Calculating Compliance Income, Income Certification Loan Action, Pre-Closing Compliance Income Validation, and Milestones

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What we will cover:

- Calculating Compliance Income
- Income Certification Loan Action
- Pre-Closing Compliance Income Validation
- Milestones

Compliance Income

Borrower Annualized Income

- Income from **all** borrowers on the mortgage, note, and deed, from all sources, annualized forward.

Seller Guide Section
(Income Assessment 3.6)

Household Annualized Income

- Income from **all** household members to occupy the subject property from all sources, annualized forward.

Seller Guide Section
(Compliance Income 3.6.1)

- ✓ **75% of rental income from the subject property used to qualify must be included in compliance Income.**
- ✓ **Grossed-up amount of non-taxable income must be included in annualized income.**

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Compliance Income

WFA 3.0 Reminders

- The L-106 must have all sections completed, signed and dated. This includes household members relationship to borrowers, town/city the property will be located in etc. Then be sure this information matches up to the information in emasshousing.com

- If applicable, review L-107 for all borrowers and household members over the age of 18 earning *ZERO* income.

- When reviewing the recent federal tax return be sure it matches up to corresponding W2's provided. If it does not, then ask for the remaining W2's.

- Confirm the employment section in emasshousing.com matches W2's provided. If they do not, input the information and obtain a verbal VOE to ensure this is a previous and not current employer.

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Compliance Income

There are two ways to determine compliance income

1. Using a numbered calendar and the pay period ending date, divide the number of weeks the total gross earnings **OR;**
2. Utilize a constant deduction on the paystub, such as Dental, Medical, or Long-Term Disability.

Dental - 8.81/123.34 = 14 pay periods x 2 (*bi-weekly*) = 28 weeks
46,090.70 (gross) /28 X 52 = 85,597.01

[redacted]

Earnings Statement

Period Beginning: 07/02/2023
Period Ending: 07/15/2023
Pay Date: 07/14/2023

[redacted]

Earnings	rate	salary/hours	this period	year to date
Regular	2769.24	80.00	2,769.24	36,889.44
Wknd Bon			916.52	9,201.26
Gross Pay			$3,685.76	46,090.70

Deductions	Statutory		
	Federal Income Tax	-244.17	2,535.35
	Social Security Tax	-227.90	2,848.53
	Medicare Tax	-53.30	666.19
	MA State Income Tax	-159.32	1,871.58
	Other		
	Dental Pretax	-8.81*	123.34
	Ee Vol Life	-1.81	
	Ma Fli	-4.05	51.18
	Ma Mli	-7.67	96.74
	Vision Pretax	-7.69*	107.66
	401K Traditiona	-221.15*	2,765.43
	Net Pay	$2,749.89	
	Checking 1	-2,499.89	
	Savings 1	-250.00	
	Net Check	$0.00	

Other Benefits and Information	this period	total to date
Current Accrual	6.15	
Group Term Life	6.50	84.28
Pto	44.49	
401K Er Match	110.57	

Important Notes

YOUR COMPANY PHONE NUMBER IS 781-566-5066

BASIS OF PAY: SALARY

Additional Tax Withholding Information

Taxable Marital Status:
MA: Single
Exemptions/Allowances:
MA: 1(Head of Household)

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Compliance Income

Recent raise scenario:

p/p ending 5/13 - 16,427.85/20 wks x 52 = 42,717.44

Base - $810/wk x 52 = 42,120
p/p ending 5/13 OT/other - 1,739.33/20 wks x 52 - 4,522.20
Total -46,642.20

Reminders:

- Compliance income must be the same or higher than qualifying income.
- Provide Compliance income calculations on 1008 or income calculation worksheet.

[redacted]

Earnings Statement

Period Beginning: 05/07/2023
Period Ending: 05/13/2023
Pay Date: 05/19/2023

[redacted]

[redacted]

Earnings	rate	hours	this period	year to date
Regular	20.2500	40.00	810.00	14,688.52
Overtime	30.3750	9.07	275.50	1,729.33
BN LKB9				10.00
	Gross Pay		**$1,085.50**	16,427.85

Deductions			
Statutory			
Federal Income Tax	-94.06		1,250.13
Social Security Tax	-67.30		1,018.53
Medicare Tax	-15.74		238.20
MA State Income Tax	-50.12		758.56
MA Paid Family Leave Ins	-1.19		18.07
MA Paid Medical Leave Ins	-2.26		34.17
Other			
BasicEELife	-9.19		183.80
Net Pay	**$845.64**		
CHECKING	-845.64		
Net Check	**$0.00**		

