
# Determining Annual Income

Presented by the
Single Family Housing Direct Division

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

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Welcome to the Section 502 Direct Loan and 504 Loan/Grant Programs training on Determining Annual Income. This presentation was prepared by the Single Family Housing Direct Division with a revision date of September 1, 2023.

The purpose of this presentation is to give viewers a basic overview of how to determine annual income for the 502 and 504 Single Family Housing Direct Programs.

## Three Income Types

**ANNUAL**

**ADJUSTED**

**REPAYMENT**

The Single Family Housing Direct 502 and 504 programs consider and use three types of income when processing an application: Annual, Adjusted, and Repayment. Each of these income calculations play an important role when determining if an application is eligible for a particular program. In this presentation, we will be discussing annual income, which must be calculated first, as it is the basis for other income calculations which follow.

## Worksheets for Computing Income

**For the Section 502 programs,** the Attachment 4-A, Worksheet for Computing Income and Maximum Loan Amount Calculator is located on the Direct Loan Application Packagers site under Resources at: https://www.rd.usda.gov/programs-services/services/direct-loan-application-packagers

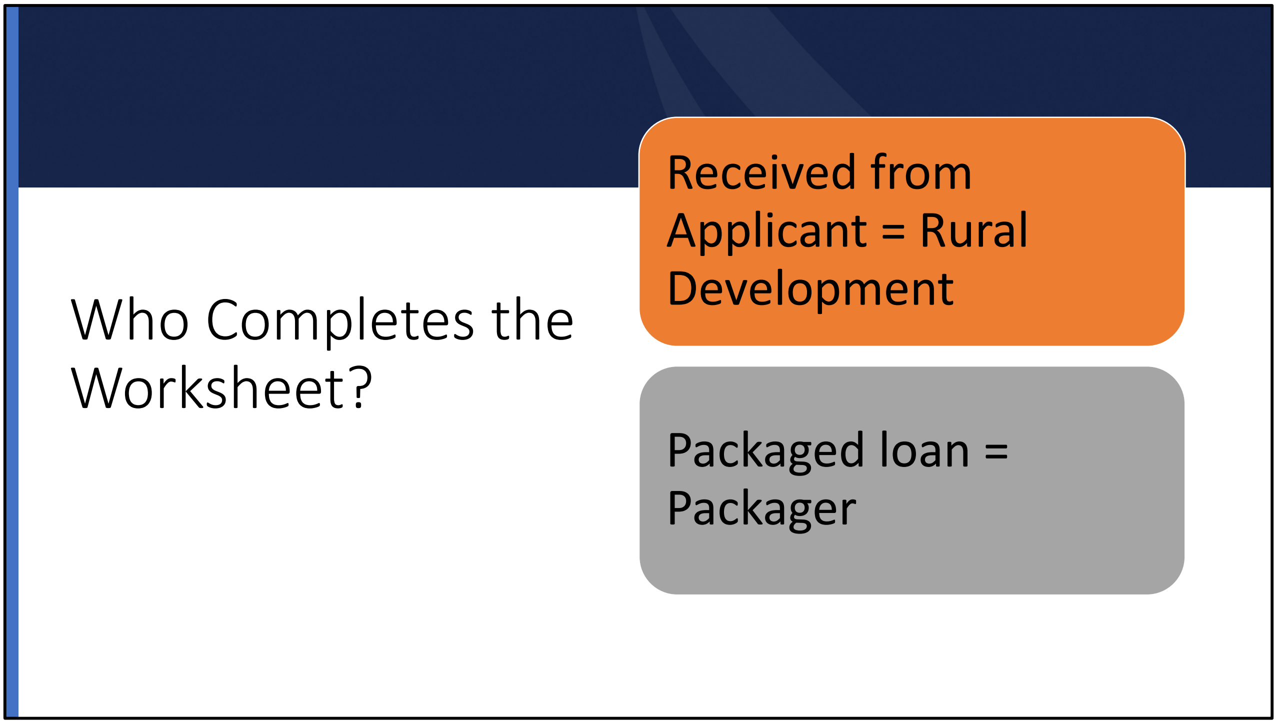
- **Worksheet for Computing Income Tutorial -** located on the Direct Loan Application Packagers site under Trainings.

**For the Section 504 programs,** the 504 Automated Worksheet can be located on the "To Apply" tab at: https://www.rd.usda.gov/programs-services/single-family-housing-repair-loans-grants

Before we go into the details of annual income, let's briefly discuss the worksheets for computing income.

For the Section 502 program,
the Worksheet for Computing Income and Maximum Loan Amount Calculator can be found on the Direct Loan Application Packagers site, link shown on the slide, under Resources. There is also a tutorial available that covers how to complete the worksheet, which can also be found on the Direct Loan Applications Packagers site under Training.

For the Section 504 programs, the 504 Automated Worksheet can be found on the 'To Apply' tab on the program overview for the SFH Repair Loans and Grants page, there is a link to the site provided on the slide.
Please note that these worksheets are updated periodically so it is important to use the most recent, posted version.




