



HEART Program Income Certification Webinar Part II

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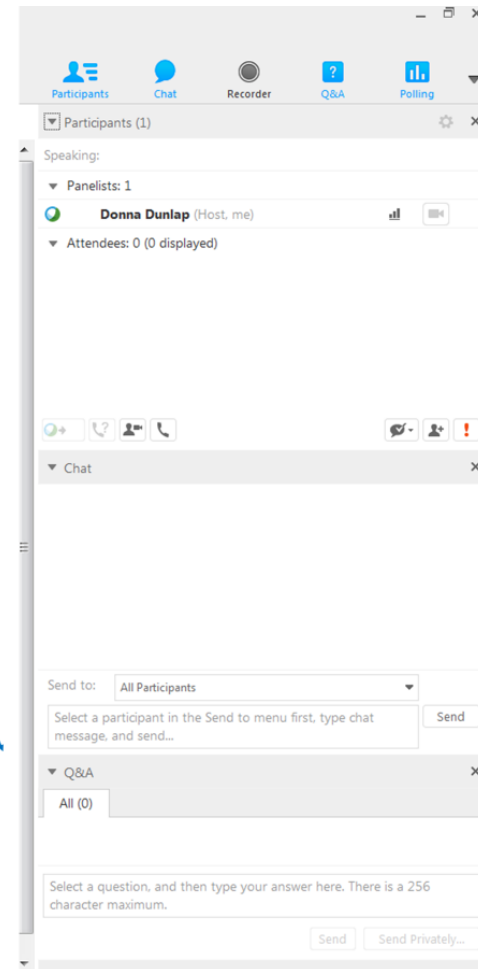


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3

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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 mgonzalez@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)

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

Return Form To: _____

THIS SECTION TO BE COMPLETED BY EMPLOYER

Employee Name: _____ Job Title: _____

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

Current Wages/Salary: \$ _____ (circle one) hourly weekly bi-weekly semi-monthly monthly yearly other _____

Average # of regular hours per week: _____ Year-to-date earnings: \$ _____ through ____/____/____

Overtime Rate: \$ _____ per hour Average # of overtime hours per week: _____

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: _____

If the employee's work is seasonal or sporadic, please indicate the layoff period(s): _____

Additional remarks: _____

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>

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:

$$\$251.23 + \$228.67 + \$275.21 + \$222.85 = \$977.96$$

$$\$977.96/4 = \$244.49$$

$$\$244.49 \times 52 = \$12,713.48$$

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

PART II. GROSS ANNUAL INCOME				
Household Member #	Source of Income (Wages, SSI, Unemployment)	Base Monthly Income	Annual Income	Supporting Documentation (Y/N)
1	Wages	1,059.46	12,713.48	
2	SSI	830.74	9,968.88	
3	Seasonal Wage	N/A	2,000	
4				
5				
Totals		1890.20	24,682.36	

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. I/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.

Applicant's Printed Name

Signature of Applicant

Applicant's Printed Name

Signature of Applicant

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.

Organization's Representative Printed Name

Signature of Representative

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.

Are you entitled to receive child support?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, what amount of child support is specified?		
\$ 160.00	Per	<input checked="" type="checkbox"/> month <input type="checkbox"/> week
Please list the amount of child support you actually receive, if different from the amount listed above.		
\$	Per	<input type="checkbox"/> month <input type="checkbox"/> week
If you do not receive the full court ordered amount of child support, describe below any actions you have taken to attempt to collect (for example, contacting the Division of Enforcement Services).		
<hr/>		
<hr/>		
Additional comments:		
<hr/>		
<hr/>		

Case Study- Annualize Child Support

The child support is calculated as follows:

Child Support	\$125 monthly
Medical Support	<u>\$ 35 monthly</u>
	\$160 monthly
	<u>x 12 months</u>
	\$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 $\$310.00 \times 12 \text{ months} = \$3,720 \text{ annually}$.

Central File P.O. Box 12048 AUSTIN, TX 78711-		 CHILD SUPPORT DIVISION	
		Date: May 13, 2019 Recipient Name:	
CHILD SUPPORT INCOME VERIFICATION			
<input type="checkbox"/> No case was found on the Child Support			
Other: _____			
This document contains the most recent child support income information in the possession of the Texas Title IV-D agency. Federal Tax Offset amounts are not included in the last 12 payments provided. Additional payment records, if applicable, are provided on the reverse side of the form.			
OAG Case #:	Cause #: The amount of court child support is 310.00 per MONTHLY Last 12 Payments	OAG Case #:	Cause #: The amount of court child support is per Last 12 Payments
Dependent(s):	Date: 04-30-2019 Amount: \$128.62 04-16-2019 Amount: \$181.38	Registry Only Dependent(s):	Date: Amount:

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 =

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

Are you entitled to receive child support? ☒ Yes ☐ No

If yes, what amount of child support is specified?

