Hutchinson HRA
Workforce Housing Initiative
Homebuyer Qualifier Worksheet

1. Homebuyer(s) Name(s) _____

2. TOTAL Annual Gross Household Income Anticipated for the Next 12 Months:

Enter the **total annualized gross income** for each person that: will have title to the property and signs the Mortgage Deed; anyone expected both to live in the residences being financed and to sign the Note; and/or the legal spouse of the mortgagor who will also reside in the subject property. Refer to the income guidance/documentation guide attached at the end for each income type.				**Eligibility Income**
Income Types	**Person A:**	**Person B:**	**Person C:**	**Person D:**
Base Pay	$	$	$	$
Variable Income	$	$	$	$
Self-Employment/Business Income	$	$	$	$
Income from Financial Assets	$	$	$	$
Government Transfer Payments	$	$	$	$
Insurance or Benefit Payments	$	$	$	$
Investment Property Net Rental Income	$	$	$	$
Contract-for-Deed Interest Income	$	$	$	$
Child/Spousal Support	$	$	$	$
Regular Cash Contributions	$	$	$	$
Employee Allowances	$	$	$	$
Flexible Benefit Cash	$	$	$	$
Custodial Account Income	$	$	$	$
Other Sources of Income	$	$	$	$
Subtotal	$	$	$	$
Total Household Eligibility Income				**$**

3. AFFORDABILITY CALCULATION

   a. Calculate maximum allowable monthly payment considering taxes and insurance using an Income/debt ratio of _____/_____ = $_____per month (PITI). (No less than **29%** of its gross monthly income for housing payments *unless approved by HRA/MHFA.*)

   b. Input monthly payment using the following terms: Term of loan _____ Years @ _____%

   c. Maximum loan amount = $_____ Interest Rate _____%

   d. Type of 1st Mortgage ☐ MHFA ☐ RD ☐ FHA ☐ VA ☐ Conventional

   e. Eligible for MHFA Monthly Payment Loan ☐ Yes ☐ No, Why_____

   f. Eligible for MHFA Deferred Payment Loan ☐ Yes ☐ No, Why_____

4. HOMEBUYERS ASSISTANCE CALCULATION

   a. 1st Mortgage Allowed $_____(3c)

   b. Buyer's Equity Contribution $_____
   (* See Downpayment requirement for each type of funding)

   c. MH MPL/DPL (Available through MHFA) $_____
   * Borrower contribution lesser of $1,000 or 1% purchase price

   d. MH IMPACT Gap Assistance $_____
   (Up to $25,000)

   e. HRA (up to $15,000) $_____

   TOTAL Funds Available/Needed by Borrower **$_____**

   (Add lines a – e)

5. ACQUISITION COST

   a. Projected Acquisition Cost $_____
   Lower of Appraised value or Purchase Agreement price. Split Entry Home Limit $225,000 /Patio Home Limit $220,000.

   b. Total Closing Costs
   (Total Loan + Other Costs $_____ + Closing Costs paid before closing $_____) = $_____

Total Costs (add lines a & b) **$_____**

6. The homebuyer has completed an approved Homebuyer Education class ☐ Yes ☐ No.

7. DECLARATION OF UNDERSTANDING

I/we understand that any purchase assistance estimated in this worksheet IS NOT a GUARANTEE of funding.

I/we understand that the purchase assistance funding will be based on need and that the **Closing Disclosure will not show Cash "To" the Borrower.**

I/we understand that purchase assistance funding will be based on completion of an application, verified information, verified eligibility, and availability of funds.

I/we declare that information presented in this worksheet is true and accurate to the best of my/our knowledge.

