

## **DOCUMENTATION REQUIRED FOR SELF EMPLOYED APPLICANTS**

If you or someone in your household, who is applying with you, is self-employed it requires the administrative agent (AA) for handling the affordable unit(s) whether to rent or purchase be able to calculate the household income/earnings.

This means we need to know the net profit of the business calculated over a specific period of time. We will also ask the person(s) who are self-employed to provide us with an estimate of the likely earnings.

If you or someone in your household answers yes to the following, they are considered to have income from self-employment:

- a) Receive 1099 tax forms
- b) Own your own business
- c) Work as an independent service provider (examples: taxi driver who owns/rents cab, hair stylist who rents space in a salon, etc...)
- d) Does freelance work (examples: artist, writer or graphic designer paid directly by client(s))
- e) Work as a consultant or independent contractor or work for yourself (examples: house cleaner paid directly by owner, babysitter paid directly by the family, running a catering business). An independent contractor is someone other people hire to do a certain kind of job when needed. Usually the contractor and the person hiring them have an agreement or contract.

We require proof of income and expenses for the current year to determine net business income. Therefore, the following documents are required:

### **Proof of Income**

- The last 3 years in a row of tax returns for this type of self-employment work (if you do not have 3 years we will need a notarized letter explaining why). Look at the net profit amounts on the tax returns (on a tax return see line 12, Business income or loss) on a Schedule C form see line 31 (net profit or loss).
- A profit and loss statement for the current year must be submitted,
- Income earned year-to-date – do you think as a self-employed person you will make **about the same** amount of money this year as you did in the past year? If yes, calculate the average income and enter that amount on the application.

Calculating the average: Find the net profit amounts on your tax returns from the last 3 years in a row. Add up all of those amounts (if any year was a negative use zero for that year), then divide the number by how many income amounts (3 years would be divided by 3) to get an average---is is your estimated gross annual income. Then divide by 12 to get the gross monthly income amount from self-employment on your application.

- What is your estimated gross annual income? \_\_\_\_\_
- What is your estimated gross monthly income? \_\_\_\_\_

**Proof of Expenses**

- Business expenses year-to-date – list the time period at the top
- Estimated business expenses for the current year
- Copies of the business accounts ledger
- Copies of checks (proof of income or expenses)
- Copies of receipts (proof of income or expenses)
- Copies of invoices (proof of income or expenses)

If the above information required is provided by an accountant, the data must be on the accountant's letterhead and signed. The information must be current and not apply to previous years.

**Other Information Needed:**

**Business Address if different than your current home address:**

\_\_\_\_\_

**Business Phone:** \_\_\_\_\_

**Business E-mail:** \_\_\_\_\_

**Have you been working as a self-employed person for the last 12 complete calendar months?** \_\_\_\_\_

**What month and year did you become self-employed?** \_\_\_\_\_

Business income claimed on tax returns cannot be substituted for the required **current** documentation as noted above.

Non-taxable income or income earned but not claimed on taxes cannot be included in the calculation of the applicant's gross annual income.

**Declaration:**

Please return the declaration page signed and dated and notarized with the attached documents notarized.

If you have questions or require additional information, please call CJHRC at 908-446-0036.

## SELF EMPLOYED DECLARATION

I declare that the information I have given on my application for affordable housing and attached is correct and complete.

I understand that if I give information that is incorrect or incomplete action may be taken against me. This may include court action.

I agree that the use of the information I have provided to process my application for affordable housing is authorized. I also authorize that you may verify/check the information with other sources as allowed by law.

I know that I must let Central Jersey Housing Resource Center (CJHRC) know in writing about any changes in my circumstances which may affect my application or any information provided for the purpose of attaining affordable housing.

I understand that if I do not tell CJHRC about the change of circumstances I may be prosecuted or whatever option available by law can be implemented. It is usually considered fraud.

\_\_\_\_\_Signature of Self Employed

\_\_\_\_\_Printed Name of Self Employed

\_\_\_\_\_Date