



# HSP INCOME CALCULATION

DOCUMENTING AND CALCULATING HOUSEHOLD INCOME

# DISCLAIMER

The following slides provide basic HSP Income Calculation information. The slides do not provide an in-depth review of all HSP Income Calculation guidelines. For an in-depth review of all guidelines, visit the [Resources](#) tab of the HSP public website.

## ■ Resources Tab

- HSP Eligibility Questionnaire
- AHP/HSP Income Calculation Guide
- HSP Income Calculation Workbook (ICW)
- HSP Income Limits
- Zero Income and/or Unemployed Certification

# Household Member

## Who Will Occupy the Home?

**Household:** Includes **ALL** individuals who **CURRENTLY** or **WILL** occupy the house or residence.

- Currently OR Will Includes \*\*
  - Spouses
  - Fiancés
  - Roommates
  - Children (regardless of custody/visitation schedule)
  - Other Dependents (family members and non-family members)
  - Temporarily-absent Household Members
    - Deployed Service Members
    - College Students

**Ask the homebuyer who will be living in the home.**

*\*\*This list is examples of the most common household members and is not exhaustive.*

# Household Member Income

## What Income Should Be Included?

**Income Sources:** Generally, all gross household income sources should be included in the income calculation.

### ■ Income Sources\*\*

- Wages and salaries (included overtime, commission, tips, bonuses, etc.)
- Income from seasonal and/or non-traditional employment
- Self-employment
- Alimony and/or child support
- Unemployment and/or disability compensation
- Social Security benefits
- Annuities, insurance policies, and/or retirement funds
- Payments received for the care of foster children or foster adults
- Disability and/or death benefits
- Lottery or gambling winnings
- Public assistance payments
- Cash provided from outside source (family member, friend, etc.)

*\*\*This list is examples of the most common income sources and is not exhaustive.*

# Household Member Income

## How Is the Income Documented?

- Salary and Hourly: **ONE** Paystub OR Verification of Employment (VOE)  
(a paystub is preferred)
  - Accurately represents a normal pay period
    - Hours worked per pay period
    - Number of days worked per pay period
    - No holiday, sick, vacation, etc. shown as paid for the pay period
  - Includes at least 28 days of YTD Earnings
  - Dated no more than 60 days prior to reservation submission
- Self-employment: Previous Year's Federal Tax Return
  - Provide tax return if homebuyer was self-employed in the previous tax year
  - Signed
  - Dates the self-employment tax return represent
- Self-employment: Profit and Loss Statement
  - If tax return is not completed prior to tax filing deadline

**OR**

  - Self-employment started after the beginning of the year
  - Signed
  - Dates P&L represents should be listed on P&L

***Self-employment:  
Provide only the  
previous year's  
federal tax return OR  
a Profit and Loss  
Statement, NEVER  
BOTH.***

# Wage-Earning Borrowers

Statement of Earnings and Deductions.							
Pay period Beginning Date: 06-08-2019 through Ending Date: 06-21-2019							
Payee		Type	Amount				
[REDACTED]		CHECK DEPOSIT	\$707.15				
Deposit Date	Advice #	Total Amount	\$707.15				
06-27-2019	[REDACTED]						
Description	Rate	Hours	Earnings	Year to Date	Type of Deductions	Taxes / Deductions	Year to Date
REGULAR EARNING	\$11.7300	79.42	\$931.60	\$10,495.71	FEDERAL TAX	\$82.95	\$1,099.81
OVERTIME EARN			\$0.00	\$22.34	SOCIAL SECURITY	\$70.96	\$936.57
PROT PTO USED			\$0.00	\$276.23	KANSAS	\$28.76	\$383.32
MYSHARE INCT			\$0.00	\$199.70	INS-STD+ ARR	\$0.00	\$3.98
PTO PAY			\$0.00	\$1,301.36	INS STD	\$3.91	\$47.66
PTO AVAILABLE		13.02			INS LTD	\$5.87	\$77.46
SICK AVAILABLE		92.01			INS AD&D U *	\$1.29	\$16.76
WRKDHRS		79.42			401K *	\$27.95	\$368.86
PROTPTOUSEDYTD		23.59			INS VIS *	\$2.76	\$35.87
PROTECTED PTO		2.91			CHECK DEPOSIT	\$707.15	\$9,325.05
PERS HRS AVAIL		26.31					
		<b>Earnings</b>	<b>Taxes</b>	<b>Deductions</b>	<b>Net Pay</b>	<b>Deposit No.</b>	<b>Amt. of Deposit</b>
Current		\$931.60	\$182.67	\$41.78	\$707.15		\$707.15
Year to Date		\$12,295.34	\$2,419.70	\$550.59	\$9,325.05		

