



OAHO

Own a Home Opportunity Program
Own a Home Opportunity **Grant** Program

MORTGAGE CREDIT CERTIFICATE (MCC) PROGRAM

(Charlotte, Collier, DeSoto, Lee, Palm Beach
Sarasota, St. Johns and Volusia Counties)
MCC Program Issuer: Lee County Housing Finance Authority

ADMINISTRATOR'S GUIDE

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Updates on Page 3
Revised 11/15/24



TABLE OF CONTENTS

Revisions Table	3
Mortgage Credit Certificate Team	4
Who To Contact	5
About Mortgage Credit Certificates	6
MCC Requirements	7
Income Limits	9
Acquisition Limits	9
Targeted Areas and Property Requirements	10
Summary of the Compliance Origination Process	11
eHP Digital Docs	13
Processing Timeline	17
Program Fees	18
Underwriting MCC Compliance Income	19
MCC Income Calculation Guidance	21
Program forms	26

2023 Revisions Table

Date	Revision	Page
02-06-23	Revised tax credit rate to 25% Added Palm Beach throughout guide Updated allowable homebuyer education courses Updated MCC Income Calculation Guidance	6 8 17 - 21
07-27-23	Revised income and purchase price limits Revised payment of MCC Issuance Fee	9 & 10 13 & 16
11-15-24	Revised tax credit rate to 20% effective 11/15/24	6

MORTGAGE CREDIT CERTIFICATE PROGRAM TEAM



Lee County HFA

Creates the MCC program two optional first mortgage programs that have down payment assistance that may be used with the MCC program. The HFA markets the program. The HFA also solicits the participation of other counties and signs inter-local agreements with those choosing to participate.

Participating Lenders

Take applications, reserve the MCC in the eHousingPlus system, process, underwrite, approve, fund, close and may sell qualified first mortgage loans to the program. Lenders submit MCC compliance file documents to eHousingPlus for compliance approval.

eHousingPlus Program Administration

Maintains the program reservation system, websites, and posts guides, forms, training materials, provides training on compliance issues and system, answers program compliance questions, receives compliance files, reviews, posts and notifies of exceptions and approves compliance file.

CONTACT DIRECTORY
954-217-0817 or Toll Free (888) 643-7974

Question	Option #	email
Lender Training (Program & System)	Option #4	Click here
Lender User Access (Credentials, Disabled Access, etc)	Option #1	Click here
eHPay - Digital Payment of Compliance Fees	Option #3	Click here
Program Eligibility Questions - READ THIS GUIDE FIRST	Option #4	Click here
Deficiencies - Access the Deficiencies/Exceptions Report on the eHPortal, under Reports. If you have a specific question related to a missing or incorrect delivery, you can contact us.	Option #5	NO EMAIL Upload ONLY to Digital Docs
Loan Specific Questions - If you have any questions related to a specific loan already in our system, need to make changes that are locked or other borrower issues.	Option #6	Click here
Questions about the Compliance File, Deficiencies and Missing Documents (do NOT email deficiency or missing documents, upload ONLY to Digital Docs)	Option #7	Click here
Credit underwriting questions, refer to their internal UW Department or US Bank	(800) 562-5165	Click here
Shipping Compliance File to eHousingPlus Questions	Option 2	Click here
System Errors - Technical Assistance	Option #7	Click here

(Rev 08/22/22)

TAX DISCLAIMER

This material is not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer. This material may be used to support the promotion or marketing of the matter discussed herein. The taxpayer should seek advice from an independent tax advisor regarding the matters set forth herein based on the taxpayer's particular circumstances.

ABOUT MORTGAGE CREDIT CERTIFICATES

The **HFA of LEE COUNTY** has authorized the issuance of **Mortgage Credit Certificates (MCCs)**, a federal income tax credit that is a portion of the mortgage interest paid each year. The credit offers a dollar for dollar decrease in federal income tax liability. **So the MCC has value only if the MCC recipient has tax liability after all other deductions and credits have been applied.**

In this program the federal income tax credit offered is 20% (the credit rate). When the credit rate is 20%, the **maximum MCC benefit is not capped yearly.** The MCC can reduce the amount of federal income taxes; however, the tax benefit cannot exceed the amount of federal taxes owed for the year after other credits and deductions have been taken. If not all of the tax credit is used in any year, it can carry forward for up to three years. To claim the credit, each year the homeowner files Form 8396 with their federal income tax return. The form is available on the IRS website.