For applications received directly from the applicant, the Loan Originator completes the applicable worksheet for the Loan Approval Official's review.

For any packaged loan, the applicable worksheet is completed by the packager and submitted to RD with the complete application package. The RD staff then reviews/concurs or revises, if necessary. In the event RD staff does not concur with the packager's calculations, a new worksheet is completed by RD and a copy provided to the packager.

In all cases, the applicant electronic case file must contain a copy of the applicable/completed worksheet.

## Whose Income is Considered?

Income of <u>all</u> household members from <u>all</u> sources (unless excluded by the program):

- Any person expected to reside in the home
- Includes a household member that is temporarily absent
- *Does not* include live-in aids and foster persons (income received for the care of foster persons is also excluded from the income types)

**ANNUAL INCOME** is the income of <u>all</u> household members from <u>all</u> sources unless excluded based on the guidance in HB-1-3550.

A household member is any person who is expected to reside in the home involved with the request for RD assistance; this would include a household member that is temporarily absent. Live-in aids and foster persons (children or adults) are not considered members of the household; and the payments received for the care of foster persons are excluded from the income types.

The applicant must identify all household members and all sources of household income when completing their application. The applicant must also provide verification of all household income as outlined in the checklist of items to accompany the application (Attachment 3-J for the Section 502 program and Attachment 12-E for the Section 504 programs).

## Income to Include vs. Exclude

| INCLUDE | EXCLUDE (unless from an applicant or their spouse) |
|---|---|
| • Gross income<br>• Unearned Income<br>• Net Income<br>  • Self-Employment<br>  • Interest/dividends from real or personal property | • Earned income of a household member under 18 years of age<br>• Earned income in excess of $480 of a household member who is a full-time student 18 years of age or older<br>• Foster Children/Adults and Live-in Aides<br>• Temporary, nonrecurring, or sporadic income |

Once the household members are identified, then determine what sources of income exist and whether they are to be included or excluded. Refer to HB-1-3550, Chapter 4 for a more comprehensive list of annual income to count.

What is included in Annual Income? Generally, you will include gross income and unearned income. Net income is considered for self-employment earnings and interest/dividends from real or personal property.

For FULL time students <u>who are not an applicant or the spouse of the applicant</u>, only count the first $480 for earned annual income. You will consider the full amount of any unearned income (such as, social security) for full time students.

What is excluded?

The earned income of a household member under 18 years of age.
For FULL Time students <u>who are not an applicant or the spouse of the applicant</u>, only count the first $480 for earned annual income and any income in excess of $480 is excluded; however, please note, you will consider the full amount of any unearned income (such as, social security) for full time students 18 years of age or older. Again,

these exclusions do not apply to the applicant or their spouse.

Also exclude payments for the care of foster children or adults, Live-in Aides, and temporary, nonrecurring, or sporadic income (including gifts).

## Earned vs. Unearned Income

**Scenario**

Carla is a full-time college student who is a household member

She has a part time job, earning $4,000/year

She also receives $200/month in Social Security Disability Payments

**Income Calculation**

| | |
|---|---|
| Part Time Job | $ 480 |
| Social Security | |
| $200 x 12 = | $2,400 |
| **Total** | **$2,880** |

Let’s look at a scenario with both earned and unearned income. In this example, Carla is a 20-year-old full time college student. She has a part time job, earning $4,000 per year and she also receives $200/month in Social Security Disability Payments. Because she is a full-time student, we will only consider the first $480 of earned income, even though she makes $4,000 total for the year. All her unearned income ($2,400) is considered. The total income used for annual income for Carla is $2,880.

## Common Income Sources

- Wages
- Self-employment
- Interest/dividends from real or personal property
- Social Security benefits (including benefits received by adults on behalf of minors or by minors intended for their own support)
- Periodic payments (e.g., annuities, retirement funds, and disability/death payments)

Income may be received from multiple sources. Handbook-1-3550, Paragraph 4.3 discusses sources of income and specifies whether the sources are considered for annual income, repayment income, both, or none.

Here are the common income sources included in annual income when received by a household member and included in repayment income when received by the applicant.

- **Wages.** This could include wages based on salary, an hourly rate, overtime, bonuses, commissions, tips, housing allowances, and any other income received from an employer. Fringe benefits such as car/mileage allowance, employer provided medical/life insurance, stock options, work expense reimbursement, etc. are typically not included in annual income, unless the employer reports them as taxable income.
- **Self Employment Income**. The net income from the operation of a farm, business, or profession as reported to the Internal Revenue Service (IRS). The form used for the IRS filing may vary depending on the type of business structure. Loan Originators and Loan Approval Officials must analyze the tax filing to determine which business deductions are "allowed". For instance: A business loss reported to the IRS is considered "$0" in determining annual income because a negative

amount cannot be used to offset other family income.

