Please read the following guidelines carefully
It is important to correctly identify and calculate the income of applicants, and then to obtain the required documents that prove the stated income. We may return contract packages that do not follow these requirements. Drive will not accept documentation older than 60 days from the contract date.

### Income Type

1. **W-2**
   - **Paystub**
     Computer generated paystubs must be provided. Base pay will be used to calculate income if the applicant is employed for less than 90 days, if the paystub is within 01/01 through 03/31, or no YTD is present on the paystub.
   - **W-2**
     A W-2 can only be used from 1/01 thru 3/31. After 3/31, the applicant must provide the most recent paystub with YTD.
   - **Commissions**
     - Will be included in YTD if employed for more than 90 days.
     - If employed less than 90 days we will not use the commission pay.
     - From 1/1 to 3/31 commission needs to be on W-2 or we will exclude commission no matter how long employed.
   - **Handwritten Paystub**
     Three months of cancelled checks are required (copies of the checks are acceptable). A letter of employment is required along with verification of employment. The letter of employment must include the total YTD, hourly pay, most recent pay date, hire date and taxes deducted.

2. **Self-Employed or 1099 (contract worker)**
   - **Professionally prepared tax returns**
     The two most recent years of filed federal tax returns are required. If applicant has filed for an extension on the previous year’s taxes, we require the extension paperwork filed with the IRS, along with the two most recent professionally prepared (by a CPA) federal tax returns.
   - **Schedule C Self-Employed**
     Two years of professionally prepared federal tax returns are required, and must include Schedule C and Depreciation Worksheet (if applicable).
   - **S Corp Self-Employed and Rental Income**
     Two years of professionally prepared federal tax returns are required and must include Schedule E, 1120S, K-1s and Depreciation Worksheet (if applicable).
   - **If Self-Employed/1099 two years or more and professionally prepared tax returns are not available**
     Three months complete personal bank statements, $300 fee and a $2,000 total cash down payment are required. (See requirements for Personal Bank Statements.)

3. **Fixed Income**
   - **Tribal Income**
     Must provide one of the following: letter of tribal income (must be typed on letterhead and have a contact name and phone number), paystub (if available, calculate using YTD), or three most recent months’ bank statements. ($300 fee and $2,000 total cash down payment required)
   - **SSI, Disability, Child Support, Alimony, Adoption, Foster Care**
     Benefits letter or court order is required. In addition to the benefits letter or court order we also require three most recent months’ personal bank statements (must show regular monthly payments), three most recent canceled checks (copies of front and back), and state issued statement reflecting at least three months consecutive payments (must tie back to applicant by name, SSN, and/or case number).

4. **Part-Time and or Second Income**
   - **Paystub, W-2, Handwritten, 1099 or Self-Employed**
     To accept the part-time or second income, the applicant must have proof of continuous employment for a minimum of six months.

5. **Temporary Income**
   - **Paystub, W-2**
     Applicant must have a minimum of six months of employment through the same agency.

6. **Union Workers**
   - **Paystub**
     Must have all the final paystubs for every job the applicant worked throughout the year.
   - **W-2**
     From 01/01 through 03/31 we will accept W-2s. Applicant must provide W-2s for all jobs worked throughout the year. If the applicant was a 1099 employee for any or all jobs, the 1099 requirements must be followed.

(Continued on reverse.)
7. Military Income

» Leave and Earnings Statement
   The most recent LES must be used. We will include the Base pay along with BAH (Basic Allowance for Housing) and BAS (Basic Allowance for Sustenance).

» W-2
   - From 01/01 through 03/31 we will accept W-2s for military applicants.
   - Sub-teacher income requires W-2 or paystub after 3/31.

8. Teacher Income

» Paystub
   To calculate income correctly, you must determine if the applicant is paid for nine months of the year or 12 months.

» W-2
   From 01/01 through 03/31 we will accept W-2s from teachers.

» Contract agreement
   During the summer when the applicant is not working we will accept the last paystub the applicant received or the contract for the next school year.

9. Bonuses

» When can you use Bonuses?
   To allow bonuses you must verify how often the applicant has the potential to receive bonus. If you cannot verify, bonuses must be excluded from YTD gross income.

10. Rental Income

   - Need most recent two years complete federal tax returns to include all schedules.
   - Verify line 26 [Schedule E] and line 17 [1040] match
   - Will use Schedule E, line 26. Any depreciation [line 20] may be added back to line 26 as long as the supporting documents for the depreciation are provided.
   - If tax returns are unavailable, Drive will accept a copy of the Rental Agreement along with a minimum of three months most recent bank statements showing corresponding deposits. A $300 fee and $2,000 total cash down payments required.

Base Pay

» Using Hourly Pay
   - Hourly Rate X Hours Worked* X 4.33
   - (Example: $10 X 40 X 4.33 = $1,732/monthly)

» Using Weekly Pay
   - Weekly pay X 4.33
   - (Example: $400 X 4.33 = $1,732/monthly)

» Using Bi-Weekly Pay [Every two weeks]
   - Bi-weekly pay rate X 2.16
   - (Example: $800 X 2.166 = $1,732.80/monthly)

» Using Semi-Monthly Pay [Twice a month]
   - Semi-Monthly pay X 2
   - (Example: $866 X 2 = $1,732/monthly)
   - Note: Overtime is NOT allowed.

   *Hours worked is defined as the number of regular hours listed on the paystub (OT is not included when calculating Base pay).

2. Year to Date (YTD)
   Divide the YTD gross by the number of months

   » Scenario
     - Gross YTD is $25,000
     - Pay Period End (PPE) is 11/15/Current Year
     - Hire Date 7/2/2000
     - If PPE date is 11/15 the applicant worked 10 full months, and 15 days of the current month (15/30= .5) give a total time worked of 10.5 months
     - (Example: $25,000 / 10.5 = $2,380.95)

3. Bonuses
   If the bonus received is annual, divide the bonus by 12 and add to the monthly amount. If the bonus received is quarterly, divide the bonus by three (contingent on quarters passed) and add to the monthly amount.

4. Self-Employed Schedule C

   - Must have two most recent years' complete federal tax returns, including all schedules.
   - We use Line 31 from Schedule C and compare that to Line 12 of the 1040 to ensure that the amounts are the same.
   - If the amounts match, add the amounts from line 31 on both years’ Schedule C and add amounts from depreciation on Schedule C (as long as we have the depreciation worksheet) and divide by 24 (two years).
   - (Ex Line 31 from year 1 = $24,000 + Line 31 from year 2 = $25,000 / 24 = $2041.67)

5. Self-Employed S Corp

   - We require the 1120S to show the company’s income, Schedule E for the applicant’s portion of the income and the K-1 to show the applicant’s percentage of ownership of the company. We will add in depreciation only if the depreciation worksheet is provided with tax returns.
   - Compare the Schedule E income to line 17 on the 1040s to ensure that they match.
   - (Example: Year 1 Schedule E line 26 shows $24,000 income for applicant + Year 2 Schedule E line 26 shows $25,000 income for applicant / 24 = $2,041.67)

6. Fixed Income

   - Take the total monthly income from fixed income source and gross up by 15 percent.
   - (Example: monthly income from fixed income $1,000 / .85 = $1,176.47)

7. Bank Statements

   - Add up the total deposits minus the counter deposits and transfers to get the total deposits for the bank statements.
   - (Example: Month 1 total deposits of $4,500 + Month 2 total deposits of $4,200 + Month 3 total deposits of $4,400 / 3 = $4,366.67)