

IHDA Income Calculator

Instruction Manual



How to Use the Income Calculator



The income calculator is divided into six sections:

- The **PURPLE** section is for Borrower income data
- The **GREEN** section is for Co-Borrower(s) income data
- The **ORANGE** section is for the assets and calculation of interest income
- The **PINK** section is for self-employment income
- The **LIGHT BLUE** section is the household information
 - This section determines if the buyer qualifies for the program or not
 - The calculator requires the signature of the lender



How To Navigate



The calculator uses a series of drop-downs and data fields to enter information. These fields must be used. No information (other than the Lender signature) can be handwritten.

The drop-down fields are found in the following sections:

- **Other Income and Frequency:** Found in the Borrower, Co-Borrower sections of the calculator
- **Asset Type and Mortgagor fields:** Found at the Asset Type section of the calculator
- **Months Worked field:** Found at the self-employment section of the calculator
- **County, # of family members, AMI Limit, Non/targeted area fields:** Found at the household information section of the calculator

Annual Income Calculator - Single Family Homeownership (Rev. 5/1/2020)			
Income Related Fields - Loan Numbers#			
Borrower Name:			
YTD Gross Employment:			\$ -
Start Date			00/00/0000
Pay Date			00/00/0000
Projected Annual Income			\$ -
OT/Bonus/Comm./Unemployment/etc.	Start Date	End Date	Amount
Current Year			\$ -
Past Year			\$ -
Projected Annual OT/Bonus/Commision/ect			\$ -
Other Income Categories	Frequency	Amount	Annualized Amount



General Guidelines



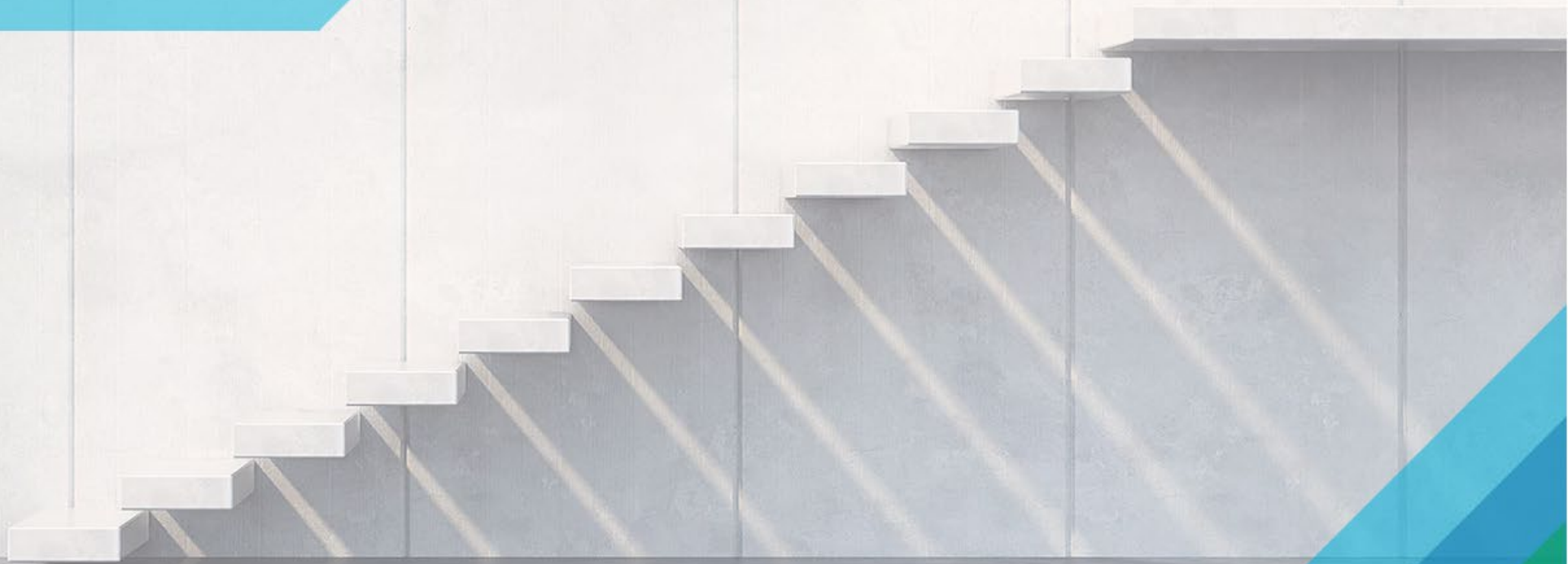
- Income should only be for the
 - Borrower/Co-Borrower(s) who reside in the property AND
 - Borrower/Co-Borrower(s) who are on the Note and Mortgage
- Count income from all sources
 - Even if you're not counting the income for underwriting purposes
 - This includes, but is not limited to: SSI, VA Benefits, Child Support, Unemployment, etc.
- Provide supporting documentation for all income sources