I/we are requesting the following funds for the above stated homebuyer:

MH IMPACT Gap Assistance $_____ (Up to $25,000)

HRA Entry Cost Assistance $_____ (Up to $15,000)

_____	_____
Lender Name	Date

Income Guidance /Documentation Guide:

Type	Definition/Inclusions	Guidance	Exclusions
Base Pay	Gross salary or wage income from part-time, full-time, or seasonal work with regular hours/pay	• Determine whether borrower receives regular hours or pay, variable hours or pay, or some combination. **Regular hours/pay:** Borrower is paid in regular intervals based on a consistent number of hours worked or salary. Follow base pay guidance. **Variable hours/pay:** Borrower's hours and/or pay varies. Common *Example*s of variable-paid work include: nursing, restaurant, retail, part-time work. Follow variable pay guidance. **Regular hours/pay calculation** • Determine frequency of pay (weekly, bi-weekly, semi-monthly, etc.) • Identify documentation needed to calculate. This could include, but is not limited, to: o Paystubs o Verification of Employment (VOE) • Separate base pay and variable pay. If variable pay is a consideration, calculate the base payment first, then variable pay. • To determine the current annualized income, verify the gross monthly base income and multiply by 12. • To determine gross monthly base income: **Hourly pay:** Multiply the pay per hour by the number of hours worked per week. Multiply total by 52 weeks a year and divide by 12. *Example* $15 per hour x 40 hours a week = $600 $600 x 52 weeks a year = $31,200 $31,200 / 12 months = $2,600 gross monthly base income **Semi-weekly pay:** Multiply the semi-weekly pay by 26 and divide by 12. *Example* $1,200 every two weeks x 26 pay periods a year = $31,200 $31,200 / 12 months = $2,600 gross monthly base income **Semi-Monthly pay:** Multiply semi-monthly pay by 24 and divide by 12. *Example* $1,300 semi-monthly pay x 24 pay periods a year = $31,200 $31,200 / 12 months = $2,600 gross monthly base income • This should approximate YTD on VOE. If not, check for variable income such as overtime, bonus, etc. (Employers don't always break this out). • Borrowers can't manipulate income (quit job, etc.) to become eligible.	• Income no longer available

Type	Definition/Inclusions	Guidance	Exclusions
Variable Income	Irregular hours, seasonal work, bonuses, profit-sharing, overtime, shift pay, commissions, tips, sick pay, holiday pay	• Two types of variable income: o Income over and above base pay (OT, shift differential, bonus, profit-sharing, tips, commissions etc.) o Any irregular hours (part-time/on-call, seasonal work) • Base the amount on an average of the current and prior years' figures. In cases of new income, use average amounts awarded to other employees with the same status. The most recent federal income tax return may also be used for this purpose. • Variable income documentation is required, and could include, but is not limited, to: o Paystubs o VOE • Seasonal work requires the same documentation for variable pay as outlined above, but should also include any unemployment benefits. o Use 1099s and/or verification from unemployment office to verify unemployment benefits *Example*s • $1,200 overtime pay last year + $300 year to date through March 31 = $1,500 / 15 months = $100 gross monthly variable pay. • $20,000 seasonal pay last year + $5,000 unemployment benefits last year. $3,000 unemployment year to date through March 31 = $28,000 / 15 months = $1,866.67 gross monthly variable pay.	• One-time (non-recurring) income; i.e., income received once that does not have a history and is unlikely to reoccur in the future.

