action letter: _____	Date of partnership agreement: _____

3. WILLINGNESS TO PARTNER

To be considered for Habitat homeownership, you and your family must be willing to complete a certain number of "sweat-equity" hours. Your help in building your home and the homes of others is called "sweat equity" and may include clearing the lot, painting, helping with construction, working in the Habitat office, attending homeownership classes or other approved activities.

I AM WILLING TO COMPLETE THE REQUIRED SWEAT-EQUITY HOURS:

	Yes	No
Applicant	☐	☐
Co-applicant	☐	☐

4. PRESENT HOUSING CONDITIONS

Number of bedrooms (please circle) ◯ ◯ ◯ ◯ ◯

Other rooms in the place where you are currently living:

☐ Kitchen ☐ Bathroom ☐ Living room ☐ Dining room

☐ Other (please describe) _____

_____

_____

If you rent your residence, what is your monthly rent payment? $_____/month
(Please supply a copy of your lease or a copy of a money order receipt or canceled rent check.)

Name, address and phone number of current landlord: _____

_____

_____

_____

In the space below, describe the condition of the house or apartment where you live. Why do you need a Habitat home?

_____

_____

_____

_____

_____

_____

_____

_____

5. PROPERTY INFORMATION

If you own your residence, what is your monthly mortgage payment? $_____/month Unpaid balance $_____

Do you own land? ☐ No ☐ Yes Monthly payment $_____ Unpaid balance $_____

If you wish your property to be considered for building your Habitat home, please attach land documentation.

6. EMPLOYMENT INFORMATION			
Applicant		**Co-applicant**	
Name and address of **CURRENT** employer	Years on this job	Name and address of **CURRENT** employer	Years on this job
	Monthly (gross) wages $		Monthly (gross) wages $
Type of business	Business phone	Type of business	Business phone
If working at current job less than one year, complete the following information			
Name and address of **LAST** employer	Years on this job	Name and address of **LAST** employer	Years on this job
	Monthly (gross) wages $		Monthly (gross) wages $
Type of business	Business phone	Type of business	Business phone

7. MONTHLY INCOME				
Income source	**Applicant**	**Co-applicant**	**Others in household**	**Total**
Wages	$	$	$	$
TANF	$	$	$	$
Alimony	$	$	$	$
Child support	$	$	$	$
Social Security	$	$	$	$
SSI	$	$	$	$
Disability	$	$	$	$
Section 8 housing	$	$	$	$
Other: _____	$	$	$	$
Other: _____	$	$	$	$
Other: _____	$	$	$	$
Total	**$**	**$**	**$**	**$**

PLEASE NOTE: Self-employed applicants may be required to provide additional documentation such as tax returns and financial statements.

HOUSEHOLD MEMBERS WHOSE INCOME IS LISTED ABOVE			
Name	Income source	Monthly income	Date of birth

8. SOURCE OF DOWN PAYMENT AND CLOSING COSTS

Where will you get the money to make the down payment or pay for closing costs (for example, savings or parents)? If you borrow the money, whom will you borrow it from, and how will you pay it back?

9. ASSETS

Name of bank, savings and loan, credit union, etc.	Address	City, state	ZIP	Account number	Current balance
					$
					$
					$
					$
					$
					$
					$
					$
					$

10. DEBT

	TO WHOM DO YOU AND THE CO-APPLICANT(S) OWE MONEY?					
	APPLICANT			CO-APPLICANT		
Account	Monthly payment	Unpaid balance	Months left to pay	Monthly payment	Unpaid balance	Months left to pay
Other motor vehicle	$	$		$	$	
Boat	$	$		$	$	
Furniture, appliance, TVs (includes rent-to-own)	$	$		$	$	
Alimony	$	$		$	$	
Child support	$	$		$	$	
Credit card	$	$		$	$	
Credit card	$	$		$	$	
Credit card	$	$		$	$	
Total medical	$	$		$	$	
Other	$	$		$	$	
Other	$	$		$	$	
Total	$	$		$	$	

MONTHLY EXPENSES			
Account	**Applicant**	**Co-applicant**	**Total**
Rent	$	$	$
Utilities	$	$	$
Insurance	$	$	$
Child care	$	$	$
Internet service	$	$	$
Cell phone	$	$	$
Land line	$	$	$
Business expeses	$	$	$
Union dues	$	$	$
Other	$	$	$
Other	$	$	$
Other	$	$	$
Total	$	$	$

11. DECLARATIONS		
Please check the box beside the word that best answers the following questions for you and the co-applicant		
	Applicant	**Co-applicant**
a. Do you have any outstanding judgments because of a court decision against you?	☐ Yes ☐ No	☐ Yes ☐ No
b. Have you been declared bankrupt within the past seven years?	☐ Yes ☐ No	☐ Yes ☐ No
c. Have you had property foreclosed on or deed in lieu of foreclosure in the past seven years?	☐ Yes ☐ No	☐ Yes ☐ No
d. Are you currently involved in a lawsuit?	☐ Yes ☐ No	☐ Yes ☐ No
e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?	☐ Yes ☐ No	☐ Yes ☐ No
f. Are you currently delinquent or in default on any federal debt or any other loan, mortgage financial obligation or loan guarantee?	☐ Yes ☐ No	☐ Yes ☐ No
g. Are you paying alimony or child support or separate maintenance?	☐ Yes ☐ No	☐ Yes ☐ No
h. Are you a co-signer or endorser on any loan?	☐ Yes ☐ No	☐ Yes ☐ No
i. Are you a U.S. citizen or permanent resident?	☐ Yes ☐ No	☐ Yes ☐ No
If you answered “yes” to any question a through h, or "no" to question i, please explain on a separate piece of paper.		