With a 20% credit rate, the benefit of the MCC program continues for the term of the mortgage as long as the holder of the MCC continues to own and occupy the home as their principal/primary residence under the mortgage for which the MCC was issued. The only exceptions would be caused by death or divorce of the original MCC recipient(s).

The amount of the credit actually claimed on the MCC holder's federal income tax return cannot exceed the amount of federal income taxes due after other credits and deductions have been taken into account. For example, if after taking into account other tax credits and deductions, a borrower only owes \$1,000, he or she cannot use the MCC tax credits in an amount in excess of \$1,000. Any unused MCC related tax credit can be carried forward up to three years to be applied against future income tax liability.

A purchaser of a new or existing single family home may apply for a MCC through any mortgage lender (who is willing to sign a no cost agreement with the HFA) at the time he or she applies for a mortgage from the lender. Any lender is eligible to participate in the Program by entering into a Participation Agreement and complying with Program requirements. A MCC cannot be issued to a homebuyer who is refinancing an existing mortgage or in connection with a mortgage from a relative. Also, a MCC cannot be used in connection with a tax-exempt, bond-financed mortgage loan.

It's important to note that all or a portion of the MCC related tax credit may be subject to recapture if the Residence is disposed of (including foreclosure), refinanced, rented, ceases to be the principal residence of the MCC recipient within the first full nine years of purchase. This tax credit recapture is further explained in the Notice of Potential Recapture Tax and in the Recapture Tax brochure provided to an applicant. See IRS Form 8828 for more detailed information

A Mortgage Credit Certificate (MCC) is not a first mortgage or a down payment assistance (*DPA) program. It is a federal income tax credit for qualified first-time homebuyers. It must be issued in conjunction with one of the following first mortgage loans:

- * Own a Home Opportunity Grant Program (First Mortgage with non-repayable grant)
- * Own a Home Opportunity Program (First Mortgage with Second Mortgage)
- * the Lender's 15 yr OR 30 yr, fixed rate FHA, VA, USDA:RD Insured/Guaranteed or 30 yr fixed rate Fannie Mae or Freddie Mac qualified products that are permitted by the Agency (FHA, VA, etc) or GSEs (Fannie or Freddie) products that may be used with MCCs.

IMPORTANT: The Mortgage Credit Certificate program has stricter requirements than the first mortgage programs. If using MCC's with the HFA's first mortgage, the MCC stricter requirements apply.

MCC PROGRAM REQUIREMENTS

Regardless of the first mortgage, all loans with MCC's have the following requirements

- Buyers and spouses must be first-time buyers
- Buyers and spouses must be able to permanently reside in the US.
- Work visas, student visas, any temporary visas do not qualify.
- Past 3 years tax returns or tax transcripts (any combination) for borrower and spouse.
- Buyers must live in the property they purchase as their principal residence.
- All applicants must be considered irrespective of age, race, color, religion, national origin, sex, marital status, military status or physical handicap.
- Buyers must occupy the property purchased within 60 days of closing.
- The past three years federal income tax transcripts are **NOT** required for **Targeted Area** buyers or those meeting Veteran's Exception requirements.

Veterans Exception

Qualified Veterans do not have to be first-time buyers. For the Veterans Exception, "veteran" is defined as "a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable." The Veteran cannot have previously obtained a loan financed by single family mortgage revenue bonds utilizing the veteran exception to the first-time homebuyer requirement set forth in Section 416 of the Tax Relief and Health Care Act of 2006. Borrower must provide true and correct copies of discharge or release papers, which demonstrate that such discharge or release was other than dishonorable.

Targeted Area

Identified as Qualified Census Tracts and Areas of Chronic Economic Distress (if any) which are listed below, a borrower purchasing in home in a targeted area census tract is not required to be a first-time buyer.

Targeted Area Census Tracts

Collier 0112.04, 0112.05, 0113.01, 0113.02

Lee 0003.02, 0006.00, 0007.00, 0011.02, 0012.01, 0208.00, 0403.14

Palm Beach 0014.02, 0014.03, 0015.00, 0019.10, 0019.13, 0022.00, 0024.00, 0029.00, 0031.02, 0040.13, 0044.02, 0045.00, 0059.39, 0082.01, 0082.02, 0083.01

Volusia 0815.00, 081.448.00, 0819.00, 0820.00, 0821.00, 0822.01, 0825.11

Charlotte, Sarasota and St. Johns Counties have no Targeted Areas.

