

Income and Documentation Matrix		
Income guidance: 7 CFR 3555, Sections 3555.152(a) and (b)		
This matrix cannot cover every income/asset type, employment scenario, etc. USDA requires approved lenders to use sound judgment to make an accurate and dependable analysis of income per 7 CFR 3555.152. Exclusions may apply under 7 CFR 3555.152(b)(5) and Attachment 9-D.		
Considerations for Income Calculations		
<ul style="list-style-type: none"> <li>• Lenders must verify the income for each adult household member for the previous 2 years.</li> <li>• Annual and adjusted annual income calculations must include all eligible income sources from all adult household members, not just parties to the loan note.</li> <li>• Annual income is calculated for the ensuing 12 months, based on income verifications, documentation, and household composition.</li> <li>• Include only the first \$480 of earned income from adult full-time students who are not the applicants, or a spouse of an applicants in annual and adjusted annual income.</li> <li>• Income from assets that meet the criteria of Section 9.4 must be included in annual and adjusted annual income.</li> <li>• Repayment income calculations include the income sources of the applicants who will be parties to the note that meet the minimum required history identified in this matrix <u>and</u> have been determined to be stable and dependable income by the approved lender.</li> <li>• Income used in repayment income calculations must be confirmed to continue a minimum of three years into the mortgage.</li> <li>• If the income is tax exempt, it may be grossed up 25 percent for repayment income.</li> <li>• “Documentation Source Options” lists eligible documentation. Every item listed is not required unless otherwise stated. Lenders must obtain and maintain documentation in the loan file supporting the lender’s income calculations.</li> </ul>		
Income Type	Annual Income	Repayment Income
<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.	<p><b>Required History:</b> None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> <li>○ The applicants are currently receiving the income; and</li> <li>○ The amount of the income received each month.</li> </ul> <p>Benefits that do not include expiration dates on the documentation will be presumed to continue.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Benefit/Award letter to document the amount and duration of payments.</li> <li>• Online payment schedule from the Agency, bank statements, etc.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Automobile Allowance</b>	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.	<p><b>Required History:</b> Two years</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>The full amount of the expense allowance may be included.</p> <p>Refer to Chapter 11 for additional guidance when there is a monthly debt associated with the income (such as a car payment).</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• Contract/agreement from employer to state terms and duration of payments.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
<b>Base Wages (Hourly or Salary) Full or Part Time</b>	<p>Include amounts received before deductions for payroll taxes, insurance, etc. Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p> <p>Full time students age 18 and above that are not applicants, co-applicants, or a 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>Required History:</b> One year</p> <p>Income must be received at the time of submission to the Agency.</p> <p>The one year of required history may be met through a combination of employers, education, or military service. This history is not required to be with the same or current employer. Applicants that were on leave with their employer due to maternity/paternity leave, medical leave, relocation, etc. remain employed.</p> <p>Underwriters may use discretion for applicants returning to the workforce after leaving a previous job to care for a child/family member, complete education, etc. for an extended time of one year or greater.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• W-2s.</li> <li>• Written Verification of Employment (VOE) or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Boarder Income</b>  Guaranteed loans are for the purchase of a primary residence. Boarder income refers to rental income received from an individual renting space inside the dwelling, thus making the property income producing. The financing of income producing property is an ineligible loan purpose for the SFHGLP.	Ineligible	Ineligible
<b>Bonus</b>	Include amounts that will be received in the ensuing 12 months based on employment verifications. Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> One year in the same, or similar, line of work.  Underwriters must analyze bonus income for the current pay period and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. paid once annually, paid monthly, etc.) before considering the income stable and dependable.  <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)/Earnings statement(s).</li> <li>• W-2s.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		
<b>Capital Gains</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> Two years  Lenders must analyze the previous two years of capital gains income. An average of the previous two years may be logical, or if the current year was 20 percent less than the previous year, the lesser must be utilized.
<b>Required Documentation:</b> <ul style="list-style-type: none"> <li>• Federal income tax returns or IRS transcripts with all schedules.</li> <li>• Evidence of additional property or assets retained by the applicants through title, bank statements, etc.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Child Support</b>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p> <p>Legally enforceable payments that have not been received may be excluded when payments are not received for an extended 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>Required History:</b> Six months</p> <p>Child support that meets the minimum history, but the payment amounts are not consistent, must use an average consistent with the payor's current ability/willingness to pay.</p> <p><u>Voluntary Payment Agreements:</u></p> <p><b>Required History:</b> One year</p> <p>Child support that meets the minimum history, but the payment amounts are not consistent, must use an average consistent with the payor's current ability/willingness to pay.</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>		
<b>Commission</b>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> One year in the same, or similar, line of work.</p> <p>Underwriters must analyze commission for the current pay period and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. variances due to seasonal/holiday, etc.) before considering the income stable and dependable.</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)/Earning statement(s).</li> <li>W-2s.</li> <li>Written VOE or electronic verifications.</li> <li>Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>Section 9.3E provides additional information on employment verification options.</li> </ul>		

