Affordable Housing Program
and
Homeownership Set-aside Program
Income Calculation Guide

2020
Table of Contents

Income Calculation Guidelines ...................................................................................................................................... 2
General Policy ............................................................................................................................................................ 2
Income Calculation Workbook .................................................................................................................................. 2
Income Eligibility ....................................................................................................................................................... 3
Household Member Income ..................................................................................................................................... 3
  No-income Household Members .......................................................................................................................... 3
Annual Household Income Documentation Requirements ...................................................................................... 4
Helpful Hints .............................................................................................................................................................. 6
  Income Documentation ........................................................................................................................................ 6
  Discrepancies ....................................................................................................................................................... 6
  Employer Verifications/Explanations .................................................................................................................... 6
  Name Discrepancies .............................................................................................................................................. 7
Income Inclusions and Exclusions ............................................................................................................................. 8
Calculating Income .................................................................................................................................................... 9
Employment Income ................................................................................................................................................. 9
Seasonal Income ..................................................................................................................................................... 11
Non-traditional Income ........................................................................................................................................... 12
Self-employment/Rental Income ............................................................................................................................ 12
Non-employment Income ....................................................................................................................................... 13
Income Calculation Questions ................................................................................................................................. 13
Completing the Income Calculation Workbook ........................................................................................................... 14
  General Instructions ................................................................................................................................................ 14
  AHP/HSP - Income Calculation Workbook - Household Summary Tab .................................................................. 15
  Household Member Tabs ........................................................................................................................................ 16
    Section 1: Wage/Salary Income – Employer #1 ................................................................................................. 16
    Section 2: Self-employment/Rental Income ...................................................................................................... 17
    Section 3: Other Income .................................................................................................................................... 17
Income Calculation Guidelines

GENERAL POLICY

This document sets forth the income calculation guidelines for the Affordable Housing Program (AHP) and the Homeownership Set-aside Program (HSP) 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:

1. An AHP Owner-occupied disbursement request may be denied;
2. An AHP Rental project may be found to be out of compliance during Initial Monitoring;
3. An HSP reservation request may be denied.

Current income, using documentation dated within timeframes outlined, is used to calculate income. Future income is not considered when determining household eligibility; however, FHLBank may, at its discretion, request additional information or documentation as to how the member qualified the household for the mortgage if the household income is extremely low.

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 identified below to calculate household income. All workbooks consist of a Household Summary tab and 15 Household Member tabs. Complete the Income Calculation Workbook according to the instructions. The workbooks are located on FHLBank’s website. Complete the workbook required for the program type as shown below:

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Workbook Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>AHP Owner-occupied</td>
<td>Income Calculation Workbook (identified for owner-occupied projects) located on FHLBank’s AHP website.</td>
</tr>
<tr>
<td>Homeownership Set-aside Program</td>
<td>Income Calculation Workbook located on FHLBank’s HSP website.</td>
</tr>
<tr>
<td>AHP Rental*</td>
<td>Income Calculation Workbook (identified for rental projects) located on FHLBank’s AHP website.</td>
</tr>
</tbody>
</table>

*AHP Rental projects are encouraged, but are not required, to complete FHLBank’s Rental Income Calculation Workbook.

Incorrect or outdated Income Calculation Workbooks will be returned for correction.

HCD may, at its discretion, request clarification or additional documentation for illegible or missing numbers/dates/etc. on income verification documents.
HCD may, at its discretion, request clarification or additional documentation for any reason.

Provide back-up documentation adequate to ensure the calculation(s) can be duplicated and confirmed by the member and FHLBank. Use the information contained in the source documents to complete the calculation. Calculate income using gross (pre-tax) income. See Table 3 for further details.

**INCOME ELIGIBILITY**

**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 website for the project type, specified year, household size, and location of the property. Contact HCD for income limits for households with more than six members.

**Rental Projects:** At project completion, 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 HUD median income guidelines for the specified income certification year, household size and location of the property.

**Eligible 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 home is located. Contact HCD for income limits for households with more than six members.

**HOUSEHOLD MEMBER INCOME**

Calculate the annual income for each household member **age 18 years and older**. See Table 1 (below) to determine whether the household member’s income should be included.

