Freddie Mac

Exhibit 101

Income Calculation Guidelines for Alternative to Foreclosure Options

The required documentation to verify income from sources disclosed by the Borrower(s) on Form 710, Mortgage Assistance Application, and the corresponding methods to calculate the income from each source are provided in this exhibit.

Servicers must refer to Section 9202.3 for instructions on processing IRS Form 4506T-EZ or 4506-T, if applicable, based on the requirements in Section 9202.3.

If the documentation provided does not support the income the Borrower stated on Form 710 or the Servicer is unable to determine the frequency of payment from the documentation provided by the Borrower, the Servicer must reconcile the inconsistency with the Borrower. The Servicer may request additional documentation as acknowledged and agreed to by the Borrower on Form 710.

Rules for Grossing Up Net or Non-Taxable Income

In some cases, the Borrower may provide bank statements to document his or her income. In those instances, the income documented on the bank statements will reflect net income and the Servicer must gross up the net income to determine the Borrower's gross income. In addition, the Servicer must gross up all non-taxable income received by the Borrower provided the Borrower can provide documentation that the income is not taxable. The Servicer must maintain such documentation in the Mortgage file.

To gross up net or non-taxable income, the Servicer must multiply the amount of the net or non-taxable income by 1.25; if the actual amount of federal or State taxes that would be paid is more than 25% of the Borrower's net or non-taxable income, the Servicer may use the actual percentage.

Salary or Hourly Wage

To calculate income for a salaried or hourly waged Borrower, obtain either:

- The Borrower's most recent paystub and documentation reflecting year-to-date (YTD) earnings, if not reported on the paystub (e.g., signed letter or printout from the employer), or
- The Borrower's two most recent monthly bank statements showing income deposit amount

Borrower income is supported by most recent paystubs

The following table shows the monthly gross income calculation by payment frequency when the Borrower's income is supported by the Borrower's most recent paystubs:

Borrower Income is Supported by Most Recent Paystubs		
Payment Frequency	**Monthly Gross Income Calculation**	**Example**
Weekly	Multiply the weekly gross income by 52 weeks and divide by 12 months.	Borrower is paid $500 each week. $500 x 52 weeks ÷ 12 months = $2,167 gross monthly income
	If the Borrower is an hourly worker paid weekly and if the number of hours worked per week varies, determine the Borrower's average weekly gross income by using the YTD earnings information provided by the Borrower. Once established, multiply the average weekly gross income by 52 weeks and divide by 12 months. Note: If the Borrower has previously experienced a period of unemployment or a reduction to wages that will impact the gross monthly income calculation, the Servicer may use its discretion to calculate gross monthly income based on the most recent information provided by the Borrower.	Borrower is paid $500 average weekly gross income. $500 x 52 weeks ÷ 12 months = $2,167 gross monthly income.
Bi-weekly (every 2 weeks)	Multiply 2 weeks gross income by 26 pay periods and divide by 12 months.	Borrower is paid $1,250 every two weeks. $1,250 x 26 pay periods ÷ 12 months = $2,708 gross monthly income
	If the Borrower is an hourly worker paid bi-weekly and if the number of hours worked per pay period varies, determine the Borrower's average bi-weekly gross income by using the YTD earnings information provided by the Borrower. Once established, multiply the average bi-weekly gross income by 26 pay periods and divide by 12 months. Note: If the Borrower has previously experienced a period of unemployment or a reduction to wages that will impact the gross monthly income calculation, the Servicer may use its discretion to calculate gross monthly income based on the most recent information provided by the Borrower.	Borrower is paid $1,250 average bi-weekly gross income. $1,250 x 26 pay periods ÷ 12 months = $2,708 gross monthly income.

Borrower Income is Supported by Most Recent Paystubs		
Payment Frequency	**Monthly Gross Income Calculation**	**Example**
Semi-monthly (twice per month)	Multiply the semi-monthly gross income by 2.	Borrower is paid $1,250 twice a month. $1,250 x 2 pay periods = $2,500 gross monthly income.
	If the Borrower is an hourly worker paid semi-monthly and the number of hours worked per pay period varies, determine the Borrower's average semi-monthly gross income by using the YTD earnings provided by the Borrower. Once established, multiply the average semi-monthly gross income by 2 to determine gross monthly income. Note: If the Borrower has previously experienced a period of unemployment or a reduction to wages that will impact the gross monthly income calculation, the Servicer may use its discretion to calculate gross monthly income based on the most recent information provided by the Borrower.	Borrower is paid $1,250 average semi-monthly gross income. $1,250 x 2 pay periods = $2,500 gross monthly income.
Monthly	Use the monthly gross income amount from the paystub.	Borrower is paid $3,000 every month. $3,000 is the gross monthly income.
Borrowers who may be paid less than 12 months per year	Some occupations have options on whether their income is paid for the time that they are working or paid over 12 months (e.g., teachers). Determine how often and for how many months of the year the Borrower is paid and then determine their income based on the calculations above.	Borrower is paid $4,000 monthly for 10 months of the year. $4,000 x 10 months ÷ 12 months = $3,333 gross monthly income. Alternatively, if the Borrower has elected to be paid for 10 months work over a full 12 calendar months, the paystubs will reflect a monthly gross income of $3,333.

