Administrator's Guidelines

CAPITAL AREA FINANCE AUTHORITY
FIRST HOME PROGRAM
SINGLE FAMILY MORTGAGE REVENUE BONDS SERIES 2026A & B

Published 05/13/26
Revised 10/12/26

Updates are detailed on Page 3

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PROGRAM UPDATES 2026

Date	Topic	Page
04/13/26	Added Realtor commission may be funded by the DPA	6
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04/22/26	Updated cash-back policy	16
05/13/26	Update income limits effective 05/01/26 Added manufactured homes to allowable property types Add guidance to complete the Disclosure of Second Terms form	13 - 15 15 18
07/20/26	Updated Mortgagee Clause for 2nd Lien Added link to Sample Second Mortgage and Note Documents for Maturity Date Example	18 18
08/24/26	Removed Tangipahoa from eligible areas in 2026B Program	7
08/28/26	Update income limit chart to reflect W. Baton Rouge instead of W. Feliciana Manufactured Housing is allowable with Land Home	15 15
09/22/26	Revised Manual Underwriting Revised Maximum Debt to Income Ratio	11 11
10/12/26	Added Tangipahoa to eligible areas.	7

CONTACT DIRECTORY
954-217-0817 or Toll Free (888) 643-7974
Select Option #2

Question		email
Lender Training (Program & System)	Option #4	Click here
Lender User Access (Credentials, Disabled Access, etc)	Option #1	Click here
eHPay - Digital Payment of Compliance Fees	Option #3	Click here
Program Eligibility Questions - READ THIS GUIDE FIRST	Option #2	Click here
Deficiencies - To view and upload compliance file deficiencies	View compliance and Servicer DEFI's in eHP FrontPorch using Digital Docs App, Deficient Compliance Files drop down menu.	
Loan Specific Questions - If you have any questions related to a specific loan already reserved/rate locked in the eHPortal.	Post note in Collaboration Station within eHP FrontPorch	
Credit underwriting questions, refer to their internal UW Department or US Bank	(800) 562-5165	Click here
System Errors - Technical Assistance	Option #6	Click here
US Bank Contacts DU Findings, DTI, Insurance, Collateral and Purchase of the loan questions all need to be addressed by the Servicer directly. eHousingPlus cannot assist you with questions related to these items. Shipping First or Second mortgage closed loan files Questions regarding exceptions on first and second mortgage closed loan files	(800) 562-5165	Click here
Land Home Financial Services Contacts		Click here

CAFA FIRST HOME PROGRAM TEAM



CAPITAL AREA FINANCE AUTHORITY
(“CAFA“ or the “Authority”)
Creates and sponsors a first mortgage program and a down payment/closing cost assistance program, sets the mortgage loan rate, term and points, and markets the program.

Participating Lenders
Take applications, reserve in their own systems, process, underwrite, approve, fund, close and sell qualified loans to the program. Lenders are responsible for servicing program loans in accordance with Agency (FHA, etc) requirements until they’re purchased by the Master Servicer.

eHousingPlus
Program Administration
Maintains the program reservation system, websites, and posts Administrator’s guide, forms, training materials, provides program and system training, answers program and system questions, receives compliance files, reviews, posts and notifies of exceptions and approves compliance file.

DUAL SERVICER PROGRAM

US Bank And Land Home Financial Services
Master Servicer
Provides information on acceptable loan products, delivery and funding, receives all first mortgage files, reviews first mortgage files, notifies lenders of first mortgage file exceptions, approves first mortgage files, purchases pools and delivers loans, delivers certificate.

PROGRAM PRODUCTS

PLEASE NOTE THAT RATES AND ASSISTANCE AMOUNTS ARE SUBJECT TO CHANGE AT ANY TIME. With respect to reserved loans, the rate and assistance will not change as long as loans are delivered according to the timetable included in this Guide. Refer to the Rates Tab on the IDA's web page in the eHousing system for current rates. The CAFA 2026A Bond program offers FHA, USDA-RD, VA loan products.

DAILY RATE LOCK AVAILABILITY

Reservations in this program are available Monday - Friday 9:00 a.m. - 7:00 p.m. Central Time excluding holidays. Current rates are available online within the system, click on this link to view the rates/offerings.

CAFA BOND FIRST MORTGAGE

The borrower receives a 30-year, fixed rate, fully amortizing first mortgage loan with 360 level monthly payments as well as an assistance payment equal to **4%** of the total note amount to apply toward down payment or closing costs and pre-paids. Current rates are available online within the system, click on this link. Income limits apply.

CAFA ASSISTANCE 5-YEAR FORGIVABLE SECOND MORTGAGE

Assistance is in the form of a **0% Interest, 5-year forgivable second mortgage**. **The first 36 months of the loan is not forgiven. Beginning with month 37, the assistance will be forgiven at 1/24th per month for every full month the residence remains the Borrower's principal residence.** The Assistance is calculated on the total Note amount entered in the eHPortal. This amount is funded by the lender at closing and reimbursed by the Servicer upon loan purchase. The Assistance may be used for down payment or closing costs, pre-paids and to fund Realtor commission. While there is no cash back in the program, the borrower may be reimbursed for any overpayment of escrow. Because the Assistance is a fixed percentage, any remaining Assistance must be applied as a principal reduction. Any remaining amount of the DPA second mortgage will only be due from the borrower if the first mortgage is prepaid, refinanced or if the borrower sells, transfers or otherwise disposes of the property, including foreclosure, before the end of the 60 month period. The Assistance is reserved automatically with the first mortgage reservation. There is no additional reservation necessary. (Rev 04/13/26)

The second mortgage may be disclosed one of two ways:

1) Initial and final LE and CD provided by the lender or title company (separate from the first mortgage LE and CD - the ALTA is not acceptable), **OR**
2) Second Loan Disclosure form signed at closing (this form is found within the eHProforms)

The second deed of trust is to be recorded after closing. No title policy is required for second mortgage. The Servicer reviews all second mortgage documents.

Approved Eligible Parishes (revised 10/12/26)

Acadia	Lafayette	Terrebonne
Allen	Lafourche	Union
Ascension	Lasalle	Vermillion
Assumption	Lincoln	Vernon
Avoyelles	Livingston	Washington
Beauregard	Madison	Webster
Bienville	Morehouse	West Baton Rouge
Bossier	Natchitoches	West Carroll
Caddo	Ouachita	Winn
Calcasieu	Plaquemines	
Caldwell	Pointe Coupee	
Cameron	Rapides	
Catahoula	Red River	
Claiborne	Richland	
Concordia	Sabine	
Desoto	St. Bernard	
East Baton Rouge	St. Charles	
East Carroll	St. Helena	
East Feliciana	St. James	
Evangeline	St. John the Baptist	
Franklin	St. Landry	
Grant	St. Martin	
Iberia	St. Mary	
Iberville	St. Tammany	
Jackson	Tensas	
Jefferson Davis	Tangipahoa (added/effective 9/29/26)	

THE CAFA BOND PROGRAM REQUIREMENTS

All loans in this program must be FHA, USDA-RD, VA. Follow Agency and Servicer guidelines unless otherwise noted.

