



New York State Division of Housing and Community Renewal

25 Beaver Street
New York, NY 10004

February 13, 2009

Management Bureau Memorandum #2009-B-02

To: All Limited Profit and Limited Dividend Housing Companies
Owners, Managing Agents and Site Managers

From: Robert Damico, Downstate Director
Housing Management Bureau

Subject: Occupants' Annual Affidavit of Family Income for Calendar Year 2008
Income Review Procedure

Reference: NYS Private Housing Finance Law; Official Compilation of Codes, Rules and
Regulations of the State of New York, 9NYCRR 1727-2

The Private Housing Finance Law requires that limited profit and limited dividend housing companies review tenant/cooperator income once a year to determine eligibility for continued occupancy. If adjusted household income exceeds the maximum income limit by more than 5 percent, a surcharge is to be added to the rent.

We are enclosing the following materials for your use in conducting this review:

- Housing Company Instructions
- Occupants' Annual Affidavit of Family Income for Calendar Year 2008 [HM-73]
- Housing Company Summary Sheet [HM-73a] (*All housing companies, including federally assisted developments with no market rent tenants, are required to complete this form and submit it to the Division by September 4, 2009.*)
- Surcharge Information Tabulation Sheet [HM-73b]
- Tenant/Cooperator Instructions
- Worksheet for Determination of Surcharge - Rental
and
Worksheet for Determination of Surcharge - Cooperative
(*Select the appropriate worksheet for your development and include it as page 5 of the Tenant/Cooperator Instructions.*)

The following Tenants/Cooperators are NOT subject to this income review:

- families receiving any form of subsidy requiring federal income recertification (i.e., Section 236, Rent Supplement, RAP, or Section 8 programs). However, families paying market rent in Section 236 and Section 8 developments are subject to this annual income review;
- families receiving assistance under the NYS Capital Grant Program; and
- resident employees.

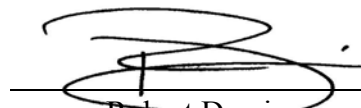
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All information contained in the income affidavit is confidential. Appropriate storage and access measures must be taken to safeguard privacy. Housing company personnel should be advised that this information may be disclosed only to authorized persons or agencies.

Please make one submission of the following documents to this office by September 4, 2009:

- one copy of each completed Occupants' Annual Affidavit of Family Income [HM-73] **prepared on white paper** and arranged by building and apartment number;
- one completed Housing Company Summary Sheet [HM-73a]; and
- one completed set of Surcharge Information Tabulation Sheets [HM-73b].

Should you have questions on the income review procedure, please call Veda Ramos at (212) 480-7345 or email her at vramos@nysdhr.gov.



Robert Damico

HOUSING COMPANY INSTRUCTIONS

Timetable for Income Review Procedure

- March** Reproduce income affidavit and tenant/cooperator instructions and distribute by **April 1, 2009**.
- April** Tenants must complete and return income affidavits to housing company by **April 30, 2009**.
- May** Review income affidavits, complete Section D, and prepare Surcharge Information Tabulation Sheets.
- Send follow-up letters to tenants who have not returned a completed income affidavit or required documentation.
- Notify tenants of surcharges resulting from this income review by **June 1, 2009**.
- June** Assess surcharges effective **July 1, 2009**.
- July-August** Complete Surcharge Tabulation Sheets, prepare Housing Company Summary Sheet, and submit with income affidavits to the Division by **September 4, 2009**.

Steps to Be Taken by Managing Agent/Housing Company Prior to Distribution of Income Affidavits

1. **Reproduce Occupants' Annual Affidavit of Family Income [HM-73]**
 - a. Enter the development name in upper left hand box.
 - b. Enter the housing company number in box labeled "DHCR Number".
 - c. Enter the name and return address of Managing Agent or Housing Company in box labeled "Complete Affidavit and return by April 30, 2009 to:"
 - d. Print both sides of form HM-73 allowing for three copies per household. The reverse side of the form must contain the Privacy Notice statement required by Section 94(1) (d) of the New York Public Officers Law. **The copy submitted to the Division must be on white paper.**
2. **Reproduce Tenant/Cooperator Instructions for Completion of Affidavit of Family Income**
 - a. Select the applicable Worksheet for Determination of Surcharge (page 5) for your development, either **rental** or **cooperative**, and discard the other.
 - b. Print the first page of the instructions on housing company or managing agent letterhead and the following pages on plain paper allowing for one copy per household plus 10% reserve stock.

