GROSS INCOME AND NET WORTH GUIDELINES

Annual Gross Income
For the purposes of the Workforce Housing Program, a household’s annual gross income encompasses the combined annual gross income of all persons residing or intending to reside in a workforce housing unit from whatever source derived and before taxes and withholdings. Included in the calculation of gross income are:

- Base Salary
- Overtime
- Bonuses
- Commissions
- Sick Pay
- Part-time Employment
- Income from Business Activities
- Unemployment Compensation
- Social Security Benefits
- Veterans Administration Compensation
- Military Housing Allowance
- Pensions
- Dividends
- Interest
- Royalties
- Income from Trusts
- Income from Investments
- Alimony
- Child Support
- Public Assistance

Annual gross income is calculated by projecting forward a person’s monthly gross income for 12 months. Income such as bonuses, overtime, and commissions will be averaged for the most recent 12 month period. If this type of income information does not extend back for a complete 12 month period, the City may average any year-to-date bonuses, overtime, and commissions to arrive at an equivalent calculation. The average monthly income from bonuses, overtime, and commissions is then added to the person’s average monthly base salary. This figure is then multiplied by 12 to determine the person’s annual gross income. Income from bonuses, overtime, and commissions shall be included in the calculation of gross income unless the person’s employer documents that such earnings will not continue.

Note 1: Income that may not be eligible for use in qualifying for a mortgage loan may be required to determine whether a household meets the WFH Program gross income requirements. Income from all household members (excluding dependents where specifically indicated) must be included in gross income calculations, even if these individuals will not be on the loan.

Note 2: Alimony and child support must be included in determining maximum gross income, if such income is specified in a divorce settlement or separation agreement, unless the applicant certifies that the income is not being received and documents that he or she has made reasonable effort to collect the amount due including filing with courts or agencies responsible for enforcing payments.

Note 3: Income received as a one-time lump sum (such as inheritance, settlement of insurance claim, re-enlistment bonus), which is nonrecurring, does not need to
be included in calculating a household's annual gross annual income but will be included in the calculation of net worth.

Determining Whose Income To Count
All household members must be identified on the Workforce Housing Program application. Household members whose income is not considered for the purposes of qualifying for a mortgage loan must still disclose their income on the Workforce Housing Program application. This standard applies to both dependent and non-dependent household members. Household members who do not have any income must still be identified on the program application and zero dollars indicated for their annual gross income. Please see the chart below for exceptions to income.

Household Member Income

<table>
<thead>
<tr>
<th>Household member</th>
<th>Status</th>
<th>Income Counted Towards Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under age 18</td>
<td>Earned income from employment</td>
<td>No</td>
</tr>
<tr>
<td>Age 18-24 and a full time student</td>
<td>Earned Income from employment for full time student if non borrower, non head of household or spouse</td>
<td>No</td>
</tr>
<tr>
<td>Age 25 and over</td>
<td>Member of Household; not on deed or mortgage; non spouse, non-dependent. Student status does not matter.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Comparing Annual Gross Income to Workforce Housing Program Guidelines
Once household and income information have been established and verified, the information must be compared to the appropriate Workforce Housing Program income limits to determine if the household is eligible for participation in the Workforce Housing Program. The income limits are update annually. To access the Workforce Housing Program Income Guidelines, click [here].

Net Worth (Assets)
For the purposes of the Workforce Housing Program, a household’s net worth encompasses the combined cash value of the following:

- Savings Accounts
- Certificates of Deposit
- Stocks
- Checking Accounts
- Money Market Accounts
- Bonds
Treasury Bills
Mutual Funds
Cash Held in Safe Deposit Box or Home
Lump Sum or One-time Receipts, such as Inheritances, Capital Gains, Victim’s Restitution, Insurance Settlements and Other Amounts Not Intended as Periodic Payments.

The value of life insurance policies, retirement plans, furniture, automobiles and household goods shall not be included in determining a household’s net worth. In addition, for purchasers of for-sale workforce housing units, the portion of the applicant’s liquid assets, which are used to make the down payment and to pay closing costs, up to a maximum of 25 percent of the sales price, will not be included in the net worth calculation.

Any income producing assets needed as a source of income to meet the minimum qualifying requirements of the Workforce Housing Program will not be included in the borrower’s net worth for the purpose of determining if this net worth limitation has been violated.

**Timing of Income & Asset Certifications**
The formal determination of income eligibility must be made at the time of admittance to a waiting list, and then again shortly before a household receives assistance.