



Proficiency in Income Qualification: Part 3



Presented by
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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!'.

SHIP
housing a stronger Florida

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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TRAINING CALENDAR

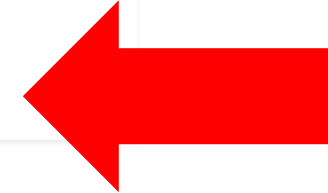
If you would like to search by Workshops or Webinars, please use the search tool below. Click to view categories. For questions, please contact the Florida Housing Coalition at 850-878-4219 or [info@fhc.org](#).

Calendar

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August 2019

‘Past Catalyst Trainings’

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Webinar Logistics

- Participants are muted
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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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Proficiency in Income Qualification Parts 1 and 2

Offered on February 17 & 24, 2022 - 2:00 pm

View recording at:

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

Topics:

Pre-Application

Step 1: Application

Step 2: Income Verification

Step 3: Asset Verification

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Today's Webinar

Asset Verification (continued)

Calculation

Certification

Award

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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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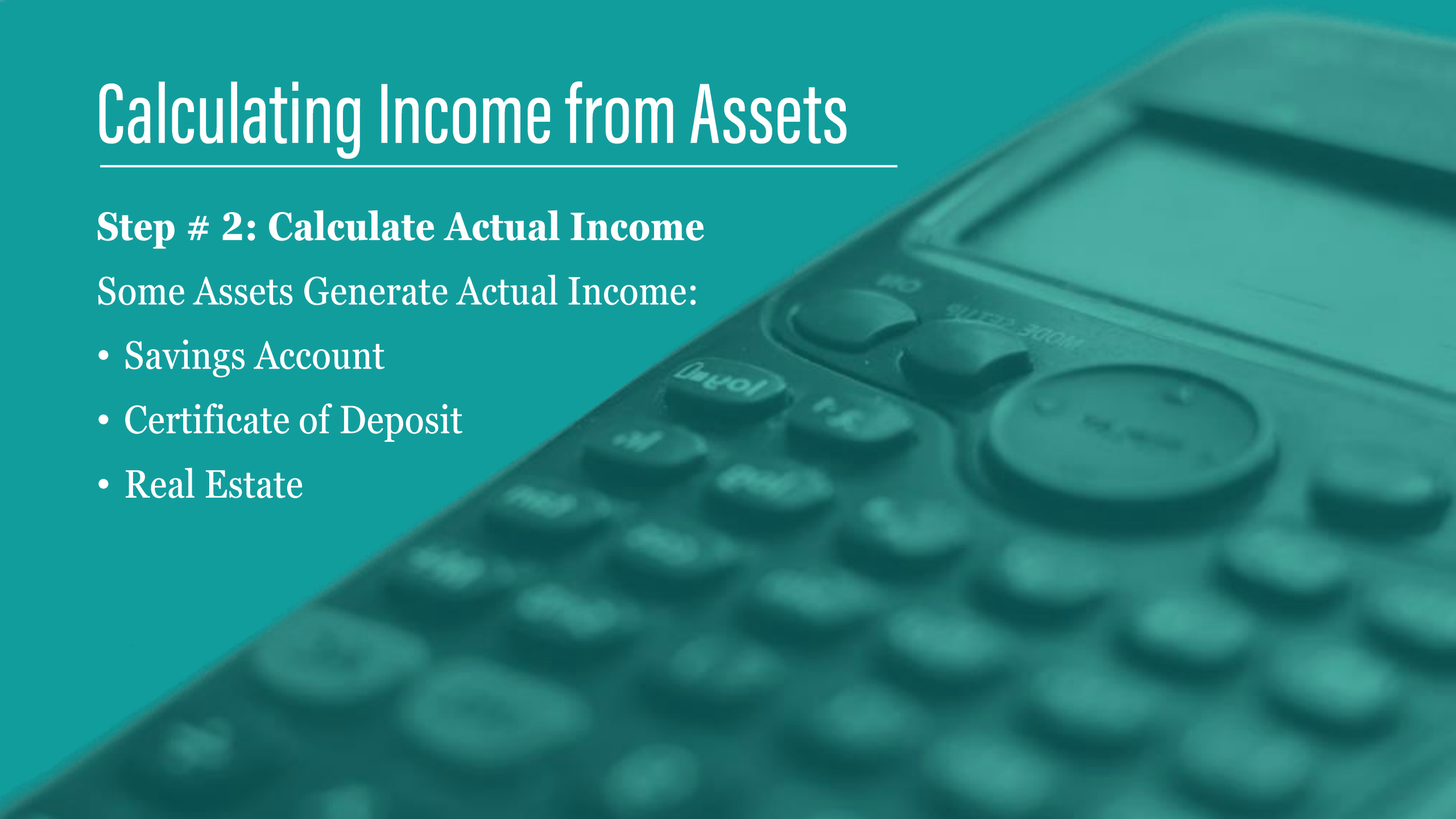