**Table 1**

<table>
<thead>
<tr>
<th>Household Member</th>
<th>Is Income Included?</th>
</tr>
</thead>
<tbody>
<tr>
<td>All household members 18 and older</td>
<td>Yes</td>
</tr>
<tr>
<td>Dependents and Foster Children (&lt; 18 years old)</td>
<td>No</td>
</tr>
<tr>
<td>Live-in aid (not a family member or a party to loan)</td>
<td>No</td>
</tr>
<tr>
<td>Non-occupying co-signer</td>
<td>No</td>
</tr>
<tr>
<td>Temporarily-absent Household Members (≥ 18)</td>
<td>Yes, if s/he intends to live in the home</td>
</tr>
</tbody>
</table>

**No-income Household Members**

If a household member 18 years of age or older is not employed or receiving income of any kind, s/he must complete and sign the AHP/HSP Zero Income and/or Unemployed Certification form. The form is available on FHLBank’s website.
ANNUAL HOUSEHOLD INCOME DOCUMENTATION REQUIREMENTS

**AHP Owner-occupied projects:** Unless stated otherwise in the Income Calculation Guidelines, income documents must verify year-to-date earnings dated no more than 60 days prior to the date the disbursement request is received by FHLBank, or no more than 60 days prior to the date of enrollment (the date the project sponsor qualified the household for participation in the AHP project).

**AHP Rental projects:** Unless stated otherwise in the Income Calculation Guidelines, income documents must be dated no more than 120 days prior to the certification date listed on the TIW.

**HSP:** Unless stated otherwise in the Income Calculation Guidelines, income documentation must verify year-to-date earnings dated no more than 60 days prior to the date FHLBank received the reservation.

**All Project Types:** If income documentation is provided infrequently, it is not required to be dated within the guidelines specified above. For example, a tax return used to document self-employment income or a Social Security award letter used to document non-employment income may be provided to the household member annually only and is not required to be dated within the guidelines specified.

**FYI**
- Ensure all income documentation submitted accurately represents the household’s income (i.e. hours worked, days worked per week or year, overtime worked, etc.)
- Unless demonstrated otherwise on income documentation, any hours worked greater than 40 hours per week will be calculated as overtime hours.
- Income from offers of employment or from future employment (not employed in the position at the time household was income qualified) cannot be used.
Table 2 (below) lists the most common examples of acceptable income source documentation. The list is not exhaustive, and there may be exceptions and/or additional requirements to the information provided in the table below. See the specific sections of each income type, as available, for additional requirements.

Table 2

<table>
<thead>
<tr>
<th>Income Type</th>
<th>Documentation Source Required</th>
</tr>
</thead>
</table>
| Salary and Hourly Bonus, Commission, Overtime, and Tips | - One paystub that includes at least 28 days of gross YTD earnings that accurately represents the household member’s income (i.e. hours worked per week, days worked, overtime worked, etc.)  
  - OR -  
  - Verification of Employment (VOE) provided by the employer or employer’s designee that includes at least 28 days of gross YTD earnings  
  **Additional documentation will be required if income documentation submitted does not include gross YTD earnings.** |
| Seasonal                          | - Previous year W-2 (if employed for a full season with the same employer)  
  - OR -  
  - Verification of Employment (VOE) provided by the employer or employer’s designee (includes number of weeks/days employee will work during the year)  
  - OR –  
  - One paystub that includes at least 28 days of gross YTD earnings that accurately represents the household member’s income (i.e. hours worked per week, days worked, overtime worked, etc.). Provide a verification from the employer regarding how many weeks/days the employee will work during the year. |
| Non-traditional                   | - Previous year W-2 (if employed for a full year with the same employer)  
  - OR -  
  - Verification of Employment (VOE) provided by the employer or employer’s designee  
  - OR –  
  - One paystub that includes at least 28 days of gross YTD earnings that accurately represents the household member’s income (i.e. hours worked per week, days worked, overtime worked, etc.) |
| Self-employment/Rental Income     | - Complete individual federal tax return for the previous year signed by the homebuyer(s)/resident(s) including all schedules. IRS e-file Signature Authorization form (IRS Form 8879), signed by the homebuyer(s)/resident(s), can be provided in lieu of signatures on the tax return.  
  - OR –  
  - If self-employment started in the current year: YTD profit and loss statement signed by the homebuyer(s)/resident(s). |
| Child Support or Alimony          | - Formal statement from recognized state or local authority or agency verifying alimony award and child support payments (at least 60 days of history). Court orders, including executed divorce decrees, are acceptable. |
| Social Security/SSI               | - If within the first quarter of the calendar year, 1099 for previous year  
  - OR -  
  - Copy of award letter designating benefits for current year. |
| Retirement /Annuities             | - 1099 for previous year, current award letter, or current statement showing disbursements |

FEBRUARY 3, 2020
HELPFUL HINTS

Income Documentation

To help expedite review of income documents, FHLBank suggests the following:

Ensure all income documentation submitted accurately represents the household’s income (i.e. hours worked, days worked per week or year, overtime worked, etc.). For example, if the employee does not regularly work and is paid extra for holiday hours, the paystub that includes this would not be representative of the employee’s normal income. If the employee normally works a regular 40-hour work week, send a paystub that reflects a 40-hour work week.

