

## ATTACHMENT 9-A

Income and Documentation Matrix		
Income guidance: 7 CFR 3555, Section 3555.152(a) and (b)		
Income Type	Annual	Repayment
<b>Adoption Assistance or Subsidy</b>	If the income will be received in the ensuing 12 months, include the first \$480 of adoption income or subsidy assistance for each grantee.	<b>History:</b> 2 years  <b>Continuance:</b> 3 years  Benefits that do not include expiration dates on the documentation will be presumed to continue.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>Benefit/Award letter to document the amount and duration of payments</li> <li>2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Automobile Allowance</b>	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.	<b>History:</b> 2 years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease  The amount of allowance that exceeds the expenditure may be included for repayment. If there is a monthly debt associated with the income (such as a car or equipment payment), this debt must continue to be included in the debt ratio calculation.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>Paystub(s)</li> <li>Contract/agreement from employer to state terms and duration of payments</li> <li>2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		

Income Type	Annual	Repayment
<b>Base Wages (Hourly or Salary)</b>	<p>Include amounts received before deductions for payroll taxes, insurance, etc. Include amounts that will be received in the ensuing 12 months.</p> <p>Full time students age 18 and above that are not an applicant, co-applicant, or spouse of an applicant will only have \$480 of their earnings included in the annual income calculation. These household members are not required to present income documentation.</p>	<p><b>History:</b> Minimum 1 year (with current employer or employment continuity)</p> <p>Applicants with job gaps due to maternity leave, medical leave, relocation, etc. are considered to have employment continuity.</p> <p>Applicants returning to the workforce after leaving a previous job to care for a child/family member, complete education, etc. will require a 12 month employment history.</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease</p>
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• W-2's for the previous 2 years</li> <li>• Written Verification of Employment (VOE) or electronic verifications</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Bonus</b>	<p>Include amounts that will be received in the ensuing 12 months based on employment verifications. Exclusions may apply under 3555.152(b)(5).</p>	<p><b>History:</b> 2 years</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease</p> <p>Significant variances in the documented earnings of this income type will require the lender to ensure the calculation used for repayment is not overstated.</p>
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• W-2's for the previous 2 years</li> <li>• Written VOE or electronic verifications</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		

Income Type	Annual	Repayment
<b>Child Support</b>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Legally enforceable payments that have not been received may be excluded when: payments are not received for an extended period of time and a reasonable effort has been made to collect them through the official entity responsible for enforcing such payments.</p>	<p><u>Court ordered payments:</u></p> <p><b>History:</b> 6 months (payment received must be consistent)</p> <p><b>Continuance:</b> 3 years</p> <p><u>Voluntary payment agreements:</u></p> <p><b>History:</b> 12 months (payment received must be consistent)</p> <p><b>Continuance:</b> 3 years</p> <p>Child support that meets the minimum history, but the payment amounts are not consistent must average the amounts received over the time of receipt. Payments received for 6 months or less with zero received for any month must use zero.</p> <p>If the income is tax exempt, it may be grossed up 25 percent. No other adjustments are authorized. Lenders must document any adjustment made. Refer to current IRS guidelines and/or a tax professional for assistance.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>Final divorce decree, legal separation agreement, or court order (front and pertinent pages) to document the amount and timeframe of the obligation</li> <li>Evidence of timely receipt/consistent amount for required history: bank statements, canceled checks, deposit slips, tax returns, etc.</li> </ul>		

Income Type	Annual	Repayment
<b>Commission</b>	Include amounts that will be received in the ensuing 12 months based on employment verifications. Exclusions may apply under 3555.152(b)(5).	<b>History:</b> 2 years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease  Significant variances in the documented earnings of this income type will require the lender to ensure the calculation used for repayment is not overstated.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• W-2's for the previous 2 years</li> <li>• Written VOE or electronic verifications</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Depreciation Depletion</b>	The amount(s) of straight line depreciation and/or depletion documented on acceptable IRS forms may be deducted.	<b>History:</b> 2 years  <b>Continuance:</b> These amounts will be presumed to continue unless there is documented evidence they will cease  The amount(s) of straight line depreciation and/or depletion may be added back to repayment
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Dividends</b>	Include amounts that will be received in the ensuing 12 months.	<b>History:</b> 2 years  <b>Continuance:</b> 3 years
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Account statements to support amount of income utilized for repayment purposes, including the balance, rate of interest, and payment amounts/continuance</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Earned Income Tax Credit</b>	Do not include	Do not include
<b>Employee Fringe Benefits</b>	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.	<b>History:</b> 2 years  <b>Continuance:</b> 3 years
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• Contract/agreement from employer to state terms and duration of payments</li> <li>• Written VOE or electronic verifications</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		