Get free census tract information <http://www.ffiec.gov/Geocode/default.aspx>

(Rev 02/06/23)

Homebuyer Education All borrowers must attend homebuyer education from an educational provider approved by the Issuer. The Issuer prefers that education be taken as early in the home buying process as possible to maximize the benefit to the borrowers. A Homebuyer Education Certification is acceptable for a period of one year from issuance. Lender provided homebuyer education is unacceptable as is over the phone education. If an education course is not listed on the HUD face-to-face web site, it is not acceptable.

Approved Face-to-Face education provider

Face to face from a [HUD approved education provider](#)

Approved Online education providers

<https://fanniemae.com/education>

<https://creditsmart.freddiemac.com/paths/homebuyer-u/>

https://www.ehomeamerica.org/registration/pre_registration/agencySelect?state=Florida&county=348

<https://www.hometrek.org/>

(Rev 02/06/23)

IMPORTANT: The Mortgage Credit Certificate program has stricter requirements than the first mortgage programs. If using MCC's with the HFA's first mortgage, the MCC stricter requirements apply.

MCC Household Income Calculation

Include income of borrower(s) and spouse and any person who will live in the household who is 18 years of age or older. Program income is not averaged. It is annualized. That's different from income used for credit underwriting. More detailed guidelines for calculating program income are in the Underwriter's Program Income Calculation Guide included in these Guidelines. 3

HOUSEHOLD INCOME LIMITS*
Effective for all new loan reservations 06/01/23 and after

County	Non-Target 1-2 Person	Non-Target 3 + Person	Targeted 1-2 Person	Targeted 3 + Person
Charlotte	\$86,837	\$99,862	\$104,204	\$133,513
Collier	\$125,656	\$144,504	\$150,787	\$175,918
DeSoto	\$91,797	\$105,567	\$110,156	\$128,515
Lee	\$85,900	\$98,785	\$103,080	\$120,260
Palm Beach	\$101,213	\$116,396	\$121,456	\$141,699
Sarasota	\$98,700	\$113,505	\$118,440	\$138,180
St. Johns	\$95,485	\$109,807	\$114,581	\$133,678
Volusia	\$86,557	\$99,540	\$103,868	\$121,179

*If using the OAHO or OAHOG first mortgage with the Freddie Mac HFA Advantage conventional loan, there are lower income limits listed in the OAHO and OAHOG guidelines for Freddie Mac HFA Advantage loans.

ACQUISITION LIMITS (Sales Price Limits)

Effective for all new loan reservations 06/01/23 and after

Acquisition Limits (Sales or Purchase Price) must include everything paid by the buyer or on the buyer's behalf.

County	Non-Targeted	Targeted
Charlotte	\$481,176	\$588,104
Collier	\$685,786	\$838,182
DeSoto	\$481,176	\$588,104
Lee	\$481,176	\$588,104
Palm Beach	\$568,557	\$694,903
Sarasota	\$515,804	\$630,428
St. Johns	\$536,906	\$656,218
Volusia	\$481,176	\$588,104

GEOGRAPHY AND PROPERTY REQUIREMENTS

Eligible Area

Charlotte, Collier, DeSoto, Lee, Palm Beach, Sarasota and St. Johns Counties

Property Requirements

- New or existing, one to four units, detached or attached, condos, townhomes.
- Homes are considered new if never previously occupied.
- Manufactured homes, mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.
- 2-4 unit dwellings must be at least 5 years old.
- Land may not exceed the size required to maintain basic livability. *Example: If property can be subdivided and sold off in pieces, that property does not qualify.”
- Properties purchased in the program must be residential units.
- No more than 15% of the square footage of the home being purchased may be used in connection with a trade or business including Child Care services (other than incidental rental from eligible multi-unit structures).

PROCESS SUMMARY FROM TRAINING TO LOAN PURCHASE

LENDER ONBOARDING

Our On-Boarding process is designed to provide all participating lenders and their staff web-based training related to the Program, Technical and Workflow requirements of each program.

Based on your role, there are certain training requirements prior to adding a new Program and Features. These are determined based on which modules you have completed in the past, and which Programs you want to add to your Portfolio.

Once you have submitted the eHP On-Boarding Registration, the eHP On-Boarding Team will create a specific training program for you based on the role(s) you selected, and you will receive an email confirmation with relevant information. Upon completion, your User Credentials will be created (if you are new User) or updated (if you are a current user) and you will receive a system generated email with this notification.