Calculating Income from Assets

Step # 2: Calculate Actual Income

Some Assets Generate Actual Income:

- Savings Account
- Certificate of Deposit
- Real Estate



Calculating Income from Assets (continued)

Step # 2: Calculate Actual Income

Savings Account or CD example:

\$125.00 most current balance

Interest rate 3%

Cash Value of the asset is \$125.00

Income from the asset is $\$125.00 \times 3\% = \3.75

Asset Calculation

.03% (.0003) is not the same as 3% (.03)

$$\$100.00 \times .03\% = \$0.03$$

$$\$100.00 \times 3\% = \$3.00$$

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)

Imputed Income from Assets

- Include even small amounts
- Do not round up or down
- The larger amount of actual income from assets and imputed income from asset gets added to income.

D. Assets: All household members including assets owned by minors			
Member	Asset Description	Cash Value	Income from Assets
1	checking Ocean Bank #5206	\$ 1,781.24	\$ -
2	Savings Ocean Bank # 6720	\$ 8,432.68	\$ 16.29
3			
4			
5			
6			
7			
8			
Total Cash Value of Assets		D(a) \$ 10,213.92	
Total Income from Assets			\$ 16.29
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.			\$ 6.12

Example of Calculating Property Value

Market value	\$50,000
Less mortgage	- \$30,000
Less sales costs	- \$4,000
Closing, realtor...	
Total cash value	<hr/> \$16,000

Example of Income from Assets Property

\$7,200/year = \$600 of Monthly Rent

- \$2,000/year = Subtract expenses, such as taxes, insurance,
and maintenance

\$5,200/year = Actual asset income

Asset Questions

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Asset Questions

The final asset income of a family whose net cash value of assets total \$6000, with an imputed asset income of \$120 and anticipated asset income of \$275 will be:

- a. \$0
- b. \$275
- c. \$120
- d. Determined by internal program policy

Asset Questions

A head of household owns a property (no mortgage) that they rent out for \$5000 per year. After expenses for taxes, insurance, maintenance and utilities they net \$3800 for the year in rent. The PROGRAM should count the \$3800 as income from the property.

- a. True
- b. False

Asset Questions

The asset income of minors is excluded from annual income.

- a. True
- b. False

Which of the following is not considered to be an asset?

- a. Whole life insurance policies
- b. A trust fund to which the family has access
- c. Real property with no mortgage
- d. None of the above

Asset Questions

The Atkins family has a daughter, age 13, who has a savings account with a current balance of \$4500 and anticipated income of \$50 for the next 12 months. You should not count this income because she is a minor.

- a. True
- b. False

Asset Questions

To arrive at cash value of a real estate asset:

- a. Subtract any loan balance and expenses to sell from the market value
- b. Multiply market value by HUD passbook rate
- c. Subtract anticipated income from market value
- d. None of the above

Asset Questions

- Peter has a checking account with a current a balance of \$700 and a 6-month average balance of \$595. The account earns no interest.
- \$595.00
- James has a savings account with a current balance of \$2695 (average balance \$2500), which earns 1%
- $\$2695.00 \times 1\% = \26.95

Asset Questions

Georgina has a savings account with a current balance of \$3380 earning 1.05% interest. She has a non-interest-bearing checking account with a 6-month average balance of \$790. She also owns a vacant lot which has a market value of \$7500. If she were to sell the lot, she would incur a \$750 broker's fee and \$500 settlement costs. She owes nothing on the lot and does not rent it out. The HUD passbook rate is .06%. Her **imputed** asset income is:

- a. \$0
- b. \$36.17
- c. \$6.22
- d. \$20.16
- e. \$6.25

$$\$3,380 + \$790 + \$6,250 = \$10,420 \times .06\% = \$6.25$$

Asset Example

- Juan has a checking account with a current balance of \$1,000 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%.