Income Type	Annual Income	Repayment Income
Contract / Employment Offer	Include amounts that will be received in the ensuing 12 months based on employment verifications.	<p><b>Required History:</b> One year</p> <p>The one year of required history may be met through a combination of employers, education, or military service. This history is not required to be with the same or current employer.</p> <p>Applicants moving to a new employer (e.g. school district, same profession, etc.) with a contract to begin employment within 60 days of loan closing may be eligible if the underwriter determines the applicants have reserves available post loan closing to cover all monthly liability payments and the new mortgage obligation until employment begins.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Copy of signed employment contract/offer.</li> <li>• Paystub(s)/Earning statement(s) of current/former employer to confirm employment/income history.</li> <li>• W-2s.</li> <li>• Written Verification of Employment (VOE) or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		
Depreciation/Depletion	The amount(s) of straight-line depreciation and/or depletion documented on acceptable IRS forms may be deducted.	<p><b>Required History:</b> Two years</p> <p><b>Continuance:</b> These amounts will be presumed to continue unless there is documented evidence they will cease.</p> <p>The amount(s) of straight-line depreciation and/or depletion may be added back to repayment income.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Disability Income – Long Term</b>  This section does not refer to disability income received from the Social Security Administration.	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> None, the income must be received at the time of submission to the Agency.  Lenders must document: <ul style="list-style-type: none"> <li>○ The applicants are currently receiving the income;</li> <li>○ The amount of the income received each month; and</li> <li>○ Determine if there is a contract termination or modification date.</li> </ul>
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Verification from the disability policy or benefits provider to document the applicant’s eligibility for benefits, amount and frequency of payments, and termination/modification date.</li> <li>• Federal income tax returns or IRS transcripts with all schedules.</li> </ul>		
<b>Dividends</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> Two years
<b>Required Documentation:</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>• 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. Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> One year  Employer-provided fringe benefit packages documented on earning statements as taxable income may be included.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• Contract/agreement from employer to state terms and duration of payments.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Employment Related Account</b>  This income source may be a non-self-employed severance package. Lump sum retirement packages should refer to Retirement Income. All payments must be deposited to a verified asset account with acceptable documentation of receipt.	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> None, the income must be received at the time of submission to the Agency.  Lenders must document: <ul style="list-style-type: none"> <li>○ The applicants are currently receiving the income;</li> <li>○ The amount of the income received each month; and</li> <li>○ Determine if there is a contract termination or modification date.</li> </ul>
<b>Required Documentation:</b> <ul style="list-style-type: none"> <li>• Contract/agreement from employer to state terms and duration of payments.</li> <li>• Benefit/Award verification letter, IRS 1099, evidence of current receipt, bank statements, etc.</li> <li>• Federal income tax returns or IRS transcripts with all schedules.</li> </ul>		
<b>Expense Allowance</b>	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> Two years  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.  The full amount of the expense allowance may be included.  Refer to Chapter 11 for additional guidance when there is a monthly debt associated with the income.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• Contract/agreement from employer to state terms and duration of payments.</li> <li>• 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 7 CFR 3555.152(b)(5).	<b>Required History:</b> One 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)/Earning statement(s), translated into English if applicable.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		
<b>Foster child or adult income</b>	Do not include	Do not include

Income Type	Annual Income	Repayment Income
<b>GI Bill</b>  This income source is paid directly to veterans and/or their dependents attending college or university for the purpose of covering tuition and related expenses.	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 7 CFR 3555.152(b)(5) and Attachment 9-C.	<b>Required History:</b> None, the income must be received at the time of submission to the Agency.  Lenders must document: <ul style="list-style-type: none"> <li>○ The applicants are currently receiving the income; and</li> <li>○ The amount of the income received each month.</li> </ul> <b>Continuance:</b> Benefits that do not include expiration dates on the documentation will be presumed to continue.
<b>Required Documentation:</b> <ul style="list-style-type: none"> <li>• Benefit/Award documentation to support payment amounts and duration.</li> </ul>		
<b>Guardianship/Conservatorship Income</b>  This guidance does not apply to income earned from foster care.	Include amounts that will be received in the ensuing 12 months.  Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> None, the income must be received at the time of submission to the Agency.  Lenders must document: <ul style="list-style-type: none"> <li>○ The applicants are currently receiving the income; and</li> <li>○ The amount of the income received each month.</li> </ul> <b>Continuance:</b> 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>• Documentation to support payment amounts and duration, such as a court order, legal documents, or other supplemental information.</li> <li>• Online payment schedule from the Agency, bank statements, etc.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		