ELIGIBLE BORROWERS

1. Buyers and their spouse (both occupant and non-occupant spouse) must be first-time buyers (borrowers who have not had ownership interest in their principal residence in the previous 3 years). Exceptions to the first-time buyer requirement for buyers using the Veterans Exception and buyers purchasing in a Targeted Area qualifying census tract apply.
2. Mortgage loans must conform to the requirements of the Agency AND Servicer as it relates to non-U.S. citizen applicants. Follow Agency (loan product) guidelines for DACA recipients.
3. The program considers household income (borrower, spouse and everyone 18 years of age or older who will live in the property) and must not exceed the maximum household income and purchase price limits determined by the program.
4. Buyers must live in the property they purchase as their principal residence.
5. All applicants must be considered irrespective of age, race, color, religion, national origin, sex, marital status, military status or physical handicap. This is an equal opportunity program.
6. Buyers must occupy the property purchased within 60 days of closing.
7. Contact the eHousingPlus Compliance with questions regarding eligibility.
8. To verify the first-time buyer status of the borrower, a fraud report is required. And a real property search is required for a non-purchasing spouse.

First-Time Buyer

A first-time buyer means, except for borrowers purchasing under the Veterans Exception, the borrower must have had no ownership Interest in a principal residence at any time during the three-year period prior to the date on which the Mortgage Loan is executed.

VERIFICATION OF FIRST-TIME BUYER STATUS

The following evidence is required and must be included with each loan submission file (compliance file) EXCEPT for borrowers utilizing the Veterans Exception or purchasing in a Targeted Area:

A Fraud Report is required for all borrowers. Include ALL pages of the Fraud Report. The Lender must CLEARLY identify (using highlight or asterisks) the borrower property current ownership and three year history. On page one of the report, please include notation to identify the Fraud Report page number, without this identification, the file cannot be compliance approved.

A Real Property Search is required for a Non-Purchasing Spouse, in the county in which the NPS lives. The results of the search must be printed and included as part of the eHousingPlus compliance file submitted post-closing.

FIRST-TIME BUYER EXCEPTIONS

Veterans Exception

Veterans who meet the qualifications listed in this paragraph are not required to be first-time homebuyers. Congress has reinstated the Veteran's Exception provision. For this feature, "veteran" is defined as "a person who served in the active military, naval or air service, and who was discharged or released therefrom under conditions other than dishonorable.:" The Mortgagor Affidavit has a checkbox that states: *"Mortgagor or Co-mortgagor meets the requirements to qualify as a 'veteran' as defined in 38 U.S.C. Section 101 and has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the veteran exception to the first-homebuyer requirement set forth in Section 416 of the Tax Relief and Health Care Act of 2006. Attached hereto are true and correct copies of my discharge or release papers which demonstrate that such discharge or release papers which demonstrate discharge or release was other than dishonorable."* Veterans would need to provide a valid DD214 that reflects a discharge status of other than dishonorable to qualify under the Veterans' Exemption.

Targeted Area Census Tracts

Identified as Qualified Census Tracts and Areas of Chronic Economic Distress (if any) which are listed below, a borrower purchasing in home in a targeted area census tract is not required to be a first-time buyer. Click on this link to look-up the property address. Then compare the tract tract to the allowable targeted area census tracts listed below. If you find a match, the property is located in a targeted area. When reserving funds, choose from the TARGETED AREA rate/offering.
Per Rev. Proc. 2024-8, the following census tracts constitute the Targeted Areas for this program:

Parish	Tract Code							
Acadia	9609.01	9610.00						
Allen	No Targeted Areas							
Ascension	No Targeted Areas							
Assumption	No Targeted Areas							
Avoyelles	304.01							
Beauregard	No Targeted Areas							
Bienville	9701							
Bossier	104.00	113.00						
Caddo	213.00	217.00	219.00	223.00	224.00	225.00	233.00	234.01
	235.00	237.02	238.02	246.01	246.02			
Calcasieu	2.00	14.01	15.00					
Caldwell	No Targeted Areas							
Cameron	No Targeted Areas							
Catahoula	No Targeted Areas							
Claiborne	9503.00	9504.00						
Concordia	No Targeted Areas							
Desoto	9504.00							
East Baton Rouge	1.00	2.00	5.00	6.01	7.01	7.02	11.04	35.04

	39.12							
East Carroll	3.00							
East Feliciana	No Targeted Areas							
Evangeline	9504.01	9505.00	9506.00					
Franklin	No Targeted Areas							
Grant	No Targeted Areas							
Iberia	308.00	310.00	311.01					
Iberville	No Targeted Areas							
Jackson	No Targeted Areas							
Jefferson Davis	No Targeted Areas							
Lafayette	7.00	8.00	9.00	13.02				
Lafourche	204.00							
Lasalle	No Targeted Areas							
Lincoln	9608	9609.00						
Madison	9603.00							
Morehouse	9505.00	9508.00						
Natchitoches	4.00							
Ouachita	4.01	6.00	7.00	9.00	11.00	14.00	15.00	59.00
	106.05	107.00	108.00	110.00				
Plaquemines	No Targeted Areas							
Pointe Coupée	No Targeted Areas							
Rapides	110.00	120.00	127.00	128.00	129.00	139.00		
Red River	No Targeted Areas							
Richland	9705.00							
Sabine	No Targeted Areas							
St. Bernard	306.03							
St. Charles	624.00							
St. Helena	9512.02							
St. James	No Targeted Areas							
St. John the Baptist	No Targeted Areas							
St. Landry	9601.00	9609.01	9609.02	9613.01	9613.02	9615.01	9616.01	
St. Martin	No Targeted Areas							
St. Mary	401.00	404.00	411.00					
St. Tammany	409.00							
Tensas	2.00	3.00						

Terrebonne	5.01	7.02	9.02	13.02				
Union	9604.00							
Vermillion	No Targeted Areas							
Vernon	9507.03							
Washington	9508.00							
Webster	312.00	313.00	317.00	318.00				
West Baton Rouge	No Targeted Areas							
West Carroll	No Targeted Areas							
Winn	No Targeted Areas							

Minimum Credit Score
The Program requires a minimum FICO credit score, the mid score must be the minimum or above. Click here to view the Rates/Offerings chart for the Lock Rate, FICO and DPA (click on RATES/OFFERINGS tab). If an Agency (FHA, etc) has a higher minimum, follow Agency guidelines. If a participating lender has a higher minimum for other loans and wishes to require a higher minimum for loans, then lenders must use the higher minimum.

US Bank Minimum FICO - 640
Land Home Financial Services - 620

Manual Underwriting
US Bank - Gov't Loans: Minimum FICO 640, housing and debt ratios vary.
Click on this link > U.S. Bank HFA Lending Guide > 500: Housing Finance Agency Programs > Louisiana > Capital Area Finance > Product Guides.
Land Home Financial Services - Follow agency guidelines. (Rev 09/22/26)

Maximum Debt to Income Ratio
US Bank - The program maximum DTI ratio is 45% for all loan products with 640 - 679 FICO.The program maximum DTI ratio is 50% for all loan products with a 680+ FICO.
Land Home Financial Services - Per AUS Approval. If loan is manually underwritten, follow agency guidelines for max DTI. (Rev 09/22/26)

Homebuyer Education
All buyers (any person on title to the property) must attend an approved homebuyer education course. All borrowers, except for co-signers and non-occupant co-borrowers, are required to attend, including first-time buyers and repeat buyers. Homebuyer education must be conducted PRE-CLOSING and the Homebuyer Education course must satisfy standards defined by the U.S. Department of Housing and Urban Development (HUD) **or** the National Industry Standards for Homeownership Education and Counseling including online HUD-approved non-profits using eHomeAmerica (Neighborworks based curriculum).
(Rev 04/22/26)

Two- to four-unit properties require at least one qualifying borrower to participate in a landlord education program before the note date. Any homeownership and landlord education, as applicable, required by CAFA must be completed prior to the note date and any education completion certificate must be included with the file. **Listed on the next page are a few of the approved homebuyer education providers but this is not a complete list.**

Local approved education providers:
https://www.lhc.la.gov/events?name=&type=1
www.midcityredevelopment.org
http://www.moneymanagement.org
http://www.nw.org/network/training/homeownership/default.asp
https://nationalmi.myhometrek.org/
Online approved education providers:
https://www.ehomeamerica.org/ eHomeAmerica
https://www.fanniemae.com/education Fannie Mae HomeView
https://www.finallyhome.org/en/partners/mgic/ (This is the ONLY homebuyer education that would be acceptable from MGIC. The ReadyNest course is NOT acceptable)

Federal Recapture Tax

What is the Federal Recapture Tax?
It's a Federal Tax a Borrower may be required to pay from the net profit received from the sale or disposition of their home. If required, Federal Recapture Tax is due at the time a Federal Tax Return is filed for the year in which the home is sold, or otherwise disposed of. The maximum Federal Recapture Tax is 6.25% of the original principal balance of the loan or 50% of the net profit earned on the sale of the home, whichever is less.

