



Proficiency in Income Qualification: Part 2



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Sponsored by
Florida Housing Finance
Corporation's Catalyst Program




Today's Agenda

Income Verification

Asset Verification

THE FLORIDA HOUSING COALITION





Proficiency in Income Qualification Part 1

Offered on February 17, 2022 - 2:00 pm

View recording at:

<https://www.flhousing.org/past-ship-trainings/>

Topics:


Pre-Application

Step 1: Application

Step 2: Income Verification

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Proficiency in Income Qualification Part 3

Offered on February 28, 2022 - 2:00 pm

Topics:

Asset Verification

Calculation

Certification

Award

Registration Link:

<https://attendee.gotowebinar.com/register/2122760449821094672>

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Catalyst Training Schedule

A banner for SHIP Catalyst Training. The left side features a photograph of three people (two men and one woman) sitting at a table, smiling and looking towards the camera. The right side has a teal background with white text. The SHIP logo is on the left, and the text 'Fine Tune Your SHIP Program' and 'REGISTER NOW FOR CATALYST TRAINING' is on the right. At the bottom, it says 'Register Now for SHIP Catalyst Training!'.

Fine Tune Your SHIP Program
REGISTER NOW FOR
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The Coalition is Florida's affordable housing training and technical assistance provider.

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Catalyst Trainings



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TRAINING CALENDAR

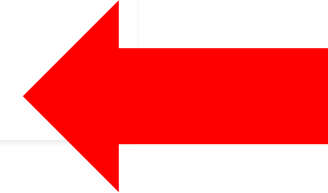
If you would like to search by Workshops or Webinars, please use the search tool below. Click to view categories. For questions, please contact the Florida Housing Coalition at 850-878-4219 or [info@fhc.org](#).

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Webinar Logistics

- Participants are muted
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- Forgot to ask a question or want to ask privately?

Email me at andujar@flhousing.org

- This webinar is being recorded and will be available at www.flhousing.org
- A survey will immediately follow the webinar; ***please*** complete it! Thanks!

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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 2: Income Verification Process

Verify:

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

Step 2: Income Verification Methods

Methods:

Written or Oral Third-Party Verification

Acceptable method:

Upfront-income verification (UIV)



Acceptable Method: Upfront-Income Verification (UIV)

- UIV is “the verification of income through an independent source that... maintains income information in computerized form...”
- Example: The Work Number

Verification of Employment Form

Please provide information about anticipated employment income during the next 12 months:

Position: _____ Length of Time Employed: _____ Pay Rate:

_____ Pay Frequency (Hr, Wk, Mo): _____ Hours worked per week _____

Overtime Pay Rate: _____ Average Overtime Hours/Wk: _____ Total Annual

Base Pay Earnings: \$ _____ Total Overtime Base Pay Earnings: \$ _____ Amount and Frequency of

Other Compensation (bonus, raise, commission, tips): \$ _____ Vacation Pay (Y or N):

_____ If yes, number of days: _____ Retirement Account (Y or N):

_____ Amount Accessible to Employee: \$ _____ Total Gross Annual Income, including other

compensation, for next 12 months: \$ _____

Signature of authorized representative: _____ Printed Name:

_____ Title: _____

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"I Can't Get a Third-Party Verification"

1. **Include copy of the date-stamped original request sent**
2. **Written notes of follow-up efforts**
3. **Indicate how long the request has been outstanding without response**



Document Verification Change: Applicant Provided Document

- Applicant-provided document considered 3rd party verification
- Dated within last 120 days
- Defined in Section 5-13 of HUD Handbook 4350.3, Chapter 5



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MORE on Applicant Provided Document

- Examples: Pay stubs, SSA retirement benefit letter, Unemployment benefit notices.
- Most recent 4 to 6 consecutive pay stubs
- Best Practice “specific time frame”

The Work Number



You can pay to access applicant information through the work number.



Tenants who are employed by companies that use The Work Number can obtain paystubs online for free.



They need to set up a log-in and password to obtain the needed documents at www.Theworknumber.com.

