

The following is a general guide to how SONYMA calculates compliance income. Not all sources of income are listed in the text of this list.

Whose Income Must be Used - Under law, SONYMA is required to use the total combined income of all borrowers; borrower's spouse (regardless of whether they will be on title); and any other titleholders.

How Compliance Income is Calculated - SONYMA uses the following guidelines/calculations to determine if the applicant's household will meet our income limit eligibility requirements.

- **Basic Income Calculation: Obtain the year-to-date (YTD) gross income from current paystub. Deductions for pre-tax income (e.g., 401k, 457b contributions, health benefits, etc.) are not allowed. Divide YTD income by number of weeks elapsed in the current year and multiply by 52 to obtain annual income.**
- **Overtime, Bonuses, and Commissions: Must be included in the YTD income calculation, as stated above. If the paystubs from the loan application date to current date do not reflect this type of pay, it may be removed from the YTD income calculation as stated above, but the amount must be added back to the total income. This income may be excluded completely if paystubs from the application date to current date do not reflect this**

type of pay and it can be demonstrated that there is no history (in prior years) of receiving this type of income.

- **Self-Employed Borrowers:** The applicant will need to obtain a YTD profit and loss statement (P&L) prepared by a CPA. The previous year's Federal tax return with all schedules will also be required. (The P&L does not have to be audited.) Corporate Federal tax returns, Partnership Federal tax returns and K-1's may be required. Adjusted gross income, after business expenses, will be used to calculate annual income. Any disbursements or distributions received will be added to annual income. Divide YTD income by number of months represented and multiply by 12 to obtain annual income. Any major deviations in income from the previous year must be explained in writing.
- **Salary/Job Changes:** If the applicant receives an increase/decrease in pay due to a job change, promotion, or terms of a new employment contract, the new salary will be treated as though it was received the entire year. Obtain employment letter or copy of contract and current paystub or VOE.
- **Retroactive Pay:** Income received in the current year that was earned in a prior year(s) can be excluded as long as there is no continuous history of receiving this type of income and such income will not reoccur.

- **Income Earned in Prior Year, Paid in Current Year:** If the applicant's YTD income includes pay for time worked in the prior calendar year, such income may be excluded from the YTD income if he/she can provide evidence of this. For example, if the applicant's first paystub of the year includes income earned from December 23 through January 5, the income earned from days worked in December may be excluded from the YTD figure.
- **Social Security or Disability Income:** Must be included in income. Income received for a child's benefit must be included if the income is being used for the child's living expenses.
- **Proposed Rental Income:** Do not include proposed rental income anticipated from the purchase of a 2- to 4-unit property.
- **Child Support/Alimony Paid by Borrower:** Cannot be deducted from income.
- **Child Support/Alimony Received by Borrower:** Must be included in income.

- **Relocation Allowance: Must be included in income.**
- **Clothing Allowance: Must be included in income.**
- **Car Allowance: Must be included in income.**
- **Military Housing and Food Allowance: Must be included in income.**
- **Unreimbursed Business Expenses for Salaried Employee (Union Dues, Safety Equipment, Business Equipment, etc): Cannot be deducted. However, if the applicant receives 1099 income and pay self-employment tax, business deductions are allowed.**
- **Foster Care Income: Payments received as consideration for foster care duties with respect to children in the applicant's care are not considered income for this purpose and should not be included in the applicant's income.**

NOTE: If the applicant's household income exceeds SONYMA's Household Income Limits, at either the time of application or loan closing, the applicant is not eligible for a SONYMA loan.