

# Affordable Housing Program & TurnKey Income Calculation Guide

Updated January 30, 2026

---



# Table of Contents

Income Calculation Guidelines .....	3
General Policy.....	3
Income Calculation Workbook.....	4
Income Limits .....	4
Front Ratio.....	5
2026 Key Changes .....	5
Household Member and Income Disclosure .....	6
Household Member and Income Disclosure Requirements .....	6
Household Member Inclusions .....	6
Household Member and Income Exclusions.....	6
Zero Income Household Members .....	6
Ineligible Reservations/Disbursements.....	7
Income Inclusions and Exclusions.....	8
Calculating Income and Income Documentation Requirements.....	9
Hourly and Salary Employment Income Documentation Requirements .....	9
Documentation Requirements.....	9
Calculating Hourly and Salary Employment Income .....	10
YTD Earnings Calculation.....	11
Base Wages Calculation + YTD Other Income.....	11
Hourly Wages or Shift Differentials.....	12
Pay Schedules/Frequency.....	12
Calculating Hours Per Week.....	13
Varying Hours.....	13
Non-recurring Income .....	15
Seasonal Employment Income Documentation Requirements .....	15
Calculating Seasonal Employment Income .....	15
Non-traditional Employment Income Documentation Requirements.....	16
Calculating Non-Traditional Employment Income .....	16
Self-employment Income Documentation Requirements .....	17
Helpful Tips for Self-Employment Documentation .....	17
Calculating Self-Employment Income .....	18

Prior Year Individual Tax Return Has Been Filed .....	18
Prior Year Individual Tax Return Has Not Been Filed .....	18
Rental Income Documentation Requirements.....	19
Examples of Current Rental Income .....	19
Examples of Anticipated Rental Income .....	19
Anticipated Rental Income Documentation Requirements.....	19
Calculating Rental Income.....	20
Non-employment Income Documentation Requirements.....	21
Child Support/Alimony.....	21
Social Security .....	21
Retirement Income .....	22
Calculating Non-Employment income.....	22
Child Support/Alimony.....	22
Social Security .....	22
Retirement Income .....	23
New Employment Income Documentation Requirements .....	24
Income Calculation Discrepancies.....	25
Name Discrepancies.....	26
Employer Explanations/Verifications .....	26
Income Calculation Questions.....	27
Determination of Eligibility Statement.....	27

## Income Calculation Guidelines

### GENERAL POLICY

This document sets forth the income calculation guidelines for the Affordable Housing Program (AHP) and the TurnKey Programs (HSP, HSP+ and HOPE) of Federal Home Loan Bank of Topeka (FHLBank).

Submit verification documents for all sources of household income (unless otherwise stated). Income verification documents must be completed fully and accurately, as the information is used to calculate annual employment income. If acceptable documentation of income is not provided:

- **AHP Owner-occupied (AHP OO):** The disbursement request may be denied;
- **AHP Rental:** The project may be found to be out of compliance during Project Completion Reporting and/or Long-Term Monitoring.
- **TurnKey (HSP, HSP+ and HOPE):** The reservation request may be deemed ineligible.

Current income, using documentation dated within timeframes outlined, is used to calculate income. Future income is typically not considered when determining household eligibility; however, FHLBank may, at its discretion, request additional information or documentation as to how the household qualified for the mortgage or how the tenant pays monthly expenses, if the household income is extremely low. Documentation must meet the following date requirements based on the applicable program:

- **AHP OO:** Dated no more than 60 days prior to the disbursement submission date or the program enrollment date (the date the project sponsor reviewed all income documents and qualified the household for participation in the AHP project).
- **AHP Rental:** Dated no more than 120 days prior to the certification date listed in the TIW.
- **TurnKey:** Dated no more than 60 days prior to the reservation submission date.

For all programs, income documentation must include at least 28 days of YTD earnings.

Provide an explanation for any unusual circumstances regarding the income of any individual in the household. FHLBank will determine how to calculate income based on the situation and information provided.



## INCOME CALCULATION WORKBOOK

Use the Income Calculation Workbook (ICW) for the applicable program identified below to calculate household income. Each workbook includes a Household Summary tab and 15 Household Member tabs. Complete the Household Summary tab and all relevant Household Member tabs according to the instructions in this guide. ICWs are located on AHP and TurnKey public websites.

For AHP Disbursements, submissions that include the incorrect version of the ICW will be returned for correction. For TurnKey, reservation submissions that do not include the most current version of the Turnkey ICW will be deemed ineligible.

Program Type	Workbook Required
<b>AHP Owner-occupied</b>	ICW (identified for owner-occupied projects) located on FHLBank's AHP public website.
<b>TurnKey</b>	ICW located on FHLBank's TurnKey public website.
<b>AHP Rental*</b>	ICW (identified for rental projects) located on FHLBank's AHP public website.

\*AHP Rental projects are encouraged, but are not required, to complete FHLBank's Rental ICW.

## INCOME LIMITS

FHLBank utilizes USDA income limits to establish AHP/TurnKey income limits. Current AHP/TurnKey income limits are accessible on the [AHP](#) and [TurnKey](#) public websites.

**Eligible AHP Households** must have annualized incomes that meet targeting commitments made in the signed AHP Agreement or most recent modification to targeting.

Owner-occupied Projects: To determine eligibility, compare the household's annual income to the Income Limits published on FHLBank's public website for the project type, specified year, household size, and location of the property. Contact HCD for income limits for households with more than eight members.

Rental Projects: At Project Completion Reporting and Long-term Monitoring, the AHP sponsor/owner must provide a Tenant Income Workbook (TIW) listing the current occupants of the project. Calculate tenant income and compare it to the income limits published on FHLBank's public website for the specified income certification year, household size and location of the property.

**Eligible HSP and HSP+ Households** must have annualized incomes of less than or equal to 80% of the AMI for the state and county/MSA in which the property is located.

**Eligible HOPE Households** must have annualized income of less than or equal to 115% of the AMI for the state and county/MSA in which the property is located.