4 Member Institution: ABC Bank  
 5 Household Member #: Jane Homebuyer

**SECTION 1: WAGE/SALARY INCOME:**

7 Employer #1:  
 8 Employer: XYZ Corporation

10 Year-to-Date Earnings:  
 11 YTD Start Date: 12/22/18  
 12 Pay Period End Date: 06/21/19  
 13 YTD Total Income: \$ 12,295.35  
 14  
 15 YTD Income Annualized: \$ 24,658.26

18 Year-to-Date Other/Overtime/Bonus/Commission/Tips:  
 19 YTD Other Income: \$ 222.04

21 Highest Calculated Income (Employer #1): \$ 24,666.81

**Base Wages:**  
 Salary Per Pay Period: [REDACTED]  
 Pay Frequency/Year: [REDACTED]  
 OR  
 Regular Hourly Rate: \$ 11.73  
 Hours/Week: 39.71  
 Weeks/Year: 52.0

**Base Wages Annualized:** \$ 24,221.51  
**Other Income Annualized:** \$ 445.30  
**Total Base Wages + Other:** \$ 24,666.81

**Explanations/Notes:**  
 Using the time within the pay period (2 wks), the hours per week calculation is 79.42 hours divided by 2.

Total Base Wages + Other + OT/Bonus/Comm/Tips Used to Qualify.



# Household Member Income

## How Is the Income Documented?

- Child Support or Alimony – Formal Statement or Court Order
  - Formal Statement
    - Recognized state or local authority or agency
    - Statement should verify award/payment OR document 60 days of payment history
    - Name of homebuyer must be visible on document
  - Court Order
    - Executed and Recorded
- Social Security/SSI/Pension/Disability – Current Award Letter or 1099
  - Gross Benefit
  - Preferred that all pages are provided
  - 1099 from previous year
    - Will only be accepted during the 1<sup>st</sup> quarter of the calendar year



# Child Support and Social Security/Pension

SECTION 3: OTHER INCOME:			
<b>Child Support/Alimony Income</b> ←			
Payment Amt:			Explanations/Notes:
x Payments Per Year:			
Total Annual Amt:	\$	-	
<b>Social Security/Pension/Disability Income</b> ←			
Payment Amt:			Explanations/Notes:
x Payments Per Year:			
Total Annual Amt:	\$	-	
*Ensure gross amount is entered.			

If multiple child support orders or multiple Social Security/Pension/Disability incomes are received, add the payments together and make a note in the Explanations/Notes section.

# Household Member Income

## How Is the Income Documented?

- Retirement –1099, Current Award Letter OR Current Statement
  - 1099 from previous year
  - Gross Benefit; **Do not** provide bank account statements documenting net deposit
- Seasonal – Paystub, VOE OR W-2
  - Does not work entire year (lifeguard, para, ski resort, seasonal construction, etc.)
    - Verbal or written verification from employer confirming seasonal employment
  - Year round, part-time employment is not considered seasonal
  - If providing a VOE or Paystub
    - Verbal or written verification from employer verifying the number of weeks homebuyer will work during the year
    - Complete the Seasonal Section in the ICW
  - If providing a W-2 from previous year
    - Verbal or written verification from employer that W-2 represents a full season of employment
    - Only complete the YTD Earnings (Employer 1 or Employer 2) on the ICW; don't complete Base Wages

# Seasonal - VOE

Complete the Seasonal Income section of the ICW, not the Employer 1 and/or Employer 2 sections

If using a VOE to complete Seasonal income, all pieces must be listed on the VOE:

- Number of Weeks the homebuyer will work
- Number of Weeks worked year to date (represented in earnings on the VOE)
- Year to date total income
- Year to date earnings breakdown, so all types of the gross earnings must be completed (bonus, overtime, etc.)
- Hourly Rate
- Hours per week