Actual income from asset: $\$870 \times .2\% = \1.74

$\$15,000 \times 1.3\% = 195.00 + 1.74 = \196.74

Inputted income from asset: $\$870 + 15,000 = \$15,870 \times .06\% = \$9.52$

Carry over the **higher** of the two \$196.74

Name of Household Member	Asset Description	Cash Value of Asset	Actual Income from Asset
1. Juan Herrera	BOA, #1234 Checking Acct .2%	\$870 (av. 6-month balance)	\$1.74
2. Same	Vanguard #444 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

Income Qualification Process

Pre-Application Steps

Step 1: Application

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Step 3: Asset Verification

Step 4: Calculation

Step 5: Certification

Step 6: Award



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Step 4: Calculation Methodologies

Always use gross, Do not round up or down.

- Verification shows range of hours:
 - take the high end
- 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

Calculate this Household's Income

James White

- Full time \$14.25 /hour, Overtime (time and half) of 8 hours/month, Pension of \$400/month

Mary White

- 18 hours/week at a bank @ \$12.50/hour
- Her mom gives \$50/month to help w/ expenses

James White Jr, age 20

- 15 hrs./week, \$8/hour, FT college student

Household Member	Wages/ Salary	Benefit/ Pension	Public Assistance	Other	Total
James	31,692	4,800			36,492
Mary	11,700			600	12,300
James Jr	480				480
TOTAL	41,820	4,800		600	49,272

James

Salary = $14.25 \times 40 \times 52 =$ **\$29,640;**

Overtime = $14.25 \times 1.5 = \$21.37 \times 8 = \$171 \times 12 =$ **\$2,052;**

Income = $\$29,640.00 + \$2,052 =$ **\$31,692.00**

Pension = $\$400 \times 12 =$ **\$4,800**

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Household Member	Wages/ Salary	Benefit/ Pension	Public Assistance	Other	Total
James	31,692	4,800			36,492
Mary	11,700			600	12,300
James Jr	480				480
TOTAL	41,820	4,800		600	49,272

Mary

12.50 x 18 x 52= **\$11,700**; \$50 x 12 =**\$600**

James Jr

Full time student over 18, not head of household

Count first **\$480** only

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Exercise

Calculating Annual Income Income Sources	Family Members	Position in Family	Age
Daniel Roberts works full-time at a local manufacturing plant at a rate of \$11.00/hour.	Daniel Roberts	Head	39
Anabel Roberts operates an in-home day care business for a small number of neighborhood children. Her net income from this business is \$12,000 per year.	Anabel Roberts	Spouse	37
None	Marsha Roberts	Daughter	13

Assets

- The Roberts's non-interest-bearing checking account has a \$950 average 6-month balance.
- The Roberts have a savings account with a current balance of \$5,000. The account carries an annual interest rate of 3%.
- The Roberts have certificates of deposit totaling \$5,000. The applicable interest rate is 5%.
- The Roberts plan to use the savings account and redeem the certificates of deposit in order to pay the down payment on the home they purchase.

Additional Information

- Daniel Roberts pays \$200 per month in alimony to his ex-wife.
- Are the Roberts eligible for assistance?

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Exercise – Asset Calculation

Exercise 1

F. Assets: All household members including minors.

Household Member	Asset Description	Total Cash Value	Income from Assets
(1) Anabel and Robert	Checking account Chase #1234	\$950	0
(2) Anabel and Robert	Savings Chase #4321	\$5,000	\$150
(3) Robert	Certificate of deposit Chase #1111	\$5,000	\$250
Total Net Value of Assets		F(a) \$10,950	
Total Actual Asset Income			F(b) \$400
If line F(a) is greater than \$5,000, multiply that amount by HUD approved passbook rate .06% and enter results in F(c); otherwise, leave blank.			F(c) \$6.57

Chase #1234 = \$950.00

Chase #4321 \$5,000 x 3% = \$150.00

Chase CD #1111 \$5,000 x 5% = \$250.00

Actual income from assets = \$400.00

Imputed income from assets \$10,950.00 x .06% = \$6.57

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Exercise – Income Calculation

Exercise 1

G. Anticipated Annual Income: Earned income and support paid on behalf of minors.

Household Member	Wages/ Salaries	Benefits/ Pensions	Public Assistance	Other Income (include bonus, tips, overtime, and commissions)	Asset Income
(1)	\$22,880				Enter the greater of lines F(b) or F(c), above, in box (e) below.
(2)	\$12,000				
Totals	(a) \$34,880	(b)	(c)	(d)	(e) \$400
Enter total of items G(a) through G(e). This is <u>Annual Income</u>					\$35,280