Income Type	Annual Income	Repayment Income
Housing or Parsonage Allowance	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p><b>Required History:</b> One year</p> <p>The full amount of the allowance may be included. Do not offset the mortgage payment with the amount of the allowance.</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)/Earning statement(s).</li> <li>• Contract/Agreement from employer to state the terms and duration of payments.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
Individual Retirement Account (IRA) Distributions	Include amounts that will be received in the ensuing 12 months. Lump sum withdrawals or sporadic payments may be excluded under 7 CFR 3555.152(b)(5).	<p><b>Required History:</b> None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> <li>○ The applicants are currently receiving the income; and</li> <li>○ The amount of income received each month.</li> </ul> <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>• IRA documents, IRS 1099, evidence of current receipt, bank statements, etc.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
Interest	<p>Include income that will be received in the ensuing 12 months.</p> <p>Net family assets that do not exceed a cumulative total of \$50,000 are not required to be considered in the annual income calculation.</p>	<b>Required History:</b> Two years
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Account statements to support the balance, rate of interest, and payment amounts/continuance.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
Live in Aides	Do not include	Do not include

Income Type	Annual Income	Repayment Income
Medical Reimbursement	Do not include	Do not include
Mileage	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.	<p><b>Required History:</b> One year</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>Mileage documented on earning statements as taxable income may be included.</p> <p>When a mileage deduction is claimed on the income tax return, the calculated amount may be added to repayment income. Lenders must follow current IRS guidance to calculate this amount.</p>
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
Military	<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 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> One year College/Technical School attendance may be substituted.</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 basic allowance for housing and subsistence (BAH/BAS), clothing allowances, flight or hazard pay, rations, and proficiency pay may be used for repayment income provided it is verified to continue.</p> <p>Additional consideration for the tax-exempt nature of these payments may be applied.</p>
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Military Earnings and Leave Statement(s).</li> <li>• W-2s.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		

Income Type	Annual Income	Repayment Income
Mortgage Credit Certificate	Do not include	<p><b>Required History:</b> None</p> <p>The monthly benefit amount may be included in repayment income.</p> <p><b>Self-employed applicants are not eligible for MCC.</b></p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>Copy of the approved MCC award letter/contract with the rate of credit documented.</li> </ul> <p><b>GUS Instructions:</b></p> <ul style="list-style-type: none"> <li>In the “Borrower Information” page under “Income from Other Sources,” use the dropdown button in the “Income Source” field and select “Mortgage Credit Certificate.” Tab to the “Monthly Income” field and enter the amount.</li> </ul>		
Mortgage Differential Payment	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> One year</p> <p>Include the differential payment in repayment income. Do not offset the mortgage payment with the amount of the allowance.</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>Verification from the employer to confirm the subsidy amount and duration of payments.</li> </ul>		
Notes Receivable	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> Two years</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>Copy of note to establish the amount and length of time of payment.</li> <li>Federal income tax returns or IRS transcripts with all schedules, for proof of receipt of income.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Overtime</b>	Include amounts that will be received in the ensuing 12 months based on employment verifications. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p><b>Required History:</b> One year in the same, or similar, line of work.</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease. Underwriters must analyze overtime for the current pay period, and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. variances due to seasonal/holiday, etc.) before considering the income stable and dependable.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• W-2s.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		

Income Type	Annual Income	Repayment Income
Pensions	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Lump sum withdrawals or sporadic payments may be excluded under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> <li>○ The applicants are currently receiving the income; and</li> <li>○ The amount of the income received each month.</li> </ul> <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>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
Per Diem	<p>Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> One year</p> <p>Taxable income may be included.</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)/Earning statement(s).</li> <li>• Contract/agreement from employer to state terms and duration of payments.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		

Income Type	Annual Income	Repayment Income
<p><b>Rental Income</b></p> <p>A retained dwelling must meet the requirements of 7 CFR 3555.151(e).</p>	<p>Include positive net rental income that will be received in the ensuing 12 months.</p> <p>Negative net rental income is counted as zero in the annual income calculation.</p>	<p><b>Required History:</b> Two years</p> <p><u>Rents Received 24 Months or More</u> Positive net rental income received may be included in the repayment income.</p> <p>Negative net rental income is treated as a recurring liability in the debt ratios.</p> <p>Refer to Chapter 11 for additional guidance when there is a mortgage liability associated with the rental income.</p> <p><u>Rents Received Less than 24 Months</u> No rental income may be included for repayment purposes.</p> <p>Negative net rental income is treated as a recurring liability in the debt ratios.</p> <p>Refer to Chapter 11 for additional guidance when there is a mortgage liability associated with the rental income.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>Federal income tax returns with all schedules, specifically Schedule E; or</li> <li>IRS transcripts with all schedules, confirm Schedule E is completed.</li> <li>Evidence of cash/check deposits, money order receipts, electronic payment receipt, etc. to document rents received for last 30 days.</li> <li>Signed lease of current occupants.</li> </ul> <p><b>GUS Instructions:</b></p> <ul style="list-style-type: none"> <li>Complete the applicable fields in the “Real Estate” page. Include the corresponding mortgage debt associated with the property, if applicable.</li> <li>Unless manually overwritten, GUS auto-calculates net rental income by employing a 25% vacancy factor. GUS uses 75% of the lender entered amount for monthly rental income and subtracts the lender entered amounts for monthly mortgage payment(s), insurance, taxes, association dues, etc.</li> </ul>		
<p><b>Restricted Stock Units (RSU)</b></p>	<p>Include amounts listed as taxable income on the pay statements as gross earnings that will continue to be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> Two years</p>
<p><b>Required Documentation:</b></p> <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>		