## FRONT RATIO

**Eligible AHP OO DPA, HSP and HOPE Households** must have a front ratio (FR) less than or equal to 38%.

**Eligible HSP+ Households** must have a FR less than or equal to 44%.

The FR is based on FHLBank's qualifying income calculation and verified during reservation (TurnKey) and disbursement request review (AHP and TurnKey). To calculate a household's FR, take the sum of the monthly principal, interest (including subordinate mortgages), property taxes, property insurance, other housing-related fees (e.g., homeowners' association fees, flood insurance, private mortgage insurance, etc.) and divide by the household's qualifying monthly income as determined using the Income Calculation Workbook.

For TurnKey, the FR cannot be recalculated during the disbursement review using current income. The member must calculate the FR prior to loan closing using the qualifying income determined at reservation eligibility, as shown on the Household Income Screen in HSP Online, along with the housing fees listed on the final Closing Disclosure. If the FR exceeds the program guideline, the disbursement request is not eligible for funding.

## 2026 KEY CHANGES

1. To qualify for HOPE, the household income must be at or below 115% of the AMI.
2. The Seasonal section of the ICW has been expanded to include a second Employer field for household members with more than one seasonal income source.
3. The Self-employment/Rental section of the ICW has been expanded to include three fields for household members with multiple self-employment or rental income sources.

## Household Member and Income Disclosure

### HOUSEHOLD MEMBER AND INCOME DISCLOSURE REQUIREMENTS

#### Household Member Inclusions

All household members must be disclosed, including non-borrowing adults and children. FHLBank defines household as all individuals who currently, or **will, occupy** the house or residence. Examples of household members include, but are not limited to:

- Spouses
- Fiancés
- Domestic Partners
- Borrowing adults
- Non-borrowing adults
- Roommates
- Children (regardless of custody/visitation schedule)
- Foster children
- Other dependents (family and non-family members)
- Temporarily-absent household members including, but not limited to:
  - Deployed Service Members
  - College Students

Disclose and calculate the annual income for each household member **age 18 years and older**.

#### Household Member and Income Exclusions

##### Exclude:

- Live-in aides (that are not a family member or a party to the loan)
- Non-occupying co-signers/guarantors

*\*If the non-occupying co-signer/guarantor's income is utilized to assist the household with qualifying for the home loan, the household does not qualify for FHLBank grant programs (AHP and TurnKey) and a reservation/disbursement request cannot be submitted for the household. The household must qualify for the home loan using only their income to qualify for FHLBank grant programs.*

Non-occupying co-owners and non-occupying co-borrowers are not eligible. If a transaction includes a non-occupying co-owner or co-borrower, it does not qualify for AHP or TurnKey, and a reservation or disbursement request should not be submitted. For additional guidance, refer to the AHP Disbursement Guide or TurnKey User Guide, or contact HCD to discuss the specific situation.

#### Zero Income Household Members

If a household member 18 years of age or older is not employed or receiving income of any kind, they must complete and sign the AHP/TurnKey Zero Income and/or Unemployed Certification form. The form is available on AHP and TurnKey public websites



## INELIGIBLE RESERVATIONS/DISBURSEMENTS

All household members and their sources of income must be fully disclosed. If, at any time, information regarding household size, income, or any other factor relevant to AHP/TurnKey eligibility is found that indicates the household, homebuyer, homeowner, or tenant was ineligible at enrollment, reservation submission, or disbursement submission, repayment of the full subsidy (or other remedies, including suspension from participating in AHP/TurnKey) will be required.

## Income Inclusions and Exclusions

Generally, FHLBank Topeka requires **ALL** household income (taxed and tax-exempt) to be included in the calculation of the household income. The table (below) identifies the most common examples of income inclusions and exclusions. The table is not exhaustive. Contact HCD with questions.

Include	Do Not Include
The gross amount of all wages and salaries, overtime pay, commissions, fees, tips, bonuses, differential pay, housing allowances, and other compensation, including health insurance benefits (unless otherwise stated).	Benefits paid to the employee by the employer may be excluded from household income if there is a corresponding deduction labeled the same as the benefit <b>and</b> equal to the benefit paid to the employee.
Self-employment and Rental Income (current and anticipated) including income received from contracted 1099 employment (i.e. Uber, LYFT, DoorDash, GrubHub).	One-time lump sum payments including, but not limited to: inheritances, capital gains, insurance payments (including worker's compensation), and settlement for personal or property losses.
Alimony and child support payments.	Refunds or rebates received under state or local law for property taxes paid on the dwelling units.
Payments received for the care of foster children or foster adults.	Non-recurring income (including gifts, relocation, or moving expenses.)
Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, severance pay and public assistance payments unless otherwise indicated.	401K, IRA, annuities, and other retirement programs not making regular distributions.
Salaries received from a family-owned business.	All forms of student financial assistance paid directly to a student, educational institution, or a veteran.
The full, gross amount of regular or periodic payments (including interest payments) received from social security, annuities, insurance policies, retirement funds (i.e. 401K, IRA, etc.), pensions, disability or death benefits and other similar types of periodic receipts. Include amounts received by adults on behalf of minors or by minors intended for their own support.	Deferred periodic amounts from supplemental income and social security benefits that are received in a lump sum or in prospective monthly amounts; payments received from programs funded under Title V of the Older Americans Act of 1965; Supplemental; interest from savings or checking accounts.
Lottery or gambling winnings paid in periodic or lump sum payments.	Amounts received by any household member participating in programs under the Workforce Investment Act of 1998 or any special training programs funded by HUD.
Stipends, allowances and per diem payments from employer.	Reimbursements from employer (labeled as a reimbursement) may be excluded from income for mileage, meals, uniform expense, tuition expense and employment-related expenses.
Regular payments (employment and non-employment) received through payment services (i.e. Venmo, CashApp).	Imminent danger duty pay; Compensation received under the Victims of Crime Act (42 U.S.C. 10602); the first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or Court of Claims, etc.; payments received from the Job Training Partnership Act; Supplemental Nutrition Assistance Program (SNAP)

## Calculating Income and Income Documentation Requirements

The method used to determine annualized income and documentation requirements varies depending on income type. Generally, all gross current income from all sources is used to determine the household's annual income. No deductions from or adjustments to gross income are allowed even if they are allowed by other funding sources, such as USDA or HUD. For example, do not deduct childcare, disability status, elderly members of the household, or medical expenses from gross income, and do not "gross up" income from tax-exempt, non-employment sources such as Social Security.