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Example of Employment Wages

Advanced Heating and Air, 530 Crane Street Lake Elsinore CA 92530				EARNINGS STATEMENT		
EMPLOYEE NAME	SOCIAL SEC. ID	EMPLOYEE ID	CHECK No.	PAY PERIOD	PAY DATE	
Louise Andrews	XXX-XX-8447	062	370050	05/28/15-06/12/15	06/15/15	
INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
GROSS WAGES	28.00	80	2,240.00	FICA MED TAX	32.48	324.80
				FICA SS TAX	138.88	1,388.80
				FED TAX	360.78	3,607.81
				CA ST TAX	106.76	1,067.57
				SDI	20.16	201.60
				PAY-STUBS.COM		
YTD GROSS	YTD DEDCTIONS	YTD NET PAY	TOTAL	DEDUCTIONS	NET PAY	
22,400.00	6,590.59	15,809.41	2,240.00	659.06	1,580.94	

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2 months of Pay Stubs	
Paid Bi-weekly	
Gross Amount	$\$5,289.33 / 4 = \$1,322.33$ $\$1,322.33 \times 26 = \$34,380.64$ Annual Income = \$34,380.64
\$1,174.39	
\$1,307.76	
\$1,377.93	
\$1,429.25	
Total = \$5,289.33	

2 months of Pay Stubs	
Paid Weekly	
Gross Amount	$\$10,485.67 / 8 = \$1,310.71$ $\$1,310.71 \times 52 = \$68,156.92$ Annual Income = \$68,156.92
\$1,174.39	
\$1,307.76	
\$1,377.93	
\$1,429.25	
\$1,247.35	
\$1,375.22	
\$1,247.33	
\$1,326.44	
Total = \$10,485.67	

Examples

- Gross Amount
- Most Current
- Be Consistent
- Annualize

Unacceptable Method: Enterprise Income Verification (EIV)

- EIV is a computer system that contains employment and income information of individuals who participate in HUD rental assistance programs.
- Very few are authorized to review EIV system data—mostly Public Housing Authority staff.
- Do not use EIV for SHIP income verification, since most SHIP staff are not authorized to view it.

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

Social Security Examples

Gross income is: \$1261.60

Less Medicare of: \$ 135.60

Amount received by client is: \$ 1,126.00

What amount do you use to determine income?

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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Child Support

What if there's no documentation of child support available?

Reason: No marriage or for another reason.

Require the family to sign a certification stating:

- The amount of child support received, or
- That no child support is being received.

Income Question

Marie Smith receives child support from her ex-husband in the amount of \$200 a week. Her child support will terminate in 6 months when her son turns 18.

The income certifier must:

- a. Project the child support earnings over the next 12 months
- b. Only count the six months of child support anticipated to be received
- c. Do not count the child support since it will end in less than 12 months
- d. Depends on internal program policy



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
- Check personal tax returns and business tax returns
- If the net income from a business is negative, count it as zero

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 regardless of the termination date
- Document amount of benefits received and frequency

Unemployment and Tax Credit Exclusions

- \$300 per week Federal Pandemic Unemployment Compensation (FPUC) provided to individuals who are collecting regular unemployment insurance must be **excluded** from a household's annual income calculation.
- In addition, the monthly child tax credit payment of up to \$300 per week that will be provided by the “American Rescue Plan Act” (ARPA) from July 2021 through December 2021 is also exempt from household income calculations.

Pandemic Emergency Unemployment Compensation (PEUC)
Pandemic Unemployment Assistance (PUA)