Social Security: Send all pages of the Social Security benefit statement, including itemized deductions from the payment such as Medicare payments. If all pages are not received, follow-up may be requested. When completing the ICW, enter the gross benefit, including health insurance/Medicare deduction and other deductions.

Paystubs:

- Submit only one paystub that accurately represents the household member’s hours worked, days worked per week, overtime, etc.
- Ensure it includes at least 28 days of year-to-date gross income. Paystubs that do not include year-to-date information do not meet FHLBank requirements. The paystub must also be dated within the date requirements identified in the Annual Household Documentation Requirements section.
- If it includes overtime, bonus, shift pay, etc., ensure it includes year-to-date information for these criteria.
- Pay frequency must be able to be determined by looking at the paystub. If it cannot, verification will need to be obtained from the employer.

Nontraditional Income: The documentation being submitted must be indicative of nontraditional employment. If not, obtain employer verification, and include the employer explanation/verification with the income documentation.

Discrepancies

Income Calculation Workbook Calculation: If there is a discrepancy of $3,000 or greater between the year-to-date annualized income and the annualized base wages, obtain an explanation from the employer for the discrepancy, and enter it in the Explanations/Notes box. Follow the instructions for Employer Verifications/Explanations.

Employer Verifications/Explanations

FHLBank may require verifications or explanations from the employer of certain employee income circumstances. The verification/explanation may be either in writing or verbal, unless otherwise stated.

If the verification/explanation is received from the employer verbally, it must include the following:

- Name of employer contact
- Title of employer contact
- Summary of conversation/explanation

If the verification/explanation required from the employer is to verify earnings, including verifying non-recurring income (i.e. bonus that will not be paid again during the year, overtime that will not continue, etc.), ensure it includes year-to-date information for these criteria.
etc.), the verification from the employer must be in writing. An email from the employer is acceptable as long as it is identifiable as being from the employer.

If an explanation is being provided to explain a discrepancy, ensure the explanation includes adequate information. For example:

- If the explanation for an income discrepancy is that the hours vary, obtain the average number of hours worked per week from the employer.
- If the explanation for an income discrepancy is that the homebuyer was off work without pay, obtain the dates the homebuyer was off work or the number of days the homebuyer was off work from the employer.

Name Discrepancies

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

- If the last name on the income documentation differs from the last name on the income documentation, provide proof of name change such as a marriage certificate/license, divorce decree, signed affidavit, etc.
- The name(s) on the Initiation screen (HSP) or the Household Selection screen (AHP owner-occupied) should match the name(s) on the income documentation and the Income Calculation Workbook.
INCOME INCLUSIONS AND EXCLUSIONS

Generally, FHLBank Topeka requires **ALL** household income to be included in the calculation of the household income. **Table 3** (below) identifies the most common examples of income inclusions and exclusions. Contact Housing and Community Development staff with questions.

**Table 3**

<table>
<thead>
<tr>
<th>Include</th>
<th>Do Not Include</th>
</tr>
</thead>
<tbody>
<tr>
<td>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).</td>
<td>Benefits paid to the employee by the employer may be excluded from household income if there is a corresponding deduction equal to the benefit paid to the employee.</td>
</tr>
<tr>
<td>Self-employment and Rental Income</td>
<td>One-time lump sum additions to household assets including, but not limited to: inheritances, capital gains, insurance payments (including health, accident, or hazard insurance and worker’s compensation), and settlement for personal or property losses.</td>
</tr>
<tr>
<td>Alimony and child support payments.</td>
<td>Refunds or rebates received under state or local law for property taxes paid on the dwelling units.</td>
</tr>
<tr>
<td>Payments received for the care of foster children or foster adults</td>
<td>Temporary or non-recurring (including gifts, relocation, or moving expenses).</td>
</tr>
<tr>
<td>Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation, and severance pay.</td>
<td>401K, IRA, annuities, and other retirement programs not making regular distributions.</td>
</tr>
<tr>
<td>Salaries received from a family-owned business.</td>
<td>All forms of student financial assistance paid directly to a student, educational institution, or a veteran.</td>
</tr>
<tr>
<td>The full, gross amount of periodic payments (including periodic 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. Do not include deferred periodic amounts from supplemental income and social security benefits that are received in a lump sum amount or in prospective monthly amounts. Include amounts received by adults on behalf of minors or by minors intended for their own support (do not include interest from savings or checking accounts).</td>
<td>Any revenue which is exempt under Federal statute including but not limited to: 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; payments received from programs funded under Title V of the Older Americans Act of 1965; Supplemental Nutrition Assistance Program (SNAP) – food stamps.</td>
</tr>
<tr>
<td>Lottery or gambling winnings paid in periodic or lump sum payments.</td>
<td>Amounts received by any household member participating in programs under the Workforce Investment Act of 1998 or any special training programs funded by HUD.</td>
</tr>
<tr>
<td>Public assistance payments unless otherwise indicated.</td>
<td>Reimbursements from employer (labeled as a reimbursement by the employer) may be excluded from income for mileage, meals, uniform expense, tuition expense, and employment-related expenses included on employment verification documentation (i.e. pay stubs, VOE, etc.).</td>
</tr>
</tbody>
</table>
CALCULATING INCOME