The AHP/TurnKey Income Calculation Workbook (ICW) is a tool designed to assist members and project sponsors to determine whether a homebuyer, homeowner, or prospective tenant is within FHLBank Topeka income restrictions for participation in the AHP or TurnKey. The ICW is a Microsoft Excel workbook comprised of a Household Summary and Household Member tabs. The workbook calculates household income based on the FHLBank Topeka Income Calculation Guidelines.

Cells that require or allow data entry are blue in color. The ICW includes brief instructions in each section. Use the "Notes" in each section to explain income calculation variations, reasons for entering data in a manner not consistent with instructions, etc.

Calculations by the ICW are believed to be accurate; however, accuracy is not guaranteed, and the results do not constitute the official household income until HCD has received, reviewed, and approved all applicable household income documents.

### HOURLY AND SALARY EMPLOYMENT INCOME DOCUMENTATION REQUIREMENTS

Ensure income documentation submitted accurately represents a typical pay period. For example, if the employee is not regularly paid for extra holiday hours, the paystub that includes the payment of holiday hours would not be representative of a typical pay period. If the employee typically works a regular 40-hour work week, provide a paystub that reflects a 40-hour work week.

#### Documentation Requirements

##### ■ Option 1: Paystub

- Provide only **ONE** paystub;
- Includes at least 28 days of YTD earnings;
- **TurnKey (HSP, HSP+ and HOPE):** Dated no more than 60 days prior to the reservation submission date;
- **AHP OO:** Dated no more than 60 days prior to the disbursement submission date or the program enrollment date (the date the project sponsor reviewed all income documents and qualified the household for participation in the AHP project);
- **AHP Rental:** Dated no more than 120 days prior to the certification date listed in the TIW;
- Identifies the employer and employee name;
- Provides a breakdown of all earnings;
- Discloses pay period dates, pay frequency, pay date, wage/salary and hours worked/paid;
- Accurately represents a typical pay period.

OR

#### ▪ Option 2: Verification of Employment (VOE)

- Preferably, employer completes the AHP/TurnKey VOE form (found on the AHP and TurnKey public websites);
- Automated VOEs are not recommended; third-party digital employment verifications often lack the information required to accurately complete the ICW, which can delay eligibility determinations;
- The VOE is legible;
- **TurnKey (HSP, HSP+ and HOPE):** Dated no more than 60 days prior to the reservation submission date;
- **AHP OO:** Dated no more than 60 days prior to the disbursement submission date or the program enrollment date (the date the project sponsor reviewed all income documents and qualified the household for participation in the AHP project);
- **AHP Rental:** Dated no more than 120 days prior to the certification date listed in the TIW;
- All sections are completed;
- “Thru” Date is completed with the pay period end date for YTD earnings, not the pay check date;
- Includes a breakdown of all earnings;
- The sum of all earnings equals the YTD Total Income;
- Is signed by the employer;
- Has not been altered by the employee, member, or sponsor.

### CALCULATING HOURLY AND SALARY EMPLOYMENT INCOME

To determine annual employment income, calculate annual income by 1) annualizing year-to-date (YTD) gross income; and 2) annualizing base wages and other income. If there is a difference between the two calculations greater than or equal to the greater of seven percent (7%) or \$3000 or more, provide an explanation for the discrepancy from the employer (see [Income Calculation Discrepancies](#) and [Employer Explanations/Verifications](#)). The greater value of the two calculations is determined to be the annual qualifying employment income. Complete both income calculation methods.

**Gross income** is the full amount (before any payroll deductions) of all wages and salaries, overtime pay, commissions, fees, tips, bonuses and other compensation.

#### Calculation 1 – Annualizing YTD Earnings Income

The workbook annualizes gross income by dividing YTD gross income by number of calendar days included in the income reporting period and then multiplying by 365.

#### Calculation 2 – Annualizing Base Wages and YTD Other Income

The workbook annualizes base wages by multiplying base wages per period by the total pay periods per year. The standard calculations listed below are used based on the employee’s pay schedule.

Wage Type	Calculation
Hourly wages	Multiply hourly wages by hours worked per week and weeks worked per year.
Weekly wages	Multiply weekly wages by 52.
Bi-weekly wages	Multiply bi-weekly wages by 26
Semi-monthly wages	Multiply semi-monthly wages by 24
Monthly wages	Multiply monthly wages by 12
Annual wages	Multiply annual wages by 1

## YTD Earnings Calculation

Complete the YTD Start Date, Pay Period End Date and YTD Total Income. To ensure the ICW is completed correctly follow the instructions below:

- **YTD Start Date:** Typically, the YTD Start Date is a date in the previous year, not January 1. The YTD Start Date can be determined by uncovering the first pay date of the year. For example, if January 5 is the first pay date of the year and pay period December 16 – December 31 was paid on January 5, the YTD Start Date would be December 16. If the household member was hired after January 1 of the current year, complete the YTD Start Date with the hire date, as verified by the employer.
- **Pay Period End Date:** Enter the Pay Period End Date as indicated on the income document. The Pay Period End date is the last day of the pay period for YTD earnings, not the pay date.
- **YTD Total Income:** Enter all earnings YTD, as shown on the income document, in the YTD Total Income. No earnings should be deducted from the YTD Total Income unless the earning is a one-time bonus and verified by the employer as non-recurring (see [Non-recurring Income](#)). Overtime cannot be removed from the YTD Total Income (annualization).