\$ 310.⁰⁰ Per ☒ month ☐ week

Please list the amount of child support you actually receive, if different from the amount listed above.

\$ 100.⁰⁰ Per ☒ month ☐ week

If you do not receive the full court ordered amount of child support, describe below any actions you have taken to attempt to collect (for example, contacting the Division of Enforcement Services).

Additional comments:

Date: May 13, 2019
Recipient Name:

CHILD SUPPORT INCOME VERIFICATION

☐ No case was found on the Child Support

Other:

This document contains the most recent child support income information in the possession of the Tax Offset amounts are not included in the last 12 payments provided. Additional payment records are on the reverse side of the form.

OAG Case #:	Cause #:	OAG Case #:
	The amount of court child support is \$310.00 per MONTHLY	Registry Only
Dependent(s):	Last 12 Payments	Dependent(s):
	Date: Amount:	
	04/30/2019 100.00	
	04/16/2019 100.00	
	03/30/2019 100.00	
	03/15/2019 100.00	
	02/27/2019 100.00	

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 \times 12 \text{ months} = \0 annually .

Are you entitled to receive child support? ☒ Yes ☐ No

If yes, what amount of child support is specified?
\$ 310.00 Per ☒ month ☐ week

Please list the amount of child support you actually receive, if different from the amount listed above.
\$ 0 Per ☒ month ☐ week

If you do not receive the full court ordered amount of child support, describe below any actions you have taken to attempt to collect (for example, contacting the Division of Enforcement Services).
I do not receive any money. I have reported this to Attorney General and have provided them with everything they need.

Additional comments:

Date: May 13, 2019
Recipient Name:

CHILD SUPPORT INCOME VERIFICATION

☐ No case was found on the Child Support

Other:

This document contains the most recent child support income information in the possession of the Tax Offset amounts are not included in the last 12 payments provided. Additional payment records are on the reverse side of the form.

OAG Case #:	Cause #: The amount of court child support is 310.00 per MONTHLY Last 12 Payments Date: 04/30/2019 04/16/2019 03/30/2019 03/15/2019 02/27/2019	OAG Case #: Registry Only Dependent(s):
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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 \text{ an hour} \times 120 \text{ hours (3 weeks} \times 40 \text{ hours)} = \900

THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: <u>John Doe</u>	Job Title: <u>Farm Hand</u>
Presently Employed: Yes <input type="checkbox"/> Date First Employed _____	No <input checked="" type="checkbox"/> Last Day of Employment <u>7-25-19</u>
Current Wages/Salary: \$ <u>7.50</u> (circle one) <u>hourly</u> weekly bi-weekly semi-monthly monthly yearly other _____	
Average # of regular hours per week: <u>40</u>	Year-to-date earnings: \$ <u>900</u> through <u>7/25/19</u>
Overtime Rate: \$ <u>8</u> per hour	Average # of overtime hours per week: <u>0</u>
Shift Differential Rate: \$ <u>7.50</u> per hour	Average # of shift differential hours per week: <u>40</u>
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: _____	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): <u>7-25-19</u>	
Additional remarks: <u>Harvesting field need to be done</u>	
<u>Celina Mizeles</u> Employer's Signature	<u>Celina Mizeles</u> <u>7-17-19</u> Employer's Printed Name Date

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:

- Earnings 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

	Lyft Yo
	04 diciembre 2017, 12:54 AM
	Mostrar imágenes
	
	Express Pay
	Cashed out at 12:49 am on Dec 4, 2017
	This deposit will arrive in your checking account within the hour, depending on your bank.
Ride payments	\$185.19
Tips	\$14.00
Lyft fees	-\$45.31
Express Pay fee	-\$0.50
Total deposit	\$153.38
	<small>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 rides.</small>

Weekly

enero 2018	Amazon
Depósito, 2 ene.	\$252
Cuenta corriente terminada en 066	
diciembre 2017	
dom., 31 dic.	\$72
12:30 PM – 4:30 PM	
Pago enviado el 2 ene.	
sáb., 30 dic.	\$54
5:00 PM – 8:00 PM	
Pago enviado el 2 ene.	
vie., 29 dic.	\$54
5:15 PM – 8:15 PM	
Pago enviado el 2 ene.	

Daily

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
 - $\$90.03 \times 52 \text{ weeks} = \$4,681.56$
- 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
 - $\$2,040 \times 12 \text{ months} = \$24,480.00$

Total Annual Income: $\$4,681.56 + \$24,480.00 = \$\underline{\underline{29,161.56}}$

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

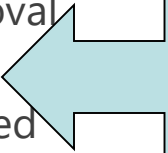
- Bank statements
 - HOWEVER: If bank statements were collected and revealed other income sources, then those income sources must also be verified as income.
- Property Tax Records
- Social Security Cards
- Mortgage Payment History/Delinquency
- Proof of Homeowners Insurance

**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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HEART

HOUSING & ECONOMIC ASSISTANCE TO REBUILD TEXAS

Questions?