The method used to determine annualized income 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.

EMPLOYMENT INCOME

Determine annual employment income for each job currently held. Calculate annual income by 1) annualizing year-to-date (YTD) gross income; and 2) annualizing base wages and YTD other income. If there is a difference between the two calculations of greater than $3,000.00, provide an explanation for the discrepancy from the employer (i.e. employee received a raise during the income reporting period). The greater value of the two calculations is determined to be the annual employment income. Use both income calculation methods unless employment type or circumstances prevent an accurate representation of the income. For example, if the applicant has started a new job and no YTD income is available, calculate income using the base wages option only. Include an explanation why only one income calculation method was used.

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 Gross Income

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

Calculation 2 – Annualizing Base Wage and Other Compensation

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.

<table>
<thead>
<tr>
<th>Wage Type</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly wages</td>
<td>Multiply hourly wages by hours worked per week and weeks worked per year.</td>
</tr>
<tr>
<td>Weekly wages</td>
<td>Multiply weekly wages by 52.</td>
</tr>
<tr>
<td>Bi-weekly wages</td>
<td>Multiply bi-weekly wages by 26</td>
</tr>
<tr>
<td>Semi-monthly wages</td>
<td>Multiply semi-monthly wages by 24</td>
</tr>
<tr>
<td>Monthly wages</td>
<td>Multiply monthly wages by 12</td>
</tr>
<tr>
<td>Annual wages</td>
<td>Multiply annual wages by 1</td>
</tr>
</tbody>
</table>
If work hours shown on income documentation are expressed as a range, use the high end of the range. For example, the range of hours worked per week is 24-30, use 30 hours as the hours per week.

**FYI**

Submit only one paystub that accurately represents the household member’s income. If more than one paystub is submitted, FHLBank will review each one. If the hours vary, FHLBank will use the paystub with the highest number of hours worked or the highest pay received to calculate the base wage in the ICW.

**Other Income**

Unless stated otherwise by the employer, annualize income from overtime, tips, commissions, bonuses or other like income. If employer states the income is non-recurring, will not continue, or is paid at irregular or infrequent intervals (such as bonuses paid on an annual basis), do not annualize this amount (enter in “YTD Other”); subtract it from the year-to-date gross income, and add it as a one-time sum to the annualized regular pay calculation. (See Employer Explanations/Verifications.) Enter year-to-date Other Income that will continue and is paid at regular intervals in the “YTD Other” section of the ICW.

**Hourly Wages or Shift Differentials**

If a household member’s base or regular wage varies, such as when working in different positions during the same pay period, calculate income as follows:

1. Include the total YTD income shift differential as “Other Income.”

   **OR**

2. Use the higher of the shift differential wage amounts for all hours worked.

**FYI**

If non-recurring income has been received (such as a one-time bonus), FHLBank prefers written verification of the income from the employer. Verification must be provided upon request by HCD, so HCD recommends obtaining it from the employer prior to submitting the HSP Reservation Request or the AHP Disbursement Request.
Semi-monthly Pay Schedules

A household member is paid on a semi-monthly basis if they are paid twice a month and on the same recurring schedule. If a paystub is being used as verification of income, these two conditions need to be met. If not, consider the person to be paid bi-weekly. If the household member is salaried, the amount of income per pay period is the same. If the household member is paid on a semi-monthly basis but is an hourly employee, the hours worked per week will need to be calculated, as the number of days in the pay period will vary. See Calculating Hours per Week (below).

