

Income Certification for SHIP Applicants

sponsored by
Florida Housing Finance Corporation
Catalyst Program
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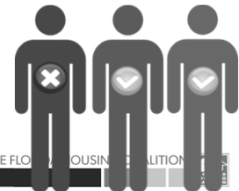
Annual Income Definition (24 CFR Part 5)

- All amounts, monetary or not, which:
1. Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any family member
 2. Are anticipated to be received from a source outside the household during the 12-month period
 3. Annual income also means amounts derived from assets

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Income Qualification Process

- Step 1: Application
- Step 2: Income Verification
- Step 3: Asset Verification
- Step 4: Calculation
- Step 5: Certification
- Step 6: Award



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Step 1: Application

- Keep the applicant informed – Preferably in writing. If calls are made, document file.
- Face to face interview with the applicant.
- The application is signed by all adult household members, including students age 18 and older.



Included above Applicant Signature is information about Florida Statute 817

Florida Statute 817 provides that willful **false statements** or misrepresentation concerning income, asset or liability information relating to financial condition is a **misdemeanor of the first degree**, punishable by fines and imprisonment provided under Statutes 775.082 or 775.083. I certify that the application information provided is **true and complete** to the best of my knowledge.

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Determining Household Size

- COUNT Children in joint custody present 50% or more of the time
- COUNT Children away at school who live in household during school recesses
- COUNT Children in the process of being adopted
 - Include only first \$480 of adoption assistance payments
- COUNT temporarily absent family members

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Count Foster Children

HUD Handbook 4350.3 Chapter 3:

“The owner must also count all anticipated children. Anticipated children include the following:

- Foster children who will reside in the unit;”
- ALSO: “g. The owner must count foster adults living in the unit.”

HUD Handbook 4350.3 Chapter 5:

- “Payments received by the family for the care of foster children or foster adults are not counted.”

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HH members in hospital,nursing home

- The family decides if such persons are included when determining family size for income limits.

Separated but Not Divorced

- Count UNLESS you can document that separation is permanent.

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Household Member in Prison

➤ Count as household member if released within 12 months

➤ Do not count if release date is more than 12 months

- www.dc.state.fl.us

- Home page: "Inmate Population Info Search"
- Enter name, SS # or birth date & inmate #
- Print scheduled release date for the file.

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Boyfriend, Girlfriend or Fiancé

- Count if currently part of household or will be residing in home when purchased.

Roommates are household members, Tenants are not

- Count roommate's income
- Count rent paid by tenant

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Live-in Aide

- Is essential to the care, well-being of the person(s);
- Is not obligated to support the person(s)
- Would not be living in the unit except to provide the necessary supportive services.

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Step 2: Income Verification Process

VERIFY:

- Employment including overtime and tips
- Assets
- Regular Cash Contributions
- Social Security
- Pension
- Child Support/Alimony
- Unemployment Compensation

METHODS: Written or Oral Third-Party Verification

ACCEPTABLE METHOD: Upfront-income verification (UIV) such as the Work Number

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Document Verification Change: Tenant-Provided Document

- Defined in Section 5-13 of HUD Handbook 4350.3, Chapter 5
- Tenant-Provided Document considered 3rd Party Verification
- Dated within last 120 days
- Examples: Pay stubs, SSA retirement benefit letter, Unemployment benefit notices.



- Most recent 4 to 6 consecutive pay stubs

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Timing

Verifications shall be dated no more than **120 days** from each other.

Re-verify those out of compliance

“Stop The Clock”

- Issue Award Letter
- Contract for Lease, Purchase or New Construction
- OR Fully provide assistance



Social Security retirement payments

- Count the gross amount, before deductions
- Alternative to 3rd party verification: Award Letter from past 12 months.
- Recipient may request ‘Proof of Income Letter’:
 - SSA’s number **(800) 772-1213**
 - Website: www.socialsecurity.gov/myaccount

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Child Support or Alimony

- Count Full Amount of Court Awarded support
Unless ...
- A contempt of court hearing is scheduled
OR
- Case has been filed with Department of Revenue's Child Support Enforcement office
1 (800) 622-5437

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Income from Minors

- *Earned* income of family members under 18 is not counted
 - Example: part time job after school
- Benefits or other *Unearned* income of minors is counted
 - Example: Savings account interest, disability payments

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Common Income Exclusions

- Food Stamps or Meals on Wheels program
- Student financial assistance: scholarships & grants
- Earned income in excess of \$480 for full-time student or adopted child assistance
 - UNLESS student is the head of the family, spouse, co-head
- Hostile fire military pay
- Inheritances, insurance payments, lump sum SS/SSI
- Live-in-aide income