Questions? Email mortgage@ihda.org

IHDA Income Calculator

Basic Calculations



Earnings Statement Mary Doe

Period Ending: 2/28/2020
Pay Date: 3/15/2020

Company: JOE'S AUTO
Emp # 123 Dept: 456

<u>Earnings</u>	<u>Rate</u>	<u>Hours</u>	<u>Current Period</u>	<u>Year to Date</u>
Regular	\$40	80	\$3200.00	\$16,000
Overtime	\$37.00	25	\$925.00	\$5,000
PTO	\$ -		\$ -	
PTO 2	\$ -		\$ -	
Holwrkd 2	\$ -		\$ -	
Overtime 2	\$25.00	10	\$250.00	
Gross Pay		115	\$4375.00	\$23,000.00

Start by finding the Gross Income and Pay Date/Check Date



Basic Calculations



Enter the Gross Income and the Pay Date/Check Date in the appropriate fields

Many Borrowers will qualify under our income limits using this basic calculation alone

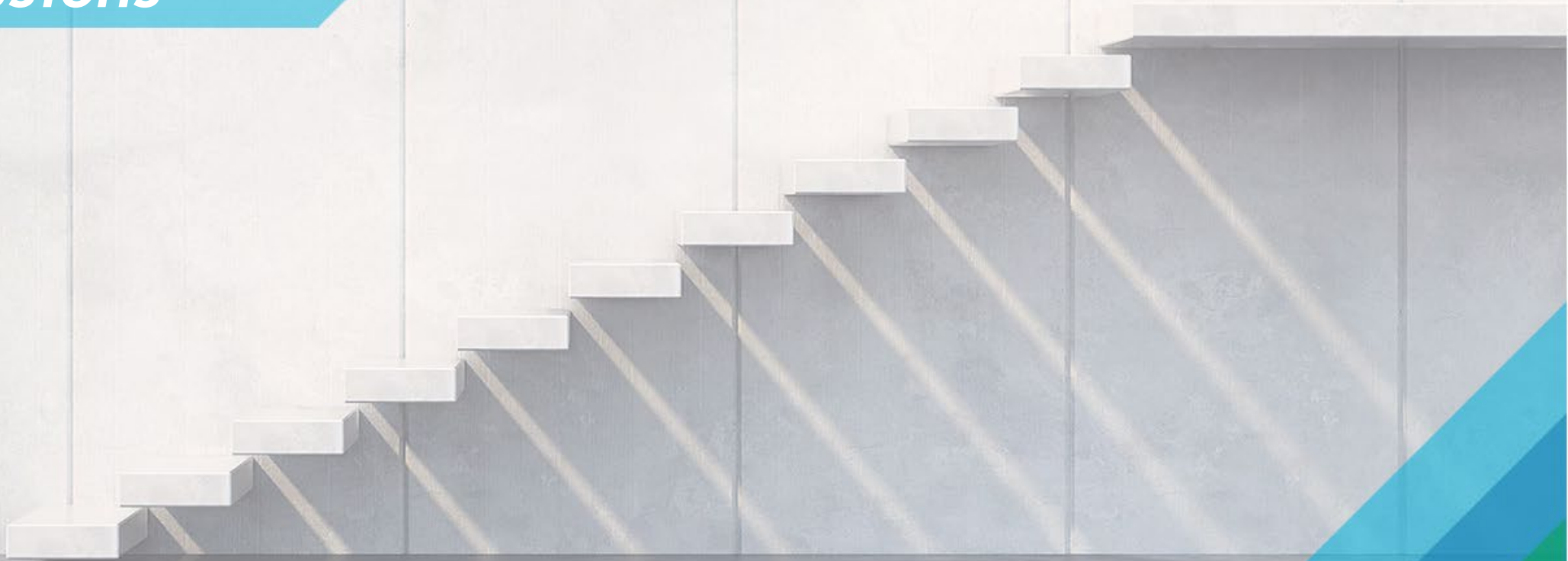
Sometimes this basic calculation will get you over IHDA's limits