## Base Wages Calculation + YTD Other Income

Determine if the household member is paid a salary or an hourly rate and complete the Base Wages accordingly. Either the salary or hourly rate should be completed, not both. Follow the applicable instructions below:

### ▪ Option 1: Salary

- **Salary Per Pay Period:** Complete the Salary Per Pay Period using the salary information provided on the income document. Do not complete the Salary Per Pay Period if the income document indicates the employee is paid an hourly rate.
- **Pay Frequency/Year:** Determine Pay Frequency per the instructions provided in the [Pay Frequency/Schedules](#) section of this guide. If the Pay Frequency cannot be determined with the income document, verify the pay frequency with the employer (see [Employer Explanations/Verifications](#)). Select the appropriate pay frequency from the drop down.

**OR**

### ▪ Option 2: Hourly

- **Regular Hourly Rate:** Complete the Regular Hourly Rate using the information provided on the income document. Do not complete the Regular Hourly Rate if the income document indicates the employee is paid a salary.
- **Hours/Week:** Calculate the Hours/Week per instructions provided in the [Calculating Hours Per Week](#) section of this guide. If a range of hours is indicated, enter the high end of the range. If multiple income documents are provided, the Hours/Week should be completed with the highest number of regular hours paid.

**AND**

### FYI

Earnings that supplement regular earnings should not be entered in the YTD Other Income. These earnings should be included in the Hours/Week calculation. Examples include, but are not limited to:

- Holiday
- Sick
- Vacation
- Bereavement

▪ **YTD Other Income**

- Earnings paid in addition to regular wages (such as overtime, tips, commission, bonuses, etc.) are considered other income. Enter YTD additional wages in the YTD Other Income. Earnings paid at the regular hourly wage or salary and supplement regular earnings (such as holiday, sick, vacation, bereavement, etc.) should not be included in the YTD Other Income. If unsure, contact the employer before submitting to FHLBank for review.

**Hourly Wages or Shift Differentials**

If a household member's regular wage varies, such as when working in different positions during the same pay period, complete the ICW utilizing one of the options below:

▪ **Option 1:**

- Include the total YTD income shift differential earnings in the "YTD Other Income."  
**OR**

▪ **Option 2:**

- Complete the hourly rate with the highest shift differential rate for all hours worked.

**Pay Schedules/Frequency**

If the household member is salaried, the amount of income per pay period is the same. If the household member is paid semi-monthly or on a monthly basis but is an hourly employee, the hours worked per week will need to be calculated, because the number of days in the pay period may vary (see [Calculating Hours per Week](#)).

**Bi-Weekly Pay**

Paid every other week. For example: Paid every other Friday.

**Semi-monthly Pay**

Paid twice a month on the same recurring schedule. For example: Paid on the 15<sup>th</sup> and last day of each month.

**Monthly Pay**

Paid once per month. For example: Paid on the 1<sup>st</sup> day of each month.

## Calculating Hours Per Week

To calculate the number of hours a non-salaried employee works per week who is not paid weekly:

- Bi-weekly Pay (every two weeks): Utilizing the income document that will be submitted to FHLBank, add together regular hours and hours paid to supplement regular hours, then divide by two. For example:
  - The paystub indicates the household member was paid for 72 regular hours and 8 sick hours.
  - Add 72+8, which calculates to 80 regular hours paid during the bi-weekly pay period.
  - Divide 80/2, which calculates to 40 hours per week.
  - Complete the Hours/Week in the ICW as 40.
- Semi-monthly Pay (twice per month): Utilizing the income document that will be submitted to FHLBank, determine the number of days in the pay period (including weekends). Add together the regular hours and hours paid to supplement regular hours, then divide by the total days (including weekends) in the pay period to determine the hours per day. Next, multiply the hours per day by the days in a week (using a 7-day week). For example:
  - The paystub indicates the household member was paid for 80 regular hours and 8 holiday hours during a 15 day pay period.
  - Add 80+8, which calculates to 88 regular hours paid during the semi-monthly pay period.
  - Divide 88/15, which calculates to 5.866 hours per day.
  - Multiply 5.866\*7, which calculates to 41.066 hours per week.
  - Complete the Hours/Week in the ICW as 41.066.
- Monthly Pay (once per month): Utilizing the income document that will be submitted to FHLBank, determine the number of days in the pay period (including weekends). Add together the regular hours and hours paid to supplement regular hours, then divide by the total days (including weekends) in the pay period to determine the hours per day. Next, multiply the hours per day by the days in a week (using a 7-day week). For this example:
  - The paystub indicates the household member was paid for 144 regular hours, 8 holiday hours and 8 bereavement hours during a 31 day pay period.
  - Add 144+8+8, which calculates to 160 regular hours paid during the monthly pay period.
  - Divide 160/31, which calculates to 5.16 hours per day.
  - Multiply 5.16\*7, which calculates to 36.129 hours per week.
  - Complete the Hours/Week in the ICW as 36.129.

## Varying Hours

If the hours worked shown on income documentation are expressed as a range, use the high end of the range. For example, if the range of hours worked per week is 24-30, complete the ICW using 30 hours per week.

**Submit only one income document that accurately represents the household member's income.** If more than one income document is submitted, each income document will be reviewed. If the hours



vary, the income document with the highest number of hours worked or the highest pay received will be used to calculate the Base Wages in the ICW. For example, if three paystubs are provided showing 32 hours, 34 hours and 36 hours, 36 hours will be used to complete the Hours/Week in the ICW. FHLBank does not average hours or allow the ICW to be completed with an average.

## NON-RECURRING INCOME

If the employer states bonus income is non-recurring, will not continue, or is paid at regular intervals (such as bonuses paid on an annual basis), this amount is not required to be annualized; subtract the bonus from the YTD Earnings, and enter the bonus amount and number of payments in Section 4: Other Income - 1 or 2. Verification from the employer that the income is non-recurring is required (see [Employer Explanations/Verifications](#)). Overtime must be annualized and cannot be removed from the YTD Earnings (annualization).