Other Benefits and Information	this period	total to date
PTO/Sic Avail	73.53	
Totl Hrs Worked	49.07	

Important Notes
COMPANY PH#:+1 508 397 6535

BASIS OF PAY: HOURLY

Additional Tax Withholding Information
Taxable Marital Status:
MA: Single
Exemptions/Allowances:
MA: 0

Your federal taxable wages this period are
$1,085.50

Income Certification

Income Certification Loan Action

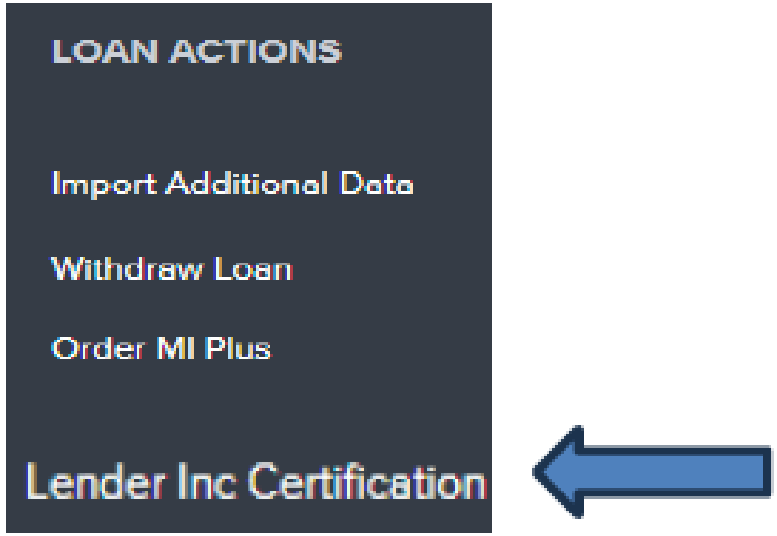
Effective on ALL loans registered on or after January 29th, 2024.

Compliance Income will now be certified on all first mortgage loan products and will not be exclusive to WFA 3.0 products. Lenders will no longer upload documents for the WFA DPA second mortgage to complete the Income Certification.

All certifications will be handled on the lender level through the new **Income Certification Loan Action**.

Compliance Income will also now be required to be certified on all 2nd Mortgage Repair Loans (Home Improvement, Septic Repair and Get the Lead Out).