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Retirement	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Lump sum withdrawals or sporadic payments may be excluded under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> <li>○ The applicants are currently receiving the income; and</li> <li>○ The amount of the income received each month.</li> </ul> <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>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
Royalty Payments	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> Two years</p> <p>Lenders must confirm the amount, frequency, and duration of these payments.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Royalty contract or agreement.</li> <li>• Federal income tax returns or IRS transcripts including all schedules.</li> </ul>		
Schedule K-1	<p>Include monetary amounts (cash distributions) that will be received in the ensuing 12 months.</p> <p>Distributions of equipment, shares of real estate interest/ownership, non-monetary items, etc. are not included in the annual income.</p>	<p><b>Required History:</b> Two years</p> <p>Schedule K-1 income may be utilized to qualify applicants if the lender can confirm the business has adequate liquidity to support the withdrawal of earnings. The Schedule K-1 may provide this confirmation through “guaranteed payments to the partner.”</p> <p><b>Continuance:</b> These amounts will be presumed to continue unless there is documented evidence they will cease.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Federal tax returns or IRS transcripts with all schedules.</li> <li>• Schedule K-1 forms.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Scholarships</b>	Include funds that will be received in the ensuing 12 months after deducting for tuition, fees, books and equipment.	<b>Required History:</b> Two years  Include remaining funds after deducting tuition, fees, books, and equipment.
<b>Required Documentation:</b> <ul style="list-style-type: none"> <li>Award letter to state the benefit/scholarship amount or tuition assistance and date of termination.</li> <li>Evidence to support the deductions required to arrive at any repayment amount.</li> </ul>		
<b>Seasonal 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.	<b>Required History:</b> Two years, in the same line of work.  If the income is not earned at the time of submission to the Agency, the employer must provide verification that the applicants are still an employee along with an anticipated return to work date.  <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)/Earning statement(s).</li> <li>W-2s.</li> <li>Written VOE or electronic verifications.</li> <li>Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>Section 9.3E provides additional information on employment verification options.</li> </ul>		
<b>Secondary 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.	<b>Required History:</b> One year of working primary and secondary employment concurrently.  <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)/Earning statement(s).</li> <li>W-2s.</li> <li>Written VOE or electronic verifications.</li> <li>Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>Section 9.3E provides additional information on employment verification options.</li> </ul>		



Income Type	Annual Income	Repayment Income
Section 8 Housing Vouchers	Do not include	<p><b>Required History:</b> None</p> <p>The amount of the benefit payment may be included in repayment income.</p> <p>When the benefit is paid directly to the servicer, the amount of the benefit may be considered as a reduction of the PITI, rather than an addition to repayment income. A manual file submission is required in this instance.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>Benefit/Award letter to verify the subsidy amount.</li> <li>When used as a reduction of the PITI, documentation verifying the benefit is paid directly to the servicer must be maintained in the lender’s permanent loan file.</li> </ul> <p><b>GUS Instructions:</b></p> <ul style="list-style-type: none"> <li>Enter the amount on the “Borrower Information” page under “Income from Other Sources.” Use the dropdown button in the “Income Source” field and select “Housing Choice Voucher Program.” Tab to the “Monthly Income” field and enter the amount.</li> </ul>		
Self-Employment Income and Independent Contractors (1099)	<p>Lenders must analyze Federal tax returns to determine the appropriate gross income calculations.</p> <p>Include zero in annual income for a business loss.</p>	<p><b>Required History:</b> Two years</p> <p>Lenders must analyze Federal tax returns to determine the appropriate gross income.</p> <p>Depreciation, depletion, business use of home, and other paper deductions may be allowed to be added back to the net profit/loss. Lenders may refer to Fannie Mae Form 1084 or comparable self-employment analysis form for assistance.</p> <p>A business loss must be deducted from repayment income.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>Most recent two years of Federal income tax returns or IRS tax transcripts with all schedules; and</li> <li>YTD Profit and Loss Statement (audited or unaudited), used for income trend analysis.</li> </ul>		

Income Type	Annual Income	Repayment Income
<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>Required History:</b> Six months</p> <p>Maintenance that meets the minimum history, but the payment amounts are not consistent must use an average that is consistent with the payor's current ability/willingness to pay.</p> <p><u>Voluntary Payment Agreements:</u></p> <p><b>Required History:</b> One year</p> <p>Maintenance that meets the minimum history, but the payment amounts are not consistent must use an average that is consistent with the payor's current ability/willingness to pay.</p>
<p><b>Required Documentation:</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>		
<b>Social Security Income</b>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> None, the income must be received at the time of submission to the Agency.</p> <p>Benefits that do not include an expiration date and are expected to be received for at least three years into the mortgage may be considered.</p> <p>Benefits received by applicants on behalf of minors (funds are intended for their support) may be utilized for repayment income if they are expected to be received for at least three years into the mortgage.</p> <p>Benefits received by applicants on behalf of an adult household member may be used for repayment income if they are expected to be received for at least three years into the mortgage 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 Social Security Office or Form SSA-1099/1042S, Social Security Benefit Statement.</li> <li>Legal guardianship/payee status for adult household members.</li> </ul>		