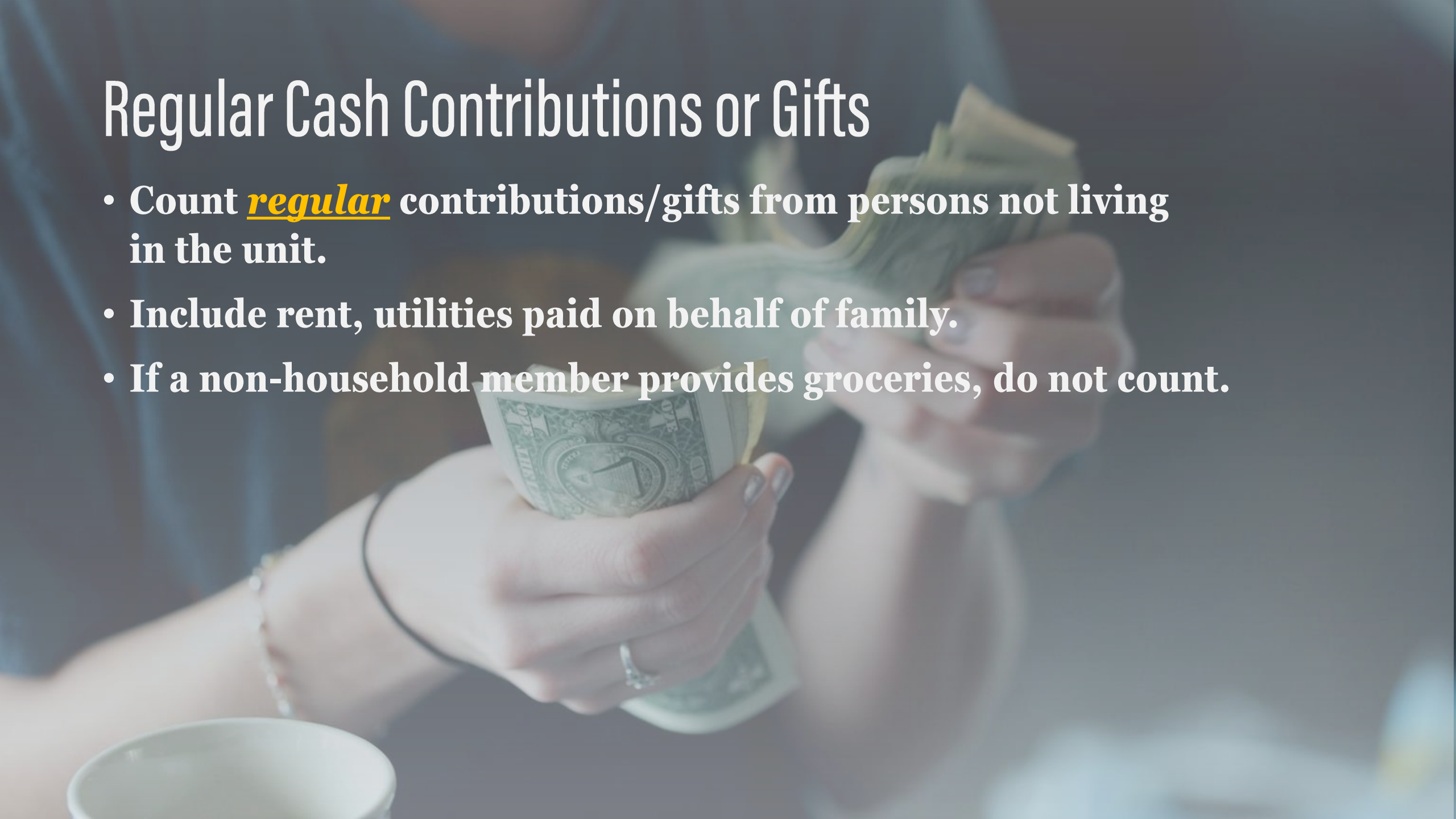
Are included as income

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Regular Cash Contributions or Gifts

- Count **regular** contributions/gifts from persons not living in the unit.
- Include rent, utilities paid on behalf of family.
- If a non-household member provides groceries, do not count.



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
- Hostile fire military pay
- Inheritances, insurance payments, lump sum SS/SSI
- Live-in-aide income

* **Unless** student is the head of the family, spouse, co-head

Mortgage Credit Certificate

- Both MCCs and the EIC are tax credits that provide for a reduction in the tax liability. The intent of MCCs is to help lower-income individuals own a home.
- An individual has to file a tax return to benefit from either of those credits.
- This is not considered income.

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Homeowner Voucher issued by the Housing Authority considered income?

- No.
- Staff at the Florida Housing Finance Corporation reviewed the information provided by Fannie Mae and HUD for the Section 8 Homeownership Voucher program.
- The compliance staff concluded that this mortgage contribution is a deferred payment loan and that it should be excluded from annual income.

Income Questions

Do not count as annual income the earnings of a temporarily absent head of household?

- a. True
- b. False

Payments in lieu of earnings such as worker's compensation are an income exclusion?

- a. True
- b. False



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

Income Question

Annual income includes the employment earnings of a 17-year-old (not head or spouse) who is no longer in school?

- a. True
- b. False



File Guidance

File Checklist

Date stamp all verifications

All documents: signed, dated

Use one method

Be consistent

Have someone else review your calculations

Explain discrepancies



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Income Qualification Process

Pre-Application Steps

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 3: Verification of Assets

Count all:

- Bank accounts:
 Checking, savings, CD
- Stocks or Bonds
- Mutual funds or Money Market Accounts
- IRA / 401K
- Lump sum receipts
- Whole Life Insurance surrender value
- Personal property held as investment
- Retirement Account
- Annuity