Income Type	Annual	Repayment
<b>Expense Allowance</b>	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.	<b>History:</b> 2 years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease  The amount of allowance that exceeds the expenditure may be included for repayment. If there is a monthly debt associated with the income (such as a car or equipment payment), this debt must be included in the debt ratio calculation.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• Contract/agreement from employer to state terms and duration of payments</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Foreign Income</b>	Include all wages, salaries, and additional income types that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<b>History:</b> 1 year (Refer to Base Wages)  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s), translated into English if applicable</li> <li>• Written VOE or electronic verifications</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Foster child or adult income</b>	Do not include	Do not include
<b>Government Benefits</b>	Include amounts that will be received in the ensuing 12 months.  Exclusions may apply under 3555.152(b)(5) and Attachment 9-C.	<b>History:</b> 6 months  <b>Continuance:</b> 3 years  Benefits that do not include expiration dates on the documentation will be presumed to continue.  If the income is tax exempt, it may be grossed up 25 percent. No other adjustments are authorized. Lenders must document any adjustment made. Refer to current IRS guidelines and/or a tax professional for assistance.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Benefit/Award documentation to support payment amounts and duration</li> </ul>		

Income Type	Annual	Repayment
<b>Housing Allowance</b>	Include the amounts that will be received in the ensuing 12 months.	<b>History:</b> 2 years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease  Include the allowance in repayment income. Do not offset the mortgage payment with the amount of the allowance.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• Contract/Agreement from employer to state the terms and duration of payments</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Interest</b>	Include income that will be received in the ensuing 12 months.  Net family assets that do not exceed a cumulative total of \$50,000 are not required to be considered in the annual income calculation.	<b>History:</b> 2 years  <b>Continuance:</b> 3 years
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Account statements to support the balance, rate of interest, and payment amounts/continuance</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Live in Aides</b>	Do not include	Do not include
<b>Medical Reimbursement</b>	Do not include	Do not include
<b>Mileage</b>	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.	<b>History:</b> 2 years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease  Mileage may be documented on earning statements.  When “standard mileage” is deducted from income tax returns: multiply the business miles driven by the depreciation factor for the appropriate year. The calculated amount may be added to repayment. Lenders must follow current IRS guidance to calculate this amount.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• IRS 2106, Schedule A, or equivalent</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		

Income Type	Annual	Repayment
<b>Military</b>	<p>Include all wages and pay allowances that will be received in the ensuing 12 months.</p> <p>Hazardous duty pay and additional income sources may be excluded under 3555.152(b)(5).</p>	<p><b>History:</b> 1 year</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease</p> <p>In addition to base pay, military personnel may be entitled to additional forms of pay. Income sources such as variable housing allowances, clothing allowances, flight or hazard pay, rations and proficiency pay may be used for repayment income provided it is verified to continue. Additional consideration for the tax-exempt nature of these payments may be applied.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Military Earnings and Leave Statement(s)</li> <li>• W-2's for the previous 2 years</li> <li>• Written VOE or electronic verifications</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Mortgage Credit Certificate</b>	Do not include	<p>Do not include MCC monthly benefit in repayment income.</p> <p><u>GUS:</u></p> <p>Enter the monthly benefit in the MCC data field provided on the Additional Data application page.</p> <p><u>Manual Underwrite:</u></p> <p>Deduct the monthly benefit from the PITI payment before the ratio calculation.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Copy of the approved MCC document with the rate of credit documented</li> <li>• Copy of the IRS W-4 filed with applicant's employer that reflects appropriate exemptions to realize the MCC benefit</li> </ul>		
<b>Non-Occupant Borrower</b>	Ineligible	Ineligible

Income Type	Annual	Repayment
<b>Overtime</b>	Include amounts that will be received in the ensuing 12 months based on employment verifications. Exclusions may apply under 3555.152(b)(5).	<b>History:</b> 2 years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease  Significant variances in the documented earnings of this income type will require the lender to ensure the calculation used for repayment is not overstated.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• W-2's for the previous 2 years</li> <li>• Written VOE or electronic verifications</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Part-time Employment</b>	Include amounts that will be received in the ensuing 12 months.  Evidence of resignation, termination, retirement, or relocation from these positions may result in the exclusion of this income type.	<b>History:</b> 2 years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• W-2's for the previous 2 years</li> <li>• Written VOE or electronic verifications</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Pensions</b>	Include amounts that will be received in the ensuing 12 months.  Lump sum withdrawals or sporadic payments may be excluded under 3555.152(b)(5).	<b>History:</b> No required history  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Benefit/Award verification letter, retirement documents, IRS 1099, evidence of current receipt, bank statements, etc.</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		