Mail or Distribute to Tenants Subject to this Review:

- **Three (3) Copies of Income Affidavit [HM-73], and**
- **One (1) Copy of Tenant/Cooperator Instructions**

**Steps to Be Taken by Managing Agent/Housing Company
After Distribution of Income Affidavits to Tenants**

INITIAL PREPARATION OF SURCHARGE INFORMATION TABULATION SHEETS

1. Complete upper portion of Surcharge Information Tabulation Sheet [HM-73b].
2. Reproduce sufficient copies of the tabulation sheet to permit entry of the following information:
 - a. **For non-federally assisted developments** - List **each** apartment sequentially and enter leaseholder's name or "Vacant", if applicable. Use the "Remarks" column to identify residential tenants who are not subject to the income review, and indicate why (for example: Resident Employee, Capital Grant, SCRIE, Section 8, etc.).
 - b. **For federally assisted developments** - List only those apartments whose occupants pay Market Rent.

**Income Affidavit Review and Entry by Management
On Surcharge Information Tabulation Sheets**

1. Review each income affidavit, and accompanying documentation, if required, to make sure it is legible and complete.
2. All occupants 18 years of age or older must sign deposition in Section C.
3. Make certain that New York State Tax Return Information is provided for all occupants. *If a joint return was filed, make sure that the "Joint Return" column is checked for both filers and that the wages of a Secondary Wage Earner are listed separately so the appropriate deduction can be taken.*
4. Complete all calculations in **Section D**.

Maximum Income Limit -- See page 4 of these instructions. Use the applicable ratio, based on the number of persons in the household:

- 7 X - for families of **three** persons or less
- 8 X - for families of **four** persons or more

Secondary Wage Earner Deduction -- A deduction of \$17,000, or the exact amount of earnings if less, is allowed for **each** secondary wage earner including minors under the age of 21.

*A **secondary wage earner** is any gainfully employed member of the household other than the head of household. The head of household is defined as the person who is legally or morally responsible for dependents in the household, whose income is generally from employment or self-employment and usually exceeds income of any other member of the household. It is not necessary for the head of household to be gainfully employed for another household member to qualify as a secondary wage earner.*

If the **Net Income** exceeds the **Maximum Allowable Income** by more than 5%, a surcharge should be added to the rent - see surcharge schedule on page 5.

5. Transfer all necessary information from the income affidavit to the **Surcharge Information Tabulation Sheet [HM-73b]**. Complete all columns.

6. Provide written notification to tenants as follows:

- **Tenants whose adjusted household income exceeds 105% of the maximum allowable income** must be notified by June 1 of the surcharge to be added to their rent effective July 1, 2009.
- **Tenants who fail to provide the required information** must be notified by June 1 of the 50% maximum surcharge to be added to their rent effective July 1, 2009.

Documentation Requirements

Income reported by occupants who provide social security numbers will be referred to the New York State Department of Taxation and Finance for verification, and that agency's findings will be forwarded to the housing company. This direct verification process eliminates documentation requirements for most occupants who file New York State income tax returns. However, documentation is required in the following instances:

1. If Medical and Dental Expenses (line B4) or Taxable Social Security Benefits (line B5) are claimed, they must be substantiated by a filed NYS tax form.
2. If the total number of Dependent Exemptions and Personal Exemptions (entered on line B3) is greater than the number of household members, the dependent exemptions must be substantiated by a filed NYS tax form.
3. If an occupant 18 years of age or older *does not provide a social security number or did not file a NYS return*, income verification is required as follows:
 - If an income tax return was filed, a copy of either the NYS or federal return must accompany the affidavit and a certified copy must be submitted to the management office by July 31, 2009.
 - If an income tax extension request was filed, a copy of either the NYS or federal extension request must accompany the affidavit and a certified copy of the NYS or federal return must be submitted to the management office by November 30, 2009.
 - If no income tax return or extension request was filed, written verification of income must accompany the affidavit. Refer to 9NYCRR Section 1727-2.3(a) for appropriate verification methods.

Note: Income affidavits and supporting documents must be retained in tenant files for audit purposes. Do not submit supporting documents to the Division.

Submission of Income Affidavits to DHCR

Make **one** submission of the following materials to this office by **September 4, 2009**:

- **one** completed Housing Company Summary Sheet [HM-73a];
- **one** set of the completed Surcharge Information Tabulation Sheets [HM-73b]; and
- **one copy** of each Occupants' Annual Affidavit of Family Income [HM -73] **prepared on white paper** and arranged by building and apartment number.

