

Disaster Relief Programs

Income Calculation Guidelines

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I. Introduction:

The Federal Home Loan Bank of Boston (“FHLBank Boston” or “the Bank”) is using the following guidelines to verify household income and subsequently determine the eligibility of households participating in the Bank’s Disaster Relief Program.

Total household income is determined by the total annual income of the homeowner(s) listed on the deed. Area Median Income (AMI) and corresponding income limits are derived from the subject property’s state, city/town, and the total number of persons in the household. AMI is not based on the median family income. Income calculations are reviewed and approved by the Bank.

Households are determined to be income eligible based on the review of documents provided at the sole discretion of the Bank. These guidelines are based on the U.S. Department of Housing and Urban Development (HUD) regulation 24 CFR 5.609.

Disaster Relief Program Income Limits: At or below 100% of the HUD AMI. Available at <https://www.huduser.gov/portal/datasets/il.html>. (Please refer to the 50% HUD AMI limit multiplied by 2)

Household members cannot falsify and manipulate income sources in order to qualify for any of FHLBank Boston’s grant programs.

II. Income Calculation Methodology:

This income calculation methodology applies to each submission to accurately calculate the household’s total gross annual income at the time of application. At time of application is defined as the prior 12-month calendar year from time of application and/or annualized year-to-date income depending on the income source.

It is important to note that this may differ from your institution’s policies, procedures, and/or income calculations. Specifically, members will need to apply multiple underwriting techniques to appropriately calculate income eligibility for households.

If you have a question about any of the information or on income not specified in any category below, please contact your Community Investment Manager, the Homeownership Set-Aside Programs Manager, or any member of the [Housing and Community Investment](#) team.

III. Determining Household Composition:

A. Determination of Household Size for Income Limits:

A “household” is defined as:

- a. All members of the household who intend to reside in the subject property and/or are listed on the deed must be accounted for regardless of relationship.
- b. All children (even if temporarily absent) are to be included, i.e., college students.
- c. Children who reside with parents due to joint custody should be included in the household count in accordance with HUD regulations (24 CFR 5.609) if they are present in the household 50% or more of the time.
- d. Unborn children are counted as members of the household.

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- e. Co-signers/borrowers to mortgage/credit underwriting on the purchase transaction/lease agreement are not considered part of the household if they are not living in the residence and cannot be substantiated.
- f. Foster children are **not** included in the total household composition in accordance with HUD regulations (24 CFR 5.609 HUD regulations (24 CFR 5.609 HUD regulations).

Household composition and size are used to calculate the full HUD Area Median Income (AMI) for the property's address.

- B. Determination of Homeowner(s) for Household Income:
 - a. A homeowner is defined as all individuals listed as owners on the deed and/or property record.
 - b. Only homeowner income will be included as household income for the income eligibility determination.

- C. Employees of a Member:

Are eligible to receive any FHLBank Boston homeownership assistance grant:

- a) The member should provide paystubs for income documentation.
- b) The member is required to provide a letter, signed, dated, and on company letterhead, indicating that the employee (household member) has had no influence or participation in the enrollment process of the homeownership assistance grant. The reviewer should note if a household member is part of the member's lending team.

- D. Non-Occupant Co-borrower:

Non-occupant co-borrowers are permitted and must be identified at time of enrollment. If the non-occupant co-borrower is reflected on the deed, their income(s) would be included in accordance with the Disaster Relief Program income guidelines.

Household Sizes Exceeding 8 Persons:

Family sizes of more than 8 people are not published under the HUD income limits. However, HUD has defined this calculation by adding 8% of the four-person income limit for each additional family member. For more information, visit the HUD user website. FHLBank Boston's online system automatically calculates this formula.

- E. Non-Citizen Eligibility:

FHLBank Boston recommends that members follow Fannie Mae and Freddie Mac's policy requirements of non-U.S. citizen borrowers in accordance with standard loan mortgage practices.

- F. Live-in Aide:

Live-in Aides are not included in the household. Live-in aide means a person who resides with one or more elderly people, or near-elderly person, or people with disabilities, and who

- a) Is determined to be essential to the care and well-being of the persons;
- b) Is not obligated for the support of the persons; and

- c) Would not be living in the unit except to provide the necessary supportive services.

Family members who are caregivers to a relative residing in the household **do not** meet the definition of a live-in aide; therefore, must be included in the household count and income streams.