[Click on this link to register for training.](#)

(Rev 02/09/22)

QUALIFY

Lenders use program requirements to qualify applicants for the program. Buyers must present an executed sales agreement before being entered into the program reservation system.

RESERVE MCC

To reserve funds, use the [eHousingPlus eHPortal](#). Log in and reserve the Mortgage Credit Certificate. To reserve funds in the program, the borrower is required to have a signed real estate purchase contract for a specific address. You will need a 1003 and the Real Estate Purchase contract in order to make a reservation. If the reservation is successful, you will receive a loan number and a message that you've completed the reservation successfully. Have the borrower sign the MCC Notices to Buyers and give them a copy of the Recapture Tax Brochure.

IMPORTANT - A reservation is for a borrower with a real estate purchase contract for a specific property. If the property needs to change, the loan must be cancelled and re-reserved. The lender is responsible for cancelling the loan within the eHousingPlus Lender Portal. And then, the lender must email (services@eHousingPlus.com) or call the eHousingPlus Compliance office at 954-217-0817 to have the borrower permanently removed from the eHousingPlus Lender Portal. Until this process is complete, the lender will not be able to re-reserve funds for the borrower. (Added 12/12/18)

SIGN PRE-CLOSING FORMS

The borrower will sign the Program pre-closing documents; MCC Notices to Buyers and give the borrower the Recapture Tax Brochure. Log-in to the [eHousingPlus eHPortal](#) to print the forms.

PROCESS

Lenders process the loan as they would normally keeping in mind the program timelines.

UNDERWRITE AND CERTIFY

Lenders underwrite and are responsible for credit decisions of the loans in the program. Following credit approval AND WITHIN 15 DAYS OF LOAN RESERVATION, Underwriter completes the online Underwriter Certification within the eHousingPlus Lender Portal. The Lender must follow Agency or GSE guidelines if considering using the MCC benefit when underwriting. This is a relationship outside the program solely between the Lender and Agency or GSE. Lenders are totally responsible for such decisions.

CLOSE

The program forms may only be found within the eHousingPlus eHPortal. Forms generated from any other source may void the loan and the borrower will not receive the MCC. A lender will need user credentials for the eHPortal to access the forms. Provide the borrower(s) with the following form that needs to be signed at closing:

- HFA of Lee County MCC Affidavit/Certification
-

COMPLIANCE FILE DELIVERY INSTRUCTIONS
ASSEMBLE THE COMPLIANCE FILE

Compliance Files and Corrections to previously submitted files with erroneous or missing required documents will be managed through the **eHousingPlus Digital Docs Portal**. This Digital Docs Portal provides lenders with all the tools necessary to deliver the required documents for the approval of the originated loan(s) in their respective affordable homebuyer programs. This Portal is a secure, easy to use and efficient way for lenders to deliver the Compliance File, Correct DEFI's and pay the required Compliance Review Fees via our **eHPay** on-line fee approval, and related tools.

To assemble the compliance file, you will need a checklist found in the eHPortal. This checklist is used to submit the compliance documents post-closing to eHousingPlus. [Log-in to the eHPortal](#) for the HFA of Lee County MCC Program Program to print the Compliance File Checklist.

eHP Compliance File
Homebuyer Education Certificate
HFA of Lee County MCC Affidavit/Certification
HFA of Lee County MCC Notices to Buyers
Taxes for Borrower(s) & Spouse - 3 years IRS Transcripts or Signed 1040
Real Estate Purchase Contract
FINAL Signed 1003
FINAL Signed Closing Disclosure
Warranty Deed
Discharge Papers (DD214) only if using Veterans Exception

UPLOAD THE COMPLIANCE FILE TO EHP DIGITAL DOCS

[Log-in to eHP Digital Docs](#) to upload the compliance file.

eHP Digital Docs works best with the Chrome web browser. The Compliance File should be a PDF file uploaded upright and in a clear legible format, composed of all required documents on the Checklist. Don't upload a compliance file until everything is included in the package. The more complete the file, the quicker the review and approval, and the file AND fee must be received to start the review process. Be aware that Loans will go straight to deficient status if items are missing, or if the fee was not received or properly identified. Once you are ready to upload your documents select

the NEW UPLOAD button. Next, determine the file type of what you are uploading. Currently, there are three file types you will upload into the new DD Portal: Compliance Files, DEFIs, and/or pre-closing documents as required. Additional uploads after the Compliance File are identified as Defis. There is a **NOTES** Feature in case there is any pertinent information you want to add to the compliance documents. Once Submitted, the System will confirm that the document was uploaded successfully, or it will present an error. All Files Uploaded, can be seen immediately in **UPLOADED DOCS**. All documents must be a PDF format and must not be locked or encrypted.