Annual Income Calculator - Single Family Homeownership (Rev. 5/1/2020)			
Income Related Fields - Loan Numbers#			
Borrower Name:			
YTD Gross Employment:			\$ 23,000.00
Start Date			1/1/2020
Pay Date			3/15/2020
Projected Annual Income			\$ 110,400.00
OT/Bonus/Comm./Unemployment/etc.	Start Date	End Date	Amount
Current Year			
Past Year			
Projected Annual OT/Bonus/Commision/ect			\$ -
Other Income Categories	Frequency	Amount	Annualized Amount
Total Calculated Other Income (Borrower)			\$ -
Total Calculated Annual Income (Borrower)			\$ 110,400.00
Total Calculated Monthly Income (Borrower)			9,200.00



IHDA Income Calculator

*Overtime, bonuses,
and commissions*



Overtime, Bonuses, Commission

Type	Year To Date	Past Year
	Thru 3/15/2020	
Base Pay	\$ 16,000.00	\$ 43,000.00
Overtime	\$ 7,000.00	\$ 2,000.00
Commissions	\$	\$
Bonus	\$	\$
Total	\$ 23,000.00	\$ 45,000.00

Averaging

When calculating income that includes

- Bonus
- Overtime
- Commission

You are allowed to average them IF the Borrower earned it the year prior.

A Written VOE has to be provided to support the Bonus, Overtime and Commission income used.



Overtime, Bonuses, Commission



- Obtain a Written VOE with OT, Bonus, Commission separated
- Enter the Total for OT, Bonus, Commission for current year & past year earned into the income calculator
 - Take YTD OT and average with last year's OT earnings (Example \$7,000 current OT and \$2,000 OT in prior year)
- Submit the WVOE and other supporting documentation in your submission to IHDA.
- YTD income calculation is now \$84,197.26

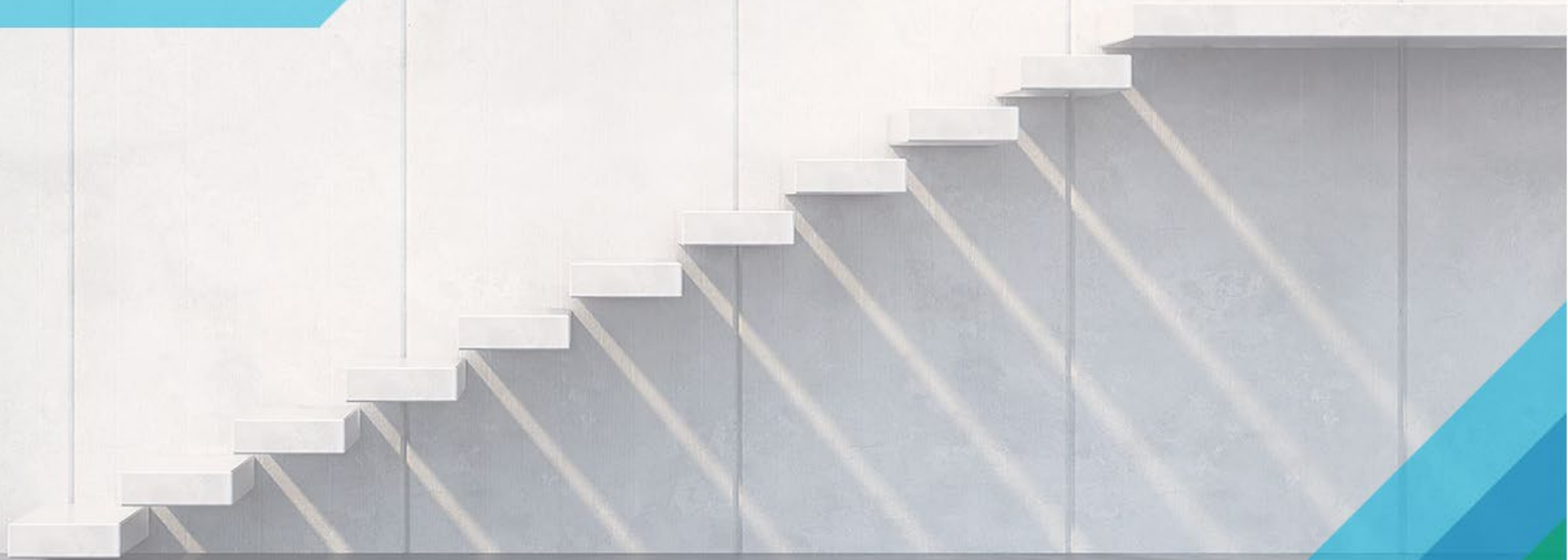
Note: If the borrower has not worked at their current job for the entire year, enter the actual start date and **not** the beginning of the year. If using an actual start date, this is to be confirmed with a WVOE.

