

INCOME TYPE AND CALCULATION GUIDE

Please read the following guidelines carefully.

It is important to correctly identify and calculate the income of applicants and then obtain the required documents that prove the stated income. We may return contract packages that do not follow these requirements. Documentation older than 30 days from the contract date will not be accepted.

§ INCOME TYPE

1. W-2/Wage income

» Paystub

Computer-generated or handwritten paystubs are acceptable. Base pay will be used to calculate income if the applicant is employed for less than 90 days, if the paystub period end date is within 1/1 through 3/31, or no YTD is present on the paystub.

- Must be dated within 30 days of contract date.
- Must show applicant name and employer name.
- Federal and/or state taxes must be withheld.

» W-2 tax statement

A W-2 can only be used from 1/1 through 3/31, dated as of the previous year. Must show applicant name and employer name. After 3/31, the applicant must provide the most recent paystub with YTD.

» TALX

Chrysler Capital uses TALX (The Work Number) to calculate income when data is available.

» Bonuses, commissions, reimbursements and overtime pay

will be included in YTD if employed for more than 90 days. If employed less than 90 days, Chrysler Capital will not include the additional pay. From 1/1 to 3/31, additional pay needs to be on the W-2 or we will exclude additional pay no matter how long employed.

» Letter of employment (LOE)

An LOE can be used for proof of income (POI) if it is typed on company letterhead and includes the employer's contact name and phone number and the applicant's hire date and hourly rate or salary. A typed letter with a copy of the company business card also is acceptable. Handwritten LOEs are not acceptable. LOEs are only acceptable if the applicant is employed for less than 30 days. If applicant is self-employed or a 1099 employee, see the requirements below.

2. Self-employed or 1099 (contract worker)

» Less than or equal to one year in business requires three months of one of the following:

- Personal bank statements
- Business bank statements with personal withdrawals
- Canceled checks

» Greater than one year in business, requires the following determined by contract date:

- Contracted January 1 through June 30 of the current year requires one of the following:
 - Tax return from previous year; use the tax return to calculate income
 - If previous year tax return has not been filed, tax return for the last year filed (no more than two years) AND three months personal or business bank statements with personal withdrawals or canceled checks
 - Use the bank statements or canceled checks to calculate income

- Contracted July 1 through December 31 of the current year requires one of the following:

- Tax return from previous year and three months personal bank statements
- Tax return from previous year and three months business bank statements with personal withdrawals
- Use bank statements to calculate income
- Tax return from previous year and three months canceled checks
- Use canceled checks to calculate income

» Business bank statements

Business bank statements must include personal withdrawals to be used as income documentation. Income will be calculated the same as personal bank statements.

» Income will be determined using the following steps for personal bank statements:

- 1) Calculate the total deposits for each month
- 2) Deduct any refund credits and transfers
- 3) Divide by the number of months of bank statements received
- 4) Divide by the number of people on the account

3. Taxable and non-taxable Income

» Examples of taxable income: alimony, pension/retirement and unemployment.

Must provide one of the following: valid award letter dated within last 12 months, most recent three months of personal bank statements (all pages) showing regular monthly payments received, most recent three months of canceled checks (front and back), or state issued stub/invoice within 60 days. All monies received must be tied back to applicant by name or other personal identifier.

» Examples of non-taxable income: child support, public assistance, adoption, foster care, SSI, disability, VA, workman's comp, pension/retirement and tribal income (non-gaming related).

We will accept one of the following:

- One month most recent bank statement that reflects applicant(s) name/SSN and/or deposit source
- One month most recent Direct Express statement that reflects applicant's name and source
- Benefit Letter dated within 12 months from the date of the contract
- Most recent copy of check issued by the U.S. Treasury
- 1099 or 1098 year-end tax statement to be used until 3/31
- Most recent three months of canceled checks (front and back)
- State-issued stub/invoice or payment registry

» All non-taxable fixed income

Non-taxable fixed income is grossed up by multiplying the awarded amount by 1.25.

4. Tribal income

- » **Must provide one of the following:**
 - Letter of tribal income - must be typed on letterhead, have a contact name and phone number and be dated within 90 days of the contract date
 - Paystub dated within 30 days of the contract date

5. Union workers

- » **Paystub**
Must have all the final paystubs for every job the applicant worked during the year.
- » **W-2 Wage and Tax Statement**
From 1/1 through 3/31, we will accept W-2s. Applicant must provide W-2s for all jobs worked throughout the year. If applicant was a 1099 employee for any or all jobs, the 1099 requirements must be followed.

6. Military income

- » **Leave and Earnings Statement (LES)**
The most recent LES must be used. We will include the base pay along with basic allowance for housing (BAH), basic allowance for sustenance (BAS) and cost of living increase (COLI).
- » **W-2**
From 1/1 through 3/31, we will accept W-2s for military applicants.

7. Teacher income

- » **Paystub**
To calculate income correctly, you must determine the monthly income amount based on 12 months.
- » **W-2**
From 1/1 through 3/31, we will accept W-2s from teachers. Sub-teacher income requires W-2 or paystub after 3/31.
- » **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.

8. Rental income

Must have three months bank statements, most recent three months canceled checks (front and back) or tax returns (1040 schedule E).

9. Pension/Retirement

Income may be non-taxable or taxable depending upon the source. Non-taxable pension/retirement income should be grossed up per section three above.

10. Income source

An income source must belong to the contracted applicant. Chrysler Capital does not accept income sources from third parties not listed on the credit application, such as income from immediate family members, co-habiting family members and/or friends, except where required by applicable law.

INCOME CALCULATIONS

1. Base pay

- » **Using hourly pay**
Hourly rate X hours worked* X 4.33
(Example: \$10 X 40 X 4.33 = \$1,732/month)
- » **Using weekly pay**
Weekly pay X 4.33
(Example: \$400 X 4.33 = \$1,732/month)
- » **Using bi-weekly pay (every two weeks)**
Bi-weekly pay rate X 2.16
(Example: \$800 X 2.166 = \$1,732.80/month)
- » **Using semi-monthly pay (twice a month)**
Semi-monthly pay X 2
(Example: \$866 X 2 = \$1,732/month)
Note: Overtime pay is NOT allowed.

*Hours worked is defined as the number of hours paid at the base rate listed on the paystub (overtime pay is not included when calculating base pay).

2. Year to date (YTD)

Divide the YTD gross by the number of months worked.

- » **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 ($15 \div 30 = .5$), give a total time worked of 10.5 months. (Example: $\$25,000 \div 10.5 = \$2,380.95$)

3. Bonuses

Bonus income is calculated as part of YTD income, if employed more than 90 days. If employed less than 90 days, Chrysler Capital will not include additional pay. From 1/1 to 3/31, additional pay needs to be on the W-2 or we will exclude additional pay no matter how long employed.

4. Non-taxable income

To calculate, multiply the amount received by 1.25 to get the gross amount. (Example: If SSI received monthly is \$700, calculate $\$700 \times 1.25$ for a gross monthly income of \$875.)

This is not applicable for taxable income where taxes are deducted on the document.

5. Personal and business bank statements

Add up the total deposits minus credits 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 $\div 3 = \$4,366.67$)

Information is subject to change at any time as deemed necessary by Chrysler Capital.