## SEASONAL EMPLOYMENT INCOME DOCUMENTATION REQUIREMENTS

For seasonal workers, **ONE** of the following types of income documentation must be provided:

▪ **Option 1: W-2**

- The previous (most recent) year's W-2 may be utilized if the W-2 meets the following criteria:
  1. The current year employer is the same as the employer represented on the W-2 **AND**
  2. The W-2 represents a full season of employment.
- The W-2 must be accompanied by verification from the employer indicating the nature of employment is seasonal, and the W-2 represents a full season of employment. If the W-2 is not representative of a full season of employment a VOE or paystub will be required.

**OR**

▪ **Option 2: VOE**

- Preferably, the employer completes the AHP/TurnKey VOE form (found on the AHP and TurnKey public websites).
- The VOE must be accompanied by verification from the employer confirming the nature of the employment is seasonal, the number weeks worked per year and the number of weeks worked YTD (see [Employer Explanations/Verifications](#)).

**OR**

▪ **Option 3: Paystub**

- The paystub must be accompanied by verification from the employer indicating the nature of the employment is seasonal, the number of weeks worked per year and the number of weeks worked YTD (see [Employer Explanations/Verifications](#)).

**Seasonal Income:**  
Job does not require employee to work year-round.

\*Part-time, year-round employment is not considered seasonal.

**Examples of Seasonal Income Include:**  
School para, construction worker, lifeguard

## CALCULATING SEASONAL EMPLOYMENT INCOME

If a VOE or paystub is provided, complete the YTD Earnings, Base Wages and YTD Other Income cells in the Seasonal Income section of the ICW. The # Weeks Will Work This Year and Weeks Worked YTD must be completed with figures calculated based on seven days per week. For example, if a school para reports to work five days a week, the employer should calculate the # Weeks Will Work This Year and Weeks Worked YTD using seven days per week. If unemployment is regularly received during the off season, provide income documentation representative of the unemployment benefits.

If a W-2 is utilized, do not complete the Base Wages or YTD Other. Only complete the YTD Earnings in the Seasonal Income section of the ICW:

- **# Weeks Will Work This Year** – 52
- **Weeks Worked YTD** – 52
- **YTD Total Income** – Complete using the highest gross wage as shown on the W-2.

## NON-TRADITIONAL EMPLOYMENT INCOME DOCUMENTATION REQUIREMENTS

For non-traditional workers, **ONE** of the following types of income documentation must be provided:

▪ **Option 1: W-2**

- The previous (most recent) year's W-2 may be utilized if the W-2 meets the following criteria:
  1. The current year employer is the same as the employer represented on the W-2 **AND**
  2. The W-2 represents a full year of employment. If the W-2 does not represent a full year of employment, verification from the employer confirming the employment start date is required (see [Employer Explanations/Verifications](#)).
- The W-2 must be accompanied by verification from the employer indicating the nature of employment is non-traditional (see [Employer Explanations/Verifications](#)).

**OR**

▪ **Option 2: VOE**

- Preferably, the employer completes the AHP/TurnKey VOE form (found on the AHP and TurnKey public websites).
- If the VOE is not indicative, verification from the employer is needed to confirm the nature of the employment is non-traditional (see [Employer Explanations/Verifications](#)).

**OR**

▪ **Option 3: Paystub**

- If the paystub is not indicative, verification from the employer is needed to confirm the nature of the employment is non-traditional (see [Employer Explanations/Verifications](#)).

**Non-traditional Income:**

Employee is not paid hourly or a salary. Often, pay is straight commission, by the mile, etc.

**Examples of Non-traditional Income Include:**

Car salesperson, truck driver, real estate salesperson

## CALCULATING NON-TRADITIONAL EMPLOYMENT INCOME

Given the method of pay for non-traditional workers, it is generally only possible to calculate income by completing the YTD Earnings in the ICW. If a paystub or VOE is utilized, complete the Employer 1 or Employer 2 sections of the ICW utilizing the [YTD Earnings Calculation](#) instructions.

If a W-2 is utilized, complete the YTD Earnings in the Employer 1 or Employer 2 sections of the ICW:

- **YTD Start Date** – If the W-2 represents a full year of income, complete the YTD Start Date as 1/1 of the previous year (year represented on the W-2).  
**OR**
- If employment started during the previous year, complete the YTD Start Date with the employment start date (as verified by the employer).
- **Pay Period End Date** – Complete as 12/31 of the previous year.
- **YTD Total Income** – Complete using the highest gross wage as shown on the W-2.

## SELF-EMPLOYMENT INCOME DOCUMENTATION REQUIREMENTS

Self-employed household members must submit the **signed** previous year individual tax return or the **signed** AHP/TurnKey YTD Profit and Loss Statement, according to the instructions provided. **DO NOT** provide business tax returns.

Contract work paid via a 1099 is considered self-employment. Examples include, but are not limited to, income from employment such as Uber, LYFT, Door Dash, GrubHub, Mary Kay, Norwex, etc.

### ▪ Option 1: Tax Return

- The previous year's individual tax return must be utilized if the household member was self-employed during the previous calendar year. The tax return must meet the following criteria:
  1. All pages and schedules are included. **AND**
  2. The tax return is **signed** by the taxpayers listed on the 1040. If the tax return is not signed, a completed and **signed** IRS Form 8879 e-file Signature Authorization **signed by the taxpayers** must be provided.
- If the household member was not self-employed for the full year represented by the tax return, the start date of the self-employment must be verified with the household. Document the self-employment start date in the Notes section of the ICW **OR** provide documentation that verifies the self-employment start date and upload it with the other income documentation.