Forward to: NYS Division of Housing and Community Renewal
Housing Management Bureau - Attn: Administration Unit
25 Beaver Street - Room 633
New York, New York 10004

Rent or Carrying Charge Increase

In the event of a Commissioner's Order affecting rents/carrying charges, at least 30 days prior to the increase, an interim recalculation of surcharges must be done for tenants with surcharges. The housing company shall submit to DHCR, within 30 days of the rent/carrying charge increase, an updated Surcharge Information Tabulation Sheet listing the adjusted surcharges.

Interim Changes in Rent

Income should be reexamined, and interim changes in rent to reduce or remove surcharges should be made, if required, only in the following circumstances:

- tenant or member of family is placed upon public assistance by the Human Resources Administration;
- a full-time employed member permanently leaves the family;
- death or retirement of a member of the family who had income; or
- long-term unemployment of a member of the family which has been continuous for at least three months.

[§1727-2.5(b)]

Calculation of Maximum Income Limits

RENTALS

Multiply the annual rent, including utilities, by 7 for households of one to three persons, or by 8 for households of four or more persons.

COOPERATIVES

Add the following amounts:

1. Annual carrying charge, including utilities
2. 6% of equity investment
3. \$120 multiplied by the number of rental rooms (Cost of Redecoration and Replacement of fixtures and appliances)

Multiply the total by 7 for households of one to three persons, or by 8 for households of four or more persons.

SAMPLE SURCHARGE CALCULATION
for a Cooperative with a Carrying Charge of \$285,
Equity of \$5000, and 5 Rental Rooms

Assume that the apartment is occupied by a family of three (husband, wife and child); that the total gross income is \$40,000 (\$36,000 for the head of household and \$4,000 for the spouse from wages); and that the husband and wife filed a joint return claiming one exemption for the child and the standard deduction.

MAXIMUM INCOME LIMIT CALCULATION		NET INCOME CALCULATION	
Carrying Charge of \$285 X 12	\$3,420	Total Gross Income	\$40,000
Equity of \$5,000 X 6%	300	Less Deductions (Line B6)	<u>3,000</u>
5 Rental Rooms X \$120	<u>600</u>	Total Adjusted Income	\$37,000
Subtotal	4,320		
Multiply by 7 (1-3 persons)	<u>X 7</u>	Less Secondary Wage Earner Deduction	<u>4,000</u>
MAXIMUM INCOME LIMIT	\$30,240	NET INCOME	\$33,000

NET INCOME ÷ MAXIMUM INCOME LIMIT = % OF MAXIMUM INCOME LIMIT

In this example, the tenant's net income of \$33,000, divided by the maximum income limit of \$30,240, equals 109%. Referring to the surcharge schedule below, the tenant must pay a monthly surcharge of 5% of the monthly carrying charge.

SURCHARGE SCHEDULE		
Income <i>(In % of Maximum Income Limit)</i>		Surcharge <i>(In % of Rent/ Carrying Charge)</i>
greater than	up to and including	
100%	105%	None
105%	110%	5%
110%	115%	10%
115%	120%	15%
120%	125%	20%
125%	130%	25%
130%	135%	30%
135%	140%	35%
140%	145%	40%
145%	150%	45%
150%	-	50%

STATE OF NEW YORK		SECTION 94(1)(d) OF THE NEW YORK PUBLIC OFFICERS LAW REQUIRES THIS NOTICE TO BE PROVIDED WHEN COLLECTING PERSONAL INFORMATION FROM INDIVIDUALS	
PRIVACY NOTICE			
AGENCY NAME		BUREAU/UNIT	
NYS DIVISION OF HOUSING AND COMMUNITY RENEWAL		Housing Management	
TITLE OF OFFICIAL RESPONSIBLE FOR MAINTENANCE OF THE INFORMATION			
Director			
BUSINESS ADDRESS OF OFFICIAL		TELEPHONE NUMBER	
25 Beaver Street, New York, NY, 10004		(212) 480-7345	
AUTHORITY WHICH PERMITS THE MAINTENANCE OF INFORMATION			
Private Housing Finance Law and Section 1727 of Title 9 of the Official Compilation of Codes, Rules and Regulations of the State of New York			
THE CONSEQUENCES, IF ANY, OF NOT PROVIDING ALL OR ANY PART OF THE REQUESTED INFORMATION			
Maximum Rental Surcharge and/or Denial of Succession Applications			
THE PRINCIPAL PURPOSE(S) WITHIN THE AGENCY FOR WHICH THE INFORMATION IS TO BE USED			
Determining Right to Continued Occupancy, Verification of Income for Purposes of Continued Occupancy and Establishing Rent, and Determination of Eligibility for Succession (Current household members must be listed on affidavit to be eligible for succession rights.)			
KNOWN OR FORESEEABLE TRANSFERS OF THE INFORMATION			
New York State Department of Taxation and Finance, New York City Department of Housing Preservation and Development and Mitchell-Lama Housing Companies where transfer of such information is necessary to DHCR's statutory duties			
EACH INDIVIDUAL HAS THE RIGHT TO REVIEW PERSONAL INFORMATION MAINTAINED BY THE AGENCY, UNLESS EXEMPTED BY LAW.			



