HEART Program
Income Certification Webinar
Part II
Welcome & About Us

Enterprise

tsahc

Rebuild Texas Fund

The Meadows Foundation

Center for Disaster Philanthropy

Serving the People of Texas
Questions?

Type them into the Q&A box
HEART Program Webinar Recordings

HEART Program Documents

Welcome to the HEART Program resource page. On this page you’ll find all the information and documents you need to administer your HEART grant.

- GRANT INFORMATION DOCUMENTS
- REPORT DOCUMENTS
- INCOME DOCUMENTS
- TECHNICAL ASSISTANCE WEBINARS

HEART PROGRAM
HEART PROGRAM GUIDELINES
HEART GRANTEES
HEART APPLICATION PORTAL

Contact Us - Home Repair Grants
For questions regarding home repair grants, contact Michael Wilt at heart@tsahc.org.

Contact Us - Programmatic Grants
For questions regarding programmatic grants, contact Monica Gonzalez at mgonzalsz@enterprisecommunity.org.
Determining Eligibility

Income requirements are based on the

**HUD Handbook 4350.3**

Chapter 3: Verifications
Chapter 5: Determining Income and Calculating Rent
Exhibits 5-2: Acceptable Forms of Verifications

*Note: Terms used are interchangeable. For example: owner, management agent, manager are those that complete the verification process. Tenant, applicant, are those that are providing information to complete the screening.*
Income Certification Process

Always follow the following 5 Basic Steps when qualify households

1. Review Completed Application & Screen
2. Verify & Document Income
3. Annualize Income
4. Complete Income Certification
5. Compare Annual Household Total against applicable county income limits to determine eligibility

Note: For HEART Program, households must earn no more than 80% AMI (HUD Section 8 Income Limits)
Verification Methods

**Employment**

- Wages, Commission, Salaries, Tips, Bonuses, Shift Differentials, Over-time, etc.
- Verify one full month of work (i.e., Pay Stubs, Employment Verification, Award Letters, W-2, Retirement or Unemployment Benefits)

**Self-Employed**

- Include **NET** Income (Net income = gross income less business expenses).
- Include salaries and other amount distributed to applicants and family members in the applicant group.
- If Net Income is negative, then count $0.

*All verifications, regardless of method, must be dated within **120 days** of the certification date. Some exceptions apply (i.e., annual benefit award letters, tax forms, life insurance forms, etc.)*
Verification Methods

Seasonal or Sporadic Income

- Make a reasonable decision on the best way to calculate
- Use verified amounts to calculate
- If the seasonal timeframe cannot be verified assume it continues through the verification period (full 12 months)

Non-Employment

- Any person 18 years of age or older with no income must complete a Certification of No Income.
Calculation Methods

• HUD’s method of annualizing income consist of:
  
  – Annualizing current gross income (prior to any adjustments)
  
  – Calculate income assuming current circumstances will last a full 12 months.
  
  – Calculate anticipated income when information is made available on changes expected to occur.
  
  – Stay Consistent – Management must develop policies and procedures that will remain consistent throughout the verification process.
Annualize Income with Pay Stubs

Basic method to calculate periodic wages include:

- **Full-Time Hourly**: Wage x 2080
- **Weekly**: Wage x 52 pay periods
- **Bi-Weekly (every other week)**: Wage x 26 pay periods
- **Semi-Monthly (twice a month)**: Wage x 24 pay periods
- **Monthly**: Wage x 12 pay periods
No check stubs!?

• In the event that the applicant does not have check stubs or cannot obtain them you have more options.

1. Complete an Employment Verification (EV) form:
   • The EV (example on next slide) will assist with capturing overtime, commissions, tips, bonuses, and employment start and end dates.

2. Obtain tax returns
   • Captures all types of income (i.e., Form 1099, Form 1040, and Schedule C, E or F.

3. Self Certification: If an applicant is self employed and does not have any tax documents for previous years, a “Self-Certification” form can be completed for expected annual income.

• The above options are commonly used to determine income for Seasonal, Part-Time, Short-term, and Temporary Income.
Example Employment Verification (EV)

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### Example Employment Verification Form

**RE:**

**Applicant/Tenant Name:**

**Social Security Number:**

**Unit # (if assigned):**

I hereby authorize release of my employment information.

**Signature of Applicant/Tenant:**

**Date:**

The individual named directly above is an applicant/tenant of a housing program that requires verification of income. The information provided will remain confidential to satisfaction of that stated purpose only. Your prompt response is crucial and greatly appreciated.