Borrower income is supported by most recent bank statements

If the Borrower has provided the two most recent monthly bank statements to document his or her income, the income reflected on the bank statements as deposits will reflect the Borrower's net income. The Servicer must review the bank statements to determine the frequency with which income is received by the Borrower and follow the above instructions based on the applicable frequency to determine the Borrower's monthly net income. The monthly net income must then be grossed up by multiplying it by 1.25. Refer to the "Rules for Grossing Up Net or Non-taxable Income" section above. The result will be the Borrower's monthly gross income. If the payment frequency is not obvious based on review of the frequency of deposits on the Borrower's bank statements, the Servicer must request clarification from the Borrower or, alternatively, obtain additional supporting documentation.

Self-Employed Income

For each Borrower who receives self-employed income, the Servicer must evaluate the Borrower's income using **one** of the following:

- Two most recent bank statements showing self-employed income deposit amounts
- Most recent signed and dated quarterly or year-to-date profit/loss statement
- Most recent complete and signed business tax return; **OR**
- Most recent complete and signed individual federal income tax return

If the Borrower submits bank statements to support the income reported on the Form 710, then the Servicer must evaluate the bank statements in accordance with the "Borrower Income is Supported by Most Recent Bank Statements" section above.

If the Borrower submits either individual or business tax returns, then the Servicer must analyze the Borrower's most recent signed individual income tax return and, as applicable, the business tax return, for both income and any potential losses that may impact the Borrower's income. When calculating gross income for self-employed Borrowers, a Servicer should include the Borrower's net profit plus any salary draw amounts that were paid to the Borrower in addition to adding any of the allowable adjustments used in analyzing the tax returns for the business, such as non-recurring income and expenses, depreciation and depletion (if applicable).

Form 91 may be used to analyze the Borrower's tax returns and calculate self-employed monthly gross income. Alternatively, comparable worksheets or software may be used by the Servicer to assist in determining monthly gross income.

If the Servicer has collected the Borrower's most recent signed and dated quarterly or YTD profit and loss statement, then the Servicer must evaluate the Borrower based on income earned and reported on the profit and loss statement.

When the Borrower has experienced a significant decrease in income, the Servicer should not average the Borrower's income and instead focus its analysis on the income that the Borrower is currently earning. When the documentation provided by the Borrower evidences that the income has returned to an amount equal to or greater than it was prior to the one-time occurrence, the Servicer may average the Borrower's income.

Other Earned Income (e.g., bonuses, commissions, housing allowances, tips and overtime)

Obtain reliable third-party documentation describing the amount and nature of the income (e.g., paystub, bank statements, award letters, or other documentation showing the amount and frequency of the income). When verifying annualized income based on the YTD earnings reflected on paystubs, Servicers may, based on their good business judgment, make adjustments when it is likely that sources of additional income (bonus, commissions, etc.) will not continue.

The following table shows the monthly gross income calculation by payment frequency:

Payment Frequency	How to Calculate	Example
Bonus or commission paid annually	Divide the annual bonus or commission amount by 12 months.	Yearly bonus or commission is $5,000. $5,000 ÷ 12 months = $417 gross monthly income
Bonus or commission paid quarterly at a consistent amount	Divide the quarterly bonus or commission amount by three months.	Quarterly bonus or commission is $1,250. $1,250 ÷ 3 months = $417 gross monthly income
Bonus or commission paid quarterly at a variable amount	Add all quarterly bonuses or commissions shown on the documentation provided and then divide by the number of months.	Quarterly bonus or commission varies between $1,000 and $1,250. $1,000 + 1,250 +1,100 +1,250 = $4,600 total ÷ 12 months = $383 gross monthly income