How to access:
Open loan file, on the left-hand side under loan actions



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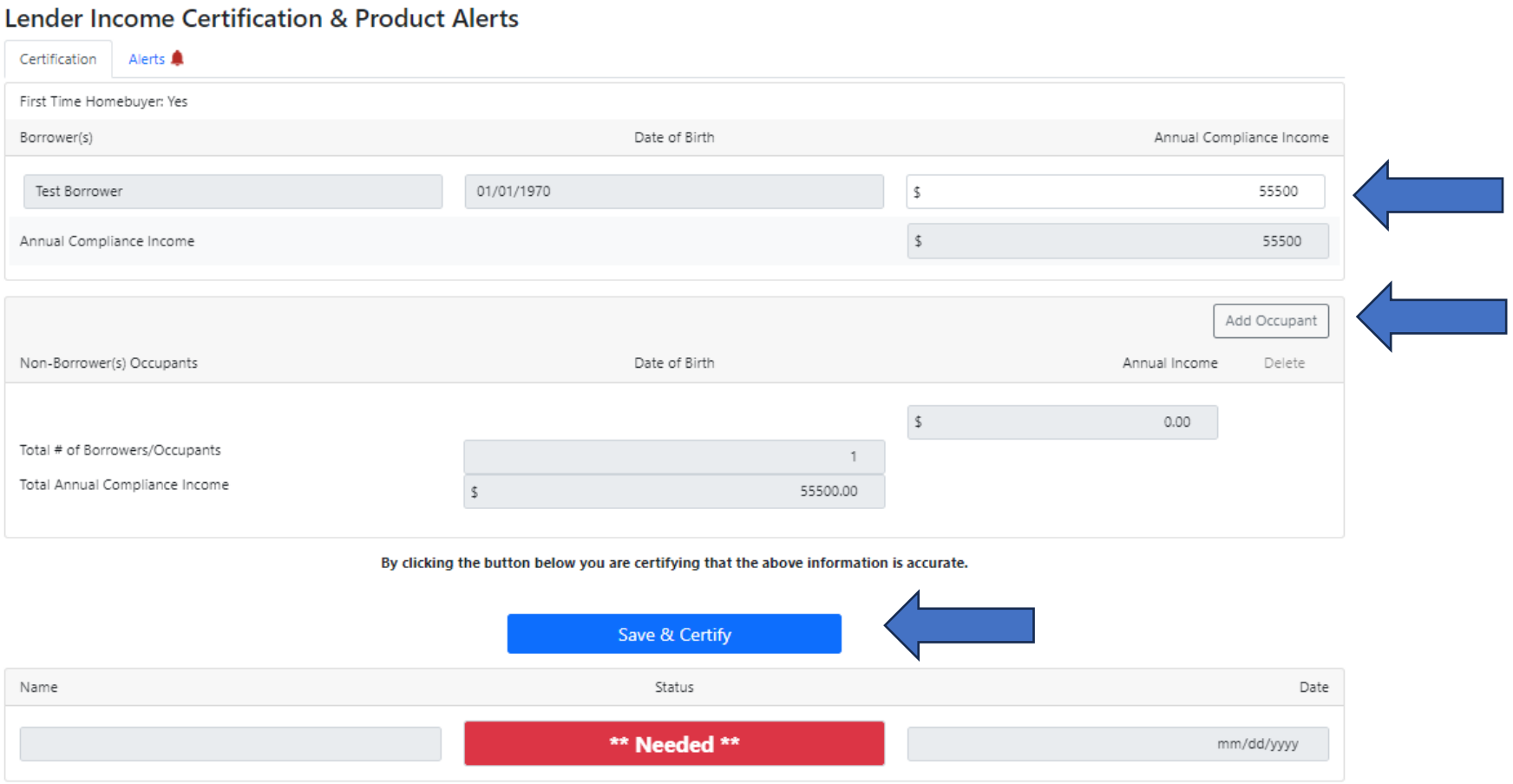
Income Certification Screen

WFA 3.0 Products will include section for household *(non-borrower)* occupants, all other products do not utilize household size in determining total compliance income. Enter compliance income below and click Save & Certify.



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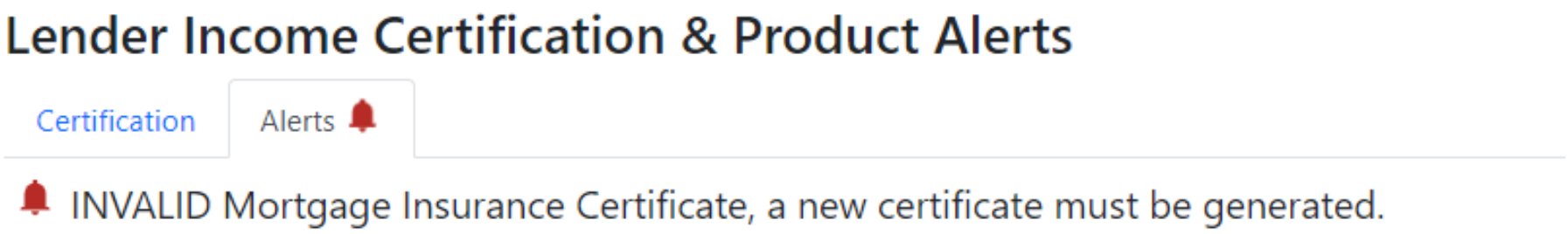
Alerts

Alerts will trigger upon completion of the income certification if below errors are detected by the system. **Changing loan information after income certification could merit an alert.**

Prior to income certification all alerts must be satisfied.

List of Alerts:

- The Income you have entered exceeds the product specifications.
- The Loan amount you have entered exceeds the product specifications.
- INVALID Mortgage Insurance Certificate, a new certificate must be generated.
- The Purchase Price (plus Rehab if applicable) amount you have entered exceeds the product specifications.



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Status

A name and date will be associated with certification of a loan file.

- Needed – Income Certification is needed by the lender.
- Certified - Income has been certified by the lender.

Name	Status	Date
	** Needed **	mm/dd/yyyy

Name	Status	Date
Jeremy Meneses	** Certified **	12/19/2023

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Utilization of Income Certification Loan Action

- For **compliance income ONLY**, not qualifying income.
    - *Qualifying income updated in URLA.*

- **User must have TPO Operations Persona to access.**

- Certification is only **required on 1st Mortgages** and not the DPA.
    - 2nd Mortgage Repair Loans (*Home Improvement, Septic Repair and Get the Lead Out)* require income certification.

