

# borrower qualifying income for chfa loans

chfa home finance



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# borrower income

- Borrower qualifying income as calculated by the CHFA Participating Lender is used for the following CHFA loan programs:
  - CHFA SmartStep<sup>sm</sup> and SmartStep Plus<sup>sm</sup>
  - CHFA Preferred<sup>sm</sup>, Preferred Plus<sup>sm</sup>, CHFA Preferred<sup>sm</sup> Refinance and CHFA Preferred Very Low Income Program<sup>sm</sup>
  - CHFA SectionEight<sup>sm</sup> Homeownership
- Only the qualifying income of borrowers or co-borrowers on the loan is utilized
  - Qualifying income calculation must comply with applicable FHA, VA, USDA-RD, Fannie Mae or Freddie Mac guidelines

# chfa income limits

- CHFA SmartStep<sup>sm</sup> and CHFA SectionEight<sup>sm</sup> Homeownership programs
  - Statewide income limit
    - Regardless of county, household size, or targeted or non-targeted area
- CHFA Preferred<sup>sm</sup>, CHFA Preferred Plus<sup>sm</sup> and CHFA Preferred<sup>sm</sup> Refinance
  - Income limits based on 80% Area Median Income (AMI) for county in which property is located
- CHFA Preferred Very Low Income Program<sup>sm</sup> (VLIP) – Freddie Mac only
  - Income limits based on 50% AMI for county in which property is located
- All CHFA income limits are listed on CHFA website

# chfa income limits – example

- Family of four is purchasing a home in Adams County using the CHFA SmartStep Plus program. Family consists of husband who has full time employment, wife/spouse who has full time employment, 18 year old son who is a full time student and working part-time and, 12 year old daughter who is a full time student and has no income.
- Husband is the only borrower on the loan. His yearly salary is \$120,000.
  - Borrower has overtime of \$10,000 on his paystub, but does not have a 2 year history of overtime
    - Lender does not use the overtime in the income calculation due to the history of overtime receipt
  - Spouse's income is \$50,000/year – not on the loan so income is not used in calculation
  - Son's income is \$10,000/year – not on the loan so income is not used in calculation
- Statewide income limit for the SmartStep Plus program
  - \$120,100
- Family would be able to purchase this home as they are under the statewide income limit for program. Only the ***borrower qualifying income*** is used for income calculation purposes.

# income documentation

- All income documentation used for qualifying purposes per the underwriter or underwriting findings are to be submitted in the file
  - CHFA will verify only the income used for qualifying purposes
- CHFA will continue to require the submission of the current year's federal tax returns or full IRS transcripts, regardless of the AUS findings
  - If the AUS findings require additional federal tax returns, include all required years in the submission file

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