Buyers obtaining a mortgage using the CAFA Single Family Mortgage Revenue Bond 2026A Program may be required to pay a Federal Recapture Tax if they meet every one of the following 3 provisions at the time of sale:

- The home is sold within the first 9 years of the purchase date, and
- A net profit is received from the sale of the home, and
- Household income at the time of sale exceeds the maximum income limit.

Borrowers are not subject to Federal Recapture Tax in the following circumstances:

- The home is transferred to a spouse, or former spouse, in connection with a divorce where no gain is included
- The home is destroyed by a casualty, and is repaired or replaced on its original site within 2 years after the end of the tax year when the casualty occurred
- The home is sold, or otherwise disposed of, as a result of the borrower's death
- The home is refinanced – please note that refinancing does not cancel the recapture tax provision, which may still apply if the home is sold within 9 years.

Borrowers are more likely to pay Federal Recapture Tax in the following circumstances:

- Employed in a field with high growth income potential
- Income is close to the maximum income limit at the time the home is purchased
- Purchasing a home in a high housing inflation environment
- Marital status may change from single at time of purchase to married at time home is sold, or otherwise disposed of.

If Federal Recapture Tax is owed, it is not collected at the time of the sale. The Borrower(s) must complete and file IRS Form 8828 with their Federal Tax Return for the year the home is sold, or otherwise disposed of (regardless of whether the Borrower owes Federal Recapture Tax). The IRS Form 8828 provides instructions to calculate and determine if Federal Recapture Tax is owed. CAFA recommends consulting with a professional tax advisor to answer Federal Tax questions.

PROGRAM HOUSEHOLD QUALIFYING INCOME

Program qualifying income considers the income of borrowers and their spouses (regardless of spouse's occupancy of the primary residence and whether or not a party to the loan) AND all household members 18 years of age or older (related or unrelated). See pages 29 - 33 of this guide for income calculation guidance.

Unless otherwise directed, Lenders are responsible for assuring that loans meet the strictest of Agency (FHA, etc) and/or program guidelines with respect to income and sales price limits.

HOUSEHOLD INCOME LIMITS

To determine the number of people in the household include everyone who will live in the home as their principal residence.

CAFA 2026 Bond Income Limits	Government loans			
Effective 05/01/26	**Non-Target**	**Non-Target**	**Targeted**	**Targeted**
Parishes	**1 - 2 Person HH**	**3 or more Person HH**	**1-2 Person HH**	**3 or more Person HH**
Acadia	$84,900	$97,635	$101,880	$118,860
Allen	$84,900	$97,635	$101,880	$118,860
Ascension	$94,500	$108,675	$113,400	$132,300
Assumption	$84,900	$97,635	$101,880	$118,860
Avoyelles	$84,900	$97,635	$101,880	$118,860
Beauregard	$86,000	$98,900	$103,200	$120,400
Bienville	$84,900	$97,635	$101,880	$118,860
Bossier	$84,900	$97,635	$101,880	$118,860
Caddo	$84,900	$97,635	$101,880	$118,860
Calcasieu	$93,000	$106,950	$111,600	$130,200
Caldwell	$84,900	$97,635	$101,880	$118,860
Cameron	$93,000	$106,950	$111,600	$130,200
Catahoula	$84,900	$97,635	$101,880	$118,860
Claiborne	$84,900	$97,635	$101,880	$118,860
Concordia	$84,900	$97,635	$101,880	$118,860
DeSoto	$84,900	$97,635	$101,880	$118,860
E. Baton Rouge	$94,500	$108,675	$113,400	$132,300
East Carroll	$84,900	$97,635	$101,880	$118,860
East Feliciana	$94,500	$108,675	$113,400	$132,300
Evangeline	$84,900	$97,635	$101,880	$118,860
Franklin	$84,900	$97,635	$101,880	$118,860

Grant	$84,900	$97,635	$101,880	$118,860
Iberia	$84,900	$97,635	$101,880	$118,860
Iberville	$84,900	$97,635	$101,880	$118,860
Jackson	$84,900	$97,635	$101,880	$118,860
Jefferson Davis	$84,900	$97,635	$101,880	$118,860
Lafayette	$90,300	$103,845	$108,360	$126,420
Lafourche	$86,600	$99,590	$103,920	$121,240
La Salle	$90,600	$104,190	$108,720	$126,840
Lincoln	$84,900	$97,635	$101,880	$118,860
Livingston	$94,500	$108,675	$113,400	$132,300
Madison	$84,900	$97,635	$101,880	$118,860
Morehouse	$84,900	$97,635	$101,880	$118,860
Natchitoches	$84,900	$97,635	$101,880	$118,860
Ouachita	$84,900	$97,635	$101,880	$118,860
Plaquemines	$88,600	$101,890	$106,320	$124,040
Pointe Coupee	$94,500	$108,675	$113,400	$132,300
Rapides	$84,900	$97,635	$101,880	$118,860
Red River	$84,900	$97,635	$101,880	$118,860
Richland	$84,900	$97,635	$101,880	$118,860
Sabine	$84,900	$97,635	$101,880	$118,860
St. Bernard	$88,600	$101,890	$106,320	$124,040
St. Charles	$88,600	$101,890	$106,320	$124,040
St. Helena	$94,500	$108,675	$113,400	$132,300
St. James	$94,000	$108,100	$112,800	$131,600
St. John the Baptist	$88,600	$101,890	$106,320	$124,040
St. Landry	$84,900	$97,635	$101,880	$118,860
St. Martin	$90,300	$103,845	$108,360	$126,420
St. Mary	$84,900	$97,635	$101,880	$118,860
St. Tammany	$107,700	$123,855	$129,240	$150,780
Tensas	$84,900	$97,635	$101,880	$118,860
Terrebonne	$86,600	$99,590	$103,920	$121,240

Union	$84,900	$97,635	$101,880	$118,860
Vermilion	$84,900	$97,635	$101,880	$118,860
Vernon	$84,900	$97,635	$101,880	$118,860
Washington	$84,900	$97,635	$101,880	$118,860
Webster	$84,900	$97,635	$101,880	$118,860
W. Carroll	$84,900	$97,635	$101,880	$118,860
W. Baton Rouge	$94,500	$108,675	$113,400	$132,300
Winn	$84,900	$97,635	$101,880	$118,860

ACQUISITION LIMITS (Sales Price Limits)

The sales price must include everything paid by the buyer or on the buyer's behalf.