- Loans must have a **loan product selected** but do not have to be locked.

- Still **require a completed form L-106, and L-107 for all WFA 3.0 Products** to be signed and uploaded to the loan file.

Best Practices:

- Have an underwriter certify the income.
- Always update the file contact on loan file.
- Leave loan file to refresh status.
- **Must certify income prior to closing.**

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Pre-Closing Compliance Income Validation

Pre-Closing Compliance Income Validation

Starting January 29th, 2024, MassHousing will complete a pre-closing review of the lender completed income certifications on a sample basis. Our sample will be based on the past performance of the lender.

If a file is selected for review, lenders will be notified via www.emasshousing.com (***pipeline view***) and email from MassHousing to the **user who certified the income**. We appreciate if the lender completes the income certification in sufficient time in order not to impact the loan closing.

- *This does not apply to 2nd Mortgage Repair Loans (Home Improvement, Septic Repair and Get the Lead Out)*

When will Lender be notified if selected?

Lender will be notified within 72 hours of certification if loan has been selected for pre-closing validation.

Example Email

From MassHousing to the **user who certified the income**:

Loan Selected for Income Certification Validation

JM Jeremy Meneses <eFolder@elliemae.com>
To Richard Petisce

Reply | Reply All | Forward

Wed 1/17/2024 8:39 AM

CAUTION: This email came from outside MassHousing. Use caution when opening attachments, clicking links, or responding to this email. Original Sender: eFolder@elliemae.com.

Loan 1758965, Meneses has been selected for a Pre-Close Validation.

Please submit income documents and forms used to complete the Pre-Close Validation to the ***1st Mortgage PrePurchase Review** document container.