Income Type	Annual Income	Repayment Income
Student Loans	Do not include	Do not include
Supplemental Nutrition Assistance Program (SNAP)	Do not include	Do not include
<p><b>Temporary Leave Income/Temporary Reduction to Income with current employer</b></p> <p>This guidance is for applicants that are currently employed. This guidance does not apply to applicants that are currently unemployed.</p>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(a)(5).</p>	<p><b>Required History:</b> None, the income must be received at the time of loan closing.</p> <p>The lender must obtain all the following from the employer:</p> <ul style="list-style-type: none"> <li>○ Verification the applicants have the right to return to work following the leave;</li> <li>○ Documentation of the applicant’s return date;</li> <li>○ Verification of the duration and amount of temporary leave income; and</li> <li>○ Documentation of regular employment prior to temporary leave.</li> </ul> <p>Applicants that will return to work prior to the first mortgage payment may use their pre-leave income.</p> <p>Applicants that will not return to work prior to the first mortgage payment must use their current income received (which may be zero) plus non-retirement liquid reserves. Reserves must meet the required history and calculations in the Asset and Reserves section of this matrix. The total of income and assets must meet the mortgage obligation and additional monthly liability payments until the applicant’s date of return to work.</p> <p>Lenders must document their calculation of income plus reserves divided by applicable months on Attachment 9-B, the Uniform Underwriting and Transmittal Summary, or on an alternate underwriting form.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• All employer verifications required by this section.</li> <li>• Benefit statement/Contract.</li> <li>• Paystub(s)/Earning statement(s).</li> <li>• Written VOE or electronic verification.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Tips</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p><b>Required History:</b> One year</p> <p>Underwriters must analyze tip income for the current pay period, and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. variances due to seasonal/holiday/etc.) before considering the income stable and dependable.</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)/Earning statement(s).</li> <li>• W-2s.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		
<b>Trust Income</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> Six months
<p><b>Required Documentation:</b></p> <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>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Benefits received while seeking new full/part time employment that have ended are excluded under 7 CFR 3555.152(b)(5)(v).</p>	<p><b>Required History:</b> Two years</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>Applicants with a sole source of unemployment income are ineligible for a guaranteed loan.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Evidence of compensation: IRS Form 1099 or equivalent.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		

Income Type	Annual Income	Repayment Income
Unreimbursed Employee or Business Expenses	The total amount of unreimbursed expenses may be deducted from annual and adjusted annual income.	<p><b>Required History:</b> None</p> <p>The amount(s) of unreimbursed employee or business expenses deducted from the annual income must also be deducted from repayment income.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>IRS Form 2106, Schedule A, Schedule C, or equivalent IRS filed form.</li> <li>Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
VA Benefits	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p><b>Required History:</b> None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> <li>Applicants are currently receiving the income; and</li> <li>The amount of the income received each month</li> </ul> <p>Benefits with no expiration date stated will be presumed to continue.</p> <p>Benefits received by applicants on behalf of minors (funds are intended for their support) may be utilized for repayment income.</p> <p>Benefits received by applicants 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.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Variable Income (e.g. piece rate, union work, and other similar types of pay structures)</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p><b>Required History:</b> One year, in the same or similar line of work.</p> <p>Underwriters must analyze variable income earnings for the current pay period and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. variances due to seasonal/holiday, etc.) before considering the income stable and dependable.</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<b>Required Documentation:</b> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• W-2s.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		
<b>Worker's Compensation</b>	Include amounts that will be received in the ensuing 12 months.  Lump sums or sporadic payments may be excluded under 7 CFR 3555.152(b)(5).	<p><b>Required History:</b> Six months</p>
<b>Required Documentation:</b> <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
7 CFR 3555.152(c)
<p><b>Dependent Deduction [7 CFR 3555.152(c)(1)]:</b></p> <ul style="list-style-type: none"> <li>\$480 deduction per eligible dependent at the time of submission to the Agency.</li> <li>Applicants with shared custody may include their child(ren).</li> </ul>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>Certify to the number of household members in GUS.</li> <li>List all household members in GUS and Attachment 9-B, the lender’s Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.</li> </ul>
<p><b>Child Care Expenses [7 CFR 3555.152(c)(2)]:</b></p> <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> <li>Child care expenses that exceed the earnings of the family member enabled to work are not permissible for deduction.</li> </ul>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>Utilize income tax returns, receipts, or third- party verifications provided by a licensed child care 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 (e.g. canceled checks, money order receipts, bank statements, etc.).</li> <li>Child support payments and school tuition are not eligible deductions.</li> <li>Attachment 9-G is an available option to document child care expenses but may not be used alone when additional documentation is required per this section to verify payment (i.e. relatives and private individuals).</li> <li>Calculations must be recorded on Attachment 9-B, the lender’s Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.</li> </ul>
<p><b>Disability Expenses [7 CFR 3555.152(c)(3)]:</b></p> <ul style="list-style-type: none"> <li>Deduction for eligible expenses that exceed three 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>
<p><b>Documentation Source Options:</b></p> <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 recorded on Attachment 9-B, the lender’s Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.</li> </ul>