12. AUTHORIZATION AND RELEASE

I understand that by filing this application, I am authorizing Habitat for Humanity to evaluate my actual need for the Habitat homeownership program, my ability to repay an affordable loan and other expenses of homeownership, and my willingness to be a partner through sweat equity.

I understand that the evaluation will include personal visits, a credit check and employment verification. I have answered all the questions on this application truthfully. I understand that if I have not answered the questions truthfully, my application may be denied, and that even if I have already been selected to receive a Habitat home, I may be disqualified from the program and forfeit any rights or claims to a Habitat home. The original or a copy of this application will be retained by Habitat for Humanity even if the application is not approved.

I also understand that Habitat for Humanity screens all applicants on the sex offender registry. By completing this application, I am submitting myself to such an inquiry. I further understand that by completing this application, I am submitting myself to a criminal background check.

Applicant signature	Date	Co-applicant signature	Date
X _____	_____	X _____	_____

PLEASE NOTE: If more space is needed to complete any part of this application, please use a separate sheet of paper and attach it to this application. Please mark your additional comments with “A” for applicant or “C” for co-applicant.

13. RIGHT TO RECEIVE COPY OF APPRAISAL

This is to notify you that we may order an appraisal in connection with your loan and we may charge you for this appraisal. Upon completion of the appraisal, we will promptly provide a copy to you, even if the loan does not close.

Applicant's name _____ Co-applicant's name _____

14. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

PLEASE READ THIS STATEMENT BEFORE COMPLETING THE BOX BELOW: We are requesting the following information to monitor our compliance with the federal Equal Credit Opportunity Act, which prohibits unlawful discrimination. You are not required to provide this information. We will not take this information (or your decision not to provide this information) into account in connection with your application or credit transaction. The law provides that a creditor may not discriminate based on this information, or based on whether or not you choose to provide it. If you choose not to provide the information, we may note it by visual observation or surname.

Applicant	Co-applicant
☐ I do not wish to furnish this information	☐ I do not wish to furnish this information
Race (applicant may select more than one racial designation): ☐ American Indian or Alaska Native ☐ Native Hawaiian or other Pacific Islander ☐ Black/African-American ☐ White ☐ Asian	**Race** (applicant may select more than one racial designation): ☐ American Indian or Alaska Native ☐ Native Hawaiian or other Pacific Islander ☐ Black/African-American ☐ White ☐ Asian
Ethnicity: ☐ Hispanic or Latino ☐ Non-Hispanic or Latino	**Ethnicity:** ☐ Hispanic or Latino ☐ Non-Hispanic or Latino
Sex: ☐ Female ☐ Male	**Sex:** ☐ Female ☐ Male
Birthdate: _____/_____/_____	**Birthdate:** _____/_____/_____
Marital status: ☐ Married ☐ Separated ☐ Unmarried (single, divorced, widowed)	**Marital status:** ☐ Married ☐ Separated ☐ Unmarried (single, divorced, widowed)

15. MARKETING INFORMATION

Please help us help more people by telling us where you heard about this homeownership opportunity:

To be completed only by the person conducting the interview	
This application was taken by: ☐ Face-to-face interview ☐ By mail ☐ By telephone	Interviewer's name (print or type)
	Interviewer's signature Date
	Interviewer's phone number

EQUAL CREDIT OPPORTUNITY ACT NOTICE

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that monitors compliance with this law concerning this company is the Federal Trade Commission, with offices at FTC Regional Office for the Northeast Region, 1 Bowling Greeen #318, New York, NY 10004 or Federal Trade Commission, Equal Credit Opportunity, Washington, DC 20580.

You need not disclose income from alimony, child support or separate maintenance payment if you choose not to do so. However, because we operate a Special Purpose Credit Program, we may request and require, in order to determine an applicant’s eligibility for the program and the affordable mortgage amount, information regarding the applicant’s marital status; alimony, child support and separate maintenance income; and the spouse’s financial resources.

Accordingly, if you receive income from these sources and do not provide this information with your application, your application will be considered incomplete, and we will be unable to invite you to participate in the Habitat program.

Applicant(s):

X _____ X _____

Print name: _____ Print name: _____

Date: _____ Date: _____

Exhibit 5-2: Assets

NOTE: There is no asset limitation for participation in HUD assisted-housing programs. However, the definition of annual income includes net income from family assets.