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):** Divide the total pay period hours by 2.
- **Semi-monthly (twice per month):** Determine the number of days in the pay period (including weekends). Divide the total hours worked in the pay period by the total days (including weekends) in the pay period. Multiply the hours per day by the days in a week (using a 7-day week).
- **Monthly (once per month):** Determine the number of days in the pay period (including weekends). Divide the total hours worked in the pay period by the total days in the pay period (including weekends). Multiply the hours per day by the total days in a week (using a 7-day week).

SEASONAL INCOME

For seasonal workers, the following types of employment verification may be accepted:

- **VOE –** must include verification from the employer of the seasonal nature of the employment and the number of days or weeks worked per year
- **Paystub –** accompanied by verbal or written verification from the employer of the seasonal nature of the employment stating the number of days/weeks per year the employee works
- **Most recent year’s W-2 (may be used if the current year employer is the same as the employer represented on the previous year W-2) –** accompanied by verbal or written verification from the employer of the seasonal nature of the employment. If the worker was not employed for the full season represented by the W-2, a VOE or paystub will be required.

Use the standard calculation guidelines to determine annual income, while discounting the amount for off-season time (for example: weeks worked per year may not be 52). Include any unemployment

---

**Know the Difference**

**Semi-monthly Pay**
Paid twice a month on the same recurring schedule.
For example: Paid on the 15th and last day of each month.

**Bi-Weekly Pay**
Paid every other week. For example: Paid every other Friday.

**Monthly Pay**
Paid once per month. For example: Paid on the 1st day of each month.

**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
compensation the beneficiary has or may receive during the off-season. Contact Housing and Community Development for Seasonal income that does not meet the criteria established above.

NON-TRADITIONAL INCOME

For non-traditional workers, the following types of employment verification may be accepted:

- VOE – if not indicative, must include verification from the employer of the non-traditional nature of the employment
- Paystub – if not indicative, accompanied by verification from the employer of the non-traditional nature of the employment
- Most recent year’s W-2 (may be used if the current year employer is the same as the employer represented on the previous year W-2) The W-2 must be accompanied by a verbal or written verification from the employer of the employee’s non-traditional employment status. If the W-2 does not represent a full year of income, obtain the dates of employment represented by the W-2 from the employer.

Given the method of pay for non-traditional workers, it is generally only possible to calculate income using the YTD income annualized method. Contact Housing and Community Development for Non-traditional income that does not meet the criteria established above.

SELF-EMPLOYMENT/RENTAL INCOME

For self-employed household members or household members with income from rental property, submit:

1. If the household member was self-employed in the previous tax year:
   - The tax return signed by the homebuyer(s)/resident(s) - (and completed IRS Form 8879 IRS e-file Signature Authorization signed by the homebuyer[s]/resident[s] if tax return is not signed) including all schedules from the year prior to the Reservation Request for HSP, the Disbursement Request for AHP Owner-occupied, or the Income Certification Year for AHP Rental. If the household member was not self-employed for the full year represented by the tax return it is important to know the start date of the self-employment.
   - If the tax return is not available, provide a profit and loss statement, signed and dated by the homebuyer(s)/resident(s), for the year prior. After the tax filing deadline for the tax return year, if the previous year’s tax return is not filed, provide either a copy of the request for extension signed by the homebuyer(s)/resident(s) or documentation evidencing the extension was approved by the IRS along with the signed and dated profit and loss statement.

   - OR -
2. If the household member was not self-employed during the previous tax year, provide a YTD profit and loss (P & L) statement for the current year. The P & L must be signed and dated by the household member.

Calculate a household’s net self-employment or rental income using the net income shown on the required documents (as indicated above):

- Prior year signed tax return - Add back in any depreciation deduction from Schedule C (Line 13), Schedule E (Line 18), or Schedule F (Line 14)
- Applicable signed profit and loss statement – Add back in any depreciation (if applicable) shown as a deduction on the statement.

Negative income entered in the worksheet will be shown as $0.00 on the income summary.

NON-EMPLOYMENT INCOME

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. For amounts that vary, annualize the average of the amount received to date.

For child support, use only the current amount of support; do not include amounts for arrears or past due support. If there is documentation demonstrating child support is not received regularly, annualize the average child support received over the previous six months to determine the annual support. For example, if child support was received in the amount of $240.00 for two months over the previous six-months, average the $240.00 over those six months ($40.00) and then annualize ($40.00 * 12 = $480.00).