**Project Owner/Management Agent:**

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### THIS SECTION TO BE COMPLETED BY EMPLOYER

**Employee Name:**

**Job Title:**

**Presently Employed:** Yes _____ Date First Employed ______ No _____ Last Day of Employment ______

**Current Wages/Salary:** $_________ (circle one) hourly weekly bi-weekly semi-monthly monthly yearly other_______

**Average # of regular hours per week:** ______

**Overtime Rate:** $_________ per hour

**Shift Differential Rate:** $_________ per hour

**Average # of shift differential hours per week:** ______

**Commissions, bonuses, tips, other:** $_______ (circle one) hourly weekly bi-weekly semi-monthly monthly yearly other_______

**List any anticipated change in the employee’s rate of pay within the next 12 months:** ______

**Effective date:**

**Additional remarks:**

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Note: For a detailed explanation of this form please watch the previous webinar found here: [https://www.tsahc.org/nonprofits-local-governments/heart-program-webinars#Income_Part_1](https://www.tsahc.org/nonprofits-local-governments/heart-program-webinars#Income_Part_1)
How to Annualize Income – Case Study

A three-member household applies and discloses the following information: Household Member (HHM) #1 receives weekly wages, HHM#2 receives benefits, and HHM#3 is a seasonal employee. Each households' income is annualized below:

- HHM #1 provides 4 check stubs: The Gross pay amounts on the check stubs are:
  \[ \frac{251.23 + 228.67 + 275.21 + 222.85}{4} = 244.49 \]
  \[ 244.49 \times 52 = 12,713.48 \]

- HHM #2 provides a Social Security award letter: The letters states the applicant’s Gross benefit amount is $830.74 and states a total of $830.00 will be deposited monthly:
  \[ 830.74 \times 12 = 9,968.88 \]

- HHM #3 provides a Self-Certification: The applicant discloses he is a seasonal worker, he worked from May - August for a total of $2,000.00.
  \[ 2,000.00 \text{ Total} = 2,000.00 \]
Income Certification Form – Case Study

- For each household member, each Income Source should be entered on its own line on “Part II” of the Income Certification Form.
- The average Gross Monthly Income amount should be entered in the second column and the annualized income is entered in the third column.

### PART I. HOUSEHOLD COMPOSITION

<table>
<thead>
<tr>
<th>Household Member #</th>
<th>Last Name</th>
<th>First Name</th>
<th>Relationship to Household</th>
<th>Date of Birth (MM/DD/YYYY)</th>
<th>Individual with a Disability (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Doe</td>
<td>John</td>
<td>HEAD</td>
<td>1/1/1981</td>
<td>N</td>
</tr>
<tr>
<td>2</td>
<td>Doe</td>
<td>Jane</td>
<td>Co-Adult</td>
<td>1/1/1981</td>
<td>Y</td>
</tr>
<tr>
<td>3</td>
<td>Doe</td>
<td>Jack</td>
<td>Co-Adult</td>
<td>1/1/1981</td>
<td>N</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### PART II. GROSS ANNUAL INCOME

<table>
<thead>
<tr>
<th>Household Member #</th>
<th>Source of Income (Wages, SSI, Unemployment)</th>
<th>Base Monthly Income</th>
<th>Annual Income</th>
<th>Supporting Documentation (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wages</td>
<td>1,059.46</td>
<td>12,713.48</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>SSI</td>
<td>830.74</td>
<td>9,968.88</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Seasonal Wage</td>
<td>N/A</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1890.20</strong></td>
<td><strong>24,682.36</strong></td>
<td></td>
</tr>
</tbody>
</table>
Income Certification Form – Case Study

- Each applicant should sign the Income Certification

**HOUSEHOLD CERTIFICATION & SIGNATURES**
The information on this form will be used to determine maximum income eligibility. If we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

<table>
<thead>
<tr>
<th>Applicant’s Printed Name</th>
<th>Signature of Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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</thead>
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<tr>
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</tr>
</tbody>
</table>

**SIGNATURE OF ORGANIZATION’S REPRESENTATIVE**
Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part I of this Income Certification is/are eligible under the provisions of program’s rules and regulations to live in a unit in this Project.

<table>
<thead>
<tr>
<th>Organization’s Representative Printed Name</th>
<th>Signature of Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notes: Other Income Sources

Other sources of income commonly found include:

- Child support / Alimony
  - Usually Paid Monthly
  - Request copy of court orders
  - Some Managers request Attorney General print outs (not required)
- Dividends and Interest from IRA’s, VIP’s and 401K’s
- SSI benefits
- Unemployment and workers compensation
- Monetary Gifts, Car/Cell phone allowances
- The full amount of public assistance payments.