A. Net Family Assets include the following:

1. Cash held in savings and checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are considered assets.

2. Revocable trusts. Include the cash value of any revocable trust available to the family. See discussion of trusts in paragraph 5-7 G.1.

3. Equity in rental property or other capital investments. Include the current fair market value less (a) any unpaid balance on any loans secured by the property and (b) reasonable costs that would be incurred in selling the asset (e.g., penalties, broker fees, etc.).

   NOTE: If the person's main business is real estate, then count any income as business income under paragraph 5-6 G of the chapter. Do not count it both as an asset and business income.

4. Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts. Interest or dividends earned are counted as income from assets even when the earnings are reinvested. The value of stocks and other assets vary from one day to another. The value of the asset may go up or down the day before or after rent is calculated and multiple times during the year thereafter. The owner may assess the value of these assets at any time after the authorization for the release of information has been received. The tenant may request an interim recertification at any time thereafter that a decrease in stock value may result in a decrease in rent.

5. Individual retirement, 401K, and Keogh accounts. These are included when the holder has access to the funds, even though a penalty may be assessed. If the individual is making occasional withdrawals from the account, determine the amount of the asset by using the average balance for the previous six months. (Do not count withdrawals as income.)

Example – Withdrawals from a Keogh Account

Ly Pham has a Keogh account valued at $30,000. When she turns 70 years old, she begins drawing $2,000 a year. Continue to count the account as an asset. Use the guidance in paragraph 5-7 to determine the cash value and imputed income from the asset. Do not count the $2,000 she withdraws as income.

6. Retirement and pension funds.

a. While the person is employed. Include only amounts the family can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs. Follow paragraph 5-7 G.4 of the chapter on determining the value of assets.

b. At retirement, termination of employment, or withdrawal. Periodic receipts from pension and retirement funds are counted as income. Lump-sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income, as provided below.

(1) If benefits will be received in a lump sum, include the lump-sum receipt in net family assets.

(2) If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.

(3) If the individual initially receives a lump-sum benefit followed by periodic payments, count the lump-sum benefit as an asset as provided in the example below and treat the periodic payment as income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset.

NOTE: This paragraph and the example below assume that the lump-sum receipt is a one-time receipt and that it does not represent delayed periodic payments. However, in situations in which a lump-sum payment does represent delayed periodic payments, then the amount would be considered as income and not an asset.

Example – Retirement Benefits as Lump-Sum and Periodic Payments

Upon retirement, Eleanor Reilly received a lump-sum payment of $15,000. She will also receive periodic pension payments of $350 a month.

The lump-sum amount of $15,000 is generally treated as an asset. In this instance, however, Eleanor spent $5,000 of the lump sum on a trip following her retirement. The remaining $10,000 she placed in her mutual fund with other savings. The entire mutual fund will be counted as an asset.

The owner has verified that Eleanor is now not able to withdraw the balance from her pension. Therefore, the owner will count the $350 monthly pension payment as annual income and will not list the pension account as an asset.

7. Cash value of life insurance policies available to the individual before death (e.g., the surrender value of a whole life policy or a universal life policy). It would not include a value for term insurance, which has no cash value to the individual before death.

8. Personal property held as an investment. Include gems, jewelry, coin collections, or antique cars held as an investment. Personal jewelry is NOT considered an asset.

9. Lump-sum receipts or one-time receipts. (See paragraph 5-6 **P** for additional information on what is counted as a lump-sum receipt and how to treat lump-sum receipts.) These include inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.

10. A mortgage or deed of trust held by an applicant.

    a. Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset.

    b. This combined figure needs to be separated into the principal and interest portions of the payment. (This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.)

    c. To count the actual income for this asset, use the interest portion due, based on the amortization schedule, for the 12-month period following the certification.

    d. To count the imputed income for this asset, determine the asset value **as of the effective date of the certification**. Since this amount will continually be reduced by the principal portion paid during the previous year, the owner will have to determine this amount at each annual recertification. See the following example:

Example – Deed of Trust and Imputed Income

Computation of imputed income:
An elderly tenant sells her home and holds the mortgage for the buyer. The cash value of the mortgage is $60,000. The combined payment of principal and interest expected to be received for the upcoming year is $5,000. The amortization schedule breaks that payment into $2,000 in principal and $3,000 in interest. In completing the asset income calculation, the cash value of the asset is $60,000, and the projected annual income from that asset is $3,000. **The imputed income would be calculated by multiplying the cash value of $60,000 by the 2% imputed passbook rate.** Each subsequent year, the cash value of the asset should be reduced by the principal portion paid. In this example, it would be reduced to $58,000 in the following year ($60,000 – $2,000 principal payment = $58,000). **When calculating the imputed income for the following year, the owner would multiply the cash value of $58,000 by the 2% passbook savings rate.**

Regulatory References

(These references are current as of the date of publication. Readers should refer to the latest edition of the Code of Federal Regulations.)

24 CFR part 5.603 defines net family assets as follows:

Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and the equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded. . . . . In determining net family assets, owners shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or recertification, as applicable, in excess of the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

B. Net family assets **DO NOT** include the following:

IMPORTANT: The owner does not compute income from any assets in this paragraph.

1. Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).

2. Interests in Indian trust land.

3. Term life insurance policies (i.e., where there is no cash value).

4. Equity in the cooperative unit in which the family lives.

5. Assets that are part of an active business. "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's or tenant's main occupation.

Example – Assets that are Part of an Active Business

- Laura and Lester Hines own a copier and courier service. None of the equipment that they use in their business is counted as an asset (e.g., the copiers, the FAX machines, the bicycles).
- Alice Washington rents out the home that she and her husband lived in for 42 years. This home is not an active business asset. Therefore, it is considered an asset and the owner must determine the annual income that Alice receives from it.

6. Assets that are NOT effectively owned by the applicant. Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not a member of the family, and (b) that other person is responsible for income taxes incurred on income generated by the assets.

   NOTE: Nonrevocable trusts (i.e., irrevocable trusts) are not covered by this paragraph. See information on nonrevocable trusts in paragraph 5-7 G.1.

Example – Assets not Effectively Owned by the Applicant

Net family assets do not include assets held pursuant to a power of attorney because one party is not competent to manage the assets, or assets held in a joint account solely to facilitate access to assets in the event of an emergency.

Example: Alexander Cumbow and his daughter, Emily Bornscheuer, have a bank account with both names on the account. Emily's name is on that account for the convenience of her father in case an emergency arises that would result in Emily handling payments for her father. Emily has not contributed to this asset, does not receive interest income from it, nor does she pay taxes on the interest earned. Therefore, Emily does not own this account. If Emily applies for assisted housing, the owner should not count this account as her asset. This asset belongs to Alexander and would be counted entirely as the father's asset should he apply for assisted housing.

7. Assets that are not accessible to the applicant and provide no income to the applicant. Nonrevocable trusts are not covered under this paragraph. See information on nonrevocable trusts in paragraph 5-7 G.1.

Example

A battered spouse owns a house with her husband. Because of the domestic situation, she receives no income from the asset and cannot convert the asset to cash.

FHLBank Boston

Equity Builder Program-Housing Our Workforce-Affordable Housing Program Homeownership Assistance

Income Calculation Guidelines

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Classification: Public

I. Introduction:

The Federal Home Loan Bank of Boston (Bank) is using the following guidelines to verify household income and subsequently determine the eligibility of households participating in the Equity Builder Program (EBP), Housing Our Workforce (HOW) or the Affordable Housing Program (AHP) for homeownership initiatives.

There is a difference between the income thresholds for EBP and HOW. Total household income is determined by the total persons occupying the subject property. These guidelines are based on the U.S. Department of Housing and Urban Development (HUD) regulation 24 CFR 5.609. The Area Median Income (AMI) is derived from the subject property's state, city/town, and the persons in the family. AMI is not based on the Median Family Income.

Equity Builder Program: At or below 80% of the HUD AMI. https://www.huduser.gov/portal/datasets/il.html).

Housing Our Workforce: Greater than 80% and up to 120% of the HUD AMI. Available at https://www.huduser.gov/portal/datasets/il.html. *Effective 2020, please refer to the 50% HUD AMI limit multiplied by 2 and then multiplied by 1.2).*

The income guidelines and calculations are standard for both homeownership initiatives. Income calculations are reviewed and approved by the Bank. Households are determined to be income eligible based on the review of documents provided with the sole discretion of the Bank.

II. Income Calculation Methodology:

This income calculation methodology is applied to each submission to accurately and completely measure the household's **total gross income for the prospective 12 months** from the enrollment date (EBP/HOW) and/or move-in date or program qualification date (AHP), as they apply.

It is important to note that this may differ from your institution's or organization's policies and procedures or income calculations. Specifically, members will need to apply multiple underwriting techniques to appropriately calculate income eligibility for households.

If you have a question on any of the information, or on income not specified in any category below, please contact your Community Investment Manager, the Homeownership Set-Aside Programs Manager, or any member of the Housing and Community Investment staff.

III. Determining Household Composition:

A. Determination of Household Size for AHP, EBP, and HOW

A "household" is defined as:

a. All members of the household who intend to reside in the subject property must be accounted for regardless of relationship.
b. All children (even if temporarily absent) are to be included, i.e. college students.
c. Children who reside with parents due to joint custody, may be included in the household count.
d. Unborn children are counted as members of the household for purposes of calculating household income.

e. Co-signers/borrowers to mortgage/credit underwriting on the purchase transaction/lease agreement are not considered part of the household if they are not living in the residence and can be substantiated.
f. Foster children are **not** included in the total household composition in accordance with HUD guidelines under 4350.3 REV-1 Section 1.

NOTE:
Employees of a Member:
Are eligible to receive an EBP/HOW grant:

a. The member should provide paystubs for income documentation.
b. If a Verification of Employment (VOE) – FNMA Form 1005 is provided, additional review is required, and paystubs should be requested to support.
c. The member is required to provide a letter, signed, dated, and on company letterhead, indicating that the employee (household member) has had no influence or participation in the enrollment process and EBP/HOW. The reviewer should note if a household member is part of the member's lending team.

