

Ralph M. Perrey, Executive Director



**MEMORANDUM**

DATE: September 6, 2021  
TO: New Start Partners  
FROM: Rhonda Ronnow, Director of Loan Operations, Single Family Programs  
SUBJECT: Implementation of IRS Rev. Ruling 86-124

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Effective with loan submissions as of Monday September 13, 2021, THDA is implementing IRS Rev. Ruling 86-124 for income calculation for the New Start Program.

This ruling states the income to be taken into account in determining the gross monthly income is the income of the mortgagor (or mortgagors) and any other person who is expected both to live in the residence being financed and to be secondarily liable on the mortgage.

Additional changes that will go into effect with loan submissions as of Monday, September 13, 2021 are:

- Income limits will be referred to as New Start Income Limits instead of Household Income Limits.
- Overtime/bonus will be determined based upon history of receiving and reasonable expectation for the income to continue.
- Application and Seller Affidavits are changing to Application and Seller Declarations. These new forms no longer require a notary signature.
- Child Support will be considered in the New Start income limit if it is anticipated income for the next 12 months based upon recent history of receipt.

The updated New Start Guide will be available on our website as of Monday, September 13, 2021. No revision document to be sent as these changes affected significant portions of the guide.

Thank you again for your continued support and participation in the THDA mortgage program.

If you have any questions, please call 615-815-2100 or send an e-mail to [SFask@thda.org](mailto:SFask@thda.org)