INCOME CALCULATION QUESTIONS

Contact Housing and Community Development (HCD) for assistance with income sources and types that do not easily fit into a specific income category or with any questions about income calculation. If you have any questions regarding the Income Calculation Guidelines or related documents, contact HCD at 866.571.8155.

FYI

DO NOT send income documentation or Income Calculation Workbooks via (unsecure) regular email. This information contains personally identifiable information (PII).

For HSP, if household income exceeds 80% of the AMI and you have questions about the calculation, upload the completed ICW and income documentation to the Household Income screen in HSP Online by initiating a reservation. Once complete, contact HCD to request a review.

For AHP, submit documentation through our secure email portal, ProofPoint.
Completing the Income Calculation Workbook

GENERAL INSTRUCTIONS

The FHLBank Topeka Income Calculation Workbook (ICW) is a tool designed to assist FHLBank Topeka 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 HSP. The Income Calculation Workbook 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. These instructions are intended to assist with completing the Income Calculation Workbook and are not meant as a replacement for the Income Calculation Guidelines. The Rental Income Calculation Workbook varies slightly on the Household Summary tab; however, all Household Member tabs are the same.

Cells that require or allow data entry are blue in color. The Income Calculation Workbook includes helpful hints in some sections which display when the cell is selected. Use the “Explanations/Notes” boxes in each section to explain income calculation variations, reasons for entering data in a manner not consistent with instructions, etc. For specific questions regarding income qualification, please refer to the Income Calculation Guidelines.

Calculations by the Income Calculation Worksheet 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.

If any information regarding household size, income, or any other information relevant to program qualification for AHP/HSP is found, at any time, that determines the homebuyer, homeowner, or tenant is ineligible for participation in the program at the time of enrollment, repayment of the full amount of the subsidy or other remedy may be required.

FYI

- Ensure all income documentation submitted accurately represents the household’s income (i.e. hours worked, days worked per week or year, overtime worked, etc.)
- Unless stated otherwise on income documentation, any hours paid (including vacation, sick, holiday, etc. pay) greater than 40 hours per week will be calculated as overtime hours.
- If paystubs are used to document income, submit only **one** paystub that accurately represents the household member’s hours worked, days worked per week, overtime, etc.
- **If there is a discrepancy of $3,000 or greater** between the YTD annualized income and the annualized base wages, obtain an explanation from the employer for the discrepancy, and enter it in the Comments box. If the explanation is received from the employer verbally, the explanation must include the following:
  - Name of employer contact
  - Title of employer contact
  - Summary of conversation/explanation
AHP/HSP - INCOME CALCULATION WORKBOOK - HOUSEHOLD SUMMARY TAB

Complete this tab first. Enter information according to the Income Calculation Guidelines as follows:

<table>
<thead>
<tr>
<th>Section ID</th>
<th>Cell ID</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top of Form</td>
<td>Member Institution</td>
<td>Complete the name of the member.</td>
</tr>
<tr>
<td>Homebuyer Name</td>
<td></td>
<td>Enter the name of the homebuyer/homeowner. This should be the head of the household whose income will be included on the “Household Member #1-Income” tab.</td>
</tr>
<tr>
<td>State</td>
<td></td>
<td>From the drop-down menu, select the state in which the property being purchased/rehabilitated is located.</td>
</tr>
<tr>
<td>County/MSA</td>
<td></td>
<td>From the drop-down menu, select the county/MSA in which the property being purchased/rehabilitated is located.</td>
</tr>
<tr>
<td>Program Enrollment Date</td>
<td></td>
<td>HSP: The date the Reservation Request is submitted to FHLBank. AHP: The date the household is qualified to participate in the program.</td>
</tr>
<tr>
<td>Section 1: Household Composition – All Household Members</td>
<td>Household Member 1</td>
<td>Enter the head of household’s date of birth. From the drop-down menu, indicate whether the household member is an income earner.</td>
</tr>
<tr>
<td></td>
<td>Household Members 2-15</td>
<td>Enter the first and last name for each household member. Enter the household member’s relationship to the head of household. Enter each household member’s date of birth. From the drop-down menu, indicate whether the household member is an income earner.</td>
</tr>
</tbody>
</table>
HOUSEHOLD MEMBER TABS

AHP Owner-occupied Disbursement Requests: If the household has more than six income-producing members, contact HCD. Enter information for each household member according to the Income Calculation Guidelines in each applicable section. Provide any explanations that will be helpful to HCD or that are required by the Income Calculation Guidelines in “Explanation/Notes” or “Calculation Notes.”