IV. Determining and Disclosing Income:

1. All adults in the household must disclose income received.
2. Adults refer to household members ages 18 and older.
3. Indicate and verify if a household member is a dependent adult full-time student.
4. For a full-time working student of the household (18 years and older, excluding head of household and spouse), a maximum of $480 annual wage income will be included. **NOTE:** additional documents to support full-time status as a student will be required. For example: current class enrollment transcript or letter from the registrar's office verifying the full-time student status.
5. If an adult residing in the household receives no income from any identifiable source, they will be required to provide an executed "Certification of Zero Income" statement.

General Instructions for EBP/HOW:

1. EBP/HOW Disclosure must be completed, executed, and provided at the time of enrollment by the member.
2. Tax returns will NOT be required for W2 wage earners. However, tax returns will be required for self-employment, unemployment compensation, capital gains, interest, or dividend income. If applicable, business returns will be required for self-employed household members to determine percentage of ownership.
    - The member should review income sources for the current year and compare them against prior year's income documentation (i.e. IRS Income Federal Tax Return) for EBP/HOW enrollments. If there has been a significant change in income, the member must verify and provide letter of explanation. Further documentation may be required.

    - If there is any change in current household make up, the homebuyer/household and/or member should provide a letter of explanation. Further documentation may be required.

3. Prospective refers to the annual time beginning on the date the member submits the enrollment.
4. The online income calculator in the EBP/HOW system must be used.
5. If more than 90 days has elapsed since enrollment, the Bank reserves the right to request more current income documentation prior to disbursement.

General Instructions for AHP (Homeownership Initiatives):

1. The sponsor should execute a disclosure statement with the household which provides that the sponsor is authorized to share income information with the member and FHLBank Boston for determining eligibility to participate in the AHP.
2. A summary income-calculation coversheet must be used for each household when submitting income documents for review.
    - This should include the move-in or date of qualification, unit number, the number of adults, the number of children, the sources of income, and the calculation used to determine prospective annual income.
    - A summary income-calculation coversheet provided to another funder will, generally, be acceptable, at the sole discretion of the Bank.
3. If applicable, include the most recent year federal tax return or IRS tax transcripts, when available, for each adult member of the household
    - Tax returns will NOT be required for W2 wage earners. However, tax returns will be required for self-employment, unemployment compensation, capital gains, interest, or dividend income. If applicable, business returns will be required for self-employed household members to determine percentage of ownership.
    - Income sources for the current year should be compared against prior year's income documentation (i.e. IRS Income Federal Tax Return).
4. Section 8 housing voucher certifications, public housing authority certifications and/or referrals, or other similar documentation are insufficient as the sole documentation of income.
5. Sponsors, developers, and/or project owners are required to maintain the third-party income documentation for each tenant at the time of move-in (rental) or at the time of homebuyer qualification (homeownership) for review by members and the Bank at any time during development and the affordability retention period.
6. The Bank acknowledges that a sponsor/owner may be using other income calculation methodologies for other funders. The Bank reserves the right, in its sole discretion, to review and determine which methodology is appropriate and reasonable to calculate income eligibility for the AHP.
7. The Bank reserves the right to request additional documentation, as needed, to confirm eligibility.

V. Income Sources, Calculations, and Documentation Requirements General Instructions:

1. Income received by any/all adult members of the household (18 years or older) must be included, regardless of who is listed on the mortgage application, mortgage/note, or lease agreement.

2. If a household member has a job(s), earning a wage through a W2, whether the job is permanent or temporary, full-time/part-time or seasonal, documentation must be provided either in the form of paystubs or a verification of employment from the employer.

3. All income earned outside of employment must be reported, verified, and documented for all adult members of the household.

Please note: Based on the available data and depending on the type of income, the Bank reserves the right to determine which approach is the most reasonable to calculate the prospective total annual household income.

Explanations of any unusual income or calculation should be included in a separate document and submitted with the income documentation.

Wage Earners:

Paychecks:

Acceptable Third-Party Documentation:

a. Multiple paycheck(s) ***reflecting four consecutive weeks*** dated within 45 days of enrollment for EBP/HOW or move-in/qualification for AHP are acceptable (examples: weekly pay requires 4 paystubs and bi-weekly pay requires 2 paystubs).
b. The borrower's name and address, pay-cycle and check dates, along with the employer name, must be clearly identified on the paystub.
c. All documentation provided will be reviewed to determine consistency in earnings and YTD pay levels.

Income Review:

a. Gross earnings: Full unadjusted year-to-date gross income, i.e., before any payroll deductions from the most recent paystub, will be used to annualize the household member's portion of the total household income, incorporating all overtime pay, commissions, fees, tips and bonuses, and other compensation. Net income will not be used.
b. When paystubs are provided, the YTD gross earnings must be reflected to determine annualized earnings.
c. If the employee has received a recent raise and the paystub supports a higher hourly income, additional review will be required.
d. When a household member experiences a change in employment that occurs after January 1 of the current year, the employer **must** verify the date of hire.
    - A signed and dated verbal verification for (i.e. FreddieMac form 90) is required.

