

**Emergency Rental and Mortgage Assistance (ERMA) Program
Income Verification Policy
Effective 3-22-2021**

Income eligibility for ERMA is based on the gross income of all household members who are at least 18 years of age at the time of application. In determining eligibility for the ERMA program, applicants will be asked to verify one month's gross household income with documentation that is dated within 60 days of the application (e.g., paystubs, benefit letters).

Definition of Income for Program Eligibility Purposes

Gross household income includes income from all household members unless otherwise specified below, and shall be the total of the following items:

INCLUSIONS IN GROSS HOUSEHOLD INCOME

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
- Income from the operation of a business or profession by each self-employed household member, after deduction for ordinary and necessary expenses of the business or profession (deductions not to exceed 85% of gross receipts)
- Social Security (SS), Supplemental Security Income (SSI), Social Security Disability Income (SSDI)
- Transitional Assistance to Families with Dependent Children (TAFDC), Emergency Aid to the Elderly, Disabled, and Children (EAEDC)
- Payments in lieu of earnings such as unemployment compensation, worker's compensation, disability insurance payments
- Payments received for the support of a minor, such as payments for child support, foster care, social security, or public assistance, including payments nominally made to a minor for his or her support but controlled for his or her benefit by a household member who is responsible for his or her support
- Lottery winnings, gambling winnings and similar receipts
- Alimony or payment for separate support
- Regular/ongoing cash support given to or on behalf of a household by others
- Periodic payments received from social security, annuities, retirement funds, and pensions, individual retirement accounts, and other similar types of periodic payments of retirement benefits, excluding non-taxable amounts which constitute return of capital and are specifically identified as such by payer.

- Receipts of principal and income from the trustee of a trust, and receipts of income from the executor or administrator of an estate or from some other fiduciary.
- Income from assets which is greater than \$100- for example, interest on savings accounts, stock dividends, net income from real or personal property
 - Where the family has net assets of \$5000 or less, use the actual income from all family assets
 - Where the family has net assets in excess of \$5,000, use the greater of:
 - the actual income from all family assets
 - the imputed income from all family assets. The imputed income is the cash value of the assets multiplied by a HUD-determined local passbook interest rate, which is currently 1%
 - (see page 3 for further explanation of assets)

EXCLUSIONS FROM GROSS HOUSEHOLD INCOME

- *Earned* income of minors (family members under the age of 18) is not included
- The value of food stamps
- Gifts which are not regularly recurring
- Educational student grants or loans paid directly to the student or to the educational institution
- Wages and/or salary earned by a full-time student. A full-time student is a dependent household member between the ages of 18 and 25, who is enrolled in and attending an accredited educational or vocational institution and is carrying a full time course load.
- The special pay to a member of the armed forces on account of service in a war zone
- Relocation payments made pursuant to state or federal law
- Payments received from the Social Security Administration program known as the Plan to Attain Self Sufficiency (PASS), provided that recipient fulfills all PASS program requirements.
- Payments received by participants or volunteers in programs pursuant to the Domestic Volunteer Service Act of 1973
- Income of a live-in personal care attendant (PCA), who is not a family member, who is paid for his or her services to a household member with a disability and whose income is not available for the needs of any household member
- Amounts (including lump-sums), which are specifically received for the cost of medical care, or which are made to compensate for personal injury or damage to or loss of property under health, accident or liability insurance, worker's compensation, judgments or settlements of claims, insofar as these payments do not compensate for loss of income

- Payments for a household member in association with participation in a bona fide program providing training for employment, approved by the Department or sponsored or administered by a government agency, to cover costs related to training or employment, such as transportation, program fees, books, or child care (during training). This exclusion does not apply to wages received through programs for training for employment, such as wages from on-the-job training.
- Inheritances and life insurance proceeds
- A return of capital on sale or transfer of an investment or of other real or personal property.

ALLOWABLE DEDUCTIONS FROM GROSS INCOME

(Deductions cannot exceed income)

- Child Care; payments for the care of child(ren) or of a sick or incapacitated household member provided that the Housing Agency shall have determined the payments to be necessary for the employment of another household member who would otherwise have provided such care; provided that the total amount of all deductions shall not exceed his or her gross income.
- Child support, separate support, and/or alimony paid under court order or court approved agreement by a household member for the support of a minor child, spouse, or ex-spouse, not residing with the household, provided that the total amount of all deductions shall not exceed his or her gross income.
- Non-reimbursable payments of tuition and fees of vocationally related post-secondary education of a household member who is not a full-time student, provided that the total amount of all deductions shall not exceed his or her gross income.

LIST OF ASSETS TO BE INCLUDED IN GROSS HOUSEHOLD INCOME

(calculate income from assets, not total assets)

- savings, checking accounts
- cash value of trusts
- stocks, bonds, savings certificates, money market funds, and other investment accounts
- equity in real property
- IRA, Keogh, and similar retirement savings accounts
- contributions to company retirement/pension funds if household has access to the asset
- assets that, although owned by more than one person, allow unrestricted access by the applicant
- lump-sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlements for personal or property losses
- personal property held as an investment (gems, coins, antique cars)
- cash value of life insurance policies
- Equity in real property. Equity is the estimated current market value of an asset less: the unpaid balance of all loans secured by the asset, less reasonable costs (such as brokers fees) that would be incurred in selling the asset, times the HUD-determined local passbook rate
 - Estimated current market value minus unpaid balance of loan (mortgage) = equity

- Equity minus expense to convert to cash (such as broker fees) = cash value of asset
- Cash value of asset multiplied by the HUD-determined local passbook rate to determine “income from asset”

Example

\$2000,000	Estimated current market value
<u>-\$120,000</u>	Outstanding balance of mortgage
\$80,000	Equity
<u>-\$3,000</u>	Expense to convert to cash value
\$77,000	Cash value
<u>x 1%</u>	Passbook rate
\$770	Income from asset

Zero Income

If an adult in the household has zero income, their zero income status may be self-attested in the application and does not require additional documentation.

Using State Agency Databases to Verify Certain Types of Income

If an adult member of the applicant’s household (including the applicant) receives wages, unemployment insurance, or Pandemic Unemployment Assistance (PUA) and is unable to provide documentation of those wages or benefits, RAAs with authorized access may use state agency databases (WageMatch, UI Online, and FAST-UI) to verify the stated income.

RAAs only need to look in the database that corresponds to the income stated on the application. For example, an applicant who stated that they receive wages only would have their income verified in WageMatch. The RAA would not also need to check UI Online if Unemployment Insurance benefits were not reported.

1. Earned Wages

- Look up the individual in WageMatch to verify any stated wage income on the application. To do this, RAA needs the individual’s First Name, Last Name and Social Security Number.
- Annualize the verified income for the most recent available quarter preceding the date of ERMA application.
- Record the verification result in the applicant file.
- Use this verified income when determining income eligibility.

2. Unemployment Insurance (UI)

- Look up the individual in the UI Online Database to verify stated unemployment insurance income on the application.
- Annualize the most recent weekly benefit amount and dependency allowance paid to the individual, before other deductions and adjustments.
- Record the verification of UI income in the applicant file.

3. Pandemic Unemployment Assistance (PUA)

- a. Look up the individual in the FAST-UI database to verify any stated federal pandemic unemployment assistance on the application.
- b. Annualize the most recent weekly benefit amount and dependency allowance paid to the individual, before other deductions and adjustments.
- c. Record the verification of PUA income in the applicant file.

Stimulus Payments

Stimulus payments provided to households by the federal government are not counted in gross income for ERMA purposes.