Unit Size	Non-Target Areas	Targeted Areas
1 Unit	$544,233	$665,173
2 Unit	$696,817	$851,665
3 Unit	$842,238	$1,029,402
4 Unit	$1,046,783	$1,279,401

PROPERTY QUALIFICATIONS

- Allowable in the program: New or existing, attached or detached, one to four unit, town-homes, PUD's condos and manufactured homes*.
- 2-4 unit dwellings must be residential and at least 5 years old.
- While the program refers to Acquisition Limits - this is the Sales Price and is never FHA Acquisition limits. Must include everything paid by the buyer or on the buyer's behalf.
- Homes are considered new if never previously occupied.
- Not permitted in the program: mobile, recreational, seasonal or other types of vacation or non-permanent homes
- The remaining economic life of the property may be no less than 30 years.
- Land may not exceed the size required to maintain basic livability.
- Properties purchased in the program must be residential units.
- No more than 15% of the square footage of the home being purchased may be used in connection with a trade or business including Child Care services (other than incidental rental from eligible multi-unit structures).
- No refinances. However, temporary, construction or bridge financing with a term of 2 years or less may be taken out with a program loan
- Construction to perm is not permitted.

* Manufactured Homes: Eligible with loans serviced by Land Home only. Not approved by U.S. Bank. Single-wide and leasehold are ineligible. Follow Agency guidelines

FINANCING FACTS

It's expected that lenders have reviewed some preliminary documentation and believe that applicants will also qualify for credit. Excessive cancellations will be reviewed to assure that program funds are not being utilized inappropriately. It is the responsibility of the lender to follow all program, Agency and servicer guidelines.

Additional Fees
No Broker Fees or additional fees to realtors are allowed to be charged on the first or second mortgage.

Appraisal
The appraisal must indicate that the home has at least a 30 year remaining useful life.

Assumptions
To the extent permitted by the the applicable insurer or guarantor, first mortgage loans may be assumed by a qualified borrower meeting qualifying requirements, income and acquisition price restrictions in place at the time of the assumption. Such loans must continue to fully comply and be insured or guaranteed by the insurer/guarantor or the mortgage insurer. The second mortgage loan is not assumable.

Buydowns
Not allowable.

Cash Back Cash back to the borrower is not permitted. Borrowers are permitted a reimbursement of pre-paids and overage of earnest money deposit to the extent any minimum contribution has been satisfied and is permitted by Agency guidelines.

If the funds are received as Gift Funds, we do allow a refund to the borrower. Since this is not the borrower(s)' own funds, a refund of any excess Gift Funds is not considered "cash back". When refunding Gift Funds, include a copy of the Agency required Gift Letter in the compliance file. Adhere to any additional Agency (FHA, RD, VA) guidelines when applying a principal reduction for cash back other than those received from Gift Funds. Cash Back from a gift of equity is not permitted.
(Rev 04-22-26)

Co-signers Permitted to the extent allowed by applicable Agency. Treat co-signer income as directed by the Agency. A co-signer cannot have any ownership interest in the property (they cannot be on the mortgage/deed/title/warranty deed). A co-signer cannot live in the property.

Construction to Perm
Construction to Perm is not permitted in this program.

Final Typed Loan Application (1003) The typed application signed and dated by all parties is required. Loan interviewer must complete and sign page 3 of 4 of the 1003. If this is not possible, then an Officer must sign in place of the interviewer. All persons taking title to the property must execute all program documents. The income disclosed on the Affidavit must be the same or more than that shown on the 1003. The purchase price, loan amount, and other financial details must be the same as shown on all other documents.

Minimum Loan Amount
There is no minimum loan amount required in this program.

Non-Purchasing Spouse - Does not sign any program documents.

Owner Occupancy Requirement The borrower receiving the Down Payment Assistance Loan must occupy the residence for the term of the loan or until the loan is satisfied and within 60 days of loan closing.

Power of Attorney - Permitted but must satisfy Agency or GSE requirements as well as Servicer requirements. Active duty military personnel may provide an Alive and Well Letter. Lenders should contact their title company/closing agent for information regarding POA requirements in the State of Louisiana. Refer to the US Bank Guideline. And refer to the Land Home Financial Services Guideline.

Prepayment The second mortgage loan, as well as the first mortgage loan, may be prepaid at any time without penalty.

Real Estate Purchase Contract The full address of the property, full names of all sellers and buyers, total purchase price of the property must be included. If there is not an address for new construction, a lot number and subdivision name are required. All named persons must sign. Include the name and title whenever a representative is signing for a corporation.

Recapture Tax
Borrower(s) may be subject to recapture tax upon resale if borrower(s) have a gain resulting from the sale or disposition of the property purchased under this Program within the first nine years of ownership and the initial qualifying annual Household Income increases above specified levels at the time of sale or disposition of the residence. A borrower should be provided the Recapture Brochure at time of reservation, this may be printed directly from the eHPortal.

Recordation Requirements The first and second mortgages must be recorded in the following order:
First Mortgage, Assignment of First Mortgage;
Second Mortgage and Note recorded as one document (Marital Status must be noted for all borrowers).

Remaining Reserves
Remaining reserves are not established by the program. If any, these are determined by the type of financing used (i.e. FHA, VA.).

SECOND MORTGAGE

Second Mortgage Documents / Title Insurance / Mortgagee Clause – Borrowers must sign all second mortgage documents at the same time the first mortgage documents are signed. The second Mortgage to CAFA must be recorded concurrently with the first mortgage at closing. The Servicer should be listed as the Trustee on the second mortgage. Documents to be prepared for the second mortgage: initial and final LE and CD provided by the lender or title company (separate from the first mortgage LE and CD - the ALTA is not acceptable), second mortgage and second promissory note. No title policy is required for second mortgage.

Subordination Agreements/Payoff Statements - CAFA will not subordinate its second loan position if the borrower refinances the first mortgage or obtains a home equity line of credit (HELOC). To order a payoff statement:
US Bank please fax a written request with borrower authorization to US Bank at 877-903-6972.
Land Home Financial Services contact LHFS Special Servicing 877-557-9042 or LHServicing@LHFS.com

Sample Second Mortgage and Note Documents for Maturity Date Example:
https://www.ehousingplus.com/wp-content/uploads/CAFA-2nd-Maturity-Date-Sample.pdf

Disclosure of Second Loan Terms Document Guidance
The Second Loan Maturity Date should be 5 years from the date of closing.
The forgiveness period will begin on the date of closing in year 4 and end on the date of closing in year 5.

Example:
Loan Closing on May 4, 2026.
Second Loan Maturity Date: 05/04/2031 (5 years from the date of closing)
The forgiveness Period is:
05/04/2029 to 05/04/2031 (the loan is forgiven in the last 2 years)

Mortgagee Clause / Loss Payee for 2nd Lien
Capital Area Finance Authority, ISAOA
601 St. Ferdinand Street
BAton Rouge, LA 70802

PROCESS SUMMARY FROM TRAINING TO LOAN PURCHASE

LENDER ONBOARDING

Our On-Boarding process is designed to provide all participating lenders and their staff web-based training related to the Program, Technical and Workflow requirements of each program.
Based on your role, there are certain training requirements prior to adding a new Program and Features. These are determined based on which modules you have completed in the past, and which Programs you want to add to your Portfolio.

Once you have submitted the eHP On-Boarding Registration, the eHP On-Boarding Team will create a specific training program for you based on the role(s) you selected, and you will receive an email confirmation with relevant information. Upon completion, your User Credentials will be created (if you are new User) or updated (if you are a current user) and you will receive a system generated email with this notification.
Click on this link to register for training.