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Step 3: Verification of Assets

Count Assets of All

- | | |
|---------------------|--|
| • Bank accounts | • Property |
| • Stocks or Bonds | • Whole Life Insurance cash value |
| • Mutual funds | • Personal property held as investment |
| • IRA / 401K | |
| • Lump sum receipts | |

Do Not Count

- House that applicant lives in
- Personal property (furniture, cars, wedding ring)
- Term life insurance policies
- Equity in cooperative unit where family lives

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Calculating Income from Assets

Step # 1: Calculate Cash Value

Cash Value = Market value of asset minus reasonable costs incurred to convert it to cash.

Examples:

- Early Withdrawal Penalty
- Broker/legal fees assessed to sell or convert the asset to cash

- **For Savings accounts use current balance**
- **For Checking accts: average 6 month balance**

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Calculating Income from Assets

Step # 2: Calculate Actual Income

Some Assets Generate Actual Income:

- Savings Account
- Certificate of Deposit

Income from Asset Property

\$7,200/year = \$600 of Monthly Rent
-\$2,000/year = Subtract expenses (taxes, insurance, maintenance)
\$5,200 = Actual asset income

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Calculating Income from Assets

Step # 3: Calculate Imputed Income

- If total assets exceed \$5,000, “impute” income by multiplying by the passbook rate, currently .06%, specified by HUD

– *Source: HUD Handbook 4350.3, Chapter 5, Section 5-7 (F)*

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Asset Example


- Juan has a checking account with a current balance of \$1000 and an average 6 month balance of \$870. It earns .2% interest
- He received an inheritance that he used to buy a new car (\$12,000), pay off his \$3000 credit card bill and open a mutual fund account with the remaining \$15,000 w/ an interest rate of 1.3%.

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Calculation			
Name of HH member	Asset Description	Cash Value of Asset	Actual income from asset
Juan Herrera	Checking Acct .2%	\$870 (av. 6 month balance)	\$1.74
Same	Mutual fund @1.3%	\$15,000.00	\$195.00
3. Cash value of assets		\$15,870.00	_____
4. Actual income			\$196.74
If line 3 is greater than \$5000 multiply line 3 by .06% and enter here	(passbook rate)		\$9.52


Step 4:
CALCULATION METHODOLOGIES

- Always use gross, Do not round up or down
- To annualize full-time employment, multiply
 - hourly wages by 2,080 hours
 - weekly wages by 52
 - bi-weekly amounts by 26
 - semi-monthly amounts by 24
 - monthly amounts by 12

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Calculating Income from Self Employed Applicants

- One or two tax returns
- Profit and Loss Statement
 - Schedule C of tax return
- Signed statement estimating seasonal earnings or explaining circumstances

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Self Employed Applicants Count NET Income from a Business

- Count any salaries distributed to household members
- For Net Income, Subtract
 - Business expenses
 - Interest on loans
 - Depreciation computed on straight-line basis
- If the net income from a business is negative, count it as zero

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Periodic Payments are Income

- Annuities,
- Insurance policies,
- Retirement funds,
- Pensions
- Disability or death benefits

Educational Scholarships & Grants

- All forms of student financial assistance are excluded from annual income, whether paid to the student or directly to the educational institution, **unless the household is a Section 8 recipient.**

Unemployment Benefits


- Project benefits for a 12 month period
- Document amount of benefits received and frequency

Calculate this Household's Income

- James White
 - Full time \$14.25 /hour, Overtime (time and half) of 8 hours/month, Pension of \$400/month
- Sally White
 - 18 hours/week at a bank @ \$12.50/hour
 - Her mom gives \$50/month to help w/ expenses
- James White Jr, age 20
 - FT college student, non-work study job
 - 15 hrs/week, \$8/hour

HH member	Wages/salary	Benefit/pension	Public assistance	Other	Total
James	31,692	4800			36,492
Sally	11,700			600	12,300
James Jr	480				480
TOTAL	41,820	4800		600	49,272

James $14.25 \times 40 \times 52 = \$29,640$
 $14.25 \times 1.5 \times 8 \times 12 = \$2,052$
 $400 \times 12 = \$4800$
 Sally $12.50 \times 18 \times 52 = \$11,700$
 $50 \times 12 = \$600$
 James Jr- FT student over 18, not Head of Household - count first \$480 only

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Step 5: Certification

- Review of Steps 1-4
- Re-check Computations
- Housing Provider Signs, along with all adult household members
- Send award letter

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