Income Type	Annual	Repayment
<b>Per Diem</b>	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.	<b>History:</b> 2 years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• Contract/agreement from employer to state terms and duration of payments</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Rental Income</b>  A retained dwelling must meet the requirements of 3555.151(e).	Include positive net rental income that will be received in the ensuing 12 months.  Negative net rental income is counted as zero in the annual income calculation.	<b>History:</b> 2 years  <b>Continuance:</b> Current signed lease agreement  <u>Rents received 24 months or more:</u> (1) Positive net rental income received may be included in the repayment income. (2) Negative net rental income is treated as a recurring liability in the debt ratios. (3) Corresponding mortgage liabilities may be omitted from the debt ratios.  <u>Rents received less than 24 months:</u> (1) No rental income may be included for repayment purposes. (2) Corresponding mortgage liabilities must be included in the debt ratios.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Federal income tax returns with all schedules, specifically Schedule E</li> <li>• IRS transcripts with all schedules, ensure Schedule E is completed</li> <li>• Evidence of cash/check deposits, money order receipts, etc. to document rents received</li> <li>• Signed lease of current occupants</li> </ul>		
<b>Restricted Stock Units (RSU)</b>	Include amounts listed as taxable income on the pay statements as gross earnings that will continue to be received in the ensuing 12 months.	<b>History:</b> 2 years  <b>Continuance:</b> 3 years
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• RSU account statements or award letters</li> <li>• Paystubs, VOE's, or other documentation from the employer to support previous and future payments</li> </ul>		

Income Type	Annual	Repayment
<b>Retirement</b>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Lump sum withdrawals or sporadic payments may be excluded under 3555.152(b)(5).</p>	<p><b>History:</b> No required history</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>Benefit/Award verification letter, retirement documents, IRS 1099, evidence of current receipt, bank statements, etc.</li> <li>2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Scholarships</b>	<p>Include funds that will be received in the ensuing 12 months after deducting for tuition, fees, books and equipment.</p>	<p><b>History:</b> 2 years</p> <p><b>Continuance:</b> 3 years</p> <p>Include remaining funds after deducting tuition, fees, books, and equipment.</p> <p>Benefits with no expiration date stated will be presumed to continue.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>Award letter to state the benefit/scholarship amount or tuition assistance</li> <li>Evidence to support the deductions required to arrive at any repayment amount</li> </ul>		
<b>Seasonal Employment</b>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Evidence of resignation, termination, retirement, or relocation from these positions may result in the exclusion of this income.</p>	<p><b>History:</b> 2 years</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>Paystub(s)</li> <li>W-2's for the previous 2 years</li> <li>Written VOE or electronic verifications</li> <li>2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		

Income Type	Annual	Repayment
<b>Secondary Employment</b>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Evidence of resignation, termination, retirement, or relocation from these positions may result in the exclusion of this income.</p>	<p><b>History:</b> 2 years</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Paystub(s)</li> <li>• W-2's for the previous 2 years</li> <li>• Written VOE or electronic verifications</li> <li>• 2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Section 8 Housing Vouchers</b>	Do not include	<p><b>History:</b> No required history</p> <p><b>Continuance:</b> The benefit will be presumed to continue unless there is documented evidence of an expiration date</p> <p>The monthly subsidy may be treated as follows:</p> <ol style="list-style-type: none"> <li>(1) If the subsidy is paid directly to the applicant it may be "grossed up" 25 percent, or</li> <li>(2) If the subsidy is paid directly to the loan servicer, it may be deducted from the monthly PITI payment to determine the debt-to-income ratio.</li> </ol> <p><u>GUS:</u> Lenders must use option (1)</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Benefit/Award letter to verify the subsidy amount</li> </ul>		

