

Homeownership Initiatives

ADDITIONAL INCOME
DOCUMENTATION AND
CALCULATION
INFORMATION



FHLBank
INDIANAPOLIS

BUILDING PARTNERSHIPS.
SERVING COMMUNITIES.

DATE: March 2020 PRESENTED BY: Community Investment Staff



Agenda



- I - Plan and Income Guidelines
- Household Size and Eligible Income
- Tax Returns
- Calculating and Documenting Different Income Types
- Income Examples

I-Plan and Income Guidelines

CID LANDING PAGE



COMMUNITIES AND HOUSING

AFFORDABLE HOUSING PROGRAM



HOMEOWNERSHIP INITIATIVES



COMMUNITY AND ECONOMIC DEVELOPMENT



LATEST UPDATES



SUPPORTING COMMUNITY AND HOUSING INITIATIVES

Since its creation in 1990, the Community Investments department of FHLBank Indianapolis has played a pivotal role in providing safe and affordable housing to residents in Indiana and Michigan. By partnering with community developers, non-profit organizations, and public agencies, FHLBank Indianapolis members can use our grants to build affordable housing, improve their neighborhoods, and reinvest in their communities.

For more information about the grants that we offer, please read the program summaries below or visit their page.



See the 2017 Annual Report of our Affordable Housing



Household Size and Eligible Income



- Household Size includes all people currently living in the home (NIP/AMP) or all people who will live in the home (HOP).
- Foster children and unrelated live-in aides will not be included in the household size or income calculations.
- Any ongoing income for all household members 18 years and older is eligible.
- Dependent students over 18 (typically children of the primary applicants) will not have their income included in the calculations.
- One-time lump sum payments such as lottery winnings, capital gains, inheritances are not included.
- ***See the Income Guidelines for a more comprehensive list of included and excluded income types.***

Tax Returns



- Needed for all household members required to file taxes
- Used as a starting point for looking at current income
 - Do you have W2s, 1099s, etc. to account for all income on tax return?
 - Are all income sources accounted for with current documentation?
- Compare to current income calculations to see if there have been big changes

Calculating Earned Wages



- Annualizing vs Averaging
 - For Annualized income calculations, FHLBI takes the Year to Date income from the most recently available check stub and projects that amount over 365 days.
 - For Averaged income calculations, FHLBI takes the average pay from the most recent pay stubs (up to four) and multiplies by the number of pay periods per year.
- Bonuses
 - If bonuses or other infrequent pay types are earned, they should be pulled out of the pay stub amounts and the anticipated annual amount should be entered in the “Adjustment” boxes

Documenting Earned Wages



- A minimum of two pay stubs covering at least one month of pay are required for all earned income sources
- Pay stubs must be consecutive and dated within 60 days of the enrollment date
- If there are large fluctuations in pay from week to week, additional pay stubs may be required.
- Verifications of Employment (VOEs) are required for all current jobs and may be needed for jobs from the previous year.
- If bonuses or other infrequent pay types are present, an explanation from the employer may be required.

Self Employment



- Calculating
 - Calculations are made by averaging the net income amounts from the past two years and adding depreciation, depletion, and other non-cash deductions back in. These numbers should be pulled directly from Schedule C of the tax returns.
- Documenting
 - Three Years of tax returns are needed to document Self Employment
 - Year to date profit and loss statement must also be provided
 - If two full years of self employment income evidenced by three years of tax returns cannot be provided, the household is not eligible

Seasonal Income



- Calculating
 - For seasonal positions, adjustments will need to be made at submission.
 - You may use the Supplemental Income Calculation worksheet to help make and explain these calculations.
- Documenting
 - VOEs are required to describe on/off seasons, changes in hours, etc.
 - A second year of tax returns is required
 - Off season income, including unemployment must be documented

Calculating Recurring Income



- Social Security
 - Generally, the current gross amount received multiplied by 12. ***Do not gross up.*** If amount received varies from month to month, an average will be used.
- Pensions, annuities, insurance payouts
 - Generally, the current gross benefit received multiplied by 12. If the amount received varies from month to month, an average of payments received YTD will be used.
- Child Support / Alimony
 - Actual amounts received will be used in the calculation - as opposed to the court ordered amount. Calculate using the average monthly payment over the past 6 months. Medical, childcare and arrearage should not be included in calculations.

Documenting Recurring Income



- Social Security
 - Current statement dated within 60 days of the enrollment date, or a benefit award letter and current bank statement. If using the second method, the net amount from the statement must match the amount in the bank statements.
- Pensions, annuities, insurance payouts
 - Most recent benefit statement confirming frequency and gross amount of pay
- Child Support / Alimony
 - Court-ordered documentation of a minimum of the most recent 6 months of payments such as a “Friend of the Court” statement.
 - Divorce decree or court order showing required payment amounts may be required.

QUESTIONS?



Please visit the FAQ posted on the program home pages to find answers to common questions.

If you have additional questions not covered in the FAQ, please contact staff at housing@fhlbi.com.

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