Calculation Applied:

Verified income will be converted to annual amounts by the online income calculation system for EBP/HOW, or manually, or using an Excel spreadsheet for AHP using the following calculations.

Please note: There will be instances when the online calculation system cannot detect variances in rate of pay, pay cycles, differentials, breaks in employment, etc.

A manual review and calculation will be required and should be performed in advance of submission by the member/sponsor.

Prospective income equals YTD gross income divided by the number of actual YTD pay periods, based on the check date, multiplied by number of pay periods in a calendar year.
Weekly Pay Example:

Current Year	Check Date	Actual Paycheck Periods	YTD Earnings
2021	2/19/2021	8 paycheck periods (weekly)	$3,659.87

Prospective income: $3659.87/8 = $457.48 X 52 = $23,788.96

Methods to Determining the Number of Actual Paychecks/Periods

a. EBP/HOW method used by the system – Determine length of pay period (weekly, biweekly, etc.). Count actual calendar days from January 1 to check date: **Example for weekly:** 01/01 to 02/19 = 50 days; divide days by pay period days: 50/7 = 7.14 (this is rounded up to 8 pay periods).

   YTD/8*52= annualized amount

   EXCEPTION:
   1.) If the paycheck date is before the period ending date, use the period ending date for the calculation.
   2.) If the paycheck date falls on January 1, the employee will need to provide the first paycheck received in that calendar year. If not available, the employer will need to verify the actual number of pay cycles represented in the YTD earnings being reviewed.

Verification of Employment (VOE) – FNMA Form 1005:

Acceptable Third-Party Documentation:

a. 100% completed and properly executed by the employer, Fannie Mae Form 1005.
b. Dated within 45 days of enrollment for EBP/HOW or move-in/qualification for AHP.
c. The effective paid-through date for base wages in the current year must be clearly identified in Box 12B.
d. Box 14 (Bonus and Overtime earnings) must be completed (Yes or No) if the breakout of earnings in box 12B shows receipt of current or past income.

Income Review:

To determine the 12-month prospective income, income will be calculated on average, using the wages and pay periods identified on the VOE. Income will be adjusted for any expected pay increases, bonuses, commissions, tips, and overtime during the prospective year.

Calculation Applied:

To annualize full-time employment income, multiply:

- Hourly wages by 2080 hours;
- Weekly wages by 52;

- Bi-weekly amounts by 26;
- Semi-monthly amounts by 24;
- Monthly amounts by 12.

Base Pay:

a. If the wage earner works 40 hours per week and the hourly wage rate is expected to increase 2% from $18.00/hour to $18.36/hour 35 weeks into the future, the base wage income would be calculated.
    - For example: ($18.00 X 40 hours X 35 weeks) + ($18.36 X 40 hours X 17 weeks) = $37,684.80
b. If the number of hours is reported as a range, use the highest number in the range (i.e.: if reported as 24-30 hours per week, enter 30).

Overtime Pay, Commissions, Fees, Tips and Bonuses, and Income from Other Compensation will be averaged as follows:

Note: If data is not available for the two prior years, all available data including YTD earnings will be averaged and then annualized for qualifying purposes.

- If overtime, commissions, fees, tips and bonus income documentation **is not** available for **three (3) months** or more of the current calendar year, overtime pay, etc. should be averaged using the two prior calendar year earnings, based on the available data, and annualized.
- Averaging these sources of income must be based on the start date of employment if it was during this calendar year.
- The current YTD overtime income will be averaged with up to the two prior calendar year(s) overtime income over the actual period worked based on the available data, and annualized.
    - For example, if an employee has worked in a position for two and a half years and the overtime, etc. earnings over that period are reported and documented, then these earnings should be averaged over the two-and-a-half-year period based on the available data.
- For a year when no income was received, but income was realized in previous or subsequent years, the year is recorded as a zero and included in the average.
    - For example: 2021 = $1,000, 2020 = $0.00 but 2019 = $1,000, the resulting calculation would be $2,000/36 months averaged.
- Bonus and Overtime income **will be included** in all cases.
    - **Exception:** If Box 14 is checked "Not Likely to Continue" and the employer can specifically verify and provide a statement of circumstances for the discontinuance of the income, the Bank will review and determine whether the income can be excluded.

VI. Verification of Employment (Other types of income documentation):

All non-Fannie Mae verifications of employment (such as Work Number) will be annualized using the year-to-date gross income. Refer to the Paystubs (item #1 of this section B) for details.

Self-Employment Income:

Household members who report their annual earnings to the IRS through a Schedule C, 1099 statement, own a C or S Corporation, or have an ownership interest in a partnership, are self-employed.

