

This program is intended to provide financial assistance to low-to-moderate income households with income at or below 100% of the Area Median Income (AMI) for Carver County to assist in the purchase of a home in Carver County. Applicants must be first-time homebuyers (have never owned a home or have not owned a home in the past three years) to receive funding. Applicants do not need to be current residents of Carver County but there is preference for those who live, rent or work within the County.

Eligibility Income:

Definition: The gross household income calculation completed to verify if the Applicant(s) is eligible for the DPA program. See the steps below for required persons who must be included in the household income eligibility calculation.

Steps:

1. Lender meets with Applicant to:
 - ✓ Determine whether Applicant is a first-time homebuyer.
 - ✓ Gather necessary documentation from the Applicant to determine household income eligibility for the DPA Program.
2. Lender completes the DPA Household Eligibility Income calculation:
 - ✓ Complete the DPA Program Eligibility Income Worksheet. You must include the gross income of the following people:
 - Each Applicant and anyone who will be on deed, sign the mortgage, and the note.
 - The legal spouse of an Applicant who will *live* in the property. If the current legal spouse will not be living in the subject property, their income is not included in the eligibility calculation. The Non-Income Occupant Spouse Statement must be used to document this.
 - Anyone signing the Note who will not be on title but is expected to live in the property (i.e. an occupant co-signer).

NON-OCCUPANT CO-BORROWERS ARE NOT ALLOWED.

Eligibility Income Limits for the DPA Program: Applicant(s) gross household annual income must be at or below 100% of the Area Median Income (AMI) for Carver County, as determined annually by the U.S. Department of Housing and Urban Development. Income is not adjusted for household size and instead a maximum income is established based on the median family income, currently for **FY25 is \$132,400.**

DPA Eligibility Income Guidance Examples	Included	Excluded
Wages from an employer	✓	
Potential rental income		✓
Educational grants, stipends, loans, or tuition reimbursement		✓
Additional pay (i.e., overtime, bonuses, commissions, shift differential)	✓	
One-time income		✓
Child Support or alimony	✓	
Government transfer payments	✓	
Projected income		✓
Anticipated raise		✓
Self-employment	✓	
Non-occupant co-signer's income		✓

Qualifying Income:

Definition: The underwriting income used to qualify the Applicant for the first mortgage loan for repayment of the note based on a complete review of the Applicant's income, assets, liabilities, credit history, employment history, debt to income ratios, and qualified loan amount.

Applicants participating in the DPA are required to have fully underwritten conditional pre-approval. An eligible loan must be fixed rate, fully amortized Qualified Mortgage as defined by the Consumer Financial Protection Bureau.

Steps:

- Calculate qualifying (URLA) income based on mortgage program underwriting guidelines.
- Enter qualifying income onto CDA Mortgage Underwriter Pre-Approval Attestation Form.
- Enter Housing Ratio and Qualifying Debt Ratio onto the CDA Mortgage Underwriter Pre-Approval Attestation Form. See below for Qualifying Ratio.
- Complete and execute the CDA Mortgage Underwriter Pre-Approval Attestation Form.

Qualifying Ratio

The **minimum housing ratio is not less than 25%** as calculated by the first mortgage lender, which is based on the qualifying income. **The maximum debt-to-income ratio is not greater than 50%**, as calculated by the first mortgage lender. Ratios are based on gross household income and established to ensure affordability and preservation.

Questions: Please reach out to CDA Community Development Staff at 952-448-7715.

Please review the complete Carver County CDA Down Payment Closing Cost Assistance Program Guidelines for more information about the program including property eligibility and requirements, asset limitations, loan amount, etc.

What You Need to Know:

- Document your calculations so Carver County CDA staff can understand how you arrived at the total Program Eligibility Income.
- Each loan file will have two income calculations:
 - For **qualifying income**, follow industry standard documentation and calculation requirements.
 - For **program eligibility income**, provide documents dated within four months of the closing date to support your calculations. Within those four months, use the most recent information available.
 - See **Eligibility and Qualifying Income Reference Guide** for further explanation about when to use each type of calculation.
- **Applicants cannot intentionally manipulate income (quit job, etc.) to become eligible.**
- **Questions?** Have your underwriter contact the CDA Community Development Staff at 952-448-7715.

Include income from the following individuals:

- A person who will have title to the property and will sign the mortgage. (i.e. a Borrower)
- A person expected both to live in the residence being financed and is a legal spouse of a Borrower.
- A person expected both to live in the residence being financed and to sign or guarantee the mortgage note (i.e. an occupant co-signer).