- **Interest Income**. This may include interest, dividends, and other net income from real or personal property such as: shares from income distributed from a trust fund, withdrawal of cash or assets from an investment, etc.
- **Social Security Income**. Include the full amount of the benefit before deductions are taken. When considering annual household income, you would include benefits received by adult members of the household as well as those received by adults on behalf of minors, or by minors intended for their own support. Regular, recurring payments are considered. In the event that an applicant had received a lump sum distribution or benefits, this would not be projected as annual income for the upcoming 12-month period.
- **Periodic payments (e.g. annuities, retirement funds, disability/death benefit payments)**. Any recurring retirement or disability income received on a recurring basis is included in annual income whether it is received monthly, quarterly, or on an annual basis.

## Common Income Sources (Continued)

- Payments in lieu of earnings (e.g., unemployment, disability compensation, worker's comp, and severance pay)
- Public assistance
- Child support/alimony
- Recurring monetary gifts
- Regular pay, special pay (except for persons exposed to hostile fire), and allowances of a member of the armed forces who is the applicant or spouse

- **Payments in lieu of earnings**. This may include income sources such as unemployment, disability compensation, worker's compensation, and severance pay. Some sources may be received on a recurring basis while others are received on a one-time basis. Care must be taken to review the source and determine if it is ongoing and should be projected as annual income for the next 12 months. For instance, an applicant who is a farm laborer may work 8 months out of the year and be unemployed for 4. The unemployment benefits in that situation are typical and would be projected as annual income. However, in the case of an applicant who was laid off last year, received unemployment benefits for 4 months while looking for a job and is now back in a full time position – that income would not be considered in annual because it is not anticipated to be received.
- **Public Assistance.** The monthly gross amount received for the household in public assistance is included in annual income.
- **Child Support/Alimony**. Typically, child support and alimony are awarded by the court in a divorce decree, separation agreement, or parenting plan/custody agreement. The amount included in annual income is the amount actually received. For example, if the parenting plan indicates that the applicant should receive $350/month, but they have evidence that only $100/month is received and they have attempted to collect amounts due, then only $100 would be counted in

annual income.  As another example, if the divorce decree indicated $200/month alimony but the applicant is receiving $500/month due to back payments which were not received and those are anticipated to be received in the next 12 months, then the $500/month would be considered.

- **Recurring Gifts**.  This income source does not mean that if the applicant's parents give them $300 for their birthday every year, you would count it in annual income.  A better example of a recurring gift payment would be a senior on a fixed income whose child gives him $100 each month to help him meet expenses.  This is an ongoing gift which is not based on wages, public assistance, or a retirement source but is coming from someone outside of the household and is received on a recurring basis.
- **Military/Armed Forces pay**.  Include regular pay, special pay (except for persons exposed to hostile fire), and allowances of a member of the armed forces who is the applicant or spouse, whether or not that family member currently lives in the home.  This means that even though the person may be deployed and away from the home, they are considered a household member and this income is counted.

## Verifying Income Sources

Preferred source

- Readily available to the applicant
- In applicant's records or obtained online

Acceptable alternative, when preferred source is

- Unavailable
- Cannot be obtained without cost
- Discrepancies/questionable

Handbook-1-3550, Paragraph 4.3 includes a "Preferred Source of Verification" table which outlines the preferred source of verification for the various income sources and the acceptable alternative if the preferred source is unavailable, questionable, insufficient, or cannot be obtained without cost.

The preferred source should be readily available to the applicant; these documents are likely kept by the applicant in their personal records or can be easily obtained by them online.

Let's go through some examples of preferred source verifications:

- Wages are verified using copies of not less than four consecutive weeks of recent paycheck stubs or payroll earnings statements as of the date the loan application is receive. If the applicant has worked for the employer for less than a year or other verification types are inconsistent, then an oral verification completed by the RD staff may be used. Income information should not be discussed during the oral verification.
- Self-employment is verified using current documentation of income and expenses, which cannot be older than the previous fiscal year, with the last two complete