Income Type	Annual	Repayment
<b>Separate Maintenance /Alimony</b>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Legally enforceable payments that have not been received may be excluded when: payments are not received for an extended period of time and a reasonable effort has been made to collect them through the official entity responsible for enforcing such payments.</p>	<p><u>Court ordered payments:</u></p> <p><b>History:</b> 6 months (payment received must be consistent)</p> <p><b>Continuance:</b> 3 years</p> <p><u>Voluntary payment agreements:</u></p> <p><b>History:</b> 12 months (payment received must be consistent)</p> <p><b>Continuance:</b> 3 years</p> <p>Maintenance that meets the minimum history, but the payment amounts are not consistent must average the amounts received over the time of receipt. Payments received for 6 months or less with zero received for any month must use zero.</p> <p>If the income is tax exempt, it may be grossed up 25 percent. No other adjustments are authorized. Lenders must document any adjustment made. Refer to current IRS guidelines and/or a tax professional for assistance.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Final divorce decree, legal separation agreement, or court order (front and pertinent pages) to document the amount and timeframe of the obligation</li> <li>• Evidence of timely receipt and consistent amount for required history: bank statements, canceled checks, deposit slips, tax returns, etc.</li> </ul>		

Income Type	Annual	Repayment
<b>Social Security Income</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<p><b>History:</b> No required history</p> <p><b>Continuance:</b> 3 years</p> <p>Benefit letters that do not include an expiration date will be presumed to continue.</p> <p>Benefits received by the applicant on behalf of minors (funds are intended for their support) may be utilized for repayment.</p> <p>Benefits received by the applicant on behalf of an adult household member may be used for repayment income when there is evidence they are the legal guardian for the non-applicant adult household member.</p>
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>Benefit statement from the Social Security Office</li> <li>Legal guardianship/payee status for adult household members, if applicable</li> </ul>		
<b>Student Loans</b>	Do not include	Do not include
<b>Supplemental Nutrition Assistance Program (SNAP)</b>	Do not include	Do not include
<b>Tips</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<p><b>History:</b> 2 years</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease</p> <p>Significant variances in the documented earnings of this income type will require the lender to ensure the calculation used for repayment is not overstated.</p>
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>Paystub(s)</li> <li>W-2's for the previous 2 years</li> <li>Written VOE or electronic verifications</li> <li>2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		

Income Type	Annual	Repayment
<b>Trust Income</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<b>History:</b> 6 months <b>Continuance:</b> 3 years
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>Trust documents, legally filed or recognized to document the balance, monthly payments, term of payments, mode of payment delivery (revocable or irrevocable), etc.</li> <li>Documentation to support payments received: bank statements, deposit slips, trust account statements, etc.</li> </ul>		
<b>Unemployment</b>	Include amounts that will be received in the ensuing 12 months.  Benefits received while seeking new full/part time employment that have ended are excluded under 3555.152(b)(5)(v).	<b>History:</b> 2 years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease  Applicants with a sole source of unemployment income are ineligible for a guaranteed loan.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>Evidence of compensation: IRS Form 1099 or equivalent</li> <li>2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		
<b>Unreimbursed Employee or Business Expenses</b>	Lenders must analyze IRS filed forms such as the 2106, Schedule C, Schedule A, etc. to identify expenses paid by the applicant which were not reimbursed. These expenses may be deducted.	<b>History:</b> 2 years  <b>Continuance:</b> A trend will be presumed to continue unless there is documented evidence the expenses/deductions will cease  The total amount of unreimbursed expenses must be deducted.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>IRS 2106, Schedule A, Schedule C, or equivalent IRS filed form</li> <li>2 years of Federal income tax returns or IRS tax transcripts with all schedules</li> </ul>		

Income Type	Annual	Repayment
<b>VA Benefits</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 3555.152(b)(5).	<p><b>History:</b> No required history</p> <p><b>Continuance:</b> 3 years</p> <p>Benefits with no expiration date stated will be presumed to continue.</p> <p>Benefits received by the applicant on behalf of minors (funds are intended for their support) may be utilized for repayment.</p> <p>Benefits received by the applicant on behalf of an adult household member may be used for repayment income when there is evidence they are the legal guardian for the non-applicant adult household member.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Benefit statement from the Office of Veteran's Affairs</li> <li>• Legal guardianship/payee status for adult household members, if applicable</li> </ul>		
<b>Workman's Compensation</b>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Lump sums or sporadic payments may be excluded under 3555.152(b)(5).</p>	<p><b>History:</b> 6 months</p> <p><b>Continuance:</b> 3 years</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Award letter or settlement to state amount and duration of payments</li> <li>• Earnings statements/Paystubs</li> <li>• Written VOE from employer</li> </ul>		

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



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

<b>Assets</b>	
<b>3555.152(d)</b>	
<b>Business Accounts</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• 2 months of bank statements, Verification of Deposit (VOD), or acceptable evidence to support average 2 month balance carried and current balance</li> <li>• Lenders may use the lessor of the average 2 month balance or the current balance</li> <li>• Lenders must use caution and not overstate assets</li> <li>• USDA does not require evidence for access to joint accounts from all parties to the account</li> </ul>	
<b>Cash on Hand</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• Applicant must supply a letter of explanation to state how the funds were retained (how much weekly/monthly/etc.)</li> <li>• Lender may accept applicant explanation to verify funds for closing</li> <li>• Cash on hand cannot be considered for reserves</li> </ul>	
<b>Certificate of Deposit (CD)</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• 2 statements (monthly, quarterly, etc.) to evidence the account balance and early withdraw penalty if applicable</li> <li>• Lenders may use the lessor of the average 2 month balance or current balance, minus applicable fees</li> <li>• Lenders must use caution and not overstate assets</li> <li>• USDA does not require evidence for access to joint accounts from all parties to the account</li> </ul>	
<b>Depository Accounts: Checking and Savings</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• 2 months of bank statements, Verification of Deposit (VOD), or acceptable evidence to support average 2 month balance carried and current balance</li> <li>• Lenders may use the lessor of the average 2 month balance or the current balance</li> <li>• Lenders must use caution and not overstate assets</li> <li>• USDA does not require evidence for access to joint accounts from all parties to the account</li> <li>• Investigate additional deposits on the statements that are not attributed to wages or earnings. Ensure these additional deposits are not from undisclosed income sources. There is no tolerance or percentage of income that may utilized to disqualify deposits from further consideration</li> </ul>	
<b>Earnest Money</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• Earnest money that has cleared an applicant's depository account may be entered in the "Other Credits" section of the "Transaction Details" GUS application page. The amount of earnest money should not be reflected in the balance of any asset entered on the "Assets and Liabilities" application page.</li> <li>• Earnest money that will be returned to the applicant at loan closing is eligible to be included in the reserves.</li> </ul>	

<b>Assets</b>	
<b>3555.152(d)</b>	
<b>Gift of Equity, Sweat Equity, or Rent Credits</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• These gifts or credits should be applied as a reduction to the purchase price of the dwelling</li> <li>• Ensure the appraiser is aware of the gift and/or credit. This will allow them to properly complete their appraisal report, note the reduction, and support the appraised value compared to purchase price if applicable.</li> <li>• The borrower may not receive cash back at loan closing for these gifts and/or credits</li> </ul>	
<b>Gift Funds</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• Gift funds are considered the applicant's own funds, therefore they are eligible to be returned to the applicant at loan closing as applicable</li> <li>• Gift funds may not be contributed from any source that has an interest in the sale of the property (seller, builder, real estate agent, etc.)</li> <li>• Gift funds must be properly sourced: Gift letter to state the funds do not have to be repaid, evidence of funds from the party providing the gift, and evidence the funds were deposited into the applicant's account. Cash on hand is not an acceptable explanation for the source of funds.</li> <li>• Gift funds that will be used for funds to close may be entered in the "Other Credits" section of the "Transaction Details" GUS application page. The amount entered should not exceed the actual amount of funds required to close. Remaining gift funds not used for closing assistance may be entered in the "Asset and Liabilities" application page as "gift funds". If cash back is received at loan closing, it cannot exceed monies advanced by the borrower minus utilized gift funds.</li> <li>• Gift funds are not eligible to be considered as reserves</li> </ul>	
<b>Lump Sum Additions: Lottery Winnings, Inheritances</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• Letter of explanation from applicant to document the source of the funds</li> <li>• One time deposits will not require annual income consideration under 3555.152(d)(5)(vi)</li> <li>• Deposits from these sources that have not been retained for two months will be ineligible for reserves</li> </ul>	
<b>Personal Property</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• Retained personal property is not eligible to be used for cash reserves</li> <li>• Personal property that is sold with proceeds deposited in a liquid account may be considered for cash to close. If the proceeds have been retained for two months, they may be considered for reserves</li> </ul>	
<b>Sales Proceeds</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• Closing disclosure or acceptable alternative</li> <li>• Deposits from sales that have not been retained for two months will be ineligible for reserves</li> </ul>	
<b>Stocks, Bonds, Investments</b>	
<b>Documentation Options and Guidance:</b>	
<ul style="list-style-type: none"> <li>• 2 months of statements (monthly or quarterly) to verify balance and amounts available for withdraw</li> <li>• Lenders may use the lesser of the average 2 month balance or the current balance, minus applicable fees</li> <li>• Lenders must use caution and not overstate assets</li> <li>• USDA does not require evidence for access to joint accounts from all parties to the account</li> </ul>	