Choose the applicable income type(s) and use page 2 to show your calculation:

- [Base Pay from an Employer](#)
- [Additional Income from an Employer](#)
- [Employee Allowances](#)
- [Self-Employment/Business Income](#)
- [Income from Financial Assets](#)
- [Government Transfer Payments](#)
- [Insurance or Benefit Payments](#)
- [Investment Property Net Rental Income](#)
- [Child/Spousal Support](#)
- [Regular Cash Contributions](#)
- [Custodial Account Income](#)
- [Other Sources of Income](#)

		Annual Program Eligibility Income			
		Person A	Person B	Person C	Person D
Include the individuals who meet one of the above definitions					
INCOME TYPES	Choose an item.	\$	\$	\$	\$
	Choose an item.	\$	\$	\$	\$
	Choose an item.	\$	\$	\$	\$
	Choose an item.	\$	\$	\$	\$
Subtotal		\$	\$	\$	\$
Total Annual DPA Program Eligibility Income 2025 limit - \$132,400		\$			

Program Eligibility Income Calculation and Notes – include ALL income type(s) for all persons (A to D) on page 1

Show ALL program eligibility income calculation here with notes as applicable:

Calculating Program Eligibility Income:

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 on this worksheet.

1. 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**. Ask employer for clarification if the Borrower has not been on the job long enough to establish a history. Contact CDA Staff for additional guidance if your Borrower recently quit a job, lost a job or is between jobs.

Calculate Base Pay from an Employer

Base Pay from an Employer	
Definition/Inclusions	Exclusions
<p><u>Regular Hours/Pay:</u> 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.</p> <p><u>Irregular Hours/Pay:</u> Variable hours, seasonal work, etc., such as nursing, restaurant, construction, retail or part-time work with varied hours or pay.</p>	<ul style="list-style-type: none"> Income no longer available Income not yet earned (i.e. future bonus, expected raise) <p>Contact CDA for additional guidance if your Borrower recently quit a job, lost a job, or is between jobs.</p>
Guidance	
<ul style="list-style-type: none"> Borrowers cannot intentionally manipulate income (quit job, etc.) to become eligible. Determine whether base pay is regular hours/pay or irregular hours/pay and follow calculation instructions on page 3 and 4. Include all income, including sick, holiday and vacation pay. 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 as "Base Pay from an Employer, irregular hours/pay," but should also include any unemployment benefits, if applicable. 1099s, tax returns, and/or verification from unemployment office are required to verify unemployment benefits. 	

Regular Hours/Pay

- Determine frequency of income - weekly, bi-weekly, semi-monthly, etc.
- Identify documentation needed to support payment frequency and calculation.
- Apply Calculation - (Base Wage x Hours Worked in a Pay Period) x (# of Pay Periods Per Year).
- 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).
- Don't double count by adding sick, vacation, and holiday earnings.
- See "**Calculate Additional Pay from an Employer**" below.

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. Add YTD Earnings total and prior year's earnings total, if available. If using a different timeframe, the underwriter should provide documentation and an explanation to support using a different timeframe.
2. To annualize, divide the resulting amount by the number of months and days worked, and then multiply that number by 12 months to get total average pay from an employer.

Calculate Additional Pay from an Employer

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. Income is counted regardless of the currency in which it is paid (i.e. U.S. Dollars or virtual currency).	One-time (non-recurring) income; i.e. income received once that does not have a history and is unlikely to reoccur in the future, employer provides written notice additional pay is ending.
Guidance	
<ul style="list-style-type: none"> • Documentation of additional pay could include, but is not limited to, paystubs, VOE, etc. • 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 not included in YTD Earnings Total does not have to be included in the Program Eligibility Income calculation. • Virtual currency as compensation for services: Calculate as you would with other income, with frequency documented. For such calculations, use the fair market value of the virtual currency on the date received. Virtual currency documentation may include but is not limited to printouts or screenshots of virtual wallets, ledgers, receipts, etc. Virtual currency income from an employer is included in "Wages, tips, other compensation" reported on Form W-2. 	

1. Review the earnings section of paystub or VOE and add up all additional income that is included in the YTD earning total and not included in base pay. (Sick, vacation, holiday, etc. are generally included in base pay.)
2. Add YTD additional pay total and prior year's additional pay, if available on a VOE. If using a different timeframe, the underwriter should provide documentation and an explanation to support using a different timeframe.

