6/23/2026

MassHousing

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

What we will cover:

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

Compliance Income

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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 must be included in compliance income, regardless if rental income was used to qualify.**

Compliance Income

WFA 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.

Compliance Income

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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 ADP

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		this period	year to date
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)

Compliance Income

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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.
- Nontaxable income – if you do not gross up income to qualify then you do not need to gross up for compliance income.

[redacted]

Earnings Statement ADP

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

[redacted]

[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	this period	year to date
	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	

Your federal taxable wages this period are $1,085.50

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

Income Certification

File Contacts

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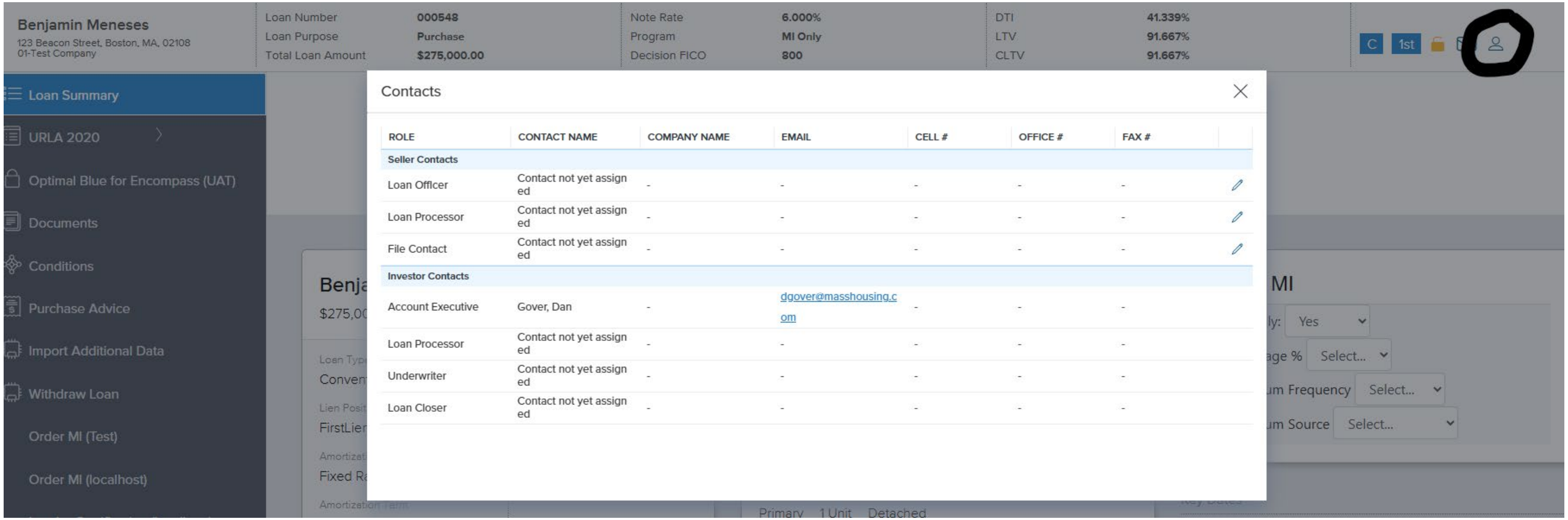
- Updating file contact is extremely important to the certification process. This allows MH to contact the correct individual if your loan is chosen for a pre-closing income validation review.
- From the Loan Summary screen - Click on the circled “person” icon below and choose the applicable file contact from the popup menu.