Adjusted Annual Income Deductions	
7 CFR 3555.152(c)	
<b>Elderly Household Deduction [7 CFR 3555.152(c)(4)]:</b> <ul style="list-style-type: none"><li>• Applicants age 62 or older.</li><li>• One \$400 deduction allowed per household.</li></ul>	
<b>Documentation Source Options:</b> <ul style="list-style-type: none"><li>• Certify to date of birth on the loan application.</li></ul>	
<b>Medical Expenses [7 CFR 3555.152(c)(5)] (Elderly and Disabled Households Only):</b> <ul style="list-style-type: none"><li>• Deduction for eligible expenses that exceed 3 percent of the annual income for entire family.</li><li>• Definition of elderly family is in 7 CFR 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, etc.</li><li>• Calculations must be recorded on Attachment 9-B, or lender's Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.</li></ul>	



Assets and Reserves	
7 CFR 3555.152(d)	
<p>Cash Reserves calculated by the system represent the amount of liquid assets that remain available to the applicants/borrowers after loan closing (includes amounts received at closing). Lenders must use caution and not overstate assets utilized for reserves.</p> <p>Although all household assets must be verified and documented in the permanent loan file, the lender may underwrite to the most conservative approach with no consideration of assets entered into GUS.</p> <p>When assets are entered into GUS and used as reserves, lenders must ensure that the funds will be available to the applicants post-closing.</p> <p>Unverified funds are not an acceptable source of funds for down payment, closing costs, etc.</p> <p>USDA does not require evidence from all parties to access joint or business accounts unless access to the funds are restricted without it.</p>	
Bridge Loan	
<p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>Evidence of loan proceeds, where they are held (depository account, etc.), and balance remaining.</li> <li>Confirm corresponding liability for this debt is included in the total debt ratio if applicable.</li> </ul> <p><b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible</p>	
Business Accounts	
<p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>Two months of recent bank statements; or</li> <li>Verification of Deposit (VOD) and a recent bank statement (official monthly bank statement provided by the banking institution); or</li> <li>Direct verification by a third-party verification (TPV) vendor of the borrower's account covering activity for a minimum of the most recent available 60 days. The date of the data contained in the completed verification must be current, within 30 days of the date of the verification.</li> </ul> <p><b>Reserves:</b> Eligible</p> <ul style="list-style-type: none"> <li>Lenders must not exceed the balance from the most recent official monthly bank statement provided by the banking institution, TPV, or the verification of deposit if dated after the bank statement. Lenders may choose to use a lower balance at their discretion. Online screen print outs of transactions are not permitted.</li> </ul> <p><b>Funds to Close:</b> Eligible</p> <p><b>GUS Instructions:</b></p> <ul style="list-style-type: none"> <li>Enter as Asset Type "Other" in the "Other Assets You Have" section and select either "Other Liquid Asset" or "Other Non-Liquid Asset."</li> </ul>	
Cash on Hand	
<p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>Applicants must supply a letter of explanation to state how the funds were accumulated (how much weekly/monthly/etc.).</li> <li>Lender must determine reasonableness of accumulation based on income stream, spending habits, etc.</li> </ul> <p><b>Reserves:</b> Ineligible <b>Funds to Close:</b> Eligible</p>	