QUALIFY

Lenders use program requirements to qualify applicants for the program. Buyers must present an executed sales agreement before being entered into the program reservation system.

PROCESS

Lenders process the loan as they would normally keeping in mind the program timeline. Please do not reserve funds too soon. Wait to reserve until you are relatively sure your underwriter will approve the loan prior to reservation in the eHousingPlus Lender Portal.

RESERVE FIRST MORTGAGE FUNDS

To reserve funds, use the eHousingPlus eHPortal. Log in and reserve the first mortgage that **automatically** provides Assistance. To reserve funds in the program the borrower is required to have a signed real estate purchase contract for a specific address. Lender will need a 1003 and the Real Estate Purchase contract in order to make a reservation. If the reservation is successful, you will receive a loan number and a message that you've completed the reservation successfully. As a reminder, the lender will provide the borrower with the LE for the second mortgage separate from the LE from the first mortgage.

IMPORTANT - A reservation is for a borrower with a real estate purchase contract for a specific property. If the property needs to change, the loan must be cancelled and re-reserved. The lender is responsible for cancelling the loan within the eHousingPlus Lender Portal. And then, the lender must click on this link to complete an online form the CLEAR FLAGS on a cancelled loan so the funds may be re-reserved with a new address. Until this process is complete, the lender will not be able to re-reserve funds for the borrower. (Updated 04/16/24)

PRINT PRE-CLOSING FORMS

Provide the borrower with the Notices to Buyers and Recapture Tax Brochure at time of reservation. The following program pre-closing forms are found in eHP FrontPorch using the eHProForms App.

- Notice to Buyers w/Recapture Brochure

eHP Tip! *Need a reminder as to how to register a loan, complete the UW Certification, edit a loan or print forms?* Log-in to eHP FrontPorch*, then click on the eHPlaylist to view a short video.*

PROCESS

Lenders process the loan as they would normally keeping in mind the program timelines.

UNDERWRITE AND CERTIFY

Lenders underwrite & are responsible for credit decisions of the loans in the program. Servicer does not re-underwrite loans. **Following loan reservation and PRIOR to loan closing, the Lenders Underwriter MUST complete the online UW Certification within the eHPortal.** Once a loan is Underwriter Certified no further changes can be made. If a change needs to occur after the certification is complete, please Log-In Here > Collaboration Station and request for the underwriter certification to be removed. (Update 04/16/24)

CLOSE AND VERIFY

THE LENDER WILL FUND ALL DOWN PAYMENT ASSISTANCE AT LOAN CLOSING. Upon loan purchase, the Servicer will reimburse the lender. It's important to provide accurate closing instructions to closing agents. All program documents must be returned to the lender. It is VERY important to note, if the loan amount, purchase price or down payment assistance amount changes, and you have already printed forms, you'll need to print the forms again so the information on the form is accurate. The following program closing forms are found in eHP FrontPorch using the eHProForms App.

WHO SIGNS THE PROGRAM DOCUMENTS?
(Rev. 12/11/25)

Form	Signed When?	Borrower	Co-Borrower	Non Purchasing Spouse	Co-signer
Notices to Buyers and Recapture Brochure	Pre Closing	Yes	Yes	No	No
Mortgagor Affidavit	Closing	Yes	Yes	No	No
Tax Exempt Rider	Closing	Yes	Yes	No	No
Affidavit of Co-Signer	Closing	No	No	No	Yes
Notice of Potential Recapture Tax	Closing	Yes	Yes	No	No
Second Loan Disclosure Form	Closing	Yes	Yes	No	No
Gift Letter	Closing	Yes	Yes	No	No
2nd Mortgage	Closing	Yes	Yes	No	No
2nd Note	Closing	Yes	Yes	No	Yes

COMPLIANCE FILE DELIVERY INSTRUCTIONS

ASSEMBLE THE COMPLIANCE FILE

Compliance Files and Corrections to previously submitted files with erroneous or missing required documents will be managed through the **eHP FrontPorch.** This portal provides lenders with all the tools necessary to deliver the required documents for the approval of the originated loan(s) in their respective affordable homebuyer programs. **eHP FrontPorch** is a secure, easy to use and efficient way for lenders to deliver the Compliance File, Correct DEFI's and pay the required Compliance Review Fees via our **eHPay** on-line fee approval, and related tools.

To assemble the compliance file, you will need a checklist. The checklist is specific to this program and used to submit the compliance documents post-closing to eHousingPlus.
Log-in here and use the eHProForms App.

Items to be uploaded in the compliance file include:

- Homebuyer Education Certificate
- CAFA Bond Notices to Buyers
- CAFA Bond Mortgagor Affidavit (Spouse's income needs to be considered as part of the household income. If the spouse did not have income, please state so.)
- CAFA Bond Notice of Potential Recapture Tax
- CAFA Bond Disclosure of Second Terms (if Lender chose to disclose 2nd mortgage using this method) **OR SEE BELOW**
- Final CD for second mortgage (if Lender chose to disclose 2nd mortgage using this method) **OR SEE ABOVE**
- CAFA Bond Affidavit of Co-Signer (If applicable)
- Final CD for first mortgage
- Real Estate Purchase Contact
- Fraud Report – must verify borrower(s) real property ownership history
- Real Property Search for non-purchasing spouse for the county in which the NPS lives (If applicable)
- FINAL SIGNED 1003
- FINAL SIGNED CLOSING DISCLOSURE (CD)
- Warranty Deed
- Discharge Papers (DD214) if Veteran using Veteran's Exception

UPLOAD THE COMPLIANCE FILE

Log-in here and use the Digital Docs App to upload the compliance file.
The Compliance File should be a PDF file uploaded upright and in a clear legible format, composed of all required documents on the Checklist. Don't upload a compliance file until everything is included in the package. The more complete the file, the quicker the review and approval, and the file AND fee must be received to start the review process. Be aware that Loans will go straight to deficient status if items are missing, or if the fee was not received or properly identified. Once you are ready to upload your documents select eHPDigital Docs and from the drop down menu click on New Upload and follow the prompts.

SUBMIT THE REQUIRED COMPLIANCE REVIEW FEE

The Compliance Review Fee may be submitted separately from the Compliance File.

eHPay is a secure, efficient method for lenders to pay the fees ON-LINE. Loans managed through eHPay are processed faster, without fee errors or other unnecessary delays. The Lenders Accounting Staff can access eHP FrontPorch and process the compliance fees payment easily via the Digital Docs App and eHPay.

Not sure of the required fee for your loan? Use the **FIND MY FEE** feature and get the instant answer by entering the eHP loan number or by Program.Compliance Files Uploaded are NOT ready for review until the Compliance Review Fee Payment has been received by eHP.

USE **PAYMENT CENTRAL** to determine any loan that may be pending fees, unidentified payments, files pending payment and short payments.

LOANS PENDING FEES lists Compliance Files that have been uploaded successfully, but whose fee payment is still pending. Lenders can monitor this area to ensure their fees have been delivered in a timely manner.

UNIDENTIFIED PAYMENTS are payments received from your company without the proper identification to apply it to the intended loan. Lenders can monitor this area to ensure that payments made are being properly identified with the eHP LOAN NUMBER.

PAID LOAN FILES lists compliance file that have been paid.

SHORT PAYMENTS If an incomplete payment is submitted, it will be displayed indicating the amount paid and the correct fee amount.

CLEAR A DEFICIENT COMPLIANCE FILE

LOAN DEFICIENCIES ARE NOT ACCEPTED VIA EMAIL.