Payment Frequency	How to Calculate	Example
Bonus or commission paid weekly at a consistent amount	Multiply the weekly bonus or commission amount by 52 weeks and divide by 12 months.	Weekly bonus or commission is $75. $75 x 52 weeks = $3,900 ÷ 12 months = $325 gross monthly income
Bonus or commission paid weekly at a variable amount	Add all weekly bonuses or commissions shown on the documentation provided and then divide by the number of months.	Weekly bonus or commission varies between $50 and $75 with $500 received over 8 weeks $500 ÷ 8 weeks = $62.50 x 52 weeks = $3,250 ÷ 12 months = $271 gross monthly income
Tip income or Housing allowance	Divide the YTD tip or housing allowance income shown on third party documentation by the number of months included.	YTD tip income is $1,500 and includes pay periods covering 5 months. $1,500 ÷ 5 months = $300 gross monthly income
Overtime and shift differential	• Divide the YTD gross overtime pay or shift differential pay by the number of pay periods YTD to determine the average gross pay per pay period. • Multiply the average gross overtime or shift differential per pay period by the number of pay periods in year and divide by 12 months.	• Borrower is paid semi-monthly, and has been paid $200 overtime (or shift differential) YTD. There have been four pay periods. There are 24 pay periods in a year. • $200 ÷ 4 pay periods = $50 x 24 pay periods = $1,200 ÷ 12 months = $100 gross monthly overtime pay

If the supporting documentation provided by the Borrower contains net income information (e.g., bank statements showing net pay) the Servicer must calculate the monthly gross income by multiplying the monthly net income by 1.25, as described in the "Borrower Income is Supported by Most Recent Bank Statements" section above.

Social Security, Disability or Death Benefits, Pension, Public Assistance, or Adoption Assistance

Document the gross monthly amount and frequency of the benefits. If the supporting documentation provided by the Borrower denotes gross income amounts, calculate the gross monthly amount of the benefits using the chart below. If the supporting documentation provided by the Borrower denotes net income amounts, follow the steps below to calculate the monthly net income, and then calculate the monthly gross income by: multiplying the monthly net income amount X 1.25 = monthly gross income

Required Documentation
• Two most recent bank statements showing deposit amounts; **OR** • Award letters or other documentation showing the amount and frequency of the benefits

The following table shows the monthly gross income calculation by payment frequency:

Frequency	How to Calculate	Example
Paid annually	Divide the annual amount by 12 months.	Yearly amount is $5,000. $5,000 ÷ 12 months = $417 gross monthly amount
Paid quarterly	Divide the quarterly amount by 3 months.	Quarterly amount is $1,250. $1,250 ÷ 3 months = $417 gross monthly amount
Paid monthly	Use the gross monthly amount received.	Borrower is paid $600 every month. $600 is the gross monthly income.
Paid weekly at a consistent amount	Multiply the weekly amount by 52 weeks and divide by 12 months.	Weekly amount is $75. $75 x 52 weeks = $3,900 ÷ 12 months = $325 gross monthly amount
Paid weekly at a variable amount	Add all weekly amounts shown on the payment history provided and then divide by the appropriate number of weeks, multiply by 52 weeks, divide by 12 months.	Weekly amount varies between $50 and $75, with a total of $500 received over 8 weeks. $500 ÷ 8 = $62.6 per week x 52 weeks = $3,250 ÷ 12 months = $271 gross monthly amount

Rental Income

To evaluate a Borrower's rental income, the Servicer must collect:

- Two most recent bank statements demonstrating receipt of rent; **OR**
- Two most recent deposited rent checks

Rental income is calculated as follows:

Required Documentation	Determining Monthly Income	Example
Two most recent bank statements or deposited rent checks supporting receipt of the rental income stated on Form 710	1. Determine the average monthly gross rental income for the subject property	The Borrower's supporting documentation shows bank deposits or cashed checks in the amount of $500 per month for the two months represented by the supporting documentation. The average monthly gross rental income is $500.
	2. Multiply the average monthly gross rental income by the number of months per year the Borrower has stated the income will be available (e.g., the Borrower receives rental income for 6 months of the year) to establish and annual gross rental income.	$500 average monthly gross rental income X 6 months = $3,000 annual gross rental income