<b>Assets and Reserves</b>	
<b>Certificate of Deposit (CD)</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Recent account statement (monthly, quarterly, etc.) to evidence the account balance and early withdrawal penalty, if applicable.</li> </ul>
<b>Reserves: Eligible</b>	<ul style="list-style-type: none"> <li>Lenders may use the current vested balance, minus applicable fees/penalties.</li> </ul>
<b>Funds to Close: Eligible</b>	
<b>Depository Accounts: Checking, Money Market Accounts, and Savings</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Two months of recent bank statements; or</li> <li>Verification of Deposit (VOD) and a recent bank statement (official monthly bank statement provided by the banking institution); or</li> <li>Direct verification by a third-party verification (TPV) vendor of the borrower's account covering activity for a minimum of the most recent available 60 days. The date of the data contained in the completed verification must be current, within 30 days of the date of the verification.</li> <li>Investigate all recurring deposits on the account statements that are not attributed to wages or earnings to confirm the deposits are not from undisclosed income sources. There is no tolerance or percentage of the amount of a recurring deposit that is not required to be investigated.</li> <li>Investigate individual (non-recurring) deposits greater than \$1,000 on the account statements that are not attributed to wages or earnings to confirm the deposits are not from undisclosed income sources.</li> <li>If the source of a deposit is readily identifiable on the account statement(s), such as a direct deposit from an employer, the Social Security Administration, an IRS or state income tax refund, or a transfer of funds between verified accounts, and the source of the deposit is printed on the statement, the lender does not need to obtain further explanation or documentation. However, if the source of the deposit is printed on the statement, but the lender still has questions as to the source of the deposit, the lender should obtain additional documentation.</li> </ul>
<b>Reserves: Eligible</b>	<ul style="list-style-type: none"> <li>Lenders must not exceed the balance from the most recent official monthly bank statement provided by the banking institution, TPV, or the verification of deposit if dated after the bank statement. Lenders may choose to use a lower balance at their discretion. Online screen print outs of transactions are not permitted. Deposited gift funds require further documentation and calculation. Refer to the "Gift Funds" section of this Attachment for further guidance.</li> </ul>
<b>Funds to Close: Eligible</b>	<ul style="list-style-type: none"> <li>In addition to the documentation requirements above, printed transaction histories are permitted to verify cash to close.</li> </ul>
<b>Earnest Money</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Retain a copy of the check, money order receipt, etc. that was remitted for the earnest money.</li> </ul>
<b>Reserves: Eligible</b>	
<b>Funds to Close: Eligible</b>	
<b>GUS Instructions:</b>	<ul style="list-style-type: none"> <li>Earnest money that has cleared an applicant's depository account may be entered under the "Other Credits" section of the "Lender Loan Information" 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>Refer to the "Gift Funds" section of this Attachment for additional guidance when gift funds are used for the Earnest Money deposit.</li> </ul>

Assets and Reserves
<b>Foreign Assets (Assets located outside of the United States and its territories)</b>
<b>Documentation:</b> <ul style="list-style-type: none"> <li>Documentation verifying assets have been exchanged to U.S. dollars and held in a Federal or State regulated financial institution prior to closing.</li> <li>Lender must verify funds availability and accompanying documentation that has been converted to English, or provide a translation attached to each document, and ensure the translation is complete and accurate.</li> </ul> <b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible
<b>Gift of Equity, Sweat Equity, or Rent Credits</b>
<b>Documentation:</b> <ul style="list-style-type: none"> <li>These gifts or credits must 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 the 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>Reserves:</b> Ineligible <b>Funds to Close:</b> Ineligible
<b>Gift Funds</b>
<b>Documentation:</b> <ul style="list-style-type: none"> <li>Gift funds are considered the applicant’s own funds, therefore excess gift funds are eligible to be returned to the applicant at loan closing.</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>Cash on hand is not an acceptable source of donor gift funds.</li> <li>A gift letter must be obtained to specify the donor, the dollar amount of the gift, and include a statement that the funds do not have to be repaid.</li> <li>The lender must verify that sufficient funds to cover the gift have been transferred to the applicant’s account, or will be documented as received by the closing agent at the time of closing. Acceptable documentation includes:               <ul style="list-style-type: none"> <li>Evidence of the applicant’s deposit;</li> <li>A copy of the donor’s funds by check/electronic transfer to the closing agent; or</li> <li>A copy of the Closing Disclosure showing receipt of the donor’s funds.</li> </ul> </li> </ul> <b>Reserves:</b> Ineligible <b>Funds to Close:</b> Eligible <b>GUS Instructions:</b> <ul style="list-style-type: none"> <li>Gift funds should be entered in the “Gifts or Grants You Have Been Given or Will Receive for This Loan” section of the “Loan and Property Information” GUS application page. If the funds have already been deposited into an asset account, select “deposited” and include the amount of the gift in the applicable asset account on the “Assets and Liabilities” GUS application page. If the funds have not been deposited into an asset account, select “not deposited” and do not include the gift in an asset account on the “Assets and Liabilities” GUS application page.</li> <li>Gift funds applied as Earnest Money should not be reflected in the “Gifts or Grants You Have Been Given or Will Receive for This Loan” section of the “Loan and Property Information” GUS application page.</li> </ul>