**Part II – Verification of Present Employment**

9. Applicant's Date of Employment: 8/12/16      10. Present Position: Para      11. Probability of Continued Employment: Good

12A. Current Gross Pay Base (Enter Amount and Check Period)  
 \$ 12.02       Annual     Weekly     Other (specify) \_\_\_\_\_  
 Monthly     Hourly

13. For Military Personnel Only  
 Pay Grade \_\_\_\_\_  
 Type \_\_\_\_\_ Monthly Amount \_\_\_\_\_  
 Base Pay \$ \_\_\_\_\_  
 Rations \$ \_\_\_\_\_  
 Flight or Hazard \$ \_\_\_\_\_  
 Clothing \$ \_\_\_\_\_  
 Quarters \$ \_\_\_\_\_  
 Pro Pay \$ \_\_\_\_\_  
 Overseas or Combat \$ \_\_\_\_\_  
 Variable Housing Allowance \$ \_\_\_\_\_

14. If overtime or Bonus is Applicable, is its Continuance likely?  
 Overtime  Yes     No  
 Bonus  Yes     No

15. If paid hourly – avg. hours per week: 26.92

16. Date of applicant's next pay increase: N/A

17. Projected amount of next pay increase: N/A

18. Date of applicant's last pay increase: 8/4/18

19. Amount of last pay increase: .30 per hour

20. Remarks (If employee was off work for any length of time, please indicate time period and reason):  
 Homebuyer is a para that works 37.9 weeks per year. Earnings on VOE represent 26 weeks of earnings YTD.

**Part III – Verification of Previous Employment**

Seasonal Income (if W-2 not available or does not represent a full season of employment)	
<b>Year-to-Date Earnings</b>	
#Weeks Will Work This Year:	37.90
Weeks Worked Year-to-Date:	26.00
YTD Total Income:	\$ 8,068.32
YTD Income Annualized:	\$ 11,761.13
<b>Base Wages</b>	
YTD Overtime/Bonus/Tips/etc.:	\$ -
Regular Hourly Rate:	\$ 12.02
Hours/Week:	26.92
Base Wages Annualized:	\$ 12,263.62
Other Income Annualized:	\$ -
Total Base Wages+YTD OT,etc.:	\$ 12,263.62
<b>Highest Calculated Income:</b>	<b>\$ 12,263.62</b>

Complete both the Year-to-Date Earnings and Base Wages sections.

# Seasonal Employment

- Confirm the W-2 represents the entire season and complete the YTD section only
- The documentation should be based on the most recent tax year.

<input type="checkbox"/> Void		a Employee's social security number [Redacted]		OMB No. 1545-0008	
b Employer identification number (EIN) [Redacted]		1 Wages, tips, other compensation 1133.74		2 Federal income tax withheld 3.81	
c Employer's name, address, and ZIP code [Redacted]		3 Social security wages 1133.74		4 Social security tax withheld 70.29	
		5 Medicare wages and tips 1133.74		6 Medicare tax withheld 16.45	
		7 Social security tips		8 Allocated tips	
d Control number [Redacted]		9 Verification code		10 Dependent care benefits	
e Employee's name, address, and ZIP code [Redacted]		Suff. 11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
15 State Employer's state ID number KS [Redacted]		16 State wages, tips, etc. 1133.74		17 State income tax	
		18 Local wages, tips, etc.		19 Local income tax	
				20 Locality name	

## Employer #1:

Employer:

### Year-to-Date Earnings:

YTD Start Date:	<input type="text" value="01/01/19"/>
Pay Period End Date:	<input type="text" value="12/31/19"/>
YTD Total Income:	\$ <input type="text" value="1,133.74"/>
<b>YTD Income Annualized:</b>	<b>\$ <input type="text" value="1,133.74"/></b>

### Year-to-Date Other/Overtime/Bonus/Commission/Tips:

YTD Other Income:	<input type="text" value=""/>
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### Base Wages:

Salary Per Pay Period:	<input type="text" value=""/>
Pay Frequency/Year:	<input type="text" value=""/>
<b>OR</b>	
Regular Hourly Rate:	<input type="text" value=""/>
Hours/Week:	<input type="text" value=""/>
Weeks/Year:	<input type="text" value=""/>
Base Wages Annualized:	\$ <input type="text" value=""/> -
Other Income Annualized:	\$ <input type="text" value=""/> -
<b>Total Base Wages + Other:</b>	<b>\$ <input type="text" value=""/> -</b>

Explanations/Notes:
Sam Smith, HR Manager at USD 23, confirmed that James Homebuyer is a para. Sam also confirmed that the 2019 W2 represents the entire season.