IV. Determining and Disclosing Income:

- a) All homeowners of the subject property must disclose income received.
- b) Homeowners refer to individuals listed on the property's deed and/or land record.
- c) Indicate and verify if a homeowner is a dependent adult full-time student.
 - a. For full-time working student homeowners (18 years and older, excluding head of household and spouse), a maximum wage of \$480 annual income will be included.

NOTE: Additional documents to support full-time status as a student will be required. For example: current class enrollment transcript or letter from the registrar's office verifying the full-time student status

- d) If a homeowner receives no income from any identifiable source, they will be required to provide an executed "Certification of Zero Income" statement.

General Instructions for Disaster Relief Program:

- a) Disaster Relief Program Disclosure must be completed, executed, and provided at the time of enrollment by the member.
 - The online income calculator in FHLBank Boston's [Community Lending](#) platform must be used.

V. Income Sources, Calculations and Documentation Requirements General Instructions:

1. Income received by any/all homeowners must be included, regardless of who is listed on the mortgage application, mortgage/note, or lease agreement.
2. All income earned outside of employment must be reported, verified, and documented for all adult members of the household.

Please note: Based on the available data and depending on the type of income, the Bank reserves the right to determine which approach is the most reasonable to calculate the total annual household income. Explanations of any unusual income or calculation should be included in a separate document and submitted with the income documentation.

Wage Earners:

Paychecks:

Acceptable Third-Party Documentation:

- a. A minimum of one paycheck dated within 90 days of enrollment.
- b. The borrower's name and address, check date, gross earnings, and employer's name, must be clearly identified on the paystub.
- c. All documentation provided will be reviewed to determine consistency in earnings and year-to-date pay levels.

Verification of Employment (VOE):

Acceptable Third-Party Documentation:

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- a. 100% completed and properly executed by the employer.
- b. Dated within 90 days of enrollment.
- c. The gross income earned and effective paid-through date in the current year must be clearly identified.

Tax Returns:

Acceptable Third-Party Documentation:

- a. Most recent year filings of U.S. Individual Income Tax Returns
i.e., Internal Revenue Service 1040 Forms and all supporting schedules

Income Review:

- a. Gross earnings: Full unadjusted year-to-date gross income, i.e., before any payroll deductions from the most recent paystub will be used to annualize the household member's portion of the total household income, incorporating all overtime pay, commissions, fees, tips and bonuses, and other compensation. Net income will not be used.
- b. If the employee has received a recent raise, and the paystub supports a higher hourly income, the higher amount will be utilized in lieu of year-to-date earnings projection.
- c. Raises received after enrollment is approved that were not anticipated do not require additional documentation or notice to HCI. However, if employee is aware of anticipated raise, further documentation may be required.
- d. When a household member experiences a change in employment that occurs after January 1 of the current year, the employer must verify the date of hire.

Calculation Applied:

Verified income will be converted to annual amounts by the online income calculation system.

Please note: There will be instances when the online calculation system cannot detect variances in rate of pay, pay cycles, recent raises, differentials, gaps in employment, etc. A manual review and calculation will be required and should be performed in advance of submission by the member/sponsor.

Annualized income equals year-to-date gross income divided by the number of YTD days paid, based on the check date, multiplied by 365 days.

Example:	Current Year	Check Date	YTD Earnings
	2026	4/07/2026	\$3,659.87

Income Calculation:

- $4/7/2026 - 1/1/2026 = 96 \text{ days}$
- $\$3,659.87 / 96 \text{ days} = \$38.12/\text{day}$
- $\$38.12 * 365 \text{ days} = \$13,913.90$

Other Types of Income Documentation:

Self-Employment Income:

Household members who report their annual earnings to the IRS through a Schedule C, 1099 statement, own a C or S Corporation, or have an ownership interest in a partnership, are self-employed.

Acceptable Third-Party Documentation:

- a. Most recent year filings of U.S. Individual Income Tax Returns
(i.e., Internal Revenue Service 1040 Forms and all supporting schedules or,
- b. Most recent year filings U.S. Business Income Tax Returns
(i.e., Internal Revenue Service 1120 or 1065 Forms) and all supporting schedules or,
- c. Current year profit and loss statement (P&L) with a clear as-of date and depreciation estimate included must be signed and dated by self-employed household member.
- d. Documentation of self-employment start date. This documentation does not need to be submitted with the enrollment, but the member must enter the self-employment start date in the online system.