HSP Income Calculation Workbooks: Enter information for each household member according to the Income Calculation Guidelines in each applicable section. Provide any explanations that will be helpful to HCD or that are required by the Income Calculation Guidelines in “Explanation/Notes” or “Calculation Notes.” Do not enter information on Household Member tabs for non-income producing household members.

Section 1: Wage/Salary Income – Employer #1 (Follow the same instructions for Employer #2, if applicable.)
If the borrower is employed in a consistent, standard position, complete this section using the income documentation that is representative of the household member’s actual income. If the borrower has more than one permanent employer, enter the information for the second employer in “Employer #2.”

<table>
<thead>
<tr>
<th>Section ID</th>
<th>Cell ID</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer</td>
<td></td>
<td>Enter the name of the employer.</td>
</tr>
<tr>
<td>Year-to-Date Earnings</td>
<td>YTD Start Date</td>
<td>Enter the start date of the income reporting period for the YTD pay. <em>(Depending on pay schedule, this could be a date from the previous year.)</em> If the household member’s hire date was after January 1, enter the hire date.</td>
</tr>
<tr>
<td></td>
<td>Pay Period End Date</td>
<td>Enter the date through which the YTD earnings have been reported. This should be the last pay period end date, not the pay date.</td>
</tr>
<tr>
<td></td>
<td>YTD Total Income</td>
<td>Enter the total gross amount of income earned up to the last pay period end date less income that is non-recurring, will not continue, or is paid at irregular or infrequent intervals (as verified by employer).</td>
</tr>
<tr>
<td>Year-to-Date Other/ Overtime/Bonus/ Commission/Tips</td>
<td>YTD Other Income</td>
<td>Enter the total gross amount of overtime and other income earned (tips, commissions, etc.) received up to the last pay period end date less income that is non-recurring, will not continue, or is paid at irregular or infrequent intervals (as verified by employer). (Report income that is non-recurring, will not continue, or is paid at irregular or infrequent intervals (as verified by employer) in Section 3: Other Income. DO NOT include earnings paid in lieu of regular pay such as PTO, holidays paid at regular pay, paid sick leave, etc.)</td>
</tr>
<tr>
<td>Base Wages</td>
<td>Salary Per Pay Period</td>
<td>For <strong>salaried employees</strong>, enter the salary the borrower receives for each pay period.</td>
</tr>
<tr>
<td></td>
<td>Pay Frequency/Year</td>
<td>For <strong>salaried employees</strong>, enter the number of pay periods each year (i.e. annual, monthly, semi-monthly, bi-weekly, weekly).</td>
</tr>
<tr>
<td></td>
<td>Regular Hourly Rate</td>
<td>For <strong>non-salaried employees</strong>, enter the base pay rate. (i.e. hourly rate for hourly employees, etc.)</td>
</tr>
<tr>
<td></td>
<td>Hours/Week</td>
<td>For <strong>non-salaried employees</strong>, enter the number of hours paid per week as indicated on the income documentation. Include holiday, vacation, paid time off hours, if applicable. If the borrower is paid less frequently than weekly, calculate the number of hours the employee works per week. <em>(See Calculating Hours Per Week).</em></td>
</tr>
<tr>
<td></td>
<td>Weeks/Year</td>
<td>Enter the number of weeks per year the borrower works (generally 52 weeks).</td>
</tr>
</tbody>
</table>
### Section 2: Self-employment/Rental Income

Use this section for self-employment and rental income. For additional detail, refer to the Income Calculation Guidelines. **DO NOT** fill out both the Tax Return and Current Year Profit & Loss sections.

<table>
<thead>
<tr>
<th>Section ID</th>
<th>Cell ID</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has a tax return been filed for the self-employment income for last year?</td>
<td>From the drop-down menu, select the answer to the question. The workbook will provide guidance regarding required income documentation.</td>
<td></td>
</tr>
</tbody>
</table>

#### Tax Return Information

<table>
<thead>
<tr>
<th>Section ID</th>
<th>Cell ID</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Return Start Date</td>
<td>Enter the start date of self-employment represented by the tax return. For example, if self-employment started during the year, enter the date it started (i.e. 3/1/2019). If the tax return represents a full year of self-employment, enter the first day of the year.</td>
<td></td>
</tr>
<tr>
<td>Tax Return End Date</td>
<td>This date should be the last day of the year. FHIBank uses current income, so if the household member is no longer self-employed, this income would not be included.</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>If a tax return is the required income documentation, enter the net income indicated on the applicable tax return schedule.</td>
<td></td>
</tr>
<tr>
<td>+ Depreciation</td>
<td>If a tax return is the required income documentation, enter the amount of depreciation shown for the self-employment income on the tax return.</td>
<td></td>
</tr>
</tbody>
</table>

