

USDA Rural Development HOUSEHOLD MEMBER, INCOME and ASSET DISCLOSURE

USDA Rural Development regulations require the disclosure of **ALL INCOME** of adult members of a household. This includes, but is not limited to, alimony, child support, and separate maintenance. An adult is considered age 18 and over. The applicant and spouse are not considered minors even if under age 18.

NOTE: While certain types of income may or may not be used for qualifying purposes (repayment ability), they are necessary in order to determine eligibility for USDA Rural Development financing.

USDA Rural Development defines a household or family as follows: “The applicant, co-applicant, and all other persons who will make the applicant's dwelling their primary residence for all or part of the next 12 months. The temporary absence of a child from the home due to placement in foster care shall not be taken into account in considering family composition and size. Foster children placed in the borrower's home and live-in aides shall not be counted as members of the household.”

If it is unclear if an applicant may claim a minor child as a household member for the purpose of the adjusted household income calculation, Internal Revenue Service (IRS) Publication No. 501 considers the custodial parent as the one authorized to claim the dependent on a Federal income tax return.

Income limits are available at: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Please list all members of the household including borrower and co-borrower(s). Insert name, date of birth or age, relationship to Borrower/Co-Borrower(s) and whether or not any income is received by the household member. Include names of children living in home also.

In addition, please notate as to whether or not they are “Full-Time student” or “Disabled.”

| Identify all Household Members | Relationship to Borrower(s) | Date of Birth or Age | Full-Time Student Y/N | Disabled Y/N? | Receives Income Y/N? |
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Borrower Initials _____ Co-borrower Initials _____

INCOME FROM ASSETS

In addition, USDA Rural Development requires that **“net family assets” (that amount remaining after loan closing) with a cumulative total of greater than \$5,000 must be considered in the “annual income” calculation.** The greater of the actual income derived from **ALL** net family assets or a percentage of the value of such assets based on the current passbook savings rate must be considered when calculating annual income for eligibility purposes.

While not all inclusive, these assets are typically as follows:

- Checking account
- Savings account
- Individual retirement account (IRAs)
- Stocks, bonds, investments

Note: Retirement, pension funds, IRAs, 401(k)s and Keogh accounts are NOT considered in net family asset calculation.

Reference Rural Development Handbook 3555 Section 9.4 *CALCULATING INCOME FROM ASSETS [7 CFR 3555.10(d)]* available at <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do> for a complete list of assets included in this income calculation.

It is your responsibility to disclose and provide documentation for **ALL** “net family assets” remaining after closing with a cumulative total of greater than \$5,000.

HOUSEHOLD INCOME and ASSET VERIFICATION

USDA Rural Development requires each adult member of the household to complete and execute an IRS Form 4506-T (or comparable IRS form) for the previous two years at the time of loan application. IRS transcripts will assist lenders in validating the applicant(s) and adult household members’ income and assets.

NOTE: The information received from the IRS on household members not included on the loan is not intended to document income, but to validate the income documentation and disclosures provided by the loan applicant(s) on all adult members of the household in order to verify eligibility for the loan program only.

ACKNOWLEDGEMENT

I/We understand that the USDA-Rural Development must underwrite our application. I/We further understand that all loan conditions set forth by the lender and Rural Development must be met prior to closing the loan.

I/We hereby certify that I/we have disclosed the income of all persons 18 years or older who will reside in the household. In addition, we certify that I/we have disclosed all “net family assets” as detailed above.

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any Department or Agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Borrower Date

Co-Borrower Date