



**TOWN OF TRUCKEE  
FIRST-TIME HOMEBUYER  
DOWNPAYMENT ASSISTANCE PROGRAM**

**INSTRUCTIONS FOR CALCULATING HOUSEHOLD INCOME  
FOR SELF-CERTIFICATION OF HOUSEHOLD INCOME FORM**

The Town of Truckee's First-Time Homebuyer Downpayment Assistance Program (the "Program") application package requires that applicants complete the Self-Certification of Household Income Form. The self-certification of household income by the applicant determines which, of three, household income categories the application will fall into during the random selection process. The random selection process determines the order that applications will be processed until all Program funds are exhausted for each income category.

For purposes of determining household income for the Program the Town utilizes total gross household income for all household members over the age of 18. The list of income inclusions and exclusions (24 CFR Part 5 Annual Income Inclusions and Exclusions) is attached to this instructional sheet. If any member of the household's income is from the operation of a business or profession it is the net income that is counted. Please see #2 on the Income Inclusions list.

Inclusions to household income include the gross amount (before any deductions) earned for wages, salaries, overtime pay, commissions, fees, tips, bonuses; includes benefits received, including, unemployment, disability, social security, retirement, veteran's benefits; includes child and/or spousal support received and income from assets such as IRA's, 401's, certificates of deposit, retirement accounts, stocks, bonds, real estate, bank accounts. If assets total \$5000 or more annual income includes the greater of the income earned on the assets or 2.5% of the assets total value.

After the random selection process and during the verification process household income will be verified through third parties (employers and other documentation). The current household income will be verified and projected for the next 12 months. The projection of income is based on current income, calculates any pre-determined increases verified by employer and projects household income for the next year.

To calculate your annual household income, list the source and amount of all income for each household member over 18 years of age. If a household member has more than one employer list the income from each employer. Remember to include any pre-determined increases for the coming year. List the benefit amount each household member receives (example unemployment or disability). List the total assets for each household member and if assets total \$5000 or more include the greater of the income earned from the asset or 2.5% of the asset value. A good source of income information is your most recent or year-end pay stub. Pay stubs include year-to-date amounts for wages earned including regular wages, overtime, shift differential, etc.

Attached is a Household Income Worksheet you may find beneficial to calculate your household income and three examples of calculated household income.

Remember; include all income, from all sources, for all members of the household.

Attachments:

Annual Income Inclusions and Exclusions  
Household Income Worksheet  
Household Income Worksheet Examples (3)

**Exhibit 3.1 – 24 CFR Part 5 Annual Income Inclusions**

<p>1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.</p> <p>2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.</p> <p>3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.</p> <p>4. The full amount of periodic amounts 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 amount or prospective monthly amounts for the delayed start of a periodic amount (except for certain exclusions, listed in Exhibit 3.2, number 14).</p>	<p>5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except for certain exclusions, as listed in Exhibit 3.2, number 3).</p> <p>6. Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> <li>• Qualify as assistance under the TANF program definition at 45 CFR 260.31; and</li> <li>• Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).</li> </ul> <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> <li>• the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; <b>plus</b></li> <li>• the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.</li> </ul> <p>7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.</p> <p>8. All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).</p>
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**Exhibit 3.2 – 24 CFR Part 5 Annual Income Exclusions**

<ol style="list-style-type: none"> <li>1. Income from employment of children (including foster children) under the age of 18 years.</li> <li>2. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).</li> <li>3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except as provided in Exhibit 3.1, number 5 of Income Inclusions).</li> <li>4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.</li> <li>5. Income of a live-in aide (as defined in 24 CFR 5.403).</li> <li>6. Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).</li> <li>7. The full amount of student financial assistance paid directly to the student or to the educational institution.</li> <li>8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.</li> <li>9. (a) Amounts received under training programs funded by HUD. (b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). (c) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. (d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn</li> </ol>	<p>maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</p> <p>(e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.</p> <ol style="list-style-type: none"> <li>10. Temporary, nonrecurring, or sporadic income (including gifts).</li> <li>11. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.</li> <li>12. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).</li> <li>13. Adoption assistance payments in excess of \$480 per adopted child.</li> <li>14. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.</li> <li>15. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.</li> <li>16. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.</li> <li>17. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion.</li> </ol>
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<p>Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:</p> <ul style="list-style-type: none"> <li>• The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;</li> <li>• Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);</li> <li>• Payments received under the Alaskan Native Claims Settlement Act;</li> <li>• Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;</li> <li>• Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;</li> <li>• Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;</li> <li>• Payments received under the Maine Indian Claims Settlement Act of 1980 ( 25 U.S.C. 1721);</li> <li>• The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;</li> <li>• Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs;</li> <li>• Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);</li> </ul>	<ul style="list-style-type: none"> <li>• Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the <u>In Re Agent Orange</u> product liability litigation, M.D.L. No. 381 (E.D.N.Y.);</li> <li>• Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;</li> <li>• The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;</li> <li>• Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);</li> <li>• Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;</li> <li>• Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;</li> <li>• Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;</li> <li>• Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and</li> <li>• Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.</li> </ul>
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*Last Modified: January 2005*