### ▪ Option 2: AHP/TurnKey YTD Profit and Loss Statement

- **Prior to Tax Filing Deadline:** If the household member has not filed their tax return, but was self-employed during the previous calendar year and the reservation is submitted prior to the IRS tax filing deadline for the tax return year, a **fully completed** AHP/TurnKey YTD Profit and Loss Statement for the previous year, **signed and dated** by the household member, must be provided. *\*\*If the reservation is submitted after the IRS tax filing deadline for the tax return, the previous year's **signed** tax return is required.\*\**
- **New Self-Employment in the Current Year:** If self-employment started during the current year, provide a **fully completed** AHP/TurnKey YTD Profit and Loss Statement for the current year **signed and dated** by the household member.

### Helpful Tips for Self-Employment Documentation

- Ensure the tax return is **signed** by all taxpayers listed on the 1040.
- Provide all pages and schedules of the individual tax return.
- Do not provide business tax returns.
- Only the prior year's individual tax return is needed. Do not submit multiple years.
- Do not provide tax returns for homebuyers that are not self-employed.
- If a Profit and Loss Statement is required, the AHP/TurnKey Profit and Loss (P&L) must be utilized. Other Profit and Loss forms will not be accepted.
- Ensure the P&L is **fully completed, signed and dated** by the homebuyer.
- Provide either a tax return **OR** a P&L for each source of self-employment/rental income. Only one of these documents is required. See [Self-Employment Income Documentation Requirements](#) to determine the correct documentation needed.

## CALCULATING SELF-EMPLOYMENT INCOME

Calculate the household's self-employment using the Net Profit or (Loss) and depreciation shown on the required documents (as indicated above). "Prior" and "previous" are referring to the calendar year before the current year. For example, if the current year is 2026, the 2025 individual tax return or an AHP/TurnKey Profit & Loss Statement for 2025 must be provided, unless otherwise stated.

If a household member has multiple sources (schedules) of self-employment/rental income, enter each source separately in the ICW. Three self-employment/rental fields are available in the ICW for each household member. If the household member has more than three sources of self-employment/rental income, contact HCD for instructions.

***Negative income calculated in any self-employment/rental field will be treated as \$0.00. Negative income cannot be used to reduce other sources of self-employment/rental income or any other type of income.***

### Prior Year Individual Tax Return Has Been Filed

In Section 3: Self-Employment/Rental Income, select "Yes" from the drop-down menu for the question "Has a tax return been filed for the self-employment income for last year?" Complete the ICW utilizing the previous year tax return:

- Self-Employment Start Date: If the household member was self-employed for all the previous year, enter January 1 of the tax return year OR if self-employment started during the previous year, enter the date the business was created or acquired.
- Tax Return End Date: Enter December 31 of the tax year.
- Net Income and Depreciation: Enter the applicable net income and depreciation shown for self-employment income on the tax return:
  - **Schedule C** (Sole Proprietorship) – Line 31: Net profit or (loss) + Line 13: Depreciation
  - **Schedule E** (rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.) – Line 26: Total rental real estate and royalty income or (loss) + Line 18: Depreciation expense or depletion or Line 18 + Line 41: Total income or (loss)
  - **Schedule F** (Profit or Loss from Farming) – Line 34: Net farm profit or (loss) + Line 14: Depreciation

### Prior Year Individual Tax Return Has Not Been Filed

In Section 3: Self-Employment/Rental Income, select "No" from the drop-down menu for the question "Has a tax return been filed for the self-employment income for last year?" Complete the ICW utilizing the AHP/TurnKey YTD Profit and Loss Statement completed by the homebuyer:

- P&L Start Date: If the household member was self-employed for all the previous year, enter January 1 of the previous year OR if self-employment started during the previous year, enter the date the business was created or acquired.
- P&L End Date: Enter December 31 of the tax year.
- YTD Net Income and Depreciation: Complete using the information from the AHP/TurnKey YTD Profit & Loss Statement fully completed and signed by the homebuyer.

## RENTAL INCOME DOCUMENTATION REQUIREMENTS

If the household is currently receiving rental income or anticipating the receipt of rental income, the rental income must be disclosed and annualized in the ICW.

### Examples of Current Rental Income

Examples of rental income sources include, but are not limited to:

- Commercial properties
- Land
- Business booth rental
- Residential (rental) properties (AHP and HOPE ONLY)

If the household received rental income from any sources in the previous year, provide the applicable documentation from either Option 1: Tax Return or Option 2: AHP/TurnKey YTD Profit and Loss Statement as listed in the [Self-Employment Income Documentation Requirements](#) section.

### FYI

**HSP and HSP+ households cannot have current residential (rental) property income because these are first-time homebuyer (per FHLBank definition) programs. If the household has current residential (rental) properties, they do not qualify for HSP/HSP+ and a reservation cannot be submitted for the household.**

### Examples of Anticipated Rental Income

Examples of anticipated rental income sources include, but are not limited to:

- Multifamily home purchases. For example, if a household is utilizing AHP or TurnKey grant funds to assist with the purchase of a multifamily home, such as a duplex or an accessory dwelling unit (ADU), the [anticipated income](#) from the additional unit(s) must be disclosed and annualized in the ICW.
- **AHP ONLY:** The household's current primary residence is being converted to a rental after the purchase of another residence. For example, a household currently owns a primary residence and is utilizing AHP grant funds to purchase another residence that will be their primary residence. If the household is not selling their current residence, and plans to convert it to a rental, the anticipated rental income must be disclosed and annualized in the ICW.

### Anticipated Rental Income Documentation Requirements

For rental income, submit the current (active) lease agreement or an appraisal per the instructions provided (below), **anticipated rental income must be disclosed regardless of if there is a current (active) lease.**



#### ▪ Option 1: Current (Active) Lease Agreement

- For TurnKey and AHP OO DPA, the current (active) lease should only be provided if the rental income will continue after the homebuyer takes ownership of the property. The lease must include the lease end date.
- Provide all pages of the executed lease agreement, **signed** by all parties.
- An appraisal is not required if a current (active) lease agreement is provided.
- Upload the lease agreement with the other income documentation required for the household.