Required Documentation	Determining Monthly Income	Example
	3. Multiply the gross monthly rental income amount by 75%. Note: 25% is considered vacancy loss and maintenance expense.	$500 x 75% = $375 net rental income. $375 must be included in the total monthly income amount.
	Property securing the Mortgage is an Investment Property	
	1. Determine the average monthly gross rental income for the subject property.	The Borrower's supporting documentation shows bank deposits or cashed checks in the total amount of $780 per month for the two months represented by the supporting documentation. The average monthly gross rental income is $780.
	2. Multiply the average monthly gross rental income by the number of months the property was owned during the tax year to determine the annual gross rental from the Investment property.	$780 x 12 = $9,360
	3. Multiply the gross monthly rental income amount by 75%.	3. $780 x 75% = $585 (75% of gross monthly rent)
	4. Subtract from the result derived in step 3 above as follows:	4. As applicable:
	a. For pre-workout calculation on the **subject** Investment Property, subtract 100% of the current (pre-modification/pre-trial) monthly debt service on the Investment Property (PITIAS); **OR**	a. $585 - $650 (current debt service) = negative $65 net rental income that must be added to the monthly housing expense on the Borrower's primary residence; **OR**
	b. For post-workout calculation on the **subject** Investment Property, subtract 100% of the post-modification monthly debt service (PITIAS) on the Investment Property	b. $585 - $450 (post-modification monthly debt service) = $135 net rental income must be included in the Borrower's gross monthly income amount

Required Documentation	Determining Monthly Income	Example
	Other Investment Properties owned	
	To calculate the net rental income on any other Investment Property/Properties owned, subtract 100% of the current monthly debt service (i.e., principal, interest, taxes, insurance, including mortgage insurance and association fees, if applicable) on each Investment Property from 75% of the gross monthly rent. The aggregate net rental income is determined by combining the positive or negative income from each property. If the result is positive, include the net rental income in the Borrower's total gross monthly income. If the result is negative, the negative net rental income must be treated as a debt **when calculation of the total debt ratio is required** (e.g., when evaluating for imminent default, the Freddie Mac Flex Modification®, certain short sales, etc.).	As determined in accordance with the above instructions, the gross rental income is $15,000 from one property that has been in service as an Investment Property for the full year. $15,000 ÷ 12 = $1,250 gross rental income per month The debt service on the property is $825.50 per month. Multiply the gross monthly rent by 75% and subtract the debt service: $1,250 x 75% = $937.50 - $825.50 = $112 net rental income. $112 must be included in the gross monthly income amount. Note: This calculation must be performed for all properties reported on the Borrower's credit report.

Monthly Investment Income

The following table shows the required documentation and income calculation:

Required Documentation	Calculation
Two most recent investment statements or bank statements supporting receipt of the investment income stated on Form 710	Determine the payment frequency of the investment income (monthly, quarterly), then calculate the monthly average. • If the investment income is paid monthly, average the two months' income. $150 +$160 = $310 ÷ 2 months = $155/month • If the investment income is paid quarterly, divide the quarterly investment income by 3 to determine the monthly income. $240 quarterly investment income ÷ 3 months = $80/month

Alimony, Separate Maintenance and Child Support

Alimony, child support or separate maintenance income need not be revealed if the Borrower does not choose to have it considered for repaying the Mortgage.

If the Borrower chooses to have this income type considered, document the income as follows:

Required Documentation	Calculation	Example
• Two most recent bank statements showing receipt of income; **OR** • Other documentation showing the amount and frequency of the income	Establish the monthly gross income amount by following the steps in the first chart above.	$300 per month is the awarded income on the legal agreement. • The bank statements or other documents support the monthly awarded income. Use $300 per month. • If the bank statements or other documents reflect variable amounts each month, then the Servicer must use its best judgment when determining whether to use the awarded amount or an average of the amounts received as shown on the bank statements or other documentation.

The following table shows the monthly gross income calculation by payment frequency:

Payment Frequency	Monthly Gross Income	Example
Paid annually	Divide the annual amount by 12 months.	Yearly amount is $5,000. $5,000 ÷ 12 = $417
Paid quarterly	Divide the quarterly amount by three months.	Quarterly amount is $1,250. $1,250 ÷ 3 = $417 gross monthly amount
Paid monthly	Use the gross monthly amount received.	Borrower is paid $600 every month. $600 is the gross monthly amount.
Paid weekly	Multiply the weekly amount by 52 weeks and divide by 12 months.	Weekly amount is $75. $75 x 52 = $3,900 ÷ 12 = $325 gross monthly amount
Paid weekly at a variable amount	Add all weekly amounts as shown on the two most recent bank statements or other third-party documents and divide by two months.	Weekly amount varies between $50 and $75, with a total of $500 shown for the two-month history. $500 ÷ 2 = $250 gross monthly amount