

HOME-ARP INCOME VERIFICATION GUIDE QP-2 AND QP-4

FAMILY DEFINITION

Family includes, but is not limited to, the following regardless of actual or perceived sexual orientation, gender identity, or marital status based on [24 CFR 5.403](#)

- A single person
- A youth who has attained at least 18 years of age and not more than 24 years of age and who has left foster care, or will leave foster care within 90 days, in accordance with a transition plan described in section 475(5)(H) of the Social Security Act ([42 U.S.C. 675\(5\)\(H\)](#)), and is homeless or is at risk of becoming homeless at age 16 or older.
- A group of persons residing together with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family).

ANNUAL INCOME

Annual income requirements are based on [24 CFR PART 5](#).

ANNUAL INCOME INCLUDES:

- Wages, salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services **prior to any payroll deductions**.
- Net income from the operation of a business or profession.
- Interest, dividends, and other net income of any kind from real or personal property.
- The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment from a delayed start of a periodic payment.
- Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay.
- Periodic and determinable allowances, such as alimony, child support, and regular contributions or gifts received from persons not residing in the dwelling.
- All regular pay, special pay, and allowances of a member of the Armed Forces.

ANNUAL INCOME DOES NOT INCLUDE:

- Income earned by children (including foster children) under the age of eighteen (18).
- Payments received for the care of foster children.
- Lump-sum additions to applicant's assets, such as inheritances, insurance payments, capital gains, and settlement for personal or property losses.
- Amounts received by the applicant are specifically for, or is the reimbursement of, the cost of medical expenses for any family member.
- Income of a live-in aide.

- Educational scholarships paid directly to the student or educational institution by the government to be used for tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student.
- The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- Amounts received under training programs funded by HUD.
- Nonrecurring or sporadic income (including gifts).

DOCUMENTATION OF INCOME MAY INCLUDE, BUT IT IS NOT LIMITED TO:

- Current employment paystubs (2 months) showing payment period and year-to-date gross earnings.
- Verification of employment signed and dated by the employer showing gross total earnings and paid through date.
- Most current year income tax return with W2s, 1099s, etc.
- Current profit / loss statement, if self-employed.
- Benefit award letters.
- Six months of bank statements.
- Unemployment or disability benefit statement.
- Court orders or decrees.
- Verification of full-time student status, if aged 18 or older.

ADJUSTED INCOME CALCULATION

Adjusted income is derived by subtracting all applicable deductions (listed below) from the household's gross annual income. Deductions are as follows:

- Elderly or disabled household deduction – \$525 per household
- Dependent – \$480 for each household dependent (non-head of household under 18, disabled, or a full-time student)
- Out-of-Pocket childcare expenses
- Medical expenses in excess of three percent (3%) of annual income
- Disability assistance expenses in excess of three percent (3%) of annual income

ANNUALIZING WAGES AND PERIODIC PAYMENTS

Review two (2) months current source documentation and the most recent income tax return with supporting W2's, 1099's, etc. (self-employment may need to take an average of 3 years).

- Add the documented gross amount earned from the two most current source documents.
- Use the following calculations to convert the average wage into annual income:
 - **Hourly wage** – multiply the hourly wage by the number of hours worked per week multiplied by 52
 - **Weekly wage** – multiply the weekly wage by 52
 - **Bi-weekly wage (every other week)** – multiply the bi-weekly wage by 26
 - **Semi-monthly wage (twice a month)** – multiply the semi-monthly wage by 24
 - **Monthly wage** – multiply the monthly wage by 12

PERIODIC EMPLOYMENT

To annualize other than full-time income, multiply the wages by the actual number of hours or weeks the person is expected to work.

PUBLIC ASSISTANCE

For public assistance benefits (e.g., SSI, food stamps), a benefits statement received any time within the twelve months prior to the time of application and reflecting current benefits received by an applicant is allowed. A copy of a recent bank statement indicating direct deposit of benefit(s) is also acceptable.

ZERO INCOME

If there is an adult member listed on the application form who does not receive any income, the *Certification of Zero Income* form needs to be completed.

DETERMINING FAMILY / HOUSEHOLD SIZE

The income limits are adjusted by family / household size. Some may include persons who are not considered as members of households for the purposes of determining size and income eligibility, including foster children, foster adults, live-in-aides, and children of live-in-aides. These persons should not be counted as household members when determining household size, and their income is not included when calculating annual income. A child who is subject to a shared-custody agreement in which the child resides with the household at least fifty-one percent (51%) of the time can be counted in the family / household. For a child who is subject to a shared-custody agreement in which the child resides with each family / household fifty percent (50%) of the time, determination of inclusion will be based on eligibility as a dependent for income tax purposes.

CALCULATION TO DETERMINE ELIGIBILITY

To determine eligibility, review the income with the household size. The limits must be below 30% or 50% depending on the QP requirement.