Income Review and Calculation:

- a. Net income instead of the gross amount is used to qualify.
- b. Depreciation will be added back into the household income when deducted from gross income levels on the Schedule C or Corporation/Partnership federal tax returns.
- c. In addition to net income, if business returns reflect officer's compensation those salaries must be included.
- d. The net income plus depreciation from the prior year tax returns will be used when prior year tax returns are provided. In addition to net income, if business returns reflect officer's compensation, those salaries must be included.
- e. The net income plus depreciation from the current year P&L will be annualized when a current year P&L is provided. Annualized income equals year-to-date net income plus depreciation divided by the number of YTD days of current year earnings, based on the as of date on the P&L, multiplied by 365 days. This is the same calculation as used for Wage Earners, see example above.
- f. Earnings will be annualized if the self-employment start date is during the year being analyzed, unless it is noted that self-employment is seasonal.
- g. If income documentation evidence an income loss to the household, the income for the affected tax year will be carried as a zero.

Interest and Dividends of \$100 or greater

Acceptable Third-Party Documentation:

- a. Most recent year tax return or IRS transcripts.

Other Net Income of Any Kind from Real or Personal Property

Net income can be from the following sources:

- Capital Gains
- Sale of an asset that is more than the adjusted basis
- Stocks

Acceptable Third-Party Documentation:

- a. Most recent month bank statement or most recent 1099 IRS statement.

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- b. Brokerage statements verifying receipt of IRA distributions, annuity payments, insurance payments, etc.
- c. Brokerage statements verifying stock portfolio earnings, dividends, and other interest income.
- d. Most recent year tax return or IRS transcript.

Income Review and Calculation:

- a. Interest and dividend income are included in the total household income when the annual amount reflected on the tax returns or financial statements exceeds \$100 per filing year.

Rental Income from Multifamily Units/Roommates, Other Owned Real Estate, or Royalties:

Acceptable Third-Party Documentation:

- a. Most recent year tax return or IRS transcript including Schedule E.
- b. Other documentation of rental income for the subject property that evidences generated rental income may be used at FHLBank Boston's discretion.

Income Review and Calculation:

- a. The amount from the most recent year's tax return Schedule E box 26 will be used plus depreciation. This is annual rents/royalties net of related expenses. Expenses include but are not limited to PITI payments and utilities.
- b. Depreciation will be added back into the net income when deducted on Schedule E.

Periodic Income Payments:

Acceptable Third-Party Documentation:

- a. Current year Social Security/pension statement/retirement award letter or,
- b. Letters or case management forms from public assistance agencies or,
- c. Approved HUD Section 8 certificates.

Income Review:

Use the actual current amount/gross amount received from any of the following. Do not gross up.

- Social Security (**excluding** minors or other dependents not on the mortgage/deed)
- Annuities
- Insurance policies
- Retirement funds
- Pensions
- Disability
- Death benefits
- Welfare assistance
- Temporary Aid for Needy Families
- Other similar types of period receipts

Calculation Applied:

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Weekly/monthly income received should be annualized by the number of pay periods received.

Unemployment and Payments in Lieu of Earnings:

Acceptable Third-Party Documentation:

- a. Most recent year state agency documentation.
- b. Most recent year IRS filing statements.

Income Review:

Income such as unemployment, disability compensation, worker's compensation, and severance pay must be included.

Calculation Applied:

Weekly/monthly income received should be annualized by the number of pay periods received.

Alimony and Child Support:

Acceptable Third-Party Documentation:

- a. Court orders and/or state agency documentation verifying alimony awards and child support income or,
- b. Copies of checks, state payment records or child support enforcement, to verify receipt for three consecutive months. If the member submits bank statements, FHLBank Boston's housing and community investment (HCI) staff member must determine if any large deposit results in additional potential income sources. Non-disclosure of additional cash or income is a red flag, and the HCI staff members have the right to deny the enrollment.

Income Review:

- a. Child support and/or alimony should be counted in all instances, specifically when court ordered. If third party independent documentation can be provided indicating non-receipt of income, the Bank at its sole discretion will review and determine if the income can be excluded.
- b. If third-party documentation is provided (listed above), the income should be reviewed based on the higher of actual amounts received as compared to court ordered documents and annualized if applicable.
- c. Payments received for amounts in arrears will be included when received regularly and documented for the duration of the arrears payments.
- d. Lump sum arrear payments should not be included in the income calculation.

Calculation Applied:

Weekly/monthly income received should be annualized by the number of pay periods received.

All Regular Pay, Special Pay and Allowances of a Member of the Armed Forces:

Does not include special pay to a family serving in the Armed Forces who is exposed to hostile fire.