<b>Assets and Reserves</b>	
<b>Individual Development Account (IDA)</b>	
<b>Documentation:</b> <ul style="list-style-type: none"> <li>• Two months of account statements; or</li> <li>• Verification of Deposit (VOD) and a recent bank statement (official monthly bank statement provided by the banking institution); or</li> <li>• Direct verification by a third-party verification (TPV) vendor of the borrower's account covering activity for a minimum of the most recent available 60 days. The date of the data contained in the completed verification must be current, within 30 days of the date of the verification; or</li> <li>• Alternate evidence provided by the account trustee/management to support account activity and monthly balances.</li> <li>• Verification must document the vested/amount available for withdrawal without penalty or reimbursement.</li> </ul> <b>Reserves:</b> Eligible <ul style="list-style-type: none"> <li>• Lenders must not exceed the vested balance on the most recent statement. Lenders may choose to use a lower balance at their discretion.</li> </ul> <b>Funds to Close:</b> Eligible	
<b>Life Insurance</b>	
<b>Documentation:</b> <ul style="list-style-type: none"> <li>• Document the applicant's receipt of funds from the policy.</li> <li>• Verify where the proceeds are held and confirm they are available to the applicants.</li> <li>• Confirm corresponding liability for this debt in the total debt ratio, if applicable.</li> </ul> <b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible	
<b>Lump Sum Additions: IRS Refunds, Lottery Winnings, Inheritances, Withdrawals from Retirement Accounts</b>	
<b>Documentation:</b> <ul style="list-style-type: none"> <li>• Document the applicant's receipt of funds.</li> <li>• Verify where the proceeds are held and confirm they are available to the applicants.</li> <li>• One-time deposits may not require annual income consideration under 7 CFR 3555.152(b)(5)(vi).</li> <li>• Do not enter into GUS separately if it is already included in the borrower's depository account.</li> </ul> <b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible	
<b>Personal Property Sold</b>	
<b>Documentation:</b> <ul style="list-style-type: none"> <li>• Document the applicant's ownership of the asset.</li> <li>• Evidence of the transfer of ownership of the asset through a bill of sale or statement from the purchaser.</li> <li>• Receipt of sales proceeds through deposit slips, bank statements, or a copy of the purchasing party's canceled check, money order, or electronic funds transfer.</li> </ul> <b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible	

Assets and Reserves
<b>Retirement: 401(k), IRA, etc.</b> <b>Documentation:</b> <ul style="list-style-type: none"> <li>Recent account statement (monthly, quarterly, etc.) to evidence the account balance, vested balance available for withdrawal, and early withdrawal penalty, if applicable.</li> <li>Funds borrowed against these accounts may be used for funds to close but are not considered in reserves. The borrowed funds should not be reflected in the balance of any asset entered on the “Assets and Liabilities” application page.</li> </ul> <b>Reserves:</b> Eligible <ul style="list-style-type: none"> <li>60 percent of the vested amount available to the applicants may be used as reserves.</li> <li>Funds borrowed against these accounts are <u>not</u> eligible for reserves. The borrowed funds should not be reflected in the balance of any asset entered on the “Assets and Liabilities” application page.</li> </ul> <b>Funds to Close:</b> Eligible
<b>Sales Proceeds: Real Estate Owned</b> <b>Documentation:</b> <ul style="list-style-type: none"> <li>Closing disclosure or acceptable alternative.</li> <li>Verify where the proceeds are held and confirm they are available to the applicants.</li> </ul> <b>Reserves:</b> Eligible <ul style="list-style-type: none"> <li>Reserves will be calculated based on the data entered in the “Assets and Liabilities” and “Real Estate” application pages in GUS. Lenders must confirm the GUS calculation. An override of the data entry, or other asset data entry for this purpose, must have supporting documentation.</li> <li>Net equity/sales proceeds manually entered on a loan application must have supporting documentation.</li> </ul> <b>Funds to Close:</b> Eligible
<b>Secured Loan from Personal Asset</b> <b>Documentation:</b> <ul style="list-style-type: none"> <li>Document the amount of the secured loan proceeds and the source (e.g. Certificate of Deposit, stocks, etc.).</li> <li>Confirm corresponding liability for this debt is included in the total debt ratio, if applicable.</li> <li>This guidance does not apply to funds borrowed from an applicant’s retirement account (e.g. 401(k), IRA, etc.). Please review the “Retirement” section of this matrix for guidance on these types of accounts.</li> </ul> <b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible
<b>Stocks, Stock Options, Bonds, Mutual Funds, and Investments</b> <b>Documentation:</b> <ul style="list-style-type: none"> <li>Recent account statement (monthly, quarterly, etc.) to evidence the account balance, vested balance available for withdrawal, and early withdrawal penalty, if applicable.</li> </ul> <b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible
<b>Trust Accounts</b> <b>Documentation:</b> <ul style="list-style-type: none"> <li>Verify applicants have access to the funds, amounts, circumstances, requirement to repay withdrawal, etc.</li> <li>Recent account/trust statement (monthly, quarterly, etc.) to evidence the account balance.</li> </ul> <b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible

Assets and Reserves	
<b>Unsecured Loan: Borrowed Funds</b>	
<b>Documentation:</b> <ul style="list-style-type: none"><li>• Document the amount of the loan proceeds and the source (e.g. signature loan, line of credit, credit card advance/loan, overdraft protection, etc.).</li><li>• Confirm corresponding liability for this debt is included in the total debt ratio, if applicable.</li></ul> <b>Reserves:</b> Ineligible <b>Funds to Close:</b> Ineligible	
<b>ASSET CHANGES AFTER CONDITIONAL COMMITMENT ISSUANCE</b> <p>Assets verified prior to loan closing that are less than the amounts entered into GUS or on the loan application may retain the issued Conditional Commitment (Form RD 3555-18/18E) when one the following are met:</p> <ol style="list-style-type: none"><li>1. The application was approved with zero months of cash reserves; or</li><li>2. The application will continue to have a minimum of four months of cash reserves.</li></ol>	