

Calculating Income for the \$15k DPA

Follow MCC guidelines for Cabarrus, Cumberland, Guilford,
Johnston, & Mecklenburg Counties

Special Rules for the \$15k DPA

- The \$15k DPA is a limited time, limited fund, limited location offering.
- Available in Cabarrus, Cumberland, Guilford, Johnston, and Mecklenburg Counties only.
- Anticipated Depletion Date: Unknown
- MUST follow NC Home Advantage AND MCC Rules
- Existing, Previously Occupied properties only
- First Time Buyer
- Sales price max \$245,000
- **INCOME LIMITS APPLY**

Household Income Limits

County	Household Size	
	1-2 Persons	3+ Persons
Cabarrus	\$67,000	\$77,000
Cumberland	\$65,000	\$75,000
Guilford	\$59,000	\$67,000
Johnston	\$76,000	\$87,500
Mecklenburg	\$67,000	\$77,000

What Is Household Income?

- **All** of the income received by **All** occupants *expected* to live in the home must be considered.
 - Base Pay
 - Bonus, Overtime, Auto Allowance
 - Self Employment Income
 - Interest, Dividends, Annuities
 - Pension, Social Security, Unemployment, Workers Comp, VA benefits
 - Child & Spousal Support
 - Government Subsidies (Section 8, AFDC)
 - Gross Rental Income
 - Deferred Income
 - All other regularly occurring additional income
 - Other as applicable

Calculating Base Pay for Wage Earners

- How often is the borrower/Occupant Paid?
 - Weekly? _____
 - Bi-Weekly? _____
 - Bi-Monthly _____
 - Monthly? _____

Calculating Base Pay for Wage Earners

- How is the Borrower/Occupant paid?
 - Hourly?
 - If so, how many hours per pay period?
 - Salary ?
 - Overtime?
 - Bonus?

Calculating
Base Pay for
Wage Earners

$$\begin{aligned} & \text{Hourly Rate} \\ & \quad \times \\ & \text{Hours per pay period} \\ & \quad \times \\ & \text{\# of pay periods} \\ & \quad = \\ & \text{Annual Base Pay} \end{aligned}$$

Calculating Overtime or Bonus for Wage Earners

- January 1 to June 30, combine all income for previous tax year and Year to Date. **After July 1,** take current year income only.*
- All income in excess of Base Pay is considered “Other”

Total Income [Previous Yr + YTD or YTD only]

Subtract - Base Pay

Equals = Other Income

- Divide the result by the appropriate pay periods/months & multiply by 12 months.

* For Full Time wage earners on same job

Calculating
Compliance
Income for
Wage Earners

Combine Annual Base Pay &
Other Income

Annual Base Pay

+

Other Income

=

Total Compliance Income

How to Handle Raises

- When a customer has received a raise within the calculation period you must determine the income **before** the raise and calculate base pay before and after the date of the raise.
 - How many pay periods in the calculation period before the raise?
 - Multiply Hourly rate x Hours per pay pd x # of pay periods up to the raise date
 - Multiply new Hourly rate x Hours per pay pd x # of pay periods from the raise date to the date of the paystub or VOE
 - Add the two results for TOTAL BASE PAY

How to Handle Raises

Calculate PRE Raise Base Pay:

- Hourly rate Before Raise
- x Hrs per pay period
- x # of pay pds before Raise
- = Total Base Pay Pre Raise

Calculate POST Raise Base Pay:

- Hourly Rate After Raise
- x Hrs per pay period
- x # of pay pds After Raise
- = Total Base Pay After Raise

How to Handle Raises

Combine Total PRE & POST
Raise Income

$$\begin{array}{r} \text{Total Base Pay Pre Raise} \\ + \\ \text{Total Base Pay After Raise} \\ = \\ \text{Total Base Pay} \end{array}$$

Deduct Total Base Pay from
Total Income

$$\begin{array}{r} \text{Total Income} \\ - \\ \text{Total Base Pay} \\ = \\ \text{Total OTHER Income} \end{array}$$

How to Handle Raises

- Now, Multiply Your NEW Base Pay after the Raise for Total Annual Income.
- Multiply Total OTHER Income x 12 months
- Combine for Compliance Income

(New Base Pay x 12 months)

+

(Other Income x 12 months)

=

Total Compliance Income

Calculating Income for Self-Employed Borrowers

- Income will be averaged from the previous 2 years Federal Tax Returns plus a Year to Date Profit and Loss. If 2 years are not available then use previous year & YTD, or YTD if it is a new business.
- The Profit and Loss may be self-prepared.
- Losses are NOT deducted from Household Income. Any loss is reflected as "0" .

Calculating Self Employed Income

$$\begin{aligned} & \text{Previous 2 years tax returns} \\ & + \\ & \text{Plus depreciation/depletion} \\ & + \\ & \text{YTD Profit and Loss} \\ & / \\ & \text{by \# of months} \\ & = \\ & \text{Compliance Income} \end{aligned}$$

Totaling Household/ Compliance Income

After you have calculated Compliance Income for each Occupant, add together. Don't forget to add other sources of income, like interest, dividends, alimony, child support, etc.

Borrower 1		Compliance Income \$ _____
	+	
Borrower 2		Compliance Income \$ _____
	+	
Non-Borrower Occupant		Compliance Income \$ _____
	+	
All other sources of Income		Compliance Income \$ _____
	=	
		Total Compliance Income \$ _____

Contact Us

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