Acceptable Third-Party Documentation:

a. Completed copies of U.S. Individual Income Tax Returns (i.e., Internal Revenue Service 1040 Forms) and supporting schedules.
b. Completed copies of U.S. Business Income Tax Returns (i.e., Internal Revenue Service 1120 or 1065 Forms) and supporting schedules.
c. Signed and dated profit and loss statement is required after July 1 of the current calendar year.
d. Signed and dated letter from the household member(s) certifying the start date for the company or the incorporation date for the corporation/partnership if the date is not provided on the completed tax return.
e. After April 15 of the current calendar year, the prior year tax return is required for review.
f. If the household member has filed an extension request with the IRS, verifying documentation is required.

Income Review and Calculation:

a. Prior to July 1 of the current calendar year, members/sponsors will review and include an average of income over the past three years using the most recent three years of executed filed federal tax returns available. The result will be annualized. NOTE: The number of months will be rounded down to the nearest month based on actual start of the business.
b. Beginning on July 1 of the current calendar year, when income documentation **is available for six months** or more, a current YTD (through June 30) profit and loss statement (P&L) must be signed, dated, and averaged with the prior two calendar years' signed tax returns over the actual period. The result will be annualized. NOTE: The number of months will be rounded down to the nearest month if the P&L statement is not as of month end.
c. Net income instead of the gross amount is used to qualify. Depreciation will be added back into the household income when deducted from gross income levels on the Schedule C or Corporation/Partnership federal tax returns. If through third party independent verification it can be determined that the level of depreciation is not likely to continue, the Bank at its sole discretion may exclude.
d. If the income data is not adequate to meet the two guidelines above because the person has not been self-employed or operated the business for a reflected period of time, then the income should be averaged and annualized using the data available for the period of time of self-employment or business operation.
e. If income documentation evidences an income loss to the household, the income for the affected tax year will be carried as a zero when completing the calculation for averaging.
f. If the business experienced a loss during a period of start-up and then shows positive income in the subsequent year, the reviewer should exclude the start-up year and begin the income calculation with the next year demonstrating positive income.

Interest and Dividends for $100 or greater

Acceptable Third-Party Documentation:

a. Most recent year tax return or IRS transcripts

Other Net Income of Any Kind from Real or Personal Property (Capital Gains):

Acceptable Third-Party Documentation:

a. Most recent month bank statement or most recent 1099 IRS statement.
b. Brokerage statements verifying receipt of IRA distributions, annuity payments, insurance payments, etc.
c. Brokerage statements verifying stock portfolio earnings, dividends, and other interest income.
d. Most recent year tax return or IRS transcript.

Income Review and Calculation:

a. Interest and dividend income are included in the total household income when the annual amount reflected on the tax returns or financial statements exceed $100 per filing year.
b. If the reviewer believes that the impact to the household income is significant, re-occurring, and likely to continue, then the interest/dividend/other income should be included.
c. If the assets are not going to survive the transaction, verifying documentation should be provided to support.

Rental Income from Multifamily Units/Roommates or Other Owned Real Estate:

Acceptable Third-Party Documentation:

a. Actual leases or current records of rental payments received or anticipated to be received.
b. Copy of the completed appraisal report or other documentation of rental income for subject properties that generate rental income.

Income Review and Calculation:

a. Actual and known rental income must be included in the income calculation if the property is a multifamily property.
b. If the actual rental income is known, 75% will be utilized in the calculation.
c. The rental income may be excluded from the income calculation when the rental income is only potential, expected based on appraised values, and is not actual income.
    - For example, if an income-eligible household is purchasing a two-family property and the appraisal indicates that the market rent is $750 per month but the apartment is vacant, and the prospective owner does not have an agreement to lease the unit, this rent is only expected and is not actual and would therefore be excluded from the income calculation.

Periodic Income Payments:

Acceptable Third-Party Documentation:

a. Current year Social Security/pension statement/retirement award letter.
b. Letters or case management forms from public assistance agencies.
c. Approved HUD Section 8 certificates.

Income Review:
Use the actual current amount/gross amount received from any of the following. Do not gross up.

- Social Security (include for minors or other dependents)
- Annuities
- Insurance policies
- Retirement funds
- Pensions
- Disability
- Death benefits
- Welfare assistance
- Temporary Aid for Needy Families
- Other similar types of period receipts

Calculation Applied:
Weekly/monthly income received should be annualized by the number of pay periods received; based on likelihood of continuance.

Unemployment and Payments in Lieu of Earnings:
Acceptable Third-Party Documentation:

a. Most recent year state agency documentation.
b. Most recent year IRS filing statements.

Income Review:
Income such as unemployment, disability compensation, worker's compensation, and severance pay must be included.

Calculation Applied:
Weekly/monthly income received should be annualized by the number of pay periods received; based on likelihood of continuance.

Housing Assistance:
Acceptable Third-Party Documentation:

a. Approved HUD Section 8 certificates must be current with 45 days of enrollment/lease-up.
b. Letters or case management forms dated with 45 days of enrollment/lease-up from public assistance agencies.

Income Review:

a. In the case of homeownership, Section 8 rental assistance should not be counted as income if that assistance will end when the household closes on the purchase of a home.
b. If the Section 8 assistance will continue as Section 8 homeownership assistance, the amount of the Section 8 assistance should be shown as income.

