

**Income Documentation****Non-Taxable Income (Grossing Up) (Total and Manual)**

Non -Taxable income refers to types of income not subject to federal taxes, which includes, but is not limited to:

- Some portion of Social Security Income
- Some federal government employee Retirement income
- Railroad Retirement benefits
- Some state government retirement income
- Certain types of disability and Public Assistance payments
- Child support
- Military allowances; and
- Other income that is documented as being exempt from federal income taxes

The Mortgagee must document and support the amount of income to be Grossed UP for any Non-Taxable Income source and the current tax rate applicable to the Borrower's income that is being Grossed Up.

- The amount of continuing tax savings attributed to Non-Taxable Income may be added to the Borrower's gross income
- The percentage of Non -Taxable Income that may be added cannot exceed the greater of 15 percent or the appropriate tax rate for the income amount, based on the Borrower's tax rate for the previous year. If the Borrower was not required to file a federal tax return for the previous tax reporting period, the Mortgagee may Gross Up the Non-Taxable Income by 15 percent.
- The Mortgagee may not make any additional adjustments or allowances based on the number of the Borrower's dependents