Acceptable Third-Party Documentation:

- a. Most recent year military earnings statements.

- b. Letter from the command verifying National Guard training pay (prospective).

Income Review:

- a. Income should be reviewed and calculated in the same manner as paystub recipients. Further documentation and/or explanation may be required based upon varying military branches and pay structures based on individual armed forces.
- b. Military personnel may be entitled to different types of pay including flight or hazard pay, rations, clothing allowance, quarters' allowance, and proficiency pay. These different types of pay, in addition to the base pay, may be included when that particular income source will continue to be received in the future.
- c. Income paid to military reservists while they are satisfying their reserve obligation must also be included if income continues to be received in the future.

Calculation Applied:

Weekly/monthly income received should be annualized by the number of pay periods received.

VI. Seasonal Income:

Acceptable Third-Party Documentation:

The preferred documentation for seasonal employment is a Verification of Employment.

- a. Annual wages when paid in less than 12 months:
 - o Annual wages should always reflect a full 12-month income period, regardless of the pay schedule.
 - o For example, if a teacher earns a gross annual salary of \$37,000, the \$37,000 should be used as annual salary whether the teacher is paid over only nine months or throughout the year. If the household member works in a school system, verification of employment or contract is required.
 - o Ensure the verification of employment identifies the number of pay periods or date range the employee is paid throughout the year along with the respective gross base pay.
 - o If the verification of employment with this information is not available, provide a signed contract, verifying the total pay periods and months. The member is to select the 'Other Form of Verification of Employment (Contract Based)' documentation in the online system.
- b. Seasonal earnings or other types of unique income must be included:
 - o For example: if a household member works a second job during peak holiday times, during the summer months or during growing seasons, the income received during this period must be added to the annualized income for that household member. The employer should verify the pay level and the number of weeks that the income was received in prior years along with an estimate for the next 12 months. The calculation will be based on the prospective pay level multiplied by the estimated number of weeks or hours for the next prospective 12 months' pay period(s). This total amount will be included in the total annualized income for that household member. The income should be compared against prior earning periods as provided by the employer.
- c. Seasonal and/or other types of unique earnings that are not included in the annualized income for the household require an exception from the Bank. The member will be required to provide an explanation supporting the omission of the income.

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- d. Other forms of income documentation that are not specified in guidelines stated may be permissible but at FHLBank Boston's sole discretion. Self-certifications may be acceptable if they meet the HUD handbook 4350.3 standards.

VII. Income to be Excluded:

Based on HUD regulations (24 CFR 5.609) and Disaster Relief Program criteria, the following annual income is not to include, but is not limited to excluding:

- a. Income from the employment of children (including foster children) under the age of 18 years;
- b. Payments received for the care of foster children or foster adults (usually person with disabilities unrelated to the tenant family, who are unable to live alone);
 - o The homebuyer must provide a copy of the contract identifying the terms and conditions of the employment agreement, the number of wages earned monthly, and any rental income received.
 - o The individual being cared for will not be included in the household count and will not be required to sign or disclose any personal information to the Bank, for income-qualifying purposes.
 - o The income will not be included in the household's total income unless it is received as a rental payment.
- c. One-time, lump sum additions to family assets (i.e., inheritances, capital gains, insurance policy death benefit payments, settlement for personal/property losses, medical expense reimbursements);
- d. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- e. Income of a live-in aide, as defined in HUD regulation 24 CFR 5.403.;
- f. The full amount of student financial assistance paid directly to the student and/or veteran or the educational institution;
- g. Special pay for Armed Forces exposed to hostile fire;
- h. Amounts received under training programs funded by HUD and identified under 24 CFR 5.609(8);
- i. Reparation payment paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- j. Earnings in excess of \$480 for each full-time student/dependents 18 years old or older (excluding the head of the household or spouse);
- k. Adoption assistance payments in excess of \$480 per adopted child;
- l. Earned income tax credits;
- m. Unreliable and non-recurring income (e.g., gifts, employee stock option buyouts, etc.)
As indicated earlier, overtime pay, commissions, fees, tips, and bonuses do not constitute unreliable and non-recurring income as defined here. Additional documentation may be required;
- n. The value of food stamp allotments (per §913.106 of the HUD regulations) or fuel assistance.
- o Section 8 housing vouchers or housing assistance payments related to home purchase.

VIII. Certification of Zero Income:

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All adult homeowners on the mortgage/deed who will reside in the property but are not working or do not receive any income from any sources, will need to execute FHLBank Boston's Certification of Zero Income form.