#### ▪ Option 2: Appraisal

- This option is only available if there is not a current (active) lease that will continue after the homebuyer takes ownership of the property.
- Provide **all pages** of the appraisal including Form 1007 or Form 1025.
- Upload the appraisal with the other income documentation required for the household.

### CALCULATING RENTAL INCOME

Rental Income is calculated using 75% of the gross monthly rent charged on the current (active) executed lease agreement or 75% of the projected monthly gross rental income from the appraisal. If an appraisal is provided, the highest rent amount will be utilized to calculate gross rental income. Complete Section 4: Other Income 1 or 2 in the ICW:

- **Amount Received** – Complete using 75% of the anticipated gross monthly rental income.
- **x Payments Per Year** – 12.

## NON-EMPLOYMENT INCOME DOCUMENTATION REQUIREMENTS

Non-employment income must be disclosed and included in the ICW. Examples of non-employment income include, but are not limited to, the full, gross amount of child support, alimony, regular or periodic payments received from social security, annuities, 401K, IRA, pensions and other similar types of retirement income, social security, disability, death benefits, trust funds, etc.

### Child Support/Alimony

#### ▪ Option 1: Court Order

- Provide the most recent signed and executed court order that **includes the recording information**.
- Provide **all pages** of the court order.
- **DO NOT** provide bank account statements showing child support deposited to the household member's bank account.

OR

#### ▪ Option 2: Formal Statement from a Local or State Authority/Agency

- The statement should verify the monthly payment OR document 60 days of payment history.
- The **name of the household member** receiving the payments must be visible on the statement.
- If not received regularly, provide the most recent previous six months history.

### Social Security

#### ▪ Option 1: Benefit Letter

- Provide all pages of the current benefit letter that meets the date requirements for the applicable program:
  - **AHP OO:** The letter must correspond to the current benefit year based on the disbursement submission date or the program enrollment date (the date the project sponsor reviewed all income documents and qualified the household for participation in the AHP project). For example, if the household was enrolled by the sponsor in August 2025, the 2025 benefit letter should be provided because it was the current benefit letter available at the time of enrollment. The 2026 benefit letter would not yet have been issued, and the 2024 benefit letter would have been outdated.
  - **AHP Rental:** The letter must correspond to the current benefit year based on the certification date listed in the TIW. For example, if the certification date listed in the TIW is October 2024, the 2024 benefit letter should be provided.
  - **TurnKey:** The letter must correspond to the current benefit year based on the reservation submission date. For example, if the reservation is submitted in May 2026, the 2026 benefit letter should be provided.
- Ensure the monthly gross benefit can be verified with the benefit letter provided.
- Social Security received by a household member on behalf of minors or by minors intended for their own support, must be disclosed and included in the ICW.

OR

#### ▪ Option 2: Previous Year 1099

- For Social Security benefits, this option is **only available during the first quarter (January 1 – March 31)** of the current calendar year.

### Retirement Income

- **Option 1: Current Award Letter**

- Regular and Periodic payments must be disclosed and included as income in the ICW.
- Provide **all pages** of the award letter.
- Ensure the gross income can be verified with the award letter provided.

OR

- **Option 2: Previous Year 1099**

- For Retirement income, a 1099 may be provided as income documentation year-round.
- OR

- **Option 3: Current Retirement Statement**

- Most recent retirement statement disclosing regular and periodic payments.
- Provide **all pages** of the retirement statement.
- **DO NOT** provide a bank statement showing retirement deposits to the household member's bank account.

### CALCULATING NON-EMPLOYMENT INCOME

Non-employment income should be disclosed in Section 4: Other Income of the ICW. For other income received on a recurring or periodic schedule, calculate the annualized amount by multiplying the gross periodic amount by the number of periods in the year.

### Child Support/Alimony

- Use only the current amount of support; do not include amounts for arrears or past due support.
- If the documentation demonstrates the child support is not received regularly, calculate the monthly payment amount by averaging the child support received over the previous six months.
  - For example, if the court ordered child support amount is \$300.00 per month, the household member only received a total of \$600.00 in child support over the previous six-months, average the \$600.00 received over six-month period in order to determine the monthly child support payment amount.  
$$\$600.00/6 = \$100.00$$
 average child support received monthly.
  - In Section 4: Other Income, Child Support/Alimony, complete the Payment Amount with the monthly child support amount and the x Payments Per Year as 12.
  - If the average child support received is higher than the court ordered amount, complete the ICW with the court ordered amount.
  - Six months' child support history should only be provided if the household member is not receiving child support payments regularly.

### Social Security

- If the award letter shows a repayment plan, health insurance, Medicare, etc. add the amount to the net benefit to obtain the gross benefit.
- Enter the gross amount of Social Security benefits received in Section 4: Other Income, Social Security/Pension/Disability Income.
  - Complete the Payment Amount with the gross monthly Social Security benefit received.
  - Complete the x Payments Per Year cell as 12.

### Retirement Income

- Enter the gross amount of retirement income received in Section 4: Other Income, Social Security/Pension/Disability Income.
  - If the household member receives multiple forms of retirement income, etc. add the monthly payments together and enter the figure in the Payment Amount. Disclose in the corresponding "Notes" section of the ICW how the Payment Amount figure was calculated.
  - Complete x Payments Per Year as 12.

## NEW EMPLOYMENT INCOME DOCUMENTATION REQUIREMENTS

New employment situations can vary widely, and the income documentation required will depend on the specific circumstances of the household. This section outlines common scenarios related to new employment. Review each scenario carefully to determine which one applies to the household and to identify the appropriate documentation needed to verify income accurately and consistently.

### **1. The household member is currently employed, with a confirmed upcoming job change.**

- Provide income documentation for the homebuyer's current employment/income.
  - For **AHP OO**, this would be the employment/income as of the disbursement submission date or the program enrollment date (the date the project sponsor reviewed all income documents and qualified the household for participation in the AHP project).
  - For **AHP Rental**, this refers to employment/income as of the TIW certification date.
  - For **TurnKey**, this refers to the employment/income as of the date of reservation submission.