Clearing files deficiencies is critical to your loan being approved and ultimately purchased. In the Deficient Compliance Files drop down, choose View/Upload Corrected DEFIs. This area will assist you in viewing what needs to be corrected, which documents are approved and complete, and you will have the ability to upload the correction and communicate with us in one simple area.
Is very helpful in resolving outstanding issues and having broader visibility for all of your post-closing staff who may need to work on resolving these discrepancies.
Please make sure that you’re shipping and post-closing staff is very familiar with this area.
Remember your loan can't be approved without standing deficiencies.

EHP COMPLIANCE APPROVAL

Following approval of Compliance File by eHousingPlus, lenders are notified and reminded of the purchase deadline. The Servicer is notified and the file may be approved for purchase.

SUBMIT MORTGAGE FILE & CREDIT PACKAGE TO SERVICER

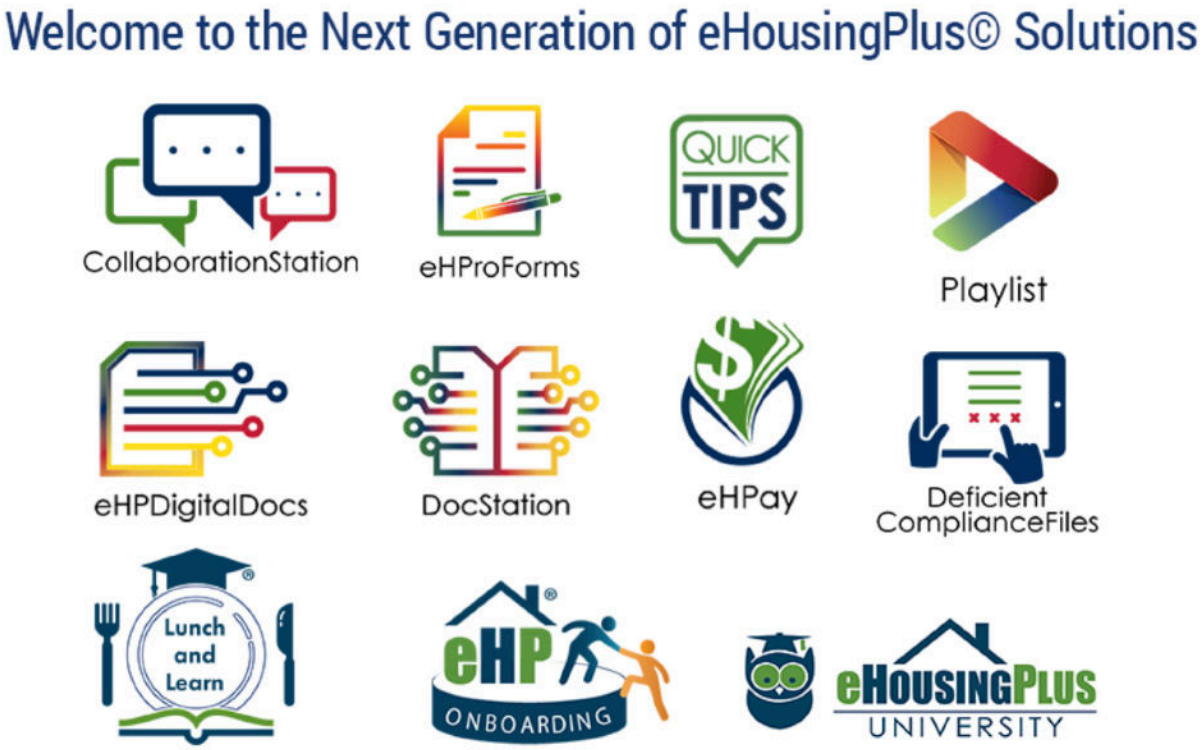
US Bank Instructions

Include the mortgage file and credit package. The US Bank Delivery and Funding Checklist is found within the US Bank web site.
To locate the US Bank Product Guidelines and Checklist **click on this link.**
Click on the *Learn More* button found under the heading, *Enjoy Housing Finance Agency Services*.
Your web page will be redirected to the AllRegs site for US Bank HFA Division.
Click on US Bank HFA Lending Guide. Then click on 500: Housing Finance Agency Programs.
If you experience any technical difficulty, please contact US Bank HFA Division directly at 800-562-5165.

US BANK notifies lenders of Exceptions, posts exceptions online and sends a weekly summary of outstanding exceptions.

Land Home Financial Services Instructions

Include the mortgage file and credit package. The Land Home Financial Services Delegated Submission Checklist is found within the Land Home Financial Services DASH portal.
Importing Data for Credit ad Closed Files, click here for the DASH portal, and import 3.4 xmls data file.



eHP FrontPorch Helpful Tips

Our new eHP FrontPorch graphical menu lets you access all apps and tools with one click.
These apps were designed to assist you with the program requirements and workflow.
In addition, eHP FrontPorch introduces new innovative tools such as Collaboration Station, Quick Tips, the eHPlaylist, and the Alerts and Notifications area. These NextGen Lender Platform tools have been designed to help you complete your tasks quick and easy.

eHProForms

eHProForms is our newly designed forms generation App where a lender will access all program related documents. Using a search feature to quickly access the loan file, it provides all of the program forms that are required for your specific loan.

The forms are now organized by purpose leading with compliance related forms which will be part of the compliance package you sent to eHousingPlus, the closing second lien assistance and other similar forms you will submit to the servicer and their package and two additional areas for special forms and documents that may apply to your loan. The forms instantly generate from your loan record so it's essential to make sure that you review the information for accuracy.

If something needs to be updated you can log into the eHPortal, edit the loan and you come back to eHP FrontPorch and regenerate the forms.
It's easy and you can create forms as many times as you need with just one click.
If your loan record has not been updated, your loans will be incorrect, and your file will be placed in deficient status.

Clicking the waffle menu at the top of the page is an easy way to get back to the main menu.

eHP FrontPorch Helpful Tips

Collaboration Station

Collaboration Station creates a history of any issue that's been communicated regarding a specific loan and provides certain status alerts.
In collaboration station you can create a note to save to the loan file or you can send a message to anyone in our compliance team.

Click the message icon and a menu of eHousingPlus staff will appear at the top with their role for you to make the appropriate selection. You may include your team members who have user credentials to eHP FrontPorch that may assist in expediting solutions for your loans.

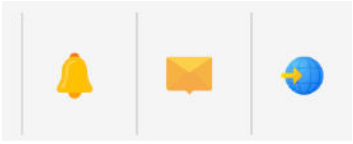
In Collaboration Station you can also find the Servicer notes and exceptions that need to be addressed with them. By providing this view to you it gives you transparency to any problem that has to be resolved related to the mortgage or collateral submitted to the Servicer.
This view can be grouped, filtered, searched and exported.

Quick Tips

Quick Tips is a library of useful tips to give you simple quick how to answers on common topics related to the process. It's a way to have short simple tips at your fingertips by roller subject where you can catch up and get you up to speed fast. These Quick Tips are a great place to search for frequent questions, concerns, or simply to educate yourself on a variety of topics.

eHPlaylist

The eHPlaylist is a newly created video platform with tutorials on where to perform tasks best practices and how-to's, all created to assist you with important information. Visual content is easy to access and understand and our playlist has a library of short concise and process-based learning topics. The video library has various categories and brief descriptions to easily build learning tools for your team. Together with Quick Tips the eHPlaylist will provide you and your team with continuous learning resources to help you keep up to date with any platform or process changes.