#### Profit & Loss (P & L) Information

<table>
<thead>
<tr>
<th>Section ID</th>
<th>Cell ID</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>P &amp; L Start Date</td>
<td>Enter the first date represented by the current year P &amp; L. For example, if the self-employment started on 3/1/2020, the P &amp; L should start on 3/1/2020.</td>
<td></td>
</tr>
<tr>
<td>P &amp; L End Date</td>
<td>Enter the last day included on the P &amp; L.</td>
<td></td>
</tr>
<tr>
<td>YTD Net Income</td>
<td>If a P &amp; L is the required income documentation, enter the total net year-to-date income shown.</td>
<td></td>
</tr>
<tr>
<td>+ Depreciation</td>
<td>If the P &amp; L is the required income documentation, enter the amount of depreciation expense shown on the P &amp; L.</td>
<td></td>
</tr>
</tbody>
</table>

### Section 3: Other Income

Use this section for income that is not a result of employment or that does not fit into any of the options in Section 1. For additional detail, refer to the Income Calculation Guidelines.

<table>
<thead>
<tr>
<th>Section ID</th>
<th>Cell ID</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Support/Alimony Income</td>
<td>Payment Amt</td>
<td>Enter the amount received per payment.</td>
</tr>
<tr>
<td>X Payments Per Year</td>
<td>Enter the number of payments received per year. (i.e. Enter “12” for monthly payments, “26” for bi-weekly payments, etc.)</td>
<td></td>
</tr>
<tr>
<td>Social Security/Pension/Disability Income</td>
<td>Payment Amt</td>
<td>Enter the full, gross amount of Social Security (including SSI), pension, and disability payments received on the same schedule. (i.e. Do not include payments that are received at different intervals.) Add health insurance/Medicare back to payment to obtain gross benefit amount, if applicable.</td>
</tr>
<tr>
<td>X Payments Per Year</td>
<td>Enter the number of payments received per year.</td>
<td></td>
</tr>
<tr>
<td>Seasonal Income Year-to-Date Earnings</td>
<td>#Weeks Will Work this Year</td>
<td>Enter the number of weeks the employer has indicated the household member will work per year.</td>
</tr>
<tr>
<td>Weeks Worked Year-to-Date</td>
<td>Enter the number of weeks the employer has indicated the household member has worked to date.</td>
<td></td>
</tr>
<tr>
<td>Section ID</td>
<td>Cell ID</td>
<td>Instructions</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| YTD Total Income | YTD Total Income | Enter the total gross amount of income earned up to the last pay period end date less income that is non-recurring, will not continue, or is paid at irregular or infrequent intervals (as verified by employer).  
Base Wages | YTD Overtime/ Bonus/Tips/etc. | Enter the total gross amount of overtime and other income earned (tips, commissions, etc.) received up to the last pay period end date less income that is non-recurring, will not continue, or is paid at irregular or infrequent intervals (as verified by employer).  
(Report income that is non-recurring, will not continue, or is paid at irregular or infrequent intervals (as verified by employer) in Section 3: Other Income. DO NOT include earnings paid in lieu of regular pay such as PTO, holidays paid at regular pay, paid sick leave, etc.)  
Regular Hourly Rate | Enter the base pay rate. (i.e. hourly rate for hourly employees, etc.)  
Hours/Week | Enter the number of hours paid per week as indicated on the income documentation. Include holiday, vacation, paid time off hours, if applicable. If the borrower is paid less frequently than weekly, calculate the number of hours the employee works per week.  
*See Calculating Hours Per Week.  
Other Income – 1 | YTD Amount | Enter the total gross amount of income received.  
YTD Start Date | Enter the start date of the income reporting period for the YTD pay. (Depending on pay schedule, this could be a date from the previous year.) If the household member’s hire date was after January 1, enter the hire date.  
Pay Period End Date | Enter the date through which the YTD earnings have been reported. This should be the last pay period end date, not the pay date.  
Other Income - 2 | Amount Received | Use this section for amounts received periodically (such as bonuses that are paid once per year). Enter the periodic amount received.  
x Payments Per Year | Enter the number of payments received per year. (i.e. Enter “12” for monthly payments, “26” for bi-weekly payments, etc.)