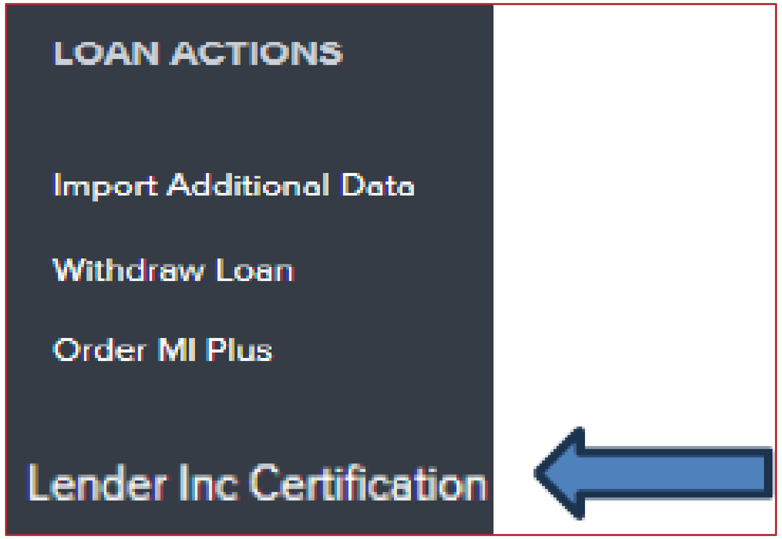
Income Certification Loan Action

Compliance Income will be certified on all first mortgage loan products and will not be exclusive to WFA products.

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

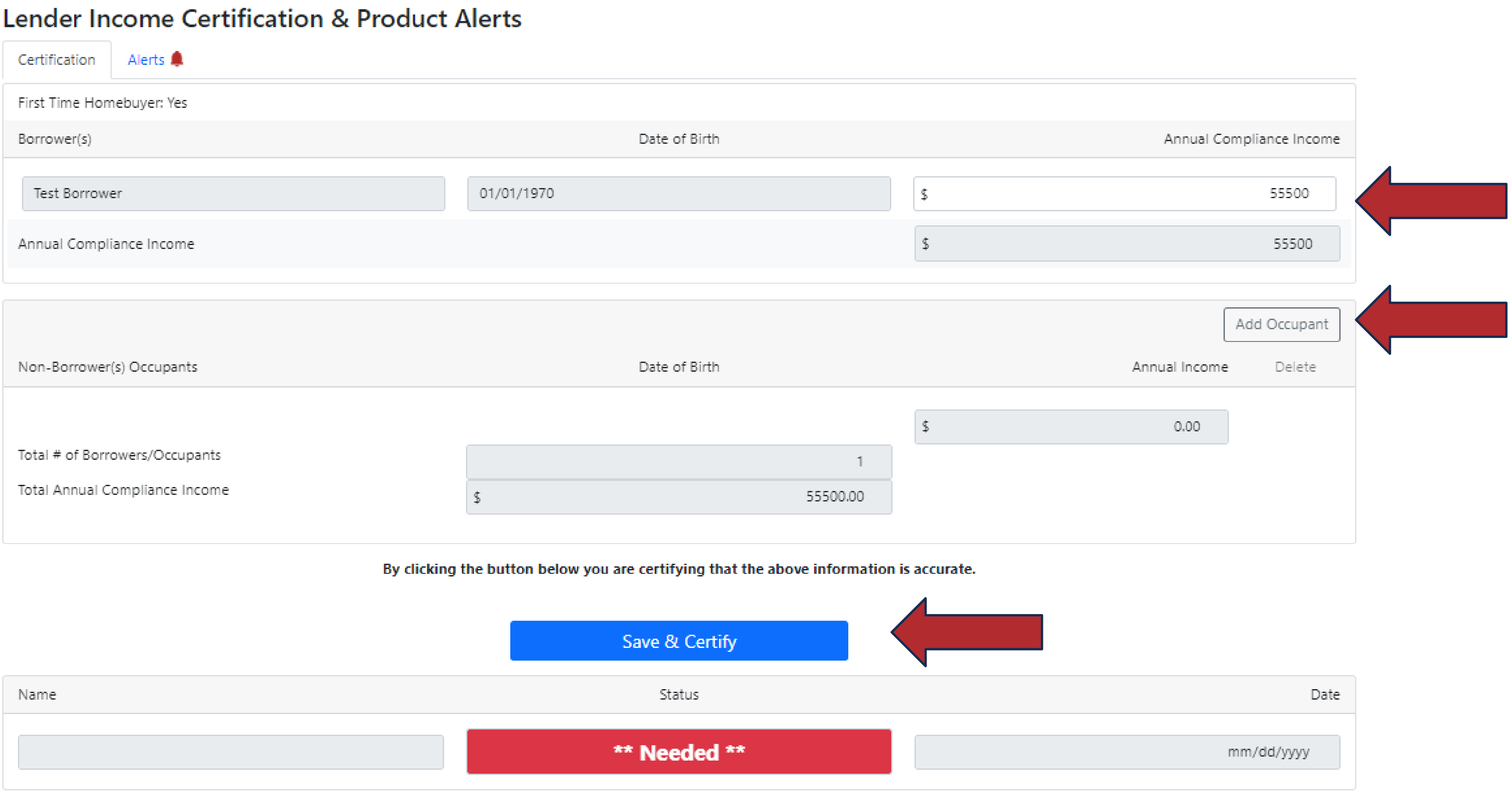
For **compliance income ONLY**, not qualifying income (*Qualifying income updated in URLA)*.