State of New York
Division of Housing and Community Renewal
Office of Housing Operations
website: www.nysdhcr.gov

HOUSING COMPANY SUMMARY SHEET

INCOME AFFIDAVIT SUBMISSIONS -- CALENDAR YEAR 2008

<p>Development Name: _____</p> <p>DHCR Number: _____</p>
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INSTRUCTIONS: This form provides information on income affidavit submissions for all of the buildings and every apartment in the development. Complete it using information from the Surcharge Information Tabulation Sheets. Only one summary sheet should be submitted for each housing company.

[Do not write in shaded areas.]

1	Affidavits Filed - Not subject to Surcharge		
2	Affidavits Filed - Subject to Surcharge		
3	TOTAL INCOME AFFIDAVITS FILED <i>(add lines 1 and 2)</i>		
4	FAILED TO FILE OR AFFIDAVITS INCOMPLETE		
5a	Capital Grant Tenants		
5b	Tenants Subject to Federal Income Recertification		
5c	Professional Apartments		
5d	Resident Employee Apartments		
5e	Vacant Apartments		
6	TOTAL EXEMPT FROM FILING <i>(add lines 5a through 5e)</i>		
7	TOTAL APTS. IN DEVELOPMENT <i>(add lines 3, 4 and 6)</i>		
8	TOTAL ANNUAL SURCHARGES <i>(from Surcharge Information Tabulation Sheet)</i>	\$	

<p>Completed by: _____ Date: _____</p> <p>Title: _____ Telephone: (____) _____</p>
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**Tenant/Cooperator Instructions for Completion of
Affidavit of Family Income -- Calendar Year 2008**

Under the New York State Private Housing Finance Law, this development has been given a subsidy that makes it possible for tenants/cooperators, whose incomes are within the maximum income limits set by law, to pay below market rents/carrying charges. The law requires that we examine your income once each year to determine eligibility for continued occupancy. If your adjusted household income exceeds the maximum income limit by more than 5 percent, a surcharge will be added to your rent.

The assessment of a surcharge, if any, will be effective **July 1, 2009** through **June 30, 2010** in accordance with the Surcharge Schedule on page 4 of these instructions. If you wish to calculate your surcharge, a Worksheet for Determination of Surcharge is provided on page 5.

Please cooperate in the review process by providing information no later than **April 30, 2009**. The failure, neglect or refusal of a tenant/cooperator to furnish information concerning his income or that of any member of the household, or to cooperate in the verifying of such reported income, will be assumed to indicate excess income. In such cases, rent will be raised to maximum in surcharge schedule. However, upon submission of an affidavit of income and/or proper documentation, surcharges, if any, will be assessed on the basis of verified income, with the effective date of any rent change to be the first of the month following the month in which the affidavit of income and/or proper documentation had been filed with the housing company. In no event will credit be given for excess surcharges already assessed as a result of failure, neglect or refusal of the tenant/cooperator to cooperate in income determination as set forth in Section 1727-2.6(a) of the New York Codes, Rules and Regulations.

If you have questions, or need assistance in completing the attached form, please call the management office.

Income Information shown on the Occupants' Annual Affidavit of Family Income is subject to verification by the New York State Department of Taxation and Finance in accordance with provisions of Section 171-b of the Tax Law.

Upon proper verification of income, if it is determined that the tenant/cooperator, or any member of the household, willfully misrepresented any information, then the housing company shall calculate surcharges in accordance with the surcharge schedule and assess such surcharge, as rent, each month, retroactive to the initial month in which the surcharge should have been paid. The tenant/cooperator shall be charged a fee of \$75 in payment for the expenditure of housing company time and labor incurred to determine the true income.

[1727-2.6(b)]

READ ALL INSTRUCTIONS CAREFULLY

Please type or print clearly using blue or black ