



7 CFR 3555.152(a)

§3555.152 Calculation of income and assets.

The lender must obtain and maintain documentation in the loan file supporting the lender's determination of all income and assets described in this section.

- (a) *Repayment income.* Repayment income is the amount of adequate and stable income from all sources that parties to the promissory note are expected to receive. Repayment income is used to determine the applicant's ability to repay a loan.
- (1) The lender must examine the applicant's past income record for at least the past 2 years and any applicable training and/or education. The Agency may require additional information and documentation from self-employed applicants and applicants employed by businesses owned by family members.

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3

7 CFR 3555.152(a)

- (2) The lender must establish an applicant's anticipated amount of repayment income and the likelihood of its continuance for at least the next 3 years to determine an applicant's capacity to repay a requested mortgage loan in accordance with §3555.151(h)(1).
- (3) Income may not be used in calculating an applicant's ratios if it is from any source that cannot be verified, is not stable, or is likely not to continue.

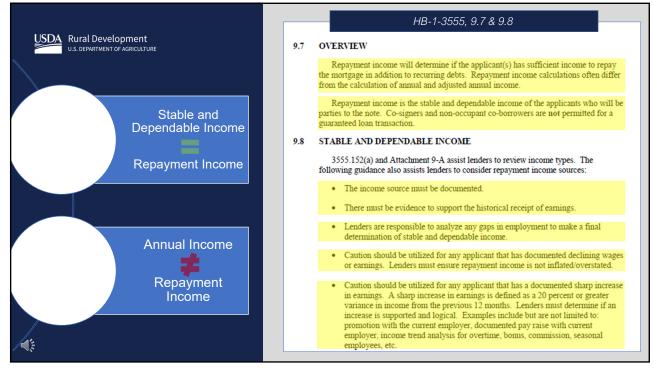
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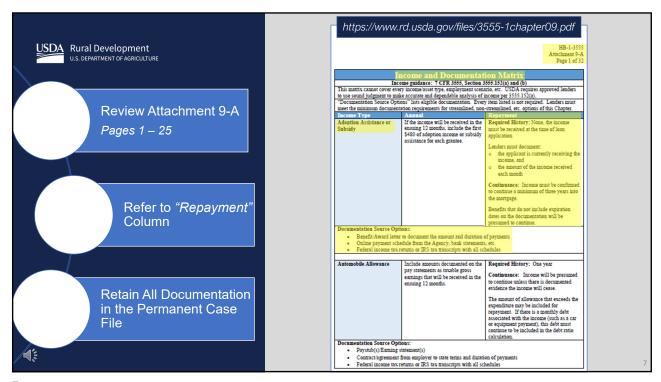
7 CFR 3555.152(a)

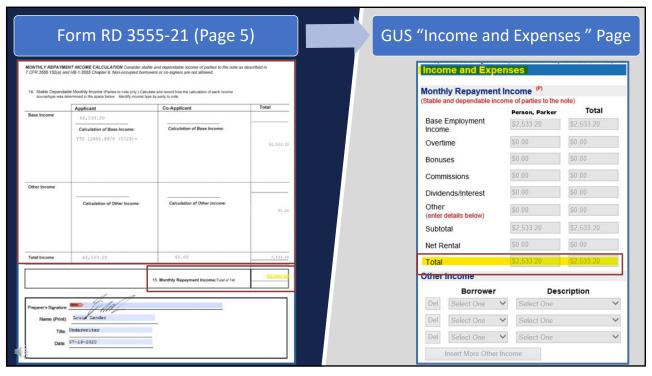
- (4) The following types of income are examples of income not included in repayment income:
- (i) Any student financial aid received by household members for tuition, fees, books, equipment, materials, and transportation;
- (ii) Amounts received that are specifically for, or in reimbursement of the cost of medical expenses for any family member;
 - (iii) Temporary, nonrecurring, or sporadic income (including gifts);
- (iv) Lump sum additions to family assets such as inheritances, capital gains, insurance payments and personal or property settlements;
 - (v) Payments for the care of foster children or adults; and
 - (vi) Supplemental Nutrition Assistance Program payments.

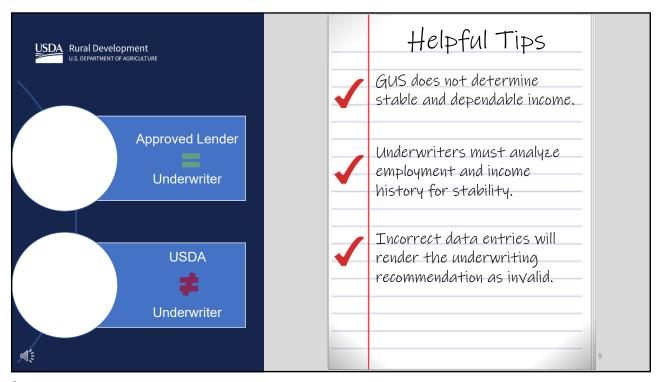
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QUESTION

Topic

- Question will be bulleted with scenario, or
- Include a statement/question

TRUE/FALSE or other answer options will be displayed

11

11

ANSWER

Topic

7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

• Additional guidance for clarification may be provided

12



QUESTION Repayment Income

- Nancy graduated last year from nursing school, passed her license exams and accepted a position with Mercy Hospital where she has been employed for 13 months.
- · She earns base wages, shift differential, and overtime.
- She is projected to earn \$102,000 this year.
- The lender may use this year's projected earnings when determining repayment income.

A. TRUE B. FALSE

14

3555.152(a), HB 9

B. TRUE

- Income sources have been received for more than 12 months.
- Overtime income has been received for at least one year and will be presumed to continue.



15

15

QUESTION

Repayment Income

- Joe worked at ABC Garage for 5 years and then changed jobs in the same line of work to XYZ Garage where he has been for 3 months.
- The lender may include Joe's earnings from both jobs when averaging repayment income.

A. TRUE B. FALSE



16

3555.152(a)(3), HB 9

B. FALSE

- XYZ Garage is no longer Joe's employer, this income has ended.
- · Lender must analyze current earnings and determine likelihood of continuance.



17

17

QUESTION Repayment Income

Bonus, overtime, commission, tips, and second jobs must have a minimum ____ year history to be included in repayment income.

- A. 1 year
- B. 2 year
- C. No minimum

18

3555.152(a)(3), HB 9

B. 1 year

Bonus, overtime, commissions, tips, and second jobs all require a one-year history.

19

19

QUESTION Repayment Income



- Her most recent paystub indicates a \$500 bonus.
- The written VOE states bonus income is not likely to continue and Michelle has no history of bonus income with this company.
- The lender may include the bonus pay into the repayment income.

A. TRUE B. FALSE



20

3555.152(a), HB 9

B. FALSE

- This was a one-time bonus.
- There is no history of prior receipt, and employer states it is unlikely to continue.



21

21

QUESTION Repayment Income

Applicants must have a minimum ____ month employment history (with current employer or income continuity).

- A. 6 months
- B. 24 months
- C. 12 months



22



3555.152(a)

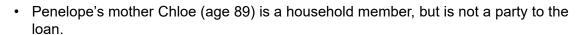
C. 12 months

The applicant must have a 12-month employment history.

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23

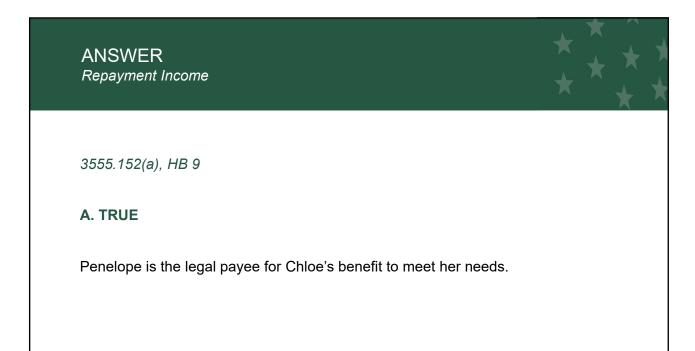
QUESTION Repayment Income

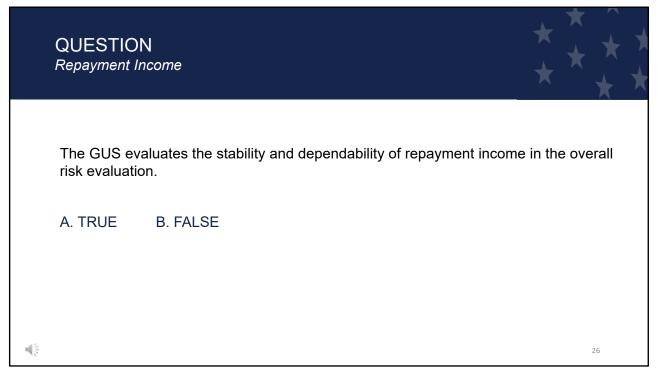


- · Penelope is Chloe's legal guardian.
- The Social Security Administration sends the \$3,000/month benefit check to Penelope in her name.
- The lender may include the \$3,000 for repayment purposes.

A. TRUE B. FALSE

24





3555.152(a)(1), HB 9

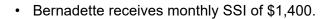
B. FALSE

The lender must determine the history and stability of earnings prior to entering repayment income into GUS.

27

27

QUESTION Repayment Income



- The lender may gross the SSI up by 25% for repayment income.
- A. TRUE B. FALSE

28

3555.152(a), HB 9

A. TRUE

Tax exempt income sources may be grossed up 25%.

No additional adjustments are allowed.

29

29

QUESTION Repayment Income

- Garth has been employed at USA Credit Union for 8 years.
- For the past 4 months he has also worked at Pizza Planet where he earns \$5.00 per delivery plus tips.
- The lender may use the part time employment for repayment.

A. TRUE B. FALSE

30

3555.152(a)(1), HB 9

B. FALSE

- Second/part-time job/tips should have a two-year history to be considered stable and dependable.
- Note: second job income must be included in annual income calculation.

43

31

31

QUESTION Repayment Income

- Applicant 1: \$35,450 salary, 2 years on job
- Applicant 2: \$23,650 salary: 18 months on job
- YTD paystubs project: Applicant 1: \$40,000, Applicant 2: \$26,000
- Lender submits file with repayment income of salaries only. Is this acceptable?

A. YES B. NO

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32

3555.152(a)(1), HB 9

A. YES

- Lenders may be conservative with repayment income calculations.
- NOTE: Lenders must consider the projected income for annual income calculations. Ensure this projection is reasonable when compared to history of earnings at same employer/position.

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33

33

QUESTION Repayment Income



- Her annual earnings were roughly \$12,000.
- She has graduated and accepted a position with Buddy's Pools and Spas.
- She has worked there 6 months and her annual salary is \$35,000.
- The lender may use Carmen's current salary of \$35,000 for repayment calculations?

A. TRUE B. FALSE

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34

3555.152(a)(1), HB 9

A. TRUE

- Carmen has an employment history of more than 12 months.
- Carmen has accepted a new, higher paying position following her graduation from college.



35

35

QUESTION Repayment Income



- Sam has now been with AutoCars for 5 months as a commission only salesperson.
- He is doing quite well and is projected to earn \$82,000 this year.
- The lender may include Sam's current projected earnings when determining repayment income.

A. TRUE B. FALSE



36

3555.152(a)(1), HB 9

B. FALSE

- Sam is now 100 percent commission at his new job.
- Sam does not currently have a one-year history of commission earnings.

13

37

37

QUESTION

Repayment Income

Self-employed applicants must have a minimum ____ year history to determine if they have applicable repayment income.

- A. 2 Years
- B. No Minimum
- C. 1 Year

38



3555.152(a)

A. 2 Years

Self-employed applicants must have a documented 2-year history of their business income and expenses.

39

39