Highest Calculated Income (Employer #1):

YTD Earnings Used to Qualify:

# Household Member Income

## How Is the Income Documented?

- Non-traditional – Paystub, VOE OR W-2
  - Is not paid hourly or salary (paid per load, paid per mile, straight commission, etc.)
  - Only complete the YTD Earnings (Employer 1 or Employer 2) on the ICW; Do not complete Base Wages
  - W-2 from previous year
    - Verification from employer verifying dates that W-2 represents
    - Verification from employer confirming non-traditional employment

# Non-traditional Employment

If the W2 represents an entire year, complete the YTD earnings using 1/1/20XX to 12/31/20XX.

If the W2 does NOT represent an entire year, complete using the time frame represented. See the example below.

Notes should be included explaining the type of non-traditional income, i.e. by the mile, straight commission, per job, etc. and the timeframe included in the W2.

**Employee Reference Copy**  
**W-2 Wage and Tax Statement**

Control number: 00026 Dept: R9/MET Corp: Employer use only: A 16

Batch #98145

Wages, tips, other comp.	1316.25	Federal income tax withheld	59.85
Social security wages	1316.25	Social security tax withheld	81.61

**SECTION 1: WAGE/SALARY INCOME:**

Employer #1: J's Trucking

<b>Year-to-Date Earnings:</b>	
YTD Start Date:	09/01/19
Pay Period End Date:	12/31/19
YTD Total Income:	\$ 1,316.25
<b>YTD Income Annualized:</b>	\$ 3,937.96

**Base Wages:**

Salary Per Pay Period: [ ]  
 Pay Frequency/Year: [ ]  
**OR**  
 Regular Hourly Rate: [ ]  
 Hours/Week: [ ]  
 Weeks/Year: [ ]

Base Wages Annualized:	\$ -
Other Income Annualized:	\$ -
<b>Total Base Wages + Other:</b>	\$ -

**Year-to-Date Other/Overtime/Bonus/Commission/Tips:**

YTD Other Income: [ ]

**Explanations/Notes:**  
 Jane Smith, Payroll Specialist, confirmed that Sam Homebuyer is a trucker paid by the load. Jane also confirmed that Sam started with the company on 9/1/2019.

Highest Calculated Income (Employer #1): \$ 3,937.96 YTD Earnings Used to Qualify.



# Non-traditional – Paystub

Notes are not needed for this example because the paystub clearly shows that the homebuyer is paid by the mile. If this was not on the paystub, or the paystub was not clear about how the income was earned, additional notes would be required including an explanation directly from the employer, homebuyer explanations are not acceptable.

EARNINGS		CHECK DATE: 3/01/19	EMPLOYEE TAXES		YTD
DESCRIPTION	CURRENT		DESCRIPTION	CURRENT	
REG. HOURS			FED WITH	146.03	680.36
OVERTIME			FICA	95.65	619.82
OTHER PAY	20.00		STATE WITH	51.00	291.00
MILE PAY	2954.00	1270.22	LOCAL TAX		
PERSONAL PAY			EIC PAYMENT		
VACATION PAY			AMT OF DIR DEP	1127.27	
HOLIDAY PAY			AMT WIRED		
TOTAL GROSS		1290.22	AMT OF DIR DEP	1127.27	
----- YTD INFORMATION -----			---- CURRENT DED & REIM ----		
GROSS		8461.98	ADVANCE	150.00	
TAXES		1591.18	GARNISHMENTS		
ADVANCES		1442.00	INSURANCE	20.00	

## SECTION 1: WAGE/SALARY INCOME:

Employer #1:

Employer:

J's Trucking

7.27

### Year-to-Date Earnings:

YTD Start Date: 12/16/18  
 Pay Period End Date: 02/15/19  
 YTD Total Income: \$ 8,461.98

YTD Income Annualized: \$ 49,816.50

### Year-to-Date Other/Overtime/Bonus/Commission/Tips:

YTD Other Income:

### Base Wages:

Salary Per Pay Period:

Pay Frequency/Year:

OR

Regular Hourly Rate:

Hours/Week:

Weeks/Year:

Base Wages Annualized: \$ -

Other Income Annualized: \$ -

Total Base Wages + Other: \$ -

# Employer Verifications

## When is verification needed?

### Written

- Earnings and Wages
- Non-recurring income

### Verbal or Written

- Pay schedules/frequency
- Discrepancies \$3000.00 or greater between YTD and Base Wages
- Seasonal & Non-traditional
  - Time period W-2 represents
  - Determination that employment is seasonal or non-traditional (if unable to determine with income documentation provided)
  - Weeks homebuyer will work this year (seasonal)

## What is needed for verification?

- Employer representative title/position
- Name of the employer representative
- Explanation/summary of conversation with employer representative
- Written
  - Upload written employer verification with the other income documents on the Household Income screen
  - Emails and letters on letterhead from the employer will be accepted
- Verbal
  - Document the verbal employer verification in the Explanation/Notes section of the ICW



# Discrepancies

## How do I identify a discrepancy?

- Difference of \$3000.00+ between YTD Income Annualized and Total Base Wages/Other
  - YTD Income Annualized \$17502.34 – Total Base Wages and Other \$20947.18 = \$3444.84 Discrepancy
- Red Font Warning below Highest Calculated Income
- If there is a discrepancy in the ICW, make corrections or provide an explanation from the employer. DO NOT submit the ICW with a discrepancy unless it is accompanied by an employer explanation.

<b>Year-to-Date Earnings:</b> YTD Start Date: 12/16/19 Pay Period End Date: 02/15/20 YTD Total Income: \$ 2,973.00 <hr/> YTD Income Annualized: \$ 17,502.34		<b>Base Wages:</b> Salary Per Pay Period: <input type="text"/> Pay Frequency/Year: <input type="text"/> OR Regular Hourly Rate: \$ 13.00 Hours/Week: 40.00 Weeks/Year: 40.0 <hr/> Base Wages Annualized: \$ 20,800.00 Other Income Annualized: \$ 147.18 Total Base Wages + Other: \$ 20,947.18		<b>Explanations/Notes:</b> <div style="background-color: #d9e1f2; height: 150px;"></div>
<b>Year-to-Date Other/Overtime/Bonus/Commission/Tips:</b> YTD Other Income: \$ 25.00		Highest Calculated Income (Employer #1): \$ 20,947.18    Total Base Wages + Other + OT/Bonus/Comm/Tips Used to Qualify.		

**Correct income information based on Income Calculation Guidelines or provide an explanation from the employer for the discrepancy between the two calculations.**

# DISCREPANCIES

Why is there a discrepancy and what is needed to explain the discrepancy?

## YTD Income Annualized Higher

- YTD Start Date is incorrect
  - Determine correct YTD Start Date with income documents OR obtain YTD Start Date from employer
- OT, commission, bonus, etc. earnings are not entered in YTD Other Income
  - Update ICW to include all earnings not paid at the regular wage in the YTD Other Income cell

## Additional Reason for Discrepancy

- Hours per week on paystub or VOE don't accurately represent a typical pay period
  - Obtain average hours per week from employer OR income document that accurately represents a typical pay period
  - The high end of the range must always be used in the ICW. Do not enter the average hours in the income calculation if the average is lower hours. Obtaining the average is only used to explain the discrepancy.

## YTD Total Base Wages + Other Higher

- Homebuyer was off work, without pay, for an extended period of time
  - Obtain dates range or number of weeks/days homebuyer was off work without pay from employer
- Homebuyer received a wage increase
  - Obtain the date and amount of the wage increase from the employer
- ALL earnings are not entered in the YTD Total Income cell
  - Update ICW to include all earnings in the YTD Total Income cell

*\*\*This page includes examples of the most common reasons for income calculation discrepancies and is not exhaustive.*

# Questions?



**HCD Toll Free Number: 866.571.8155**  
**Email: [hsp@fhlbtopeka.com](mailto:hsp@fhlbtopeka.com)**  
**[www.fhlbtopeka.com/hsp](http://www.fhlbtopeka.com/hsp)**

**DO NOT** provide income documentation via email. Income documentation contains personally identifiable information (PII), and email is not secure.