Alerts and Notifications

The Alerts and Notifications area (bell and envelope icons) has been designed to provide you notifications of notes and messages related to your loans, with additional notification of status changes based on your role. When you send and receive messages using this app, you will receive a notification alert so you can easily see what's happening with your loans.
The last area on the notification panel (world icon) is made available to help you navigate to any of the program pages, guidelines, eHPUniversity and to view eHP News.

PROGRAM TIMETABLE

Buyers MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY in order to have funds reserved or be on a waiting list. The contract may be dated prior to the date of the loan application. Buyers may be pre-qualified. However, if the buyer does not have a contract on a property, program funds cannot be reserved for the buyer until such time as the buyer presents a valid contract. To assure that loans are purchased, please follow the Processing, Delivery and Purchase Timetable below. Please DO NOT reserve loans that cannot meet the timetable.

If the loan is not underwriter certified PRIOR to the loan closing, the loan is subject to cancellation. eHousingPlus notifies Lenders via email that the loan may be canceled if the underwriter certification is not completed. If the closing date is extended, please change the closing date in the eHPortal. If your underwriter needs additional time to complete the certification, just email eHousingPlus and ask that a Note be added to the file so the loan does not cancel. Should the loan reservation be canceled at any point during the reservation, the issuer may allow the loan to be reinstated at the higher of the mortgage rate originally reserved or the current program mortgage rate.
Loan Processing, Delivery and Purchase Timetable

Once a loan is reserved in the eHousingPlus system and is provided the Servicer's Loan number, the loan must be:
- Underwriter Certified PRIOR to loan closing
- Purchased within 60 days of loan reservation*

* 60 days is from reservation to loan purchase by the servicer (this means the loan file closed, received compliance approval and is purchased by US Bank).

Loan Processing, Delivery and Purchase Timetable
Once a loan is reserved in the eHousingPlus system and is provided the Servicer's Loan number, the loan must be
(1) underwriter certified ANYTIME prior to closing
(2) purchased within 60 days of loan reservation.

Loan Purchase Extension Fee
Loans purchased after the maximum delivery date are subject to re-pricing costs and possible late purchase fees. These costs will be netted from the Participating Lender's SRP at loan purchase.
Loans delivered to Servicer that have been Underwriter Certified but not purchased by day 60 will NOT be cancelled. Loans that are not delivered by the maximum delivery date (60 days), however, are subject to cancellation.

Any loan not purchased within 60 days will automatically receive a purchase extension. There is a fee that is separate from any re-pricing cost that may apply if lender delivers loan with incorrect rate or if lender's loan is purchased past the delivery deadline or after extension was requested then expired

Extension Fees (to extend reservation or "lock"):

7 DAY EXTENSION	**.06250 PTS**
15 DAY EXTENSION	**.12500 PTS**
22 DAY EXTENSION	**.18750 PTS**
30 DAY EXTENSION	**.25000 PTS**

Extension Fees may be charged to party causing closing delay and should reflect on closing disclosure accordingly. However, this fee will be netted from Participating Lender at loan purchase by the Servicer.

PROGRAM FEES

Origination/Discount Fee

First Mortgage Fees

Origination points and zero discount fees may NOT be charged in the program.

eHousingPlus Fee

The program includes a first mortgage Compliance/Admin Fee of $275 and a penalty fee of $100 for files that are chronically deficient. The Compliance/Admin Fee is submitted with the Compliance File via eHP FrontPorch using the eHPay App.

The **Compliance/Admin Fee** is the fee charged by the Program Administrator/Compliance Agent to process the applicant/borrower from Origination to Compliance Approval, and to assess that the lenders originating such loans are following Program guidelines for the benefit of the eligible borrower(s). The Program Administrator/Compliance Agent tracks the loan via its web-based system, and assists the lender in processing the loan ensuring eligibility to the program available offerings, which can include various rate options, and down payment assistance.

The Compliance/Admin fee includes the review of information and documents delivered in the form of a Compliance File by the originating lender, on behalf of the borrower. Additionally the Compliance review verifies that the lender has charged only the fees allowed by the Program. Contrary to this, approval may be denied and/or fees may have to be reimbursed to the borrower. The compliance file processing consists of required affidavits, application, closing documents, certain non-mortgage documents, tax returns where applicable and other pre-defined Program documents that are disclosed to the potential borrower(s). This is required to ultimately receive Compliance Approval. These documents can support both the first mortgage and any down payment assistance available, and are required to ensure eligibility to the Program, Federal, State and Local requirements, where applicable. The Compliance review verifies that the data and documents submitted meet all requirements, and may include those for first-time homebuyer, income limits, sales price limits, targeted areas, homebuyer education, rate, term, points, fee limits, LTV, FICO score, special state, city, county program requirements for qualified military, first responders, teachers, etc.).

US Bank Fees

$84 Tax Service fee.
Funding fee should reflect as “Investor Funding Fee” on the LE/CD.
$475 for loans

Land Home Financial Services Tax Service and Funding Fee

$83 Tax Service
$595 Funding Fee

LENDER FEES AND COMPENSATION

Any fee and expense imposed by lender must be reasonable, customary and comparable to other FHA, USDA-RD, VA, Fannie Mae and Freddie Mac loans of similar size. All fees and expenses must be fully disclosed to the Borrower in accordance with federal, state and local laws and regulations. Excessive fees, excessive expenses, and “Junk Fees” are considered contrary to CAFA objectives and prohibited.

Origination Fee: Not allowed

Discount or Additional Points: Not allowed

Service Release Premium: 2.00%

Customary Charges Incurred by Lender: These should be nominal, customary and justified as pass through costs. Examples are as follows:

- Financing Costs – legal fees, underwriting fees and courier fees
- Settlement Costs – title and transfer costs, title insurance, survey/ILC, recording or registration costs
- Other Costs – doc prep fees, notary fees, hazard insurance premium, mortgage insurance premium, life insurance premium, prepaid escrow deposits and other similar charges allowable by the insurer/ guarantor.

CALCULATING INCOME

Program qualifying income considers the income of borrowers and their spouses (regardless of spouse's occupancy of the primary residence and whether or not a party to the loan) AND all household members 18 years of age or older (related or unrelated). When calculating Program Eligibility Income, there are two types of income to consider – income from an employer and income from all other sources. **Include all income unless specifically listed as excluded in this guide.**

Calculating Income from an Employer

Determine whether the Borrower receives **base pay only** or a combination of **base pay and additional income** from an employer.

Calculate "Base Pay from an Employer"

Regular Hours/Pay

1. Determine frequency of income - weekly, bi-weekly, semi-monthly, etc.
2. Identify documentation needed to support payment frequency and calculation.
3. Apply Calculation - *(Base Wage x Hours Worked in a Pay Period) x (# of Pay Periods Per Year)*
4. This should approximate the annualized YTD on VOE or paystubs. If not, check for additional pay, such as overtime, bonus, shift differential, etc. (Employers don't always break this out on the VOE).
5. See additional guidance on calculating base pay from an employer.

Hourly pay	Bi-weekly pay	Semi-Monthly pay
Multiply the pay per hour by the number of hours worked per week. Multiply total by 52 weeks a year.	Multiply the bi-weekly pay by 26.	Multiply the semi-monthly pay by 24.
Example: 1.$15 per hour x 40 hours a week = $600 2.$600 x 52 weeks a year = $31,200 3.$31,200 / 12 = $2,600 gross monthly base pay	*Example:* 1.$1,200 every two weeks x 26 pay periods a year = $31,200 2.$31,200 / 12 months = $2,600 gross monthly base pay	*Example* 1.$1,300 semi-monthly pay x 24 pay periods a year = $31,200 2.$31,200 / 12 months = $2,600 gross monthly base pay

Irregular Hours/Pay

1. Annualize YTD Earnings total.
2. Average prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings.) Divide the resulting number by the number of months and days worked, and then multiply that number by 12 months to get total average pay from an employer.
3. See additional guidance on calculating base pay from an employer.