Household Income Worksheet

Applicant

Co-applicant

Employer

Employer

Hourly Rate

Hourly Rate

Paid

Paid

Hours per pay period

Hours per pay period

Earnings

Earnings

Annual Earnings

Annual Earnings

Employer

Employer

Hourly Rate

Hourly Rate

Paid

Paid

Hours per pay period

Hours per pay period

Earnings

Earnings

Annual Earnings

Annual Earnings

Benefits Received

Benefits Received

Assets:

Assets:

Checking

Checking

Savings

Savings

Other (list)

Other (list)

Total Assets

Asset Income

Other income:

Other income:

Total Annual Household Income:

Household Size:

Household Income Worksheet  
 – Example #1

Applicant		Co-applicant	
Employer	#1	Employer	#1
Hourly Rate	\$20	Hourly Rate	\$15
Paid	weekly	Paid	weekly
Hours per pay period	38	Hours per pay period	12
Earnings	\$760 week	Earnings	\$180
Annual Earnings	\$19,760	Annual Earnings	\$9,360
Employer	#2	Employer	
Hourly Rate	\$18	Hourly Rate	
Paid	weekly	Paid	
Hours per pay period	20	Hours per pay period	
Earnings	\$360	Earnings	
Annual Earnings	\$9,360	Annual Earnings	
Benefits Received	none	Benefits Received	
Assets:		Assets:	
Checking - \$2,000		Checking	
Savings - \$10,000		Savings	
Other (list)		Other (list)	
IRA \$5000			
Total Assets - \$17,000			
Asset Income	\$425		
Other income:		Other income:	
Bonus	\$500		
Sub-total	\$30,045	Sub-total	\$9,360
Total Annual Household Income:			\$39,405
Household Size:			2

Up to 80% AMI

Example #1 - The applicant works approximately 6 months per year for two different employers. Employer #1 applicant earns \$20 per hour, works 38 hours per week, is paid weekly and works 6 months per year. Calculation is: \$20 per hour x 38 hours = \$760 per week x 26 weeks = \$19,760 per year. This employer pays an annual bonus of \$500. Employer #2 applicant earns \$18 per hour, works 20 hours a week, is paid weekly, works 6 months per year. The calculation is: \$18 per hours x 20 hours worked = \$360 per week x 26 weeks = \$9,360. The co-applicant earns \$15 per hour, works 4 hours a day, 3 days a week. The calculation is \$15 per hour x 4 hours x 3 days a week = \$180 x 52 weeks = \$9,360. Assets for this household are a checking account \$2,000, savings of \$10,000 and an IRA in the amount of \$5,000. Total assets \$17,000 x 2.5% = \$425. Total annual gross income \$39,405.

Household Income Worksheet –  
Example #2

Applicant

Co-applicant

Employer  
Hourly Rate  
Paid  
Hours per pay period  
Earnings  
Annual Earnings

Employer #1  
Hourly Rate \$10  
Paid bi-monthly  
Hours per pay period 50  
Earnings \$500  
Annual Earnings \$12,000

Employer  
Hourly Rate  
Paid  
Hours per pay period  
Earnings  
Annual Earnings  
Benefits Received

Employer  
Hourly Rate  
Paid  
Hours per pay period  
Earnings  
Annual Earnings  
Benefits Received

Assets:  
Checking \$2,000  
Savings \$15,000  
Other (list)  
IRA \$20,000

Assets:  
Checking  
Savings  
Other (list)

Total Assets -\$37,000

Asset Income \$925

Other income:

Business Income \$55,000

Other income:

Tips \$12,000

Total Annual Household Income: \$103,925

Household Size: 4

Above 121% - 160% AMI

Example #2 - The applicant has business income in the amount of \$55,000. The co-applicant works 100 hours a month, for \$10 per hour, is paid bi-monthly. The calculation is: \$10 per hour x 100 hours per month = \$1000 / 2 = \$500 per pay period. The co-applicant also earns tips that average \$500 per pay period. The calculation is \$500 tips per pay period x 24 pay periods = \$12,000. Assets are a checking account \$2,000, savings \$15,000 and an IRA \$20,000 totaling \$37,000 x 2.5% = \$925 asset income. Total annual gross income \$103,925

Household Income Worksheet –  
Example #3

Applicant

Co-applicant

Employer

Employer

Hourly Rate

salary

Hourly Rate

Paid

bi-weekly

Paid

Hours per pay period

Hours per pay period

Earnings

Earnings

Annual Earnings

\$51,250

Annual Earnings

Employer

Employer

Hourly Rate

Hourly Rate

Paid

Paid

Hours per pay period

Hours per pay period

Earnings

Earnings

Annual Earnings

Annual Earnings

Benefits Received

Benefits Received

Assets:

Assets:

Checking

Checking

Savings \$4,000

Savings

Other (list)

Other (list)

Total Assets \$4,000

Asset Income

0

Other income:

Other income:

Total Annual Household Income:

\$51,250

Household Size:

1

Above 81% - 120% AMI

Example #3 - The applicant earns a salary of \$50,000 per year, paid bi-weekly. Effective 7/1/2010 the applicant will receive a 5% raise to an annual salary of \$52,250. The calculation is: \$50,000 / 26 pay periods = \$1,923 per pay period x 13 pay periods = \$25,000. \$52,500 / 26 pay periods = \$2,019.23 per pay period x 13 pay periods = \$26,250. Assets are less than \$5,000 so zero asset income. Total household income \$51,250.