Calculation Applied:
Weekly/monthly income received should be annualized by the number of pay periods received; based on likelihood of continuance.

Alimony and Child Support:
Acceptable Third-Party Documentation:
Please provide either a or b for supporting income documentation NOT both.

a. Court orders and/or state agency documentation verifying alimony awards and child support income.
b. Copies of checks, state payment records, or child support enforcement to verify receipt for three consecutive months. If the member submits bank statements, the HCI staff member must determine if any large deposit results in additional potential income sources. Non-disclosure of additional cash or income is a red flag and HCI staff member has the right to deny the enrollment.

Income Review:

a. Child support and/or alimony should be counted in all instances, specifically when court ordered. If third party independent documentation can be provided indicating non-receipt of income, the Bank at its sole discretion will review and determine if the income can be excluded.
b. If third-party documentation is provided (listed above), the income should be reviewed based on the higher of actual amounts received as compared to court ordered documents and annualized if applicable.
c. Payments received for amounts in arrears will be included when received regularly and documented for the duration of the arrear's payments.
d. Lump sum arrear payments should not be included in the income calculation.

Calculation Applied:
Weekly/monthly income received should be annualized by the number of pay periods received; based on likelihood of continuance.

All Regular Pay, Special Pay and Allowances of a Member of the Armed Forces:
Does not include special pay to a family serving in the Armed Forces who is exposed to hostile fire.
Acceptable Third-Party Documentation:

a. Most recent year military earnings statements.
b. Letter from the command verifying National Guard training pay (prospective).

Income Review:
Income should be reviewed and calculated in the same manner as paystub recipients. Further documentation and/or explanation may be required based upon varying military branches and pay structures based on individual armed forces.

Calculation Applied:
Weekly/monthly income received should be annualized by the number of pay periods received; based on likelihood of continuance.

Classification: Public

VII. Other Income/Seasonal Income:

Acceptable Third-Party Documentation:

The preferred documentation for seasonal employment is a Fannie Mae Form 1005 (FNMA Verification of Employment Form).

a. Annual wages when paid in less than 12 months:
    - Annual wages should always reflect a full 12-month income period, regardless of the pay schedule.
    - For example, if a teacher earns a gross annual salary of $37,000, the $37,000 should be used as annual salary whether the teacher is paid over only nine months or throughout the year. If household member works in school system, Fannie Mae Form 1005 or contract is required.
        - Ensure the FNMA VOE identifies the number of pay periods or date range the employee is paid throughout the year along (Section 20) with the respective gross base pay (Section 12A).
    - If the FNMA VOE with this information is not available, provide a signed contract, verifying the total pay periods and months. The member is to select the 'Other Form of Verification of Employment (Contract Based) documentation in the online system.
b. Seasonal earnings or other types of unique income must be included.
    - For example, if a household member works a second job during peak holiday times, during the summer months, or during growing seasons, the income received during this period must be added to the annualized income for that household member. The employer should verify the pay level and the number of weeks that the income was received in prior years along with an estimate for the next 12 months. The calculation will be based on the prospective pay level multiplied by the estimated number of weeks or hours for the next prospective 12 months' pay period(s). This total amount will be included in the total annualized income for that household member. The income should be compared against prior earning periods as provided by the employer.
c. Seasonal and/or other types of unique earnings that are not included in the annualized income for the household require an exception from the Bank. The member will be required to provide an explanation supporting the omission of the income.

VIII. Income to be Excluded:

Based on HUD regulations (24 CFR 5.609), annual income is *not* to include, but is not limited to, the following:

a. Income from the employment of children (including foster children) under the age of 18 years;
b. Payments received for the care of foster children, disabled or elderly adults, in the care of an identified household member;
    - The homebuyer must provide a copy of the contract identifying the terms and conditions of the employment agreement, the amount of wages earned monthly, and any rental income received.
    - The individual being cared for will not be included in the household count and will not be required to sign or disclose any personal information to the Bank, for income qualifying purposes.

- The income will not be included in the household's total income unless it is received as a rental payment.

c. One-time, lump sum additions to family assets (e.g., inheritances, capital gains, insurance policy death benefit payments, settlement for personal/property losses, medical expense reimbursements);
d. Income of a live-in aide;
e. Educational scholarships paid directly to a student, educational institution, or a veteran;
f. Earned income tax credits;
g. Unreliable and non-recurring income (e.g., gifts, employee stock option buyouts, etc.) As indicated earlier, overtime pay, commissions, fees, tips, and bonuses do not constitute unreliable and non-recurring income as defined here;
h. The value of food stamp allotments (per §913.106 of the HUD regulations);
i. Earnings in excess of $480 for each full-time student/dependents 18 years old or older (excluding the head of the household or spouse); and
j. Do not include special pay for Armed Forces exposed to hostile fire.

IX. Certification of Zero Income:

All adult household members, who will reside in the property, but are not working or do not receive any income from any sources, will need to execute a Certification of Zero Income form.