Calculate "Additional Pay from an Employer":

1. In the Earnings section of paystub or VOE, look for additional income earned that is not included in **base**. (Sick, vacation, holiday, etc. is generally included in **base**.)
2. Add up all additional income that is included in the YTD Earnings Total and not part of **base**.
3. Average prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings.). Divide the resulting number by the number of months and days worked, and then multiply that number by 12 months to get an average of **additional pay from an employer**.
4. See additional guidance on calculating additional pay from an employer.

TYPES OF INCOME

Determine if there are other sources of income, apart from wages from an employer.

Wages from an Employer

Base Pay

Definition/Inclusions	Exclusions
Regular Hours/Pay: Borrower is scheduled for the same number of hours per pay period. Gross salary or wage income from part-time, full-time, or seasonal work with regular hours/pay Irregular Hours/Pay: Variable hours, seasonal work, etc., such as nursing, restaurant, construction, retail or part-time work with varied hours or pay.	Income no longer available

Guidance

- Borrowers can't manipulate income (quit job, etc.) to become eligible.
- Include all income, including sick, holiday and vacation pay.
- Average current YTD and prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings.). The most recent federal income tax return may also be used for this purpose.
- Income documentation is required, and could include, but is not limited, to, paystubs, VOE, tax returns, W-2's, etc.
- Seasonal work requires the same documentation for variable pay as outlined above, but should also include any unemployment benefits, if applicable.
    - 1099s, tax returns, and/or verification from unemployment office to verify unemployment benefits

Additional Income from an Employer

Definition/Inclusions	Exclusions
Income over and above base pay, such as overtime, shift differential, bonuses, profit-sharing, tips, commissions, etc.	One-time (non-recurring) income; i.e., income received once that does not have a history and is unlikely to reoccur in the future.

Guidance

- Documentation of additional pay could include, but is not limited to, paystubs, VOE, etc.
- Average current YTD and prior year's earnings total, if available, (or provide documentation and explanation to support not using the prior year's earnings).
- Always use an average for overtime (unless employer and income history verifies OT was for one-time, special project, etc.), commissions, bonuses, shift differentials, and sick/vacation/holiday pay (if not already included in base pay).
- Include all income that is included in the YTD Earnings Total on a paystub or on a VOE.
- Any income that is determined to not be included in YTD Earnings Total (for example, employer-paid benefits or matches, such as an HSA match) does not have to be included in the Program Eligibility Income calculation.

Self-Employment/Business Income

Definition/Inclusions	Guidance

Individuals who earn their income through conducting a trade or business that they directly operate instead of working for an employer who pays them a salary or a wage.	• Determine gross annual income.
	• Use a two-year average from the most recent federal income tax returns.
	• Self-employment income documentation is required, and may include, but is not limited, to:
	  ○ Tax form Schedule C, most recent two years
	  ○ YTD Profit & Loss Statement
	  ○ Tax form Schedule K-1 (Form 1120S)
	• Request additional supporting documentation (i.e., current balance sheet and income statement) when necessary.
	• Deduct out-of-pocket business expenses such as office rent, telephone, etc., which are generally tax-deductible items.
	• Include all entertainment and travel expenses, private retirement contribution plans, and property or equipment depreciation. These items are generally tax-deductible, but must be added back for the Program Eligibility Income calculation if starting with the net income amount.
	• If a net loss, use $0. Do not subtract the loss from the Program Eligibility Income calculation.
	• Use caution with large variations in income (whether increase or decrease) when averaging two years' income. The determination in these cases should be documented and supported by the underwriter.

Income from Financial Assets

Definition/Inclusions	Exclusions	Guidance
Income from: trusts, annuities, dividends, royalties, interest earned from non- retirement accounts (savings, checking, money market, investments, mutual funds, etc.)	• One-time lump sum payments • Investments in retirement accounts (IRAs, VIPs, 403(b)'s, 401(k)'s) • Any cash withdraws from retirements accounts	• Always check tax returns for income from financial assets. • Include average of periodic payments, including recurring, lump-sum payments. • Where assets after closing exceed $5,000, calculate interest income based on the greater of actual income or imputed income based on the current passbook savings rate, as determined by HUD.

Insurance or Benefit Payments

Definition/Inclusions	Exclusions	Guidance
Periodic payments derived from: • Long-term care insurance • Disability insurance • Pensions • Death benefits	Do not include one-time, lump-sum payments.	Include periodic insurance or benefit payments at current level.

Government Transfer Payments

Definition/Inclusions	Exclusions	Guidance
Government transfer payments involve payments for which no current services are performed and are a component of personal income. • Retirement benefits • Disability benefits • Income maintenance benefits • Pensions • Veterans benefits • Federal education & training assistance • Public assistance • Worker's Compensation • Social Security benefits • Unemployment insurance compensation	• Food stamps • Government-paid child care paid directly to the provider • Foster care income • Section 8 vouchers	• Include all sources of this income at current level. Do not gross up.

Investment Property Net Rental Income

Definition/Inclusions	Exclusions	Guidance
Income from an Investment Property	Potential roommate income or rental income of future duplex or accessory dwelling unit	Calculate investment property net rental income • Monthly Gross Rent - Vacancy Loss = Gross Adjusted Rent • Gross Adjusted Rent – PITI and maintenance costs = Net Rental Income. If rental income is negative, enter $0. In addition, an operating statement may be used in lieu of using the above-referenced formula.

Child/Spousal Support

Definition/Inclusions	Exclusions	Guidance
Child support, child care, medical support, alimony, spousal maintenance	Court-ordered support not received; must document support was not received	• Use average of actual support received. • Review divorce/child support agreement. • Check with county social service agency to determine whether any payment adjustments have been made since the original payment schedule. • Cross-check payment schedule with bank statements, etc.

Regular Cash Contributions

Definition/Inclusions	Exclusions	Guidance
Regular cash contributions from non-resident(s)		Check bank statements for regular cash contributions. Include all regular cash contributions from non-residents.

Employee Allowances

Definition/Inclusions	Exclusions	Guidance
Car, cell phone, per diems, etc.	• Do not include any car, cell phone, travel per-diem, etc.	

Custodial Account Income

Definition/Inclusions	Exclusions	Guidance
Unearned income paid to children age 20 or younger, who live with the Borrower(s) 50% of the time or more	• 529 plans • Accounts where someone other than the parents are named as custodian. • Unearned income of adult dependents age 21 or older	Include all custodial account income.

Other Sources of Income

Definition/Inclusions	Exclusions	Guidance
• Contract-for-deed interest income • Any other sources of income as identified or represented in the loan file and applicable documentation.	• Loans; scholarships; grants and tuition reimbursement; • Earned Income Tax Credit refund payments; health insurance premium reimbursements (deducted from gross pay) and any out-of-pocket expense (co-pays, etc.) reimbursements • One-time lump sum (non-reoccurring) payments from: o Inheritances o Insurance settlements o Lottery winnings o Gambling winnings o Capital gains o Liquidation of assets o Settlements for personal loss	• Always include other sources of income not specifically excluded. • For contract-for-deed interest income, include interest portion of payments per the terms of the agreement/contract.