Annual Income Calculator - Single Family Homeownership (Rev. 5/1/2020)			
Income Related Fields - Loan Numbers#			
Borrower Name:			
YTD Gross Employment:			\$ 16,000.00
Start Date			1/1/2020
Pay Date			3/15/2020
Projected Annual Income			\$ 76,800.00
OT/Bonus/Comm./Unemployment/etc.	Start Date	End Date	Amount
Current Year	1/1/2020	3/15/2020	\$ 7,000.00
Past Year	1/1/2019	12/31/2019	\$ 2,000.00
Projected Annual OT/Bonus/Commision/ect			\$ 7,397.26
Other Income Categories	Frequency	Amount	Annualized Amount
Total Calculated Other Income (Borrower)			\$ -
Total Calculated Annual Income (Borrower)			\$ 84,197.26
Total Calculated Monthly Income (Borrower)			\$ 7,016.44



Basic Calculations

Monthly Income



Monthly Income

Mandatory Field: Enter checking, savings, etc. to determine income rec'd from asset	Mortgagor	Amount	Amount
Checking	Borrower	\$ 5,000.00	\$ 5,000.00
Savings	Co-Borrower	\$ 3,000.00	\$ 3,000.00
Total Calculated Assets			\$ 8,000.00
Less Funds used for Closing			\$ 5,000.00
Net Assets			\$ 3,000.00
HUD pass-book rate / % of Net Assets	2.00%		\$ 60.00
Actual Income from Assets			\$ 50.00
Greater of Actual Income and Dollar-value			\$ 60.00

Unearned Income

You must calculate unearned income for every loan. Take the amount that borrower(s) have in all accounts including:

- Savings
- Checking
- Money Market
- Stocks, Bonds
- Etc.

To calculate do the following:

- Obtain information from section VI Asset section of the 1003. (If you're aware of other accounts not listed on the 1003 include those as well)
- Enter the information at the asset area
- Subtract the cash need to close from section VII details of transaction

The calculator will determine any interest income and compute the greater of:

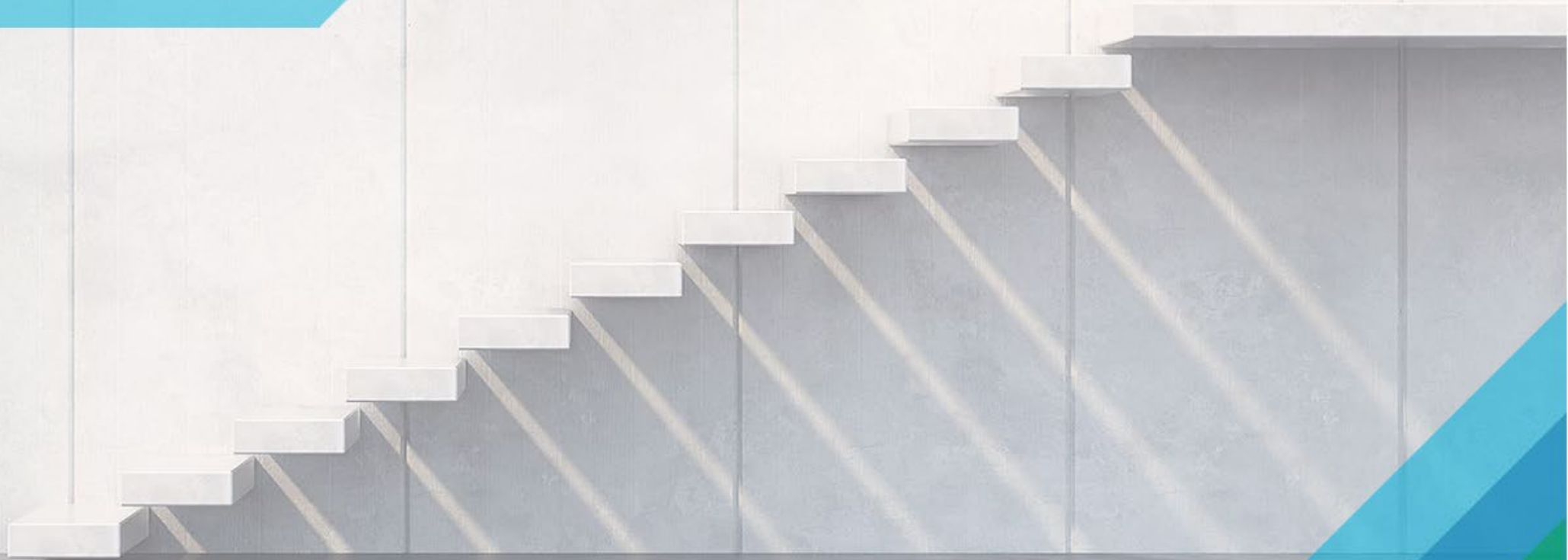
1. Actual Income from assets or the Passbook Rate
2. Actual Income is the actual interest income earned on the prior year's federal tax return
3. Passbook Rate interest income automatically calculates

* If Total Calculated Assets are below \$5,000 interest income is not counted. Even if calculated assets are below \$5,000 you must enter data in that field



Basic Calculations

Self-Employed Borrowers



- To determine the income of a self-employed borrower, average their income using
 - Their most recent/current Federal income tax returns and
 - A signed year-to-date Profit and Loss (P&L) Statement for the current year.
 - The P & L should state the gross income, the expenses and the year-to-date net income.
 - **Note:** The Profit and Loss Statement may need to come from a third party if required for credit underwriting purposes or if requested by IHDA.
- Calculate the historical monthly income and use that number to project the income forward (multiply monthly average by 12).
- For self-employed borrowers, the income calculation allows for the exclusion of legitimate operating expenses.



Self Employment	Mths Worked	Amount
Current YTD	5	\$ 500.00
Past Year	12	\$ 1,500.00
Two Years Prior		
Average Self-Employed Income:		\$ 117.65
Annualized Self-Employed Income:		\$ 1,411.76

What you'll need

- Last year's signed federal tax returns with all applicable schedules
- A signed YTD Profit & Loss statement
 - If you have not exceed the 1st quarter (March) of the current year, you can use the prior two years of federal tax returns
 - Otherwise use the past year and current YTD fields
 - If the Borrower just started the self-employment, then use the current YTD field only and project income forward. Note in the comment section when the Borrower started the self-employment.

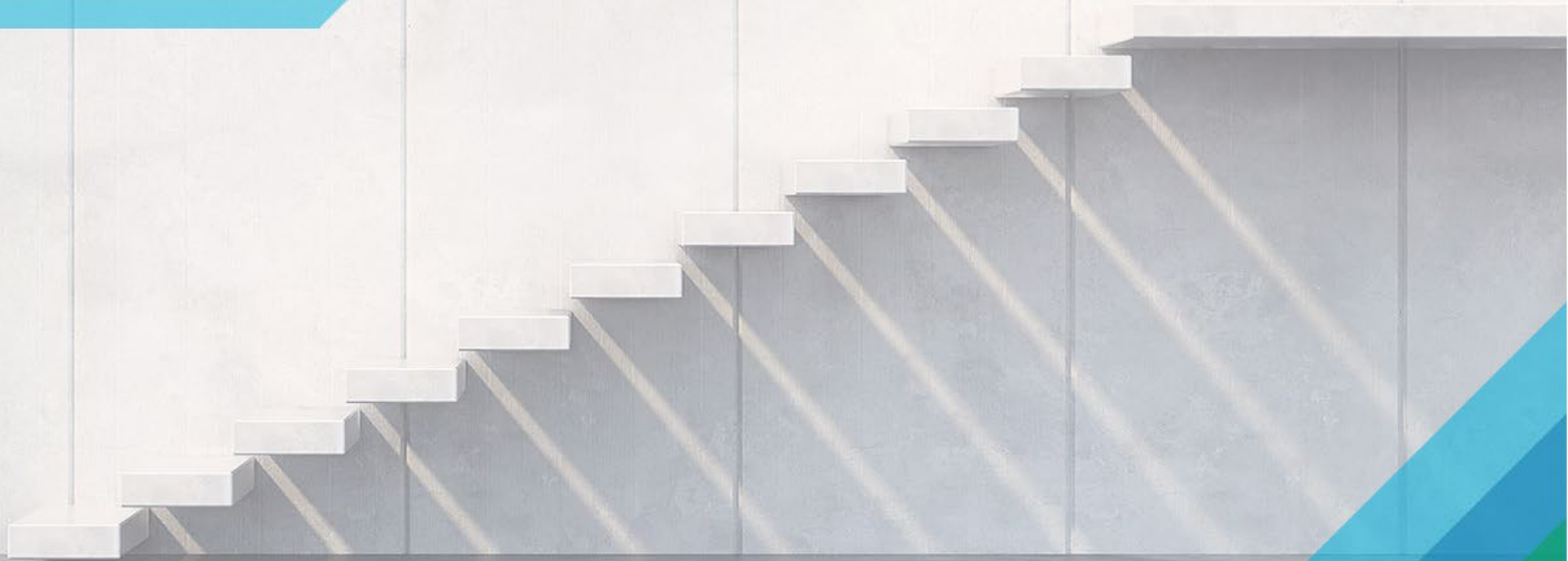
Notes

- If the Borrower's income from self-employment is minor or a secondary source of income, then a signed and dated profit and loss from the Borrower will suffice.
- If the borrower's major source of income is through self-employment, then P&L must come from third party verification and you may need to provide corporate tax return if warranted.



Basic Calculations

Final Steps



Household Information (Mandatory Section) - Please complete entire section			
County _____	Cook		
Number of Family Members living in Household _____	4		
AMI% Limit _____	Above80%AMI		
Non / Targeted Area _____	Non-Targeted		
Borrower taking the MCC?	No		
County Income Limits _____	\$ 106,920.00		
Household Occupants as of Closing. List	Age		
Mary Doe	40		Compliant
John Doe	41		
Child Doe	10		
Baby Doe	5		



Enter the following:

- County Name
- Number of family members living in the home
- Household income is Above or Below 80% AMI IHDA income limits
- The property is in a Targeted or Non-targeted area
- The Borrower is or is not taking the MCC

Note: The number of family members in the household must match the number of people listed in Name and Age section



Household Information (Mandatory Section) - Please complete entire section			
County _____	Cook		
Number of Family Members living in Household _____	4		
AMI% Limit _____	Above80%AMI		
Non / Targeted Area _____	Non-Targeted		
Borrower taking the MCC?	No		
County Income Limits _____	\$ 106,920.00		
Household Occupants as of Closing. List	Age		
Mary Doe	40		Compliant
John Doe	41		
Child Doe	10		
Baby Doe	5		



After completing the Household Information section ensure that the calculator states “Compliant”.

If the calculator states “Non-compliant,” do the following:

- Verify that the data is entered correctly
- Recalculate: The Borrower(s) may actually be over IHDA’s income limits



IHDA Income Calculator

Signature Section



Signature Page

Based on the Review of Source Documentation, the mortgage lender has completed an Income Eligibility Analysis and has determined that the household is Eligible for the Authority's Home Buyer Program.

I further Certify that the Information contained in this certification is true and accurate to the best of my knowledge.

Signature of Reviewer: _____

Print Name:

Date:

00/00/0000

Reviewer's Notes / Comments (If Applicable)

***Note: Attach Source Documents used for the Review. Maintain a copy in the Borrower's file.**

If the loan is under IHDA's income limit and the calculator shows Compliant. The Lender must sign and date the income calculator. Any notes/comments on how income was calculated by the reviewer should be added.

Submit the signed (reviewer's name can be typed in, e-signed, wet signature) original income calculator along with all supporting income documentation (check stubs, award letters, etc.) to IHDA after the loan closes.

Note: Before signing, double check that data was entered correctly and that you have calculated income from all sources.