**Review bank
statements for
potential income**

Resident Income Certification

D. **Assets:** All household members including assets owned by minors

Member	Asset Description	Cash Value	Income from Assets
1			
2			
3			
4			
5			
6			
7			
8			
Total Cash Value of Assets D(a)		\$	
Total Income from Assets		D(b)	\$
If line D(a) is greater than \$5,000, multiply that amount by the rate specified by HUD (applicable rate <u>.06 %</u>) and enter results in D(c), otherwise leave blank.		D(c)	\$

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Resident Income Certification

Page 2

Member	Wages / Salaries (include tips, commission, bonuses and overtime)	Benefits / Pensions	Public Assistance	Other Income	Asset Income
1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	(Enter the greater of box D(b) or box D(c), above, in box E(e) below)
2	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
3	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
4	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
5	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
6	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
7	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
8	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	(a)	(b)	(c)	(d)	(e)
Totals	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Enter total of items E(a) through E(e). This amount is the Annual Anticipated Household Income					\$ <input type="text"/>

F. **Recipient Statement:** The information on this form is to be used to determine maximum income for eligibility. I/we have provided, for each person set forth in Item C, acceptable verification of current and anticipated annual income. I/we certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury.

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation

Calculating Cash Value of Asset

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* end balance
- For Checking accts: *average 6-month* balance

Checking and Savings Accounts

- For checking use the **average 6 months balance**
 - If third party verification provides more or less than six months, collect six months of bank statements and average using the end balance
 - If the applicant has had the account less than six months, use average for months the account has been open and document file
- For savings **use the most current end balance**
 - Check for interest earned on statement
 - Calculate the income from the asset

Asset Description: Best Practice

Make sure you accurately identify the asset:

- Bank name, last 4 digits of the account and type of account

Example: Bank of America, #1234,
checking



Do Not Count

- House that applicant lives in
- Personal property (furniture, cars, wedding ring)
- Term life insurance policies
- Assets not accessible to and that provide no income for the applicant
- Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

Go Fund Me

*Go fund me **ONLY** converts to an asset if it is deposited into a checking or savings account.*

FHFC Guidance:

Monitor the amount of money in a GoFundMe account. If the GoFundMe account plus the household's other assets total \$5000 or greater, require that the GoFundMe balance be deposited into a checking or other bank account, so that imputed income from assets may be properly calculated.

Virtual Currency

Coinbase account should be treated as an asset and should be included on the RIC, where the cash value of the asset should be converted to real dollars. From this amount, any costs incurred in converting the asset to cash (any fees for example) should be subtracted to determine the cash value.

- Determine the cash value of the currency. Determine “cash out” his/her “wallet” (the place where virtual currency can safely be stored) using a crypto exchange.
- Convert crypto currency amount to real dollars using an exchange rate.



Counting a Social Security Debit Card as an Asset

First, a related topic: count the monthly social security benefit as household income

HUD Hot Topics, April 2015:

Handle a Direct Express Debit Card as a savings account

- Current balance is the cash value of the asset

More about Social Security Debit Card

- Applicant provides an account balance no more than 120 days old from an ATM, through the online account service, or a paper statement.
- Verification document must identify the account and the account holder
- There is no actual income from this asset. If household assets exceed \$5,000, calculate imputed income

Source: HUD Archives Multifamily Housing 2013 website

Debit Cards

Many agencies are using debit or EBT cards to issue benefits such as SS/SSI, MFIP, child support or unemployment. We recommend adding a question to your application regarding these cards as they are assets.

When interviewing a household who receives benefits but does not list any assets, follow up with a question such as, “Do you receive your benefits on a debit card?”

Cash App Cards

Cash apps require due diligence to determine how they work and are used. Generally, if the app is associated with a bank account you would not include it as an asset since any monies are transferred directly to the bank account.

