

# INCOME TYPE AND CALCULATION GUIDE



GM FINANCIAL

## PLEASE READ THE FOLLOWING GUIDELINES CAREFULLY

The information listed below is a guideline to help dealers when sending loan packages to GMF or performing a preliminary calculation of income. For additional assistance when calculating income, please use our [income calculator](#) located on the [GM Financial dealer website](#).

## INCOME TYPE

### 1. W-2 (not self-employed)

#### Pay Stub

- Pay stub must not be older than 30 days from the contract date.
- An obtained letter of employment and a verbal verification with the employer do not satisfy the proof of income (POI) requirement. When multiple pay stubs are provided, the most recent pay stub will be used for the income calculation.

#### Authorized Third-Party Report

- GMF will continue efforts to obtain a current pay stub; however, funding will not be delayed if we are able to pull a current report from an authorized third-party such as TALX.
- If the report does not have an "as of" date within 60 days of contract date, the customer must be placed on the job and a current pay stub must be obtained.

#### W-2

- GMF will consider the use of W-2's as proof of income for loans contracted during the months of January through March, accompanied by a recent pay stub within 30 days of the contract date.
- If the applicant was employed less than the full year, a manual calculation method will be used.

#### Job Letters/Handwritten Stubs

- Job letters are an acceptable form of proof of income on a case-by-case basis. To qualify, the applicant must be employed less than one month or have been promoted within the past 45 days. The letter must be verified with the employer

**The job letter (on company letterhead) or BFO must be dated within 30 days of the contract date and include:**

- Applicant's name,
- Date of hire,
- Applicant's position,
- Base hourly or salary amount,
- Work status (i.e., full time or part time),
- Applicant's scheduled hours per week, and
- Signature by employer (e.g., HR or Senior Management)

- Handwritten pay stubs are acceptable if accompanied by a job letter and four consecutive canceled checks.

### 2. SELF-EMPLOYED OR 1099 (contract worker)

- We require that applicants be self-employed a minimum of two years.
- A completed 4506T Form must be obtained from the applicant(s).

### 3. FIXED INCOME

#### Child Support, Alimony

- We require either:
  - A "Payment History Report" from the registry of the court showing regular payments.
  - Or, a copy of the court order and proof of the five most recent consecutive payments (bank statements or canceled checks).

#### SSI, Disability, Pension and Retirement

- We require either:
  - An earnings statement within 30 days of the contract date.
  - Or, a current bank statement with proof of deposit (or check for SSI income and most recent award letter).
- For disability benefits, direct verification with the employer or insurance company is required.

#### When using bank statements as proof of income, documentation must:

- Provide the applicant's name.
- Be no older than 30 calendar days from the contract date.
- Clearly identify our customer as receiving the funds.
- Specify who deposited the funds (i.e., U.S. Treasury, pension fund).
- List the name of the banking institution

#### Veterans Affairs (VA) Benefits

- We require either direct verification with the VA office (800-827-1000) or copy of a current bank statement with proof of deposit.

### 4. SECONDARY JOB INCOME

- Secondary income is considered; please contact your credit center for qualification requirements. Primary income is defined as the greatest amount of employment income.

### 5. TEMPORARY EMPLOYEES

- Temporary employees must have a minimum 1-year history with their current temporary/staffing agency or current employer.

### 6. RENTAL INCOME

- We must obtain a completed 4506T Form.
- When there is a single applicant on the loan and the 1040 was filed jointly, the income cannot be used.

### 7. MILITARY

- The LES must be no older than 30 calendar days from the contract date.

# INCOME CALCULATIONS

## 1. YEAR TO DATE (YTD) Fig. 1

- Use the provided [Income Calculator](#).
  - Enter the YTD gross pay, the check date and pay period ending date, if both are shown on the pay stub. Enter the verified hire date, if hired after January 1 of the current year.
  - If the applicant is paid on a monthly basis, check the "Use Monthly Pay Frequency" box.
  - Signing bonuses, per diem pay, other fringe payments as well as non-taxable earnings itemized on a pay stub will be excluded from the income calculation.
  - During the months of January and February, income should be calculated using base pay from a current pay stub.

## 2. BASE PAY Fig. 2

- Use the gross base pay income on the pay-stub only. The hourly rate cannot be multiplied by the normal hours.
- The use of tips, commission, overtime, etc. is not allowed when using base pay to calculate income.
- The maximum hours allowed is based on pay frequency:
  - **Weekly** - 40 hours
  - **Bi-weekly** - 80 hours
  - **Semi-monthly** - 86.67 or 88 hours (depending on hours identified on the stub).

## 3. FIXED INCOME

- Use the total monthly income from the fixed income source (we do not gross up fixed income).

## 4. SEASONAL / LEAVE OF ABSENCES (LOAs)

- For seasonal employees, use the monthly base pay multiplied by the number of months paid, divided by 12 to calculate income. Use either the base earnings listed on the current stub or a YTD calculation to determine the monthly base pay that should be used in the above calculation.
- For LOA situations, attempt to verify the reason for the leave and the specific dates of the leave.
  - One time leave of absence with specific dates – a manual calculation method will be used.
  - One time leave of absence without specific dates – Use base pay.
  - Cyclical leave of absence – Use YTD calculation.

## 5. MILITARY

- We will use the total amount listed under the Entitlements section, minus any advance pay, clothing allowance, and bonuses (enlistment and other).

## 6. SCHOOL EMPLOYEES

- To properly calculate income, we must verify the number of months the applicant is paid during the year.

## 7. GARNISHMENTS

- Garnishments will be taken into account when calculating income and assessing the customer's total debt.

## 8. USPS Employee Fig. 3

- Enter the YTD gross pay and current pay period.

The screenshot shows the 'Standard' tab selected. It features a 'W-2' checkbox and a 'Use Monthly Pay Frequency' checkbox. Below these are input fields for 'YTD Gross Pay', 'Payment Date' (with sub-fields for 'Check Date' and 'Pay Period Ending Date'), and 'Verified Hire Date'. At the bottom, there are 'Calculate' and 'Reset' buttons, and two output fields: 'Monthly Income' and '20% for Residence'.

Fig. 1

The screenshot shows the 'Base Pay' tab selected. It features a 'Base Pay' input field and a 'Pay Frequency' dropdown menu set to 'Weekly'. At the bottom, there are 'Calculate' and 'Reset' buttons, and two output fields: 'Monthly Income' and '20% for Residence'.

Fig. 2

The screenshot shows the 'USPS Employee' tab selected. It features a 'YTD Gross Pay' input field and a 'Pay Period' input field. At the bottom, there are 'Calculate' and 'Reset' buttons, and two output fields: 'Monthly Income' and '20% for Residence'.

Fig. 3