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



Income Certification Screen

WFA 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.



Alerts

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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.

Lender Income Certification & Product Alerts

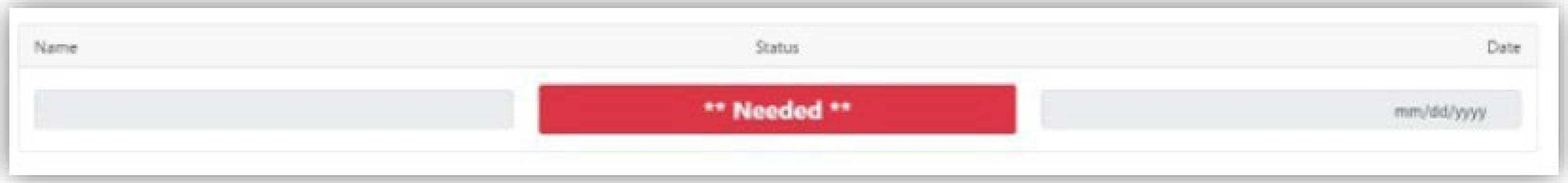
Certification Alerts

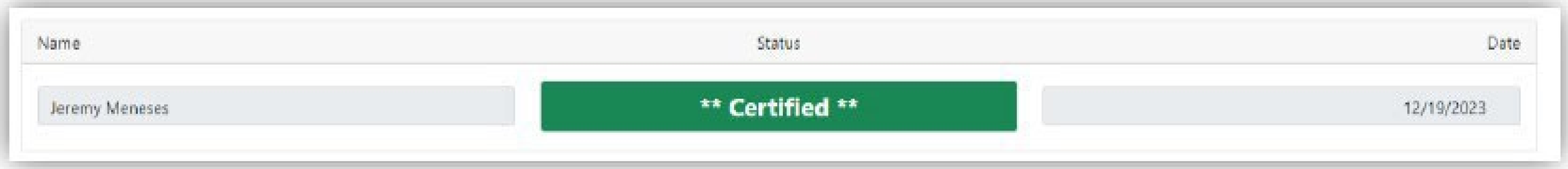
INVALID Mortgage Insurance Certificate, a new certificate must be generated.

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.





Best Practices

- User must have TPO Operations Persona to access.
- It is recommended an underwriter certify the income.
- Must certify income prior to closing.
- Loans must have a **loan product selected and must** be locked.
- Still **require a completed form L-106, and L-107 for all WFA Products.**

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Pre-Closing Compliance Income Validation

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Pre-Closing Compliance Income Validation

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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 24-48 hours of certification if loan has been selected for pre-closing validation.

Example Email

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

Loan [redacted] has been selected for a PreClose Compliance Income Validation.

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

Please be sure to include **all documents** pertaining to your Compliance Income calculations.

This is an auto-generated email from MassHousing

Status Online Update

MassHousing

Borrower Name | Bob ×

		LOAN #	BORROWER NAME	SUBJECT PROPERTY ADDRESS
☐	✉	6003573	Bob, Billy	437 Whisky Street
☐	✉	6003509	Bob, Billy	437 Whisky Street
☐	✉	6002892	Bob, Billy	437 Whisky Street
☐	✉	6004541	Bob, Billy	125 Williams St
☐	✉	6003523	Bob, Billy	437 Whisky Street

Loan Messages

Jeremy Meneses
#1757765

Loan Selected for Lender Certification Audit 01/12/2024
Loan has been selected for UW audit

Close | Print

Thank you!

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

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