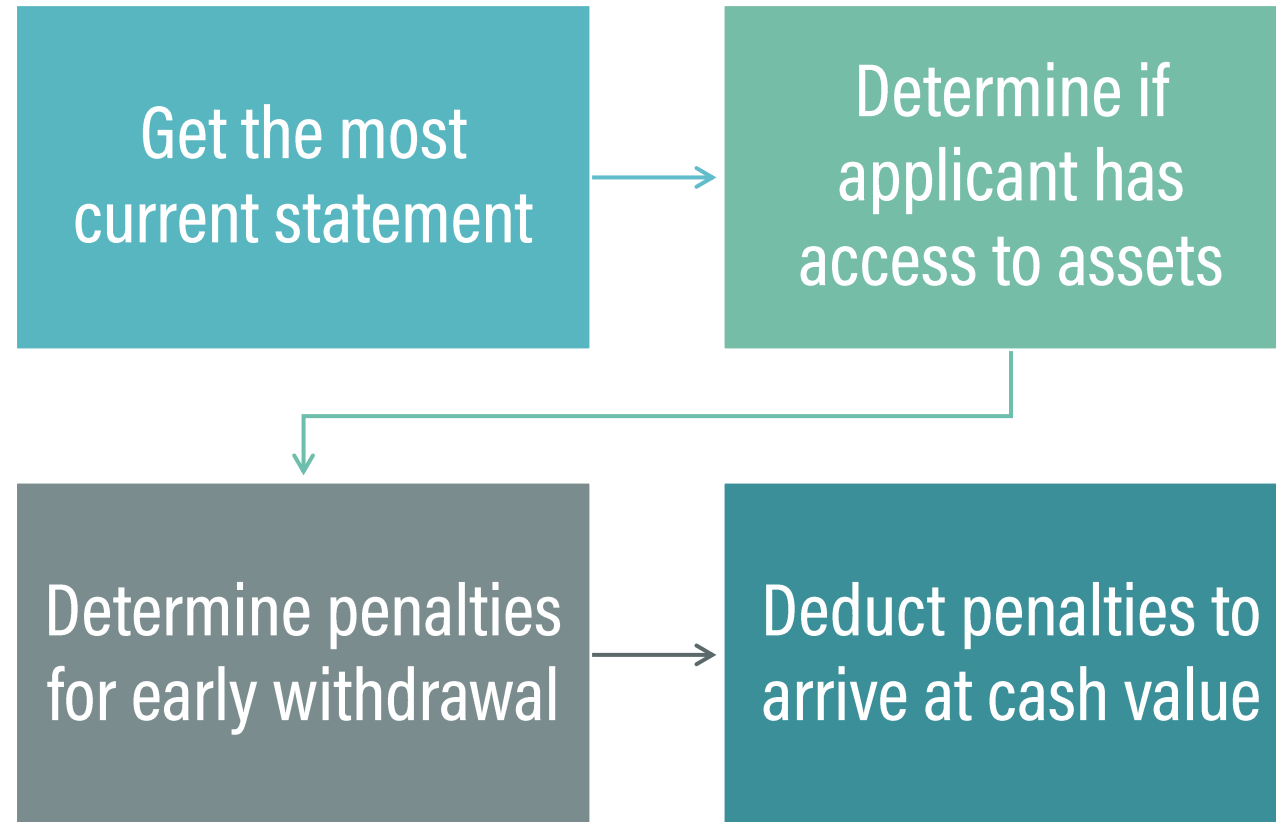
Some cash apps have the option of holding cash and it does **NOT** have to be associated with a bank account. In those cases, the cash app would be treated as an asset and verification of the current balance would be needed.


Retirement Accounts

- These are assets if money is accessible, even if withdrawal would result in a penalty.
- Amounts only accessible upon retirement are not counted.



Retirement Accounts





Proficiency in Income Qualification Part 3

February 28, 2022 - 2:00 pm

Topics:

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Award

Registration Link:

<https://attendee.gotowebinar.com/register/2122760449821094672>

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FLORIDA HOUSING COALITION PUBLICATIONS

Access these valuable resources and more under the Publications tab at Flhousing.org

Housing News Network Journal

Florida Home Matters Report

Accessory Dwelling Unit (ADU) Guidebook

Affordable Housing in Florida

Affordable Housing Resource Guide

Affordable Housing Incentive Strategies

Case Management Guidebook

CLT Primer

CLT Homebuyer Education – Buyer’s Guide

CLT Homebuyer Education – Teacher’s Guide

Community-Based Planning Guide

Creating Inclusive Communities in Florida

**Creating a Local Housing Disaster
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**Credit Underwriting Guide for Multi-Family
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Disaster Management Guide for Housing

**Effectively Engaging Individuals with Disabilities in
Consolidated Planning**

Eyesore to Asset – Adaptive Reuse Guide

Florida Community Land Trust Best Practices

**Guide to Developing and Operating Small Scale
Rental Properties**

Guide to Using SHIP for Rental Housing

Guidebook for SHIP Administrators

PSH Property Management Guidebook

Residential Rehabilitation Guide

Surplus Lands Guidebook

The Community Allies Guide to Opportunity Zones



Please complete the evaluation!



Questions?

Contact Aida at:

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954-593-8988

Technical Assistance

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