Self-Employment / Business Income		• Determine gross annual income • Average the two most recent federal income tax returns (if taxes filed and showing self-employment/business income) and year-to-date income. • Self-employment income documentation is required, and may include, but is not limited, to: o Tax form Schedule C, most recent two years o YTD Profit & Loss Statement o 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. • Use caution with large variations in income (whether increase or decrease) when averaging multiple years' income. The determination in these cases should be documented and supported by the underwriter. *Example* • $3,600 self-employment income two years ago, $2,400 last year, and $750 year to date through March 31 = $6,750 / 27 = $250 gross monthly self-employment income.	
Income from Financial Assets	Income from: trusts, annuities, dividends, royalties, interest earned from non- retirement accounts (savings, checking, money market, investments, mutual funds, etc.)	• 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. • Income from Financial Assets documentation is required, and may include, but is not limited, to: o Tax forms 1040 and 1099, most recent two years o Most recent bank statements o Verifications of Deposit	• One-time lump sum payments • Investments in retirement accounts (IRAs, VIPs, 403(b)'s, 401(k)'s) • Any cash withdraws from retirements accounts
Type	**Definition/Inclusions**	**Guidance**	**Exclusions**
Government Transfer Payments	Government transfer payments involve payments for which no current services are performed and are a component of personal income. • Retirement benefits • Disability benefits • Medical benefits (such as Medicare and Medicaid) • Income maintenance benefits • Unemployment insurance compensation • Veterans benefits • Federal education and training assistance • Public assistance • Worker's Compensation • VA • Pensions • Social Security benefits	• Include all sources of this income at current level (i.e., 100% of gross). • Income from Financial Assets documentation is required, and may include, but is not limited, to: o Current benefits award letter	• Food stamps • Government-paid child care paid directly to the provider • Foster care income • Section 8 vouchers
Insurance or Benefit Payments	Periodic payments derived from: • Long-term care insurance • Disability insurance • Pensions • Death benefits	Include periodic insurance or benefit payments at current level.	Do not include one-time, lump-sum payments.
Investment Property Net Rental Income	Income from an investment property	Calculate investment property net rental income • Monthly Gross Rent - Vacancy Loss = Gross Adjusted Rent • Gross Adjusted Rent - 50% of the 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.	Potential roommate income or rental income of future duplex or accessory dwelling unit
Contract-for-Deed Interest Income		Include interest portion of contract for deed payments.	

Child/Spousal Support	Child support, child care, medical support, alimony, spousal maintenance	• 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.	Court-ordered support not received, provided non-receipt is documented.
Regular Cash Contributions	Regular cash contributions from non-resident(s)	Include all regular cash contributions from non-residents. • Regular Cash Contributions documentation is required, and may include, but is not limited, to: o Letter of explanation from payer (e.g., "I have paid [Borrower Name] x dollars per month for the past x [months/years] and plan to continue this support at a [similar rate/new rate of x] [indefinitely/for the next x months]"). o Bank statements o Cancelled checks	• One-time (non-recurring) income; i.e., income received once that does not have a history and is unlikely to reoccur in the future.
Employee Allowances	Housing, car, cell phone, etc.	Include all allowances or stipends as income.	• Reimbursements for specific employer business expenses, such as mileage reimbursements for a business trip • Per diem payments as reimbursement for employer business expense
Type	**Definition/Inclusions**	**Guidance**	**Exclusions**
Flexible Benefit Cash		If cash benefits exceed benefits cost, include excess as income.	
Custodial Account Income	Unearned income paid to minor children, who live with the Borrower(s) 50% of the time or more	Include all custodial account income.	• 529 plans • Accounts where someone other than the parents are named as custodian. • Unearned income of adult dependents
Other Sources of Income	Always include other sources of income not specifically excluded.	• Loans, scholarships, grants and tuition reimbursement • Earned Income Tax Credit refund payments • One-time lump sum (non-reoccurring) payments from: o Inheritances o Insurance settlements o Lottery winnings o Gambling winnings o Capital gains o Liquidation of assets o Settlements for personal loss o Reimbursements for health insurance premiums (deducted from gross pay) and any out-of-pocket expense (co-pays, etc.) from the county	
No Income		Obtain a signed Zero Income Statement or another signed statement indicating no income. Obtain two years' federal income tax returns or IRS Form 4506-T requesting verifications of non-filing. If tax returns document income, document when income stopped.	

Documentation

• Standard employment verification methods

• Obtain additional written information if needed in addition to information obtained for qualifying/underwriting purposes o Ask employer for clarification if the borrower has not been on the job long enough to establish a history.

• Verification used to determine eligibility income must be dated within four month of the closing date.

Smart Practices

• Compare, but do not rely upon, first mortgage lender's income calculation (for new construction, acquisition-rehab-resale, and affordability gap).

• For Affordability Gap financing programs, use calculated income to make a determination of what the homebuyer can reasonably afford in the first-mortgage marketplace. (Do not rely solely upon first mortgage lender's estimate or pre-qualification.)