### **2. The household member is currently employed but has not yet received a paystub reflecting 28 days of YTD earnings.**

- Provide the most recent paystub or a VOE completed by the employer.
- The VOE should include the employment start date. If the start date is not listed on the VOE or if a paystub is provided instead, obtain separate verification from the employer confirming the employment start date.
  - Document the employment verification of the YTD Start Date in the ICW.
  - Complete the YTD Start Date cell for the YTD Earnings calculation in the ICW, but do not complete the Pay Period End Date or YTD Total Income cells.
  - Complete all required cells for the Base Wages calculation in the ICW.

### **3. The household member is currently unemployed but has a signed and fully executed employment contract with a confirmed future start date.**

- Provide the fully executed employment contract signed by all parties.
- The employment contract must include key details such as the contract date, position/title, employment start date, regular wage or salary, bonus information (if applicable), employee signature, employer signature and confirmation that the homebuyer has passed all required employment checks and that no contingencies remain.
- Job offer letters will not be accepted.

If the applicant has no current or future sources of income, provide a signed [AHP/HSP Zero Income and/or Unemployed Certification form](#).

## INCOME CALCULATION DISCREPANCIES

If, after completing the income calculation in the ICW, there is a discrepancy of the greater of seven percent (7%) or \$3000 or more between the year-to-date annualized income and the annualized base wages, obtain an explanation from the employer for the discrepancy. A discrepancy is signified by a **red** font warning message under the Highest Calculated Income in the ICW:

Highest Calculated Income (Employer #1):	\$ 48,026.32	YTD Earnings Used to Qualify.
<b>Correct income information based on Income Calculation Guidelines or provide an explanation from the employer for the discrepancy between the two calculations.</b>		

In most cases, the explanation may be obtained from the employer verbally and entered in the Employer Verbal Verifications next to the income calculation in the ICW. If a written explanation from the employer is required, upload the explanation with the income documentation (see [Employer Explanations/Verifications](#)).

Common reasons for discrepancies:

- **ICW Calculations Completed Incorrectly**

- Check the ICW for errors.
- Ensure **all** earnings are included in the YTD Total Income (see [YTD Earnings Calculation](#)).
- Ensure the YTD Other is completed correctly. Earnings paid in addition to regular wages should be entered in the YTD Other Income (see [Base Wages Calculation + YTD Other Income](#)).

- **Inaccurate YTD Start Date**

- The YTD Start Date can be determined by uncovering the first pay date of the year. For example, if pay period December 12 – December 26 was paid on January 4, the YTD Start Date would be December 12 (see [YTD Earnings Calculation](#)).

- **Varying Hours**

- Obtain the average hours worked per week from the employer to explain discrepancy.
- The high end of the range will be used to complete the ICW, not the average.

- **Off Work Without Pay**

- Obtain the number of days or weeks the homebuyer was off work without pay from the employer to explain the discrepancy.

- **Wage Increase**

- Obtain the amount and date of the wage increase from the employer to explain the discrepancy

- **New Employment**

- Obtain the employment start date from the employer (see [New Employment Income Documentation Requirements](#)).
- Complete the YTD Start Date in the ICW with the employment start date.



## NAME DISCREPANCIES

Generally, the names on the income documentation and the names entered in the ICW and AHP/HSP Online should match.

- If the last name on the income documentation differs from the last name entered in the ICW and/or AHP/HSP Online, provide proof of name change such as a marriage certificate/license, divorce decree, signed and notarized affidavit, etc.
- The name(s) on the Reservation Initiation screen (HSP Online) or the Household Selection screen (AHP OO), the ICW and income documentation should match.
- If the household member has multiple last names, ensure ALL names are entered in AHP/HSP Online and in the ICW.

## EMPLOYER EXPLANATIONS/VERIFICATIONS

FHLBank may require verifications or explanations from the employer for certain employee income circumstances. The explanation/verification may be either verbal or in writing, unless otherwise required. **Explanations from the member and household member(s) will not be accepted.**

Verbal and written explanations should include the following information:

- Employer contact's name
- Employer contact's title/position
- Summary of conversation/explanation
- Employer contact signature (written verifications)

If the verification/explanation is received from the employer verbally, it should be documented in the Employer Verbal Verifications section of the ICW. If the explanation/ verification is received in writing, it should be uploaded with the other income documentation. An email from the employer will be accepted as written verification if all required information, as listed above, is included in the email.

Certain circumstances will require a verification/explanation in writing:

- Earnings
- Non-recurring income (i.e. bonuses only paid once a year or at regular intervals and should not be annualized in the ICW)
- Explanations/Verifications for households that the AMI% is close to the maximum program limit (TurnKey) or targeting category (AHP)

**HCD may, at its discretion, may request verbal or written explanations/verifications for any reason.**

## INCOME CALCULATION QUESTIONS

Contact HCD for assistance with income sources and types income that do not easily fit into a specific income category or with any questions about income documentation and income calculation.

### **FYI**

**DO NOT** send income documentation or ICWs via (unsecure) regular email. This information contains Personally Identifiable Information (PII) and regular email is not secure.

For TurnKey, if the household income exceeds the AMI program guideline or the front ratio exceeds the program guideline and you have questions about the calculation, email [TurnKey@fhlbtopeka.com](mailto:TurnKey@fhlbtopeka.com). Include a brief description of the scenario or call 866.571.8155 for assistance. **DO NOT** email income documentation or disclose PII in the email.

For AHP, submit documentation to the assigned analyst through our secure email portal, ProofPoint.

## DETERMINATION OF ELIGIBILITY STATEMENT

HCD's interpretation of income documentation requirements and income calculation methods are applied to every household for eligibility determination. If the household income exceeds the AMI guideline or targeting requirements, the household will be deemed ineligible, and the reservation and/or disbursement request will be rejected and withdrawn. HCD reviews requests in a fair and consistent manner. Exception requests to utilize alternative income calculation methods and documentation will not be honored. HCD's determination of household eligibility is final.