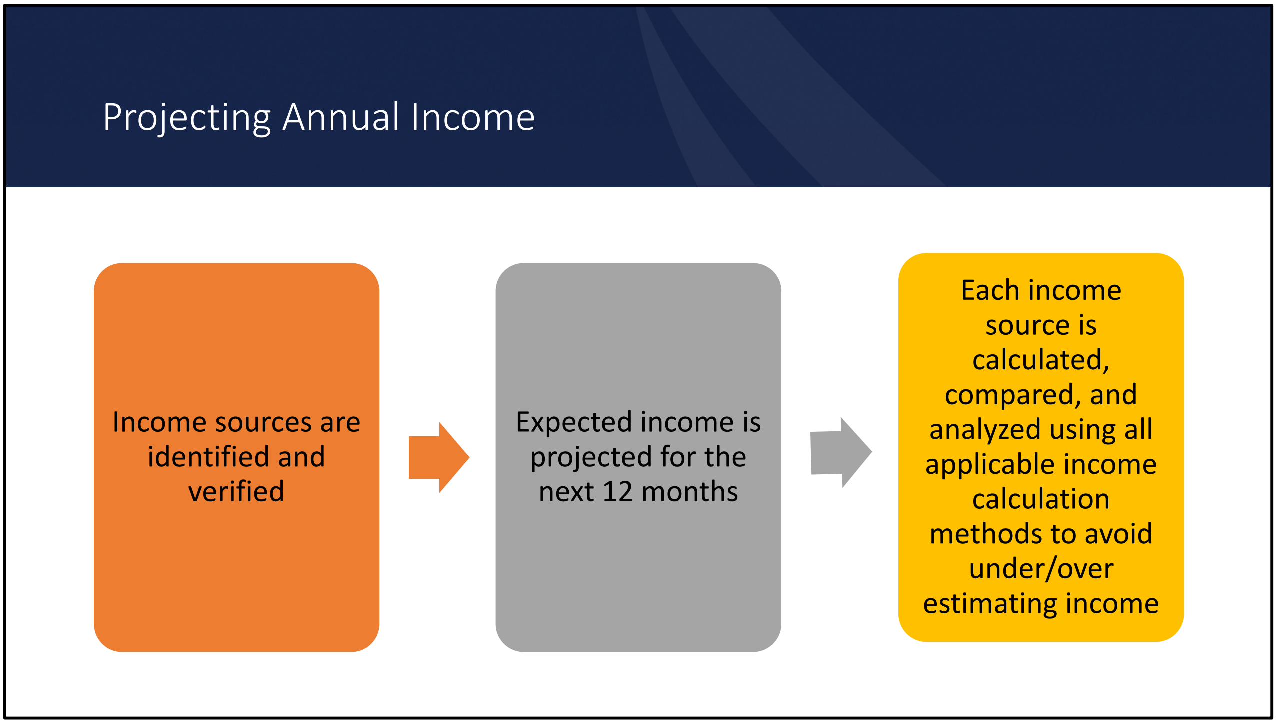
Federal income tax returns with the applicable schedules.

- Social Security is verified using a copy of the most recent award letter.
- Child support is verified through a 12-month payment history from the court appointed entity responsible for handling payments.

Alternative sources may include forms or other methods as discussed in Handbook 1-3550 Chapter 4, Paragraph 4.3, but should only be used when necessary.

Regardless of the source of verification used (preferred or acceptable alternative), the information should be compared to other pertinent documents in the case file. For example, the paycheck stubs should be compared to what was reported on the application, the applicant's last two Federal income tax returns, and their bank statements with direct deposits from the employer. Significant discrepancies will need to be addressed.

Verifications are typically valid for 120 days (from the date of the verification) and must be valid at the time of eligibility, loan approval, loan closing, and construction-to-permanent conversions.




Once the household's income sources have been identified and verified, it is time to project the expected income for the next 12 months. Each income source should be calculated, compared, and analyzed using all applicable income calculation methods to avoid underestimating or overestimating income.

Only the income from household members should be included. Live-in aides, foster children and foster adults are not considered household members and their income would not be included in the annual income calculations.

Income is projected for the next 12 months, using the data collected to verify the income source. If there is known, verifiable evidence that a change will occur, the change must be documented and the income may be excluded.

## Examples of Projecting Income

**Household with 3 children**

Child support $200/month for the oldest child who is 17:

- $200 x 12 months = $2,400

When she turns 18 in 4 months, the child support will end

- **Projection:**
  **$200 x 4 months = $800**

**Construction Worker**

Typically works 9 months; receives 3 months unemployment benefits

Tax Returns indicate:
Wages - $40,000,

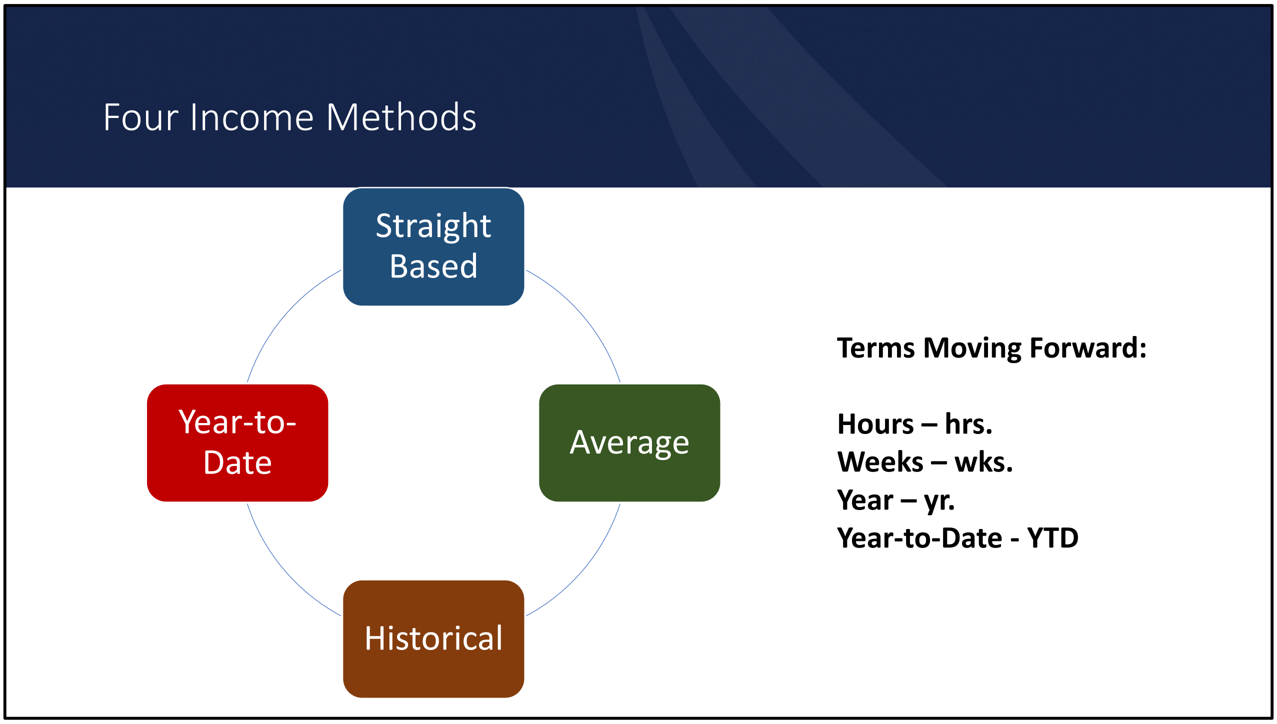
Unemployment $10,000

**Project income based on historical, rather than hourly rate of 40 hours/week x 52 weeks**

As an example: a household has 3 children and is receiving child support in the amount of $200/month for the oldest child who is 17. When she turns 18 in 4 months, the child support payments will end. In this case, rather than projecting $2,400 in annual child support income for the household, you would calculate $200/month x 4 months for a total projection of $800 for the upcoming year. This reasoning does not apply to most income sources because there is typically not a known, verifiable end date.

When considering seasonal, unemployment and self employment income it is often necessary to analyze what is currently received, as well as historical data. For example, someone who works in construction may typically work 9 months out of the year and receive 3 months unemployment benefits. Using historical data will assist when analyzing trends to determine the projection for that income source. In this case – determine if the current wage rate is the same as last year. If so, using the historical data may be the most accurate when projecting income. However, if the applicant has received a wage increase since last year, then you may need to base the projection on the current wage rate for the next 9 months, with projected unemployment of 3 months.

Next we'll review and define the four income calculation methods, followed by an example of calculating all four methods.




Once an income source is verified, the Loan Originator must project the expected income from this source for the next 12 months. The 12-month projection should be based on a comparison and analysis of the figures derived from using all applicable calculation methods.

There are four income calculation methods are straight-based, average, year-to-date, and historical. To establish earnings and avoid underestimating income, the more methods used the better. When possible and applicable, all four methods should be calculated. However, some income sources (for instance social security income) will only lend themselves to one method. The four methods are discussed in HB-1-3550, Chapter 4, 4.3 (E) (2).

As we continue to discuss these income methods, we will be using and abbreviating terms as follows:

Hours – hrs.
Weeks – wks.
Year – yr.
Year to date - YTD

## Straight-Based

Converting the income to the annual equivalent

- Dante is paid $10/hr. for 40 hrs./week
- He works year-round which is 52 wks./yr.
- He typically works 25 hours of overtime/yr. with a time-and-a-half overtime rate of $15/hr.

Base: $10/hr. x 40 hrs./wk. x 52 wks./yr. = $20,800
Overtime: $15/hr. x 25 hrs./yr. = $375

**$20,800 + $375 = $21,175**

| Straight-based | Hourly Rate | | Hours | | Weeks | | |
|---|---|---|---|---|---|---|---|
| Base | $10.00 | x | 40 | x | 52 | = | $20,800.00 |
| Overtime | | x | | x | | = | $- |
| | | | | | Total | = | $20,800.00 |

| Straight-based | Monthly/Quarterly Weekly/Bi-Wkly Amt | | Months/ Quarters/Weeks | | |
|---|---|---|---|---|---|
| Base | | x | | = | $- |
| Overtime | $15.00 | x | 25 | = | $375.00 |
| Bonus | | x | | = | $- |
| | | | Total | = | $375.00 |

Straight-based involves converting the income to the annual equivalent.

With the straight-based method, the applicant typically has a fixed hourly wage or salary, a fixed or average number of hours worked per week and those fixed amounts are converted into an annual equivalent.