SUBMIT THE REQUIRED COMPLIANCE REVIEW FEE AND ISSUANCE FEE

The Compliance Review Fee and Issuance Fee are submitted after the compliance file has been uploaded to eHP Digital Docs.

eHPay is a secure, efficient method for lenders to pay the fees ON-LINE. Loans managed through eHPay are processed faster, without fee errors or other unnecessary delays. The Lenders Accounting Staff can access eHP Digital Docs and process the compliance fees payment easily via eHPay.

Not sure of the required fee for your loan? Use the **FIND MY FEE** feature under **PAYMENT CENTRAL** and get the instant answer.

Compliance Files Uploaded are NOT ready for review until the Compliance Review Fee Payment has been received by eHP.

FILES PENDING PAYMENT lists Compliance Files that have been uploaded successfully, but whose fee payment is still pending. Lenders can monitor this area to ensure their fees have been delivered in a timely manner.

UNIDENTIFIED PAYMENTS are payments received from your company without the proper identification to apply it to the intended loan. Lenders can monitor this area to ensure that payments made are being properly identified with the eHP LOAN NUMBER.

SHORT PAYMENTS If an incomplete payment is submitted, it will be displayed indicating the amount paid and the correct fee amount.

(Rev 07/27/23)

CORRECT A DEFICIENT COMPLIANCE FILE

LOAN DEFICIENCIES ARE NOT ACCEPTED VIA EMAIL

The eHPortal has various tools that alert Lenders when a Compliance File is delivered DEFICIENT. These multiple tools assist you, the lender, in easily correcting these deficiencies and allow your file to be Compliance Approved in a timely manner.

System generated DEFI emails sent at time of review with corrective actions.

Loan's **TIMELINE** Tab depicts pending deficiencies ANYTIME you log in and view your loan. **EXCEPTIONS/DEFICIENCY** Reports are available on the **REPORTS** Menu in the eHPortal.

The **Corrected DEFI's** are submitted and **UPLOADED** via **eHP Digital Docs**, using the same easy method the Compliance File is delivered.

Log in to **eHP DIGITAL DOCS**

Search for your loan

NEW UPLOAD: select your file(s), and if prompted select Corrected DEFI as 'Type'.

The **NOTES** Feature is available to add any relevant information if needed.

YOU'RE DONE!

Defi's may be uploaded as a lender receives a document.

Corrected Defi's may be view in eHP Digital Docs under, Uploaded Docs.

EHP COMPLIANCE APPROVAL

Following approval of Compliance File by eHousingPlus, lenders are notified and reminded of the purchase deadline.

DIGITAL DOCS HELPFUL TIPS

Sign up for eHPay. This is a secure solution for the payment of fees. [Talk to one of our eHousingPlus Business Representatives about how you can sign up](#), and to answer any questions related to this service. Make sure that every payment made is properly identified with the eHP Loan NUMBER. This is particularly a problem with Wires and ACH payments, as well as bundled payments. [ACH/Wires do not properly identify loans in most cases and hold up the processing of your loans!](#)

Save time by trying to consolidate corrections to your loan files.

Working on DEFI's might be easier if grouped by loan & Program; typically, the same types of errors occur based on varying Program Criteria.

Use the reports available on the [eHPortal](#) (EXCEPTIONS/DEFICIENCIES) as a guide and deliver them easy using **eHP Digital Docs**.

ISSUANCE OF MCC'S/REISSUANCE OF MCC'S

All MCC's will be issued by eHousingPlus including re-issuance of MCC's as a result of refinance and replacement of MCCs

FINAL RECAPTURE FORM AND MCC

Final Recapture Notice required by law is sent by the Administrator to the borrower along with the Mortgage Credit Certificate at the new property address following Compliance approval.

PROCESSING TIMETABLE

Once a loan is reserved in the eHousingPlus system and is provided the Servicer's Loan number, the loan must be

1. Underwriter certified within **15 days of loan reservation**;
2. Closed and delivered to the Servicer **within 45 days of loan reservation**; and
3. Purchased **within 70 days of loan reservation**.