Award letters
Notes: Income Exclusions

• **Gross Income does not include the following:**
  – Casual or irregular gifts.
  – Amounts which are specifically for, or in reimbursement of, medical expenses.
  – Lump sum additions to family assets, such as inheritances, re-enlistment bonuses, insurance, capital gains and settlement for personal property losses.
  – Income from foster child care payments.
  – Income of a live-in aide or Nurse.
  – Amounts of educational scholarships paid directly to the student or the educational institution, and the amount paid by the government to a veteran for use in meeting the cost of tuition.
Problematic Calculations

There are several income sources that prove to be difficult to calculate. Below are just a few income sources that we frequently see miscalculated:

- Child Support
- Seasonal/Sporadic
- Uber/Lyft Income
- Welfare Income

*In cases that have complicated calculations, HEART Grantees are encouraged to communicate with TSAHC to ensure calculations are within the Guidelines.*
Case Study - Annualize Child Support

- Owners must count alimony and child support amounts awarded by the court unless the applicant certifies that payments are not being made and that he or she has taken all reasonable legal actions to collect amounts due, including filing with the appropriate courts or agencies responsible for enforcing payment.

- When no documentation of child support, divorce, or separation is available, either because there was no marriage or for another reason, the owner may require the family to sign a certification stating the amount of child support received.
  
  - Managers must request the following:
    - Child support award letter to determine amounts awarded for child support, medical support and any arrearages.
  
  - Managers may request the following:
    - Self certifications of child support and copy of the enforcement agency’s payment statement.
Case Study- Annualize Child Support

A mother of 1 applies and discloses she receives child support for her daughter.

- The Manager requests the applicant complete a child support self certification form and requests a copy of the support court order:

**Child Support**

IT IS ORDERED that **John Doe** is obligated to pay child support judgement and by paying $135 each month on or before the same each month beginning 1st day of March 2019.

**Medical Support**

Health insurance is available or is in effect for the child through the following parent’s employment for **Jane Doe** at an actual cost of $25.00 per month.
Case Study- Annualize Child Support

The child support is calculated as follows:

- Child Support: $125 monthly
- Medical Support: $35 monthly
  - $160 monthly
  - x 12 months
  - $1,920 annually

What happens when the applicant does not have a copy of the court order?

- The Manager should request a written self-certification
- The Manager should request a child support verification letter from the enforcement agency. In Texas, that is the Office of the Attorney General (OAG). Form 9L002 verified payment and cooperation.
Case Study- Annualize Child Support

A father of 1 applies and discloses he receives child support for his child and says he does not have the child support court order documents.

- The Manager requests that the applicant complete a child support self-certification form and requests third-party verification from the OAG office. The self certification disclosed $310 monthly and the OAG verification form also said $310.00 x 12 months = $3,720 annually.
Case Study- Annualize Child Support

A mother of 1 applies and discloses she receives child support for her daughter but does not have a child support court order.

- The Manager requests that the applicant complete a child support self certification form and request third party verification from the OAG office.

Child Support = 

$200 \times 12 \text{ months} = $2,400 \text{ annually, if they are cooperating with the OAG office. If not cooperating, the full amount $310 is annualized.}$
Case Study - Annualize Child Support

A mother of 1 applies and discloses she was awarded child support but states she does not receive it.

- The Manager requests that the applicant complete a child support self-certification form and requested third party verification from the OAG office. Child Support = $0 x 12 months = $0 annually.
Case Study - Annualize Seasonal/Sporadic Income

Seasonal and Sporadic Income:
• Make a reasonable judgment as to the most reliable approach to estimating what the tenant will receive during the year.
• Include amounts that can be verified.
• If unable to verify the restrictions of sporadic employment, assume it will continue though the next 12 months.

Sporadic:
Stacy is applying for an apartment with a move-in date of May 20th. She discloses she works as a babysitter during the summer months and as needed. She disclosed that she worked 5 days in May, she worked 15 days in June, and said she will not be working in July because the family is traveling. She also disclosed that she will be working for 4 days in August before school starts. The Property Manager called her employer and confirmed the day worked and the rate of pay $80.00 per day. Income would be calculated as follows: May (10 days), June (25 days), July (0 days), August (24 days): 59 days x $80 = $4,720 annually.
Case Study-Annualize Seasonal/Sporadic Income

Seasonal:

- HHM #1 is a farmer who says he makes $7.50 per hour and worked three weeks during this farming season. His employer completed the Employment Verification (EV) form as shown below:
  - The employer disclosed that his last date of employment was 7/25/19.
  - $7.50 an hour x 120 hours (3 weeks x 40 hours) = $900
Case Study- Annualize Uber/Lyft Income

New source of income that needs to be verified. Make reasonable judgment as to the most reliable approach to estimating what the tenant will receive during the year.

**Uber:**
- Earning are tracked by week, day, or trip in the Driver App. Tap on the fare icon or go through the Earnings tab
- Tax Form 1099-K form

**Lyft:**
- The Driver Dashboard shows the total earnings you can expect to see transferred to your bank account after Lyft’s fees.
- The best place to track your earnings is the Driving History tab in the Driver Dashboard. The Dashboard lets you see earnings by day, week, month, or year.

**Amazon:**
- Earnings can be located in their App under the earnings tab
- Tax Form 1099
## Case Study - Annualize Uber/Lyft Income

### Weekly Pay

**Lyft**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ride payments</td>
<td>$185.19</td>
</tr>
<tr>
<td>Tips</td>
<td>$14.00</td>
</tr>
<tr>
<td>Lyft fees</td>
<td>-$45.31</td>
</tr>
<tr>
<td>Express Pay fee</td>
<td>-$30.50</td>
</tr>
<tr>
<td><strong>Total deposit</strong></td>
<td><strong>$153.38</strong></td>
</tr>
</tbody>
</table>

*Express Pay may not include bonuses that are calculated at the end of the week. Have questions about your pay for a specific ride? Click here to get help on past rates.*

**Amazon**

<table>
<thead>
<tr>
<th>Description</th>
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</tr>
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<tbody>
<tr>
<td>Depósito, 2 ene.</td>
<td>$252</td>
</tr>
<tr>
<td>Cuenta corriente terminada en 065</td>
<td></td>
</tr>
<tr>
<td>diciembre 2017</td>
<td></td>
</tr>
<tr>
<td>dom., 31 dic.</td>
<td>$72</td>
</tr>
<tr>
<td>12:30 PM – 4:30 PM</td>
<td></td>
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<tr>
<td>Pago enviado el 2 ene.</td>
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<tr>
<td>sáb., 30 dic.</td>
<td>$54</td>
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<tr>
<td>5:00 PM – 8:00 PM</td>
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<tr>
<td>Pago enviado el 2 ene.</td>
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<tr>
<td>vie., 29 dic.</td>
<td>$54</td>
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### Daily Pay

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<tr>
<td>Pago enviado el 2 ene.</td>
<td></td>
</tr>
</tbody>
</table>
Case Study- Annualize Uber/Lyft Income

• Lyft income:
  – Based on the applicants emails, he received a weekly deposit for his completed rides.
  – The Manager requested weekly emails for the month of December:
  – $78.01, $153.20, $53.65, 75.25 = $360.11
  – $360.11 / 4 = 90.03 per week
  – $90.03 x 52 weeks = $4,681.56

• Amazon income:
  – Based on the applicants emails, he received daily deposits for his deliveries.
  – The Manager requested copies of each deposit. Total monthly deposit was $2,040
  – $2,040 x 12 months = $24,480.00

Total Annual Income: $4,681.56 + $24,480.00 = \$29,161.56
Case Study- Welfare Income

Is TANF and Food Stamps the same thing? No

- TANF (Temporary Assistance For Needy Families) benefits are loaded onto the same type of EBT card as SNAP, (if you qualify for both they are on the same card.) But you can use the TANF assistance for anything. You can pay your electric bill or buy gas. You can get cash back from the terminal and even withdraw funds at certain ATMs. This cash benefit IS included as income.

- Food Stamps are officially known as SNAP (Supplemental Nutrition Assistance Program.) They are loaded onto an EBT card every month and can be used at most grocery store and certain other establishments to purchase food. These funds cannot be used to buy tobacco, alcohol, medicine, or anything else that is not food. This non-cash welfare benefit is NOT included as income.
Documents that are **not** required for HEART

- Bank statements
  - HOWEVER: If bank statements were collected and revealed other income sources, then those income sources must also be verified as income.
- Property Tax Records
- Social Security Cards
- Mortgage Payment History/Delinquency
- Proof of Homeowners Insurance

*These items are not required in this funding cycle, however our guidelines change periodically and some of these items may be required in the future.*
Other Information

• **For HEART critical home repair grantees only:**
  – Household Income Certifications can be submitted for approval on an ongoing basis or during final reports.
  – Repair grants must also submit proof that each home repaired with HEART funds was damaged by Hurricane Harvey and proof that the homeowner did not receive assistance for the repairs through another funding source.

**Note:** Income certifications are NOT required to be submitted for Programmatic Grantees.
Contact Us

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512-334-2154
HEART
HOUSING & ECONOMIC ASSISTANCE TO REBUILD TEXAS

Questions?