



REQUIRED DOCUMENTATION

Before a household can rent or purchase an affordable unit, the Administrative Agent must income certify the household. This involves verifying: 1) Household size and composition, and 2) The total income and assets for all household members over 18 years old. The certification process starts with the applicant completing a comprehensive application and submitting the necessary supporting documents. The household shall have one week from first notification to submit all required documents, and once received, the Administrative Agent can begin calculating the household's income.

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Four current consecutive pay stubs (both the check and the stub), including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure. If self-employed, a current Certified Profit & Loss Statement and Balance Sheet is needed.



A letter or statement verifying monthly benefits such as: Social Security or SSI – Current award letter or computer print out letter; Unemployment – Verification of Unemployment Benefits; Welfare -TANF - Current award letter; Disability or Worker's compensation letter, Pension income (monthly or annually) – a pension letter.



An official letter or appropriate reporting form to verify additional sources of income claimed by the applicant, such as alimony or child support. This may include providing a copy of the court order or recent original letters from the court. For education scholarships or stipends, a current award letter should be submitted as documentation.



Full statements (all pages) for all savings and checking and accounts for the past 6 month period; Income reports from banks or other financial institutions holding or managing trust funds, money market accounts, certificates of deposit, stocks, or bonds.



A Social Security card and birth certificate for each member of the household, including children, a driver's license for each adult.



W2s for for each of the preceding three tax years, for each working member of the household. Copies of Federal and State income tax returns for each of the preceding three tax years – A Form 1040 Tax Summary for the past three tax years can be requested from the local Internal Revenue Service Center or by calling 1-800-829-1040.



Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating Current Mortgage Balance. For rental property, attach copies of all leases.



Evidence or reports of income from directly held assets, such as real estate or businesses;

Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years



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Below is a list of various forms of compensation, refunds, and credits. Items classified under "Income" are considered part of a household's total income, while those categorized under "Not Income" are not included in household income calculations. Entities overseeing units built with Federal funding, such as HUD Section 42, should refer to relevant regulations to ensure adherence to federal guidelines.



INCOME

1. Wages, salaries, tips, commissions
2. Alimony
3. Regularly scheduled overtime
4. Pensions
5. Social security
6. Unemployment compensation (verify the remaining number of weeks they are eligible to receive)
7. TANF
8. Verified regular child support
9. Disability
10. Net income from business or real estate
11. Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
12. Imputed interest (using a current average annual rate of two percent) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance.
13. Rent from real estate is considered income
14. Any other forms of regular income reported to the Internal Revenue Service





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NOT INCOME

1. Rebates or credits received under low-income energy assistance programs
2. Food stamps
3. Payments received for foster care
4. Relocation assistance benefits
5. Income of live-in attendants
6. Scholarships
7. Student loans
8. Personal property such as automobiles
9. Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
10. Part-time income of persons enrolled as full-time students
11. Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income

To calculate income, the current gross income of the applicant is used to project that income over the next 12 months.



STUDENT INCOME

Only full-time income of full-time students is factored into the income calculation. A full-time student within the household is defined as someone enrolled in a degree-seeking program for 12 credit hours or more per semester. Part-time income refers to earnings from working less than a 35-hour work week.



A close-up photograph of a document with several checkmarks circled in blue ink. A blue wavy line separates this image from the yellow background below.

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THE REAL ESTATE ASSET LIMIT

Except for federal programs, if an applicant's primary residence, intended to be sold upon purchasing an affordable unit, holds no mortgage debt and is valued at or above the regional asset limit as annually published by COAH through COAH's Annual Regional Income Limits Chart, the household is deemed ineligible for certification.

However, if the applicant's ongoing monthly housing expenses, including taxes, homeowner insurance, and condominium or homeowner association fees, surpass 38 percent of the household's eligible monthly income, they are exempt from the asset limit.

An applicant must furnish a recent Market Value Appraisal or Realtor Comparative Market Analysis for their owned home, unless they possess mortgage debt on the property or can prove that existing monthly housing costs exceed 38 percent of the household's eligible monthly income, in which case they are exempt from the asset limit.

Before seeking a professional appraisal, the applicant should review the property's tax assessment and current market value, comparing it to the asset limit to avoid unnecessary expenses. For example, if neighboring homes commonly sell for over \$250,000, it's improbable that an appraisal would determine a value below the asset limit. The maximum asset limit for Region 5 in 2019 was \$179,028.





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INCOME FROM REAL ESTATE

If an applicant owns rental property, the rental income is considered part of their income. After deducting mortgage payments, real estate taxes, property owner insurance, and reasonable property management expenses reported to the IRS, the remaining amount is counted as income.

If an applicant owns real estate with mortgage debt, not intended for rental housing, the Administrative Agent should assess the imputed interest from the property's value. Outstanding mortgage debt is subtracted from the documented market value established by a market value appraisal. Interest is then imputed on the property's determined value based on current money market rates.

MAXIMUM MONTHLY PAYMENTS

There's a capped percentage of household funds that can be allocated to housing expenses. However, an exception may apply based on the household's current housing cost. The Administrative Agent endeavors to place an applicant in a unit with a monthly housing cost equal to or less than their current housing cost.

A certified household cannot purchase a unit requiring more than 33 percent of the verified household income to cover principal, interest, taxes, homeowner and private mortgage insurance, and applicable condominium or homeowner association fees. However, at the discretion of the Administrative Agent, this limit can be exceeded if the applicant:

- Secures a firm mortgage loan commitment at the higher level from a licensed financial institution, under terms consistent with the requirements of the New Jersey Home Ownership Security Act of 2002, N.J.S.A. 46:10B-22 et seq.; and
- Provides certification from a HUD-approved non-profit counselor or the New Jersey Department of Banking and Insurance confirming that the household has received counseling on the advisability of the loan transaction.