Loans not meeting the deadlines, will cancel automatically without further notice. Lenders should review their pipeline reports on a continuous basis in accordance with the provisions of the Agreement.

MCC Term of Program Regardless of First Mortgage Type

MCCs must be made for loans receiving Compliance Approval on or before December 31, 2024.

PROGRAM FEES

These fees are non-refundable.

HFA of Lee County MCC Issuance Fee

Effective with all new loan reservations 06/01/23

The HFA of Lee County will collect an MCC Issuance Fee of \$200. The fee is made payable at the same time you pay the the eHousingPlus fee via eHPay as a lump sum. The CD should reflect: HFA MCC Issuance Fee (Rev. 07/27/23)

eHousingPlus Fee

The program includes a Mortgage Credit Certificate Compliance/Admin Fee and a penalty fee of \$100 for files that are chronically deficient. The Compliance/Admin Fee is submitted with the Compliance File.

LENDER'S FIRST MORTGAGE PRODUCT WITH THE MCC - NO PROGRAM DPA

- MCC Compliance/Admin Fee [stand-alone] \$275.00 per file
- MCC Compliance/Admin Fee – Reissue \$300.00 per file
- MCC Replacement/Lost Certificate \$75.00 per cert

MCC'S USED WITH A LEE COUNTY OWN A HOME OPPORTUNITY FIRST AND THE GRANT PROGRAM FOR DPA

- LEE1st MTG WITH GRANT & MCC Compliance Admin Fee \$475.00 per file
- MCC Compliance.Admin Fee – Reissue \$300.00 per file
- MCC Replacement/Lost Certificate \$75.00 per cert

MCC'S USED WITH A LEE COUNTY OWN A HOME OPPORTUNITY FIRST AND THE SECOND MORTGAGE PROGRAM FOR DPA

- LEE1st MTG WITH 2ND MTG & MCC Compliance Admin Fee \$525.00 per file/certificate (1)
- MCC Compliance/Admin Fee – Reissue \$300.00 per file
- MCC Replacement/Lost Certificate \$75.00 per cert

Chronically deficient file fee \$100 per file

ADDITIONAL FEES MAY APPLY FOR LEE COUNTY OWN A HOME OPPORTUNITY FIRST MORTGAGES such as Servicer Fees that are netted at purchase. Please see the Administrator Guidelines for the applicable program.

CALCULATING INCOME

When calculating Program Eligibility Income, there are two types of income to consider – income from an employer and income from all other sources. **Include all income unless specifically listed as excluded in this guide.**

Part 1 – Calculating Income from an Employer

Determine whether the Borrower receives **base pay only** or a combination of **base pay and additional income** from an employer.

Calculate “Base Pay from an Employer”

Regular Hours/Pay

1. Determine frequency of income - weekly, bi-weekly, semi-monthly, etc.
2. Identify documentation needed to support payment frequency and calculation.
3. Apply Calculation - *(Base Wage x Hours Worked in a Pay Period) x (# of Pay Periods Per Year)*
4. This should approximate the annualized YTD on VOE or paystubs. If not, check for additional pay, such as overtime, bonus, shift differential, etc. (Employers don't always break this out on the VOE).
5. See additional guidance on calculating base pay from an employer.

Hourly pay	Bi-weekly pay	Semi-Monthly pay
Multiply the pay per hour by the number of hours worked per week. Multiply total by 52 weeks a year.	Multiply the bi-weekly pay by 26.	Multiply the semi-monthly pay by 24.
<i>Example:</i> 1. \$15 per hour x 40 hours a week = \$600 2. \$600 x 52 weeks a year = \$31,200 3. \$31,200 / 12 = \$2,600 gross monthly base pay	<i>Example:</i> 1. \$1,200 every two weeks x 26 pay periods a year = \$31,200 2. \$31,200 / 12 months = \$2,600 gross monthly base pay	<i>Example</i> 1. \$1,300 semi-monthly pay x 24 pay periods a year = \$31,200 2. \$31,200 / 12 months = \$2,600 gross monthly base pay

Irregular Hours/Pay

1. Annualize YTD Earnings total.
2. Average prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings.) Divide the resulting number by the number of months and days worked, and then multiply that number by 12 months to get total average pay from an employer.
3. See additional guidance on calculating base pay from an employer.