3. To annualize, divide the resulting amount by the number of months and days worked, and then multiply that amount by 12 months to get an average of Additional Pay from an Employer.

2. Calculating Income from Other Sources

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

Types of Income

Employee Allowances		
Definition/Inclusions	Exclusions	Guidance
Housing, car, cell phone, per diems, etc.	<ul style="list-style-type: none"> • Reimbursements for specific employee business expenses, such as mileage reimbursements for a business trip 	<ul style="list-style-type: none"> • Include all allowances, per diems or stipends as income. • Include job-related unreimbursed expenses (i.e., union dues, computer/phone purchase, supplies needed, required training, etc). These expenses cannot be deducted from eligibility income.
Self-Employment/Business Income		
Definition/Inclusions	Guidance	
<p>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.</p> <p>This includes gig-jobs which may include, but is not limited to:</p> <ul style="list-style-type: none"> • Lyft or Uber • Run errands or complete tasks • Sell goods online • Provide creative or professional services • Provide other temporary, on-demand or freelance work 	<ul style="list-style-type: none"> • Determine gross annual income. • Use a two-year average from the most recent federal income tax returns, if available. <ul style="list-style-type: none"> ○ If using a different timeframe to better reflect the Borrower’s current income, the underwriter should provide documentation and an explanation to support that. • Self-employment income documentation is required, and may include, but is not limited, to: <ul style="list-style-type: none"> ○ Tax form Schedule C, most recent two years ○ Tax form Schedule K-1 (Form 1120S) ○ YTD Profit & Loss Statement ○ YTD print out from gig-job (i.e. from Uber, etc.) ○ Additional Bank Statements (enough months to demonstrate consistent average income) • Request additional supporting documentation (i.e. current balance sheet and income statement) when necessary (to support P&L or other income documentation). • 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. 	

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, virtual currency, mutual funds, etc.), Certificate of deposit.	<ul style="list-style-type: none"> • One-time lump sum payments • Distributions from investments in retirement accounts (IRA, VIP, 403(b), 401(k)) • Any cash withdraws from retirement accounts 	<ul style="list-style-type: none"> • Always check tax returns for income from financial assets (including virtual currency). • 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. • Additional guidance on virtual currency as an investment: Follow IRS guidance. See the IRS FAQs on Virtual Currency
Insurance or Benefit Payments		
Definition/Inclusions	Exclusions	Guidance
Periodic payments derived from: <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • Retirement benefits • Disability benefits • Income maintenance benefits • Pensions • Veterans benefits • Veterans Education benefits 	<ul style="list-style-type: none"> • Federal education & training assistance • Public assistance • Worker’s Compensation • Social Security benefits • Unemployment insurance compensation 	<ul style="list-style-type: none"> • Food stamps • Government-paid child care paid directly to the provider • Social Security benefits for a minor where someone other than the Borrower is named as custodian • Foster care income • Section 8 vouchers • Adoption Assistance Subsidy for children with special needs
		<ul style="list-style-type: none"> • Include all sources of this income at current level. Do not gross up. • See also Custodial Account Income

		<ul style="list-style-type: none"> • Federal Communications Commission Assistance • Veterans Disability Benefits 	
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Investment Property Net Rental Income		
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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 <ul style="list-style-type: none"> • 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		
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Definition/Inclusions	Exclusions	Guidance
Child support, child care, medical support, alimony, spousal maintenance	Court-ordered support not received; must document support was not received	<ul style="list-style-type: none"> • 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. • Contact CDA if less than six months remain.

Regular Cash Contributions		
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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.

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	<ul style="list-style-type: none"> • 529 plans • Accounts where someone other than the Borrower is 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
<ul style="list-style-type: none"> • Contract-for-deed interest income • Any other sources of income as identified or represented in the loan file and applicable documentation. • Gambling winnings (unless proof of one-time earning is provided); gambling losses cannot be deducted from winnings. 	<ul style="list-style-type: none"> • 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 • State Child Tax Credit • One-time lump sum (non-reoccurring) payments from: <ul style="list-style-type: none"> ○ Inheritances ○ Insurance settlements ○ Lottery winnings ○ Gambling winnings ○ Capital gains ○ Liquidation of assets ○ Settlements for personal loss ○ Front Line Worker Pay 	<ul style="list-style-type: none"> • 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.