Dante is paid $10/hour; works 40 hours /week; works year-round - 52 weeks /year; and works 25 hours of overtime a year with a time-and-a-half overtime rate of $15/hr.

Using that information, you would calculate his income for the straight-based method as follows:
Wages: $10/hr. x 40 hrs./wk. x 52 wks./yr. = $20,800
Overtime: $15/hr. x 25 hrs./yr. = $375

**Wages of $20,800 + anticipated overtime of $375 = $21,175 annual income**

Using the straight-based method, Dante's projected annual income totals $21,175.

## Average

Average income received within the last 30 days, then convert to the annual equivalent

- Dante's last four weekly pay stubs reflect a gross income of :
  $430, $415, $430, and $415.

$430 + $415 + $430 + $415 = $1,690
$1,690/4 wks. = $422.50/wk.

**$422.50/wk. x 52 wks./yr. = $21,970**

| | | | | |
|---|---|---|---|---|
| **Average** | $ 430.00 | $ 415.00 | $ 430.00 | $ 415.00 |
| | | | | |
| | $ 1,690.00 / | 4 x | 52 = | $ 21,970.00 |

Average involves averaging the income received within the last 30 days and then converting that amount to the annual equivalent.

In other words, if you are reviewing the last four weeks of paystubs, you would add the gross income from those paystubs, divide by 4 to obtain the weekly average, then multiply that by 52 weeks to obtain the annual equivalent.

Dante's last four weekly pay stubs reflect a gross income of $430, $415, $430, and $415.

To determine his weekly average, add the 4 together, so: $430 + $415 + $430 + $415 = $1,690

And then divide the $1,690 total by 4 wks. to reach the average weekly income of $422.50/wk.

**The average amount of $422.50/wk. x 52 wks./yr. = $21,970**

Using the average method, Dante's projected annual income totals $21,970.

Please note, the data entered will depend on how the applicant is paid, for example:

For weekly paystubs - enter the 4 weekly amounts, divide by 4 (to get the average weekly amount) and multiply by 52 weeks to annualize.

For bi-weekly paystubs – enter the 2 biweekly amounts, divide by 2 to obtain the average amount and multiply by 26 pay periods to annualize.

For bi-monthly paystubs – enter the 2 bi-monthly amounts, divide by 2 to obtain the average amount and multiply by 24 pay periods to annualize.

## Year-To-Date

Divide the gross YTD earnings by the applicable YTD interval, then annualize

- Dante's most recent paystub covers 16 weeks and reflects gross YTD income of $6,640.

16 wks. x 7 days/wk. = 112 days
$6,640 / 112 days = $59.29/day

**$59.29/day x 365 days/yr. = $21,639.29**

| YTD | YTD income | | Days | | | | |
|---|---|---|---|---|---|---|---|
| Base | $ 6,640.00 | / | 112 | x | 365 | = | $ 21,639.29 |
| Overtime | | / | | x | 365 | = | |
| Bonus | | / | | x | 365 | = | |
| | | | | | Total | = | $ 21,639.29 |

The third method is based on year-to-date income. Year-To-Date (YTD) involves dividing the gross YTD earnings by the applicable YTD interval and then multiplying that amount by 365 to annualize.

In this example, Dante's most recent paystub for 16 weeks reflects $6,640 in gross income.

While the automated calculator has a feature to help calculate the number of days shown on the paystub, let's review how to do this by hand.

First, determine the number of days represented by the paystub. 16 weeks x 7 days per week is 112 days. Then, take the gross income as reflected on the paystub and divide it by the number of days. In this example, $6,640 is divided by 112 days, resulting in $59.29/day. To annualize the daily amount, multiply the daily figure of $59.29/day by 365 days. Dante's annualized income using the YTD method is $21,639.29.

Remember when using this method, care should be taken to verify the "paid through" date as it may vary from the date of the paystub.

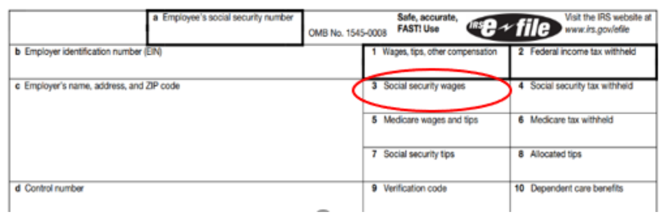
## Historical

Income as reported on the prior year's Federal income tax return

- Dante's Federal income tax return indicates that he earned $20,350 last year.

**Historical Income = $20,350**

| Historical | | |
|---|---|---|
| last year | | |
| $ 20,350.00 | | |
| | | |
| | | |
| $ 20,350.00 | | $ - |


a Employee's social security number
OMB No. 1545-0008
Safe, accurate, FAST! Use IRS e-file
Visit the IRS website at www.irs.gov/efile
b Employer identification number (EIN)
1 Wages, tips, other compensation
2 Federal income tax withheld
c Employer's name, address, and ZIP code
3 Social security wages
4 Social security tax withheld
5 Medicare wages and tips
6 Medicare tax withheld
7 Social security tips
8 Allocated tips
d Control number
9 Verification code
10 Dependent care benefits

Historical income involves using the income as reported on the previous year's Federal income tax return.

Remember that you are considering gross Income before any deductions for things like retirement accounts, flexible spending accounts, health care plans, etc. When those items are deducted, block 1 will typically reflect a lower wage than Block 3 "Social Security wages". Use Block 3 as this will reflect the gross income, before allowable deductions for taxable wages.

If no data is reported on line 3, then use line 5.

For historical, any declining income trend, especially for repayment income, must be carefully documented in the income analysis.

Dante's Federal income tax return indicates that he earned $20,350.

## Example of Comparing the Methods – Applicant Dante

| | |
|---|---|
| Straight-based: | $21,175.00 |
| Average: | $21,970.00 |
| YTD: | $21,639.29 |
| Historical: | $20,350.00 |

Which income is most accurate?

Why?

What questions should you ask?

Now that we have calculated the income for Dante using the four methods, it is time to analyze the results.

As you can see, none of the income calculations are the same. However, the calculations do show income in a general range. It is the responsibility of the RD staff to project the income in a manner that most represents what the applicant is likely expected to earn in the next 12 months. Because the income methods have different results, you will need to ask additional questions.

Since the historical income is less than the other three methods, you will need to investigate to determine why there is a difference. Potential questions to ask the applicant include:

- Have you received a pay raise since last year?
- Did you work less overtime last year?
- Were you employed for the full year last year?

The other three methods are within $795 of each other and are all within a reasonable range. Selecting either of the three is reasonable and appears to be a likely indication of income to be received in the next 12 months. To determine which is the most accurate, you may need to ask:

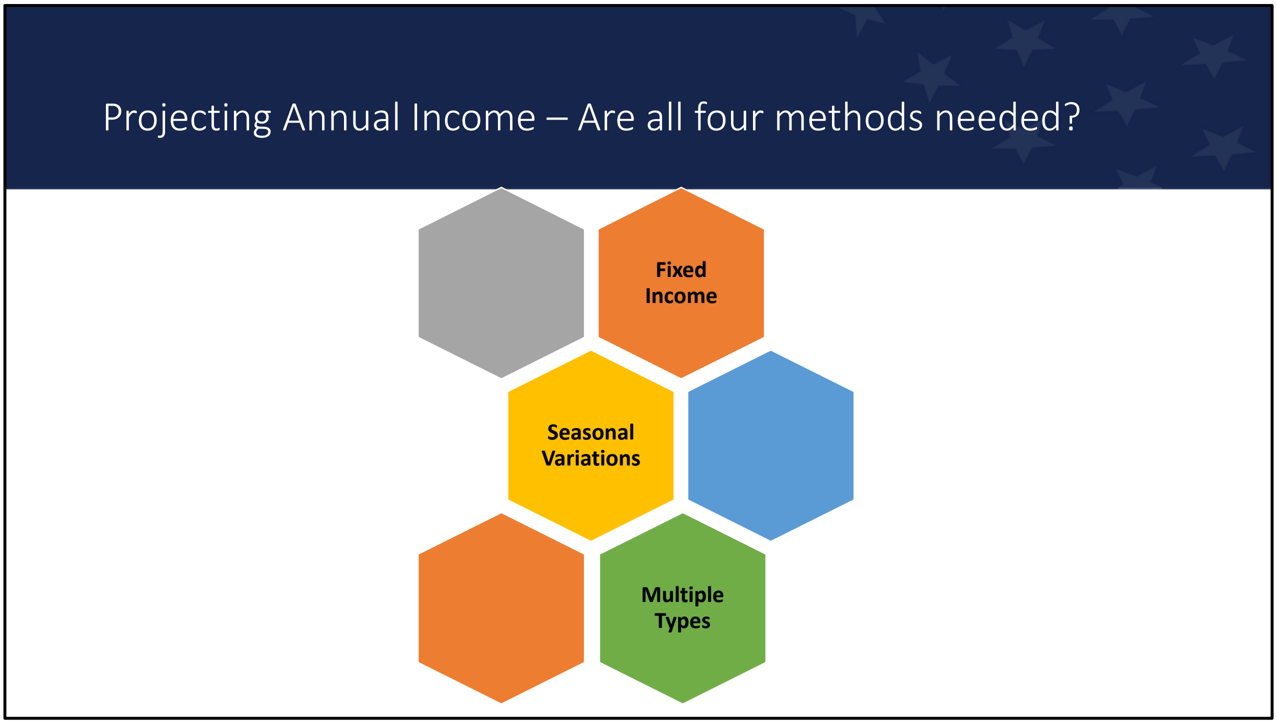
- Is overtime earned year-round or just during certain periods? For instance, Dante may only work overtime in the first four months of the year, and then doesn't receive overtime for the remainder of the year. Projecting the same rate of overtime for the entire year will overestimate his income.
- Do the number of hours worked per week fluctuate seasonally?

Alternatively - if Dante's prior year's Federal income tax return indicated he earned $30,000, the type of questions asked would be quite different:

- Was there additional overtime last year?
- Did you receive a bonus last year? If so, is that likely to continue this year?
- Were you demoted?
- Have your hours been reduced this year or was there a period of unemployment this year?

Comparing the results of the income calculation methods help identify anomalies which may impact which method is ultimately used for the projection. Considering the methods for Dante above at face value, it appears that historical is the least likely method to use and selecting average or YTD is probably the most reasonable as they are the closest in range. However, asking the questions we discussed may lead you to another decision. Unlike a math test with absolute answers, when projecting income there isn't necessarily a "right" and a "wrong" answer. Two people looking at the same information may project slightly different income methods. The key point is to calculate all four methods when applicable, ask the appropriate questions, document the applicant's responses, select the income which seems the most likely, and then document your determination in the case file.

In this example, if a packager or Loan Originator had recommended to use average income as the basis for the loan, it would be reasonable for the Loan Approval Official to concur with that determination.




As previously mentioned, each income source should be calculated, compared, and analyzed using all applicable income calculation methods.  All four methods are used only if relevant and reasonable.  An income source may only be suitable for one method, two methods, or three methods.

For instance:

- When the applicant has a fixed monthly income, such as social security, the only method necessary to calculate is the straight-based method because there are no fluctuations to the income source, and the applicant may not be required to file a tax return.
- Year-to-date income may not accurately reflect seasonal overtime or bonuses. For example, if the applicant receives a bonus every year in October and has significant overtime from October through December, but most recent paystubs reflects the year-to-date income through June, then the YTD income method will not result in an accurate income projection. However, in this case, it is still important to calculate the method because those differences will likely show up with the resulting annualized income figure. When that figure is compared to the historical, it will lead you to ask questions.

- An applicant may have different types of income. For example, they have a fixed salary of $30,000 per year, but also receive commissions. Although the salary won't change, the straight-based method would be the most accurate to determine the salary income, but it may be necessary to determine all four methods to determine the commission income.

Regardless of what income calculation methods are used and ultimately selected, it is critical to document the case file to support your decision of the income method selected. Each applicant should be reviewed based on their specific situation and income.

Projecting income is rarely an exact science. Comparing the income using the four methods, asking additional questions as needed, and analyzing the data are all critical steps to reaching a reasonable projection of income that is likely to occur.

## The Importance of Accurately Projecting Annual Income

Overestimating the income projection could lead to a false determination of repayment ability.

Underestimating the income projection could lead to unauthorized payment assistance which would have to be repaid by the borrower.

Overestimating the income projection could lead to a false determination of repayment ability. Underestimating the income projection could lead to unauthorized payment assistance which would have to be repaid by the borrower.

In addition to making loans to qualified applicants, a Loan Approval Official must be concerned with limiting the Agency's risk. Applicants are determined eligible when they demonstrate a reasonable ability and willingness to be a successful homeowner who can make their mortgage payments, maintain the property, and pay their debt obligations. A homeowner who is unable to do this, will likely end up in default on their mortgage payment and become a servicing issue, or risk for the Agency. An over-projection of income potentially means making a loan that the applicant can't afford. On the flip side, underestimating the income means that the applicant will receive more payment assistance than they should have. When their income is reviewed at their first payment assistance renewal, if they have more income than was projected, they may end up with a bill for unauthorized payment assistance which they must then repay.

## Income of Temporarily Absent Family Member

Household members may be temporarily absent from the household. The income for these household members is considered when calculating the annual household income when:

- Household member is away for temporary employment
- Students who live away from home during the school year

Income **not** considered:

An absent member is not considered a member of the household

Household members may be temporarily absent from the household for a variety of reasons. The income for these household members is considered when calculating the annual household income, and for repayment if they are an applicant or co-applicant.

Income may be counted when a household member is absent for the following reasons:
- If the household member is away for temporary employment, or
- Students who live away from home during the school year

If the absent person is not considered a household member (absence is permanent, rather than temporary) and is not a party to the note, the income must **not** be counted.

## Contact Us

**Are you interested in learning more about the Single-Family Housing Direct Programs?**

**Please contact your applicable RD State Office:**
https://www.rd.usda.gov/contact-us/state-offices

USDA is an equal opportunity provider, employer, and lender.

In this webinar, we have examined how to determine annual income which is the basis for other income calculations related to applicant eligibility.

**Are you interested in learning more about the Single-Family Housing Direct Programs?**

Please contact your applicable RD State Office.  Contact information can be found using the link on this slide.

Finally, please note that the contents of this training are current as of this presentation's revision date.  Please refer to Handbook-1-3550 for the most recent guidance on the programs.

Thank you for joining us for this webinar on determining annual income for the Single-Family Housing Direct programs.

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