Calculate “Additional Pay from an Employer”:

1. In the Earnings section of paystub or VOE, look for additional income earned that is not included in **base**. (Sick, vacation, holiday, etc. is generally included in **base**.)
2. Add up all additional income that is included in the YTD Earnings Total and not part of **base**.
3. Average prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings.). Divide the resulting number by the number of months and days worked, and then multiply that number by 12 months to get an average of **additional pay from an employer**.
4. See additional guidance on calculating additional pay from an employer.

Part 2 – Calculating Income from Other Sources

TYPES OF INCOME

Determine if there are other sources of income, apart from wages from an employer.

Wages from an Employer – Part 1	
Base Pay	
Definition/Inclusions	Exclusions
<p><u>Regular Hours/Pay:</u> Borrower is scheduled for the same number of hours per pay period. Gross salary or wage income from part-time, full-time, or seasonal work with regular hours/pay</p> <p><u>Irregular Hours/Pay:</u> Variable hours, seasonal work, etc., such as nursing, restaurant, construction, retail or part-time work with varied hours or pay.</p>	Income no longer available
Guidance	
<ul style="list-style-type: none"> • Borrowers can't manipulate income (quit job, etc.) to become eligible. • Include all income, including sick, holiday and vacation pay. • Average current YTD and prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings.). The most recent federal income tax return may also be used for this purpose. • Income documentation is required, and could include, but is not limited, to, paystubs, VOE, tax returns, W-2's, etc. • Seasonal work requires the same documentation for variable pay as outlined above, but should also include any unemployment benefits, if applicable. <ul style="list-style-type: none"> ○ 1099s, tax returns, and/or verification from unemployment office to verify unemployment benefits 	
Additional Income from an Employer	
Definition/Inclusions	Exclusions
Income over and above base pay, such as overtime, shift differential, bonuses, profit-sharing, tips, commissions, etc.	One-time (non-recurring) income; i.e., income received once that does not have a history and is unlikely to reoccur in the future.
Guidance	
<ul style="list-style-type: none"> • Documentation of additional pay could include, but is not limited to, paystubs, VOE, etc. • Average current YTD and prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings). • Always use an average for overtime (unless employer and income history verifies OT was for one-time, special project, etc.), commissions, bonuses, shift differentials, and sick/vacation/holiday pay (if not already included in base pay). • Include all income that is included in the YTD Earnings Total on a paystub or on a VOE. • Any income that is determined to not be included in YTD Earnings Total (for example, employer-paid benefits or matches, such as an HSA match) does not have to be included in the Program Eligibility Income calculation. 	

Other Sources of Income – Part 1

Self-Employment/Business Income

Definition/Inclusions	Guidance
<p>Individuals who earn their income through conducting a trade or business that they directly operate instead of working for an employer who pays them a salary or a wage.</p>	<ul style="list-style-type: none"> • Determine gross annual income. • Use a two-year average from the most recent federal income tax returns. • Self-employment income documentation is required, and may include, but is not limited, to: <ul style="list-style-type: none"> ○ Tax form Schedule C, most recent two years ○ YTD Profit & Loss Statement ○ Tax form Schedule K-1 (Form 1120S) • Request additional supporting documentation (i.e., current balance sheet and income statement) when necessary. • Deduct out-of-pocket business expenses such as office rent, telephone, etc., which are generally tax-deductible items. • Include all entertainment and travel expenses, private retirement contribution plans, and property or equipment depreciation. These items are generally tax-deductible, but must be added back for the Program Eligibility Income calculation if starting with the net income amount. • If a net loss, use \$0. Do not subtract the loss from the Program Eligibility Income calculation. • Use caution with large variations in income (whether increase or decrease) when averaging two years' income. The determination in these cases should be documented and supported by the underwriter.

Income from Financial Assets

Definition/Inclusions	Exclusions	Guidance
<p>Income from: trusts, annuities, dividends, royalties, interest earned from non- retirement accounts (savings, checking, money market, investments, mutual funds, etc.)</p>	<ul style="list-style-type: none"> • One-time lump sum payments • Investments in retirement accounts (IRAs, VIPs, 403(b)'s, 401(k)'s) • Any cash withdraws from retirements accounts 	<ul style="list-style-type: none"> • Always check tax returns for income from financial assets. • Include average of periodic payments, including recurring, lump-sum payments. • Where assets after closing exceed \$5,000, calculate interest income based on the greater of actual income or imputed income based on the current passbook savings rate, as determined by HUD.