Daniel - $\$11.00 \times 40 = \440.00 $\times 52 = \$22,880.00$

Anabelle - \$12,000

Total household Income $\$34,880 + \400.00 (higher of actual or imputed) = \$35,280.00

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Income Qualification Process

Pre-Application Steps

Step 1: Application

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Step 5: Income Certification

- Review of Steps 1- 4
- Re-check and document Computations
- All household members over 18 sign. Housing Provider Signs last.
- Effective Date: Date last person signs
- Allocation Year: SHIP funding Year
- Issue award letter
- No white out

Income and Asset Information Required in Each File

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RESIDENT INCOME CERTIFICATION - RENTAL HOUSING State Housing Initiatives Partnership (SHIP) Program

A. **Certification Information** (select one)

- ☐ Initial Certification (IC)
- Effective Date:
- ☐ Annual Recertification (AR)
- Effective Date:

B. **Subsidy Use** (check all that apply)

- ☐ Multifamily Rental
- ☐ Other
- ☐ Transitional Housing

C. **Household Information:** Include all household members

Member	Full Name	Relationship to Head	Age
1	<input type="text"/>	HEAD	<input type="text"/>
2	<input type="text"/>	<input type="text"/>	<input type="text"/>
3	<input type="text"/>	<input type="text"/>	<input type="text"/>
4	<input type="text"/>	<input type="text"/>	<input type="text"/>
5	<input type="text"/>	<input type="text"/>	<input type="text"/>
6	<input type="text"/>	<input type="text"/>	<input type="text"/>
7	<input type="text"/>	<input type="text"/>	<input type="text"/>

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RESIDENT INCOME CERTIFICATION - HOME OWNER State Housing Initiatives Partnership (SHIP) Program

Effective Date: Allocation Year:

A. **Recipient Information** (select one)

- a. ☐ Current homeowner
- b. ☐ Home buyer
- ☐ Existing Dwelling
- ☐ Newly Constructed Dwelling

B. **Subsidy Use** (check all that apply)

- ☐ Down Payment Assistance
- ☐ Principal Buy Down
- ☐ Closing Costs
- ☐ Rehabilitation
- ☐ Interest Subsidy
- ☐ Emergency Repair
- ☐ Loan Guarantee
- ☐ Other

C. **Household Information:** Include all household members

Member	Full Name	Relationship to Head	Age
1	<input type="text"/>	HEAD	<input type="text"/>
2	<input type="text"/>	<input type="text"/>	<input type="text"/>
3	<input type="text"/>	<input type="text"/>	<input type="text"/>
4	<input type="text"/>	<input type="text"/>	<input type="text"/>
5	<input type="text"/>	<input type="text"/>	<input type="text"/>

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Income Certification Quiz:

When to Use Which Income Limits

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RESIDENT INCOME CERTIFICATION - RENTAL HOUSING

State Housing Initiatives Partnership (SHIP) Program

A. Certification Information (select one)

<input type="checkbox"/>	Initial Certification (IC)	Effective Date:	<input type="text"/>
<input type="checkbox"/>	Annual Recertification (AR)	Effective Date:	<input type="text"/>

B. Subsidy Use (check all that apply)

<input type="checkbox"/>	Multifamily Rental	<input type="checkbox"/>	Other
<input type="checkbox"/>	Transitional Housing		

C. Household Information: Include all household members

Member	Full Name	Relationship to Head	Age
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QUIZ: When to Use Which Income Limits

March 6, 2015 **2015 Income Limits Posted**

January 27, 2016 Completed application

March 18, 2016 All verifications received

March 28, 2016 **2016 Income Limits Posted**

April 8, 2016 Administrator Signed Certification

April 9, 2016 Adult HH members Signed Cert

April 9, 2016 Award Letter issued

Effective Date on the Certification Form?

Use 2015 or 2016 Income Limits?

Any activity completed “Out of Order?”

Notary Required

If one or more of the household members signs the certification without a SHIP staff person present, the signatures must be notarized.

Electronic Signatures Allowed

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 concerning income and assets or liabilities relating to financial condition is a misdemeanor of the first degree and is punishable by fines and imprisonment provided under S 775.082 or 775.83.

	Date	
Signature of Head of Household		
	Date	
Signature of Spouse or Co-Head of Household		
	Date	
Signature of Household Member (over 18 years)		
	Date	
Signature of Household Member (over 18 years)		
	Date	
Signature of Household Member (over 18 years)		
	Date	
Signature of Household Member (over 18 years)		

Under COVID - Resident File Documents and Signatures

HUD 4350.3 Occupancy Handbook contains guidance regarding **extenuating circumstances that cause delay** in the execution of its consent forms and tenant certification and until the IRS issues guidance to the contrary, Florida Housing will emulate HUD and apply the extenuating circumstances principals and postpone execution of all verification and certification documents.

The owner/LG **must document the reasons for the delay** in the resident file (“Applicant/resident did not sign due to COVID-19 risk.”) and indicate how and when the tenant will provide the proper signature.

Getting the Signatures

- When there is a delay in obtaining and/or witnessing the actual family signature(s) due to extenuating circumstances this fact should be noted initially and then when the signatures are subsequently obtained a reference to the original statement can be made to explain what would otherwise appear to be tardy execution of the “Family Certification” (similar to a “true and correct as of [date]” statement). **The date the signature was obtained must be entered on the document.**
- When income determination is conducted by **telephone, the written record of the telephone conversation** should include the penalty of perjury statement that pertains both to the person taking the statement and the applicant.

Denial Letter

“You’re not eligible”!

What should a denial letter include?



Income Qualification Process

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Step 5: Certification

Step 6: Award



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Step 6. Award

- Award letter or written commitment
- State the terms/conditions of the award
- Execute Lease
- Specifies an “expiration” date
- Provides “next steps”

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



120 Day Clock Example

- Received first verification on February 1.
- Receive 2nd verification March 1.
- Received last verification on June 1 (the 121st day).
- The first verification is outside the 120-day clock.
- Update first verification. March 1 starts a new 120 day clock.



Avoid Common Administrative Mistakes

- Income Calculations
- Exceeding 120-day clock
- Inaccurate or Incomplete Verifications
- Missing or incomplete Income Certification



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File Tips

Keep a log of actions

Update a file checklist

Date stamp all verifications

All documents: signed, dated

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Tips from the Monitors

1. Include income calculations in the file.

**Helpful to monitors and auditors.
Reduces the number of questions.
Helps during staff turnover.**

2. Avoid multiple verifications for income and assets.

**Greater risk of errors.
Creates conflicting information.
Generates more discrepancies.**

Tips from the Monitors

1. Document, Document, Document. The file should tell the story. Income and asset calculations should be detailed when explaining how amounts were calculated. Handwrite on the calculations to explain when needed. Note the file regarding any phone conversation you have with either the client or when using oral verification. This is particularly helpful when staff turnover occurs (which they see frequently). Having detailed calculations provides new staff with no prior experience with the opportunity to review past files and learn from them.

Tips from the Monitors

2. Not Sure? Ask!

If you're unsure of something, don't be afraid to reach out to other LG's for FHC for assistance.

If you need to create a document or need an example, reach out to other LG's or FHC.

They may have an example of the document that meets your needs.

Tips from the Monitors

3. Separate documents in your file – application, income certification, and verifications in one section, strategy-specific documents in another section, i.e. for purchase assistance, the contract for sale/purchase, the closing disclosure, for the payment section, a copy of the check for each payment, etc.

Tips from the Monitors

4. Project Closeout.

Upon closing of the project, review the client file to see if any forms can be removed. For example, fax cover sheets, verification request forms that are blank, duplicate copies of items (we see a lot of files that include duplicate bank statements).

Tips from the Monitors

5. Second Review.

If possible, have a second staff member review the income calculations to ensure accuracy and proper verification. When a household includes adults who are unemployed and have no source of income, document the file to include this information. While some LGs document this circumstance, not all LGs do.

News: Change in how reviews are scheduled, and documents requested

- a. Monitors schedule an LG's review to occur during the same year in which the LG's new LHAP is to be submitted to FHFC.
- b. This helps the LG in expecting when its next review will take place. Allows FHFC to develop monitoring schedules for the next three years.
- c. The monitors divide the calendar year into quarters and schedule reviews to occur during specific quarters.

News: Change in how reviews are scheduled, and documents requested

- a. Document request from monitors occur approximately one month before the quarter begins. Allows LG to submit all requested documents by the submission deadline (1 – 2 weeks before the quarter begins).
- b. Ensures that the monitors have all information they need at the time of review and helps shorten the length of reviews.
- c. LGs should submit all requested documents by the submission deadline. Submitting documents after the deadline creates more problems for both the monitors and the LG.

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
Recovery Strategy**

**Credit Underwriting Guide for Multi-Family
Affordable Housing in Florida**

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

Hotline:

1-800-677-4548