This is an auto-generated email from MassHousing

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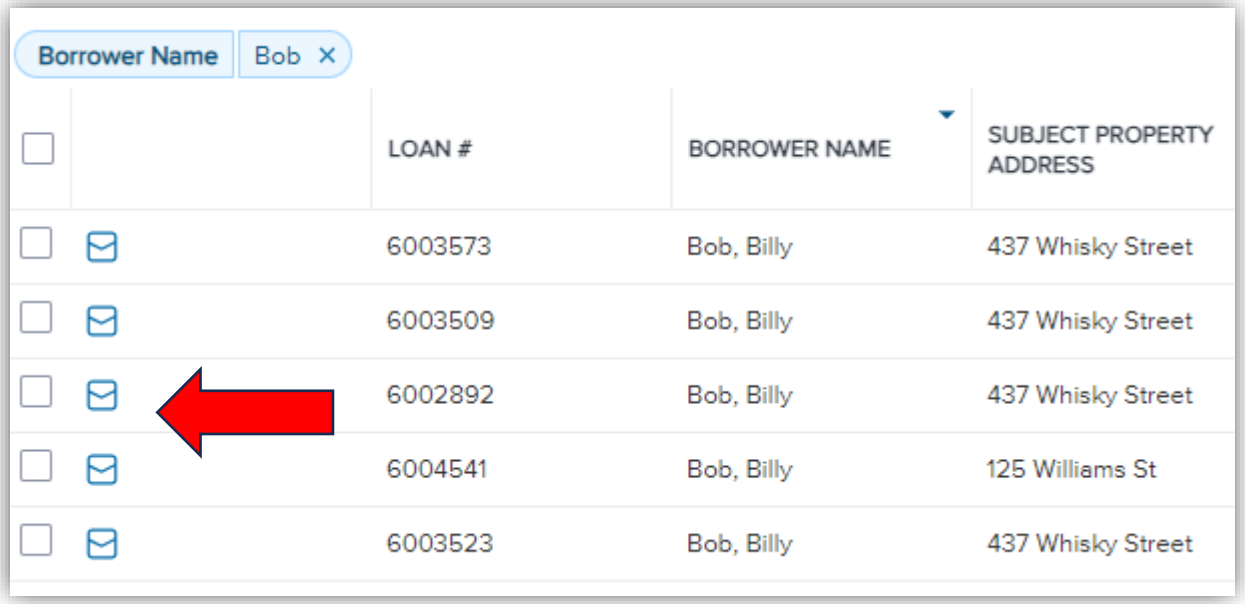
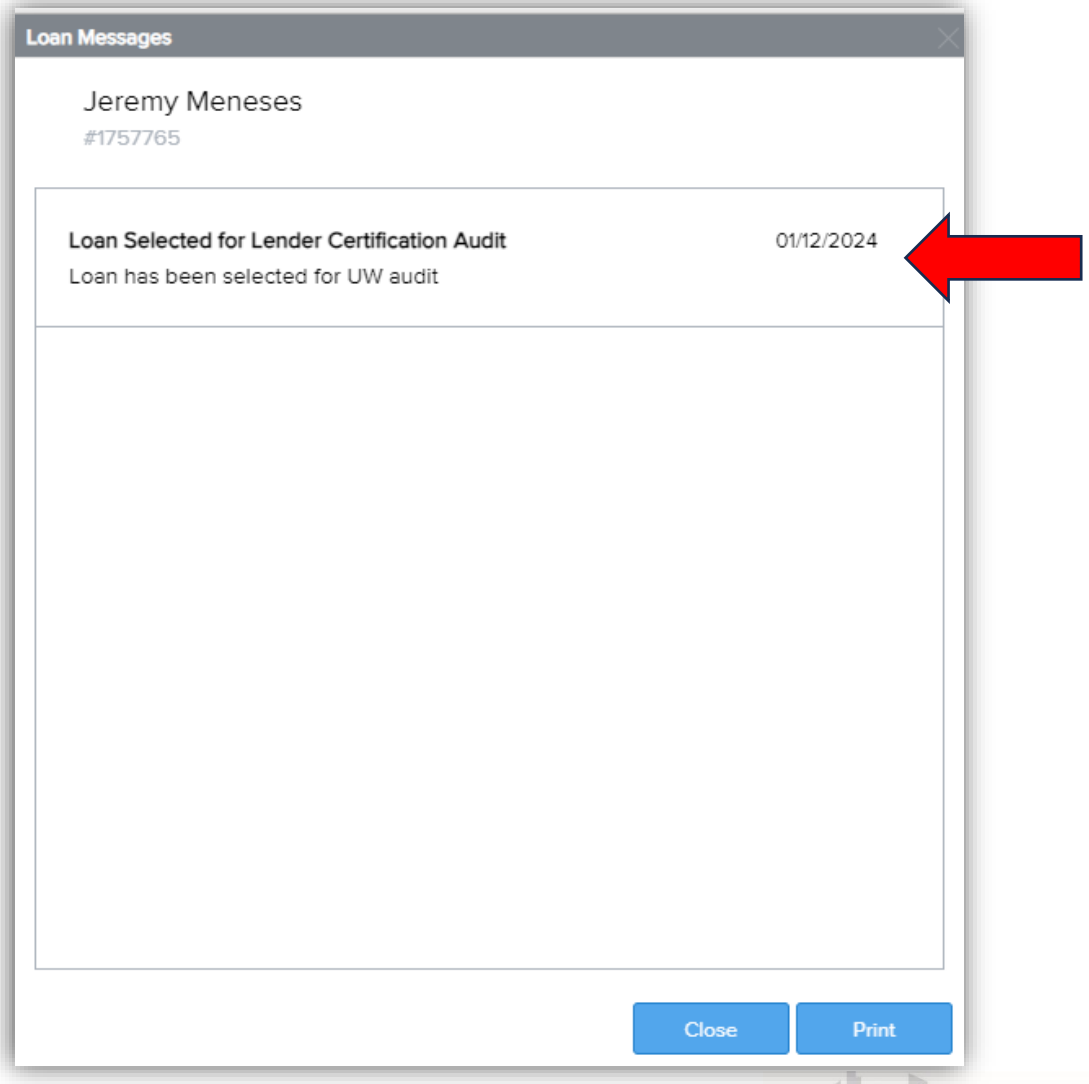
Status Online Update

In pipeline view click the envelope to view status online update.





Milestones

Milestones

We have implemented new milestones to provide you loan level detail. Milestones can be found in your Pipeline View upon logging into www.emasshousing.com . Below are the Millstones and what they mean.

Milestone	Definition
Started	Loan has been registered on eMasshousing.com
Initial Audit	Review of the submitted closed loan file has begun
Suspense	Working with lender to satisfy outstanding conditions
Purchase Review	Final review of loan file
Funding	Loan is preparing to fund
Completion	Loan has funded

New Milestones will be implemented for loans registered on or after January 29th, 2024.

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Please contact our team for further questions, or email us at
holoanreview@masshousing.com

THANK YOU!

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