Insurance or Benefit Payments		
Definition/Inclusions	Exclusions	Guidance
Periodic payments derived from: <ul style="list-style-type: none"> • Long-term care insurance • Disability insurance • Pensions • Death benefits 	Do not include one-time, lump-sum payments.	Include periodic insurance or benefit payments at current level.

Government Transfer Payments		
Definition/Inclusions	Exclusions	Guidance
Government transfer payments involve payments for which no current services are performed and are a component of personal income.	<ul style="list-style-type: none"> • Food stamps • Government-paid child care paid directly to the provider • Foster care income • Section 8 vouchers 	<ul style="list-style-type: none"> • Include all sources of this income at current level. Do not gross up.
<ul style="list-style-type: none"> • Retirement benefits • Disability benefits • Income maintenance benefits • Pensions • Veterans benefits • Federal education & training assistance • Public assistance • Worker's Compensation • Social Security benefits • Unemployment insurance compensation 		

Investment Property Net Rental Income		
Definition/Inclusions	Exclusions	Guidance
Income from an Investment Property	Potential roommate income or rental income of future duplex or accessory dwelling unit	Calculate investment property net rental income <ul style="list-style-type: none"> • Monthly Gross Rent - Vacancy Loss = Gross Adjusted Rent • Gross Adjusted Rent – PITI and maintenance costs = Net Rental Income. If rental income is negative, enter \$0. In addition, an operating statement may be used in lieu of using the above-referenced formula.

Child/Spousal Support		
Definition/Inclusions	Exclusions	Guidance
Child support, child care, medical support, alimony, spousal maintenance	Court-ordered support not received; must document support was not received	<ul style="list-style-type: none"> • Use average of actual support received. • Review divorce/child support agreement. • Check with county social service agency to determine whether any payment adjustments have been made since the original payment schedule. • Cross-check payment schedule with bank statements, etc.

Regular Cash Contributions		
Definition/Inclusions	Exclusions	Guidance
Regular cash contributions from non-resident(s)		Check bank statements for regular cash contributions. Include all regular cash contributions from non-residents.

Employee Allowances		
Definition/Inclusions	Exclusions	Guidance
Car, cell phone, per diems, etc.	<ul style="list-style-type: none"> Do not include any car, cell phone, travel per-diem, etc. 	

Custodial Account Income		
Definition/Inclusions	Exclusions	Guidance
Unearned income paid to children age 20 or younger, who live with the Borrower(s) 50% of the time or more	<ul style="list-style-type: none"> 529 plans Accounts where someone other than the parents are named as custodian. Unearned income of adult dependents age 21 or older 	Include all custodial account income.

Other Sources of Income		
Definition/Inclusions	Exclusions	Guidance
<ul style="list-style-type: none"> Contract-for-deed interest income Any other sources of income as identified or represented in the loan file and applicable documentation. 	<ul style="list-style-type: none"> Loans; scholarships; grants and tuition reimbursement; Earned Income Tax Credit refund payments; health insurance premium reimbursements (deducted from gross pay) and any out-of-pocket expense (co-pays, etc.) reimbursements One-time lump sum (non-reoccurring) payments from: <ul style="list-style-type: none"> Inheritances Insurance settlements Lottery winnings Gambling winnings Capital gains Liquidation of assets Settlements for personal loss 	<ul style="list-style-type: none"> Always include other sources of income not specifically excluded. For contract-for-deed interest income, include interest portion of payments per the terms of the agreement/contract.

Archived Revisions Table 2017-2022

Date	Revision	Page
06-14-17	Revised income and purchase price limits	16
10-04-17	Revisions throughout guide	
07-23-18	Revised income and purchase price limits Effective 05-23-18	9 & 10
12-12-18	Changed eHousingPlus Lender Portal to eHPortal Added eHP Digital Docs	Throughout 13-16, 18, 24
05-01-19	Revised Purchase Price limits effective 05-01-19 Revised Income Limits for Freddie Mac HFA Advantage Loans Effective 05-13-19	10 9
07-27-19	Added Volusia County Targeted Area Census Tracts	10
05-18-20	Revised Contact Directory Revised income and purchase price limits Effective 05-26-20	5 9 & 10
05-13-21	Revised income and purchase price limits	9 & 10
05-19-22	Revised Hilltop mailing address	18
08-22-22	Revised Contact Directory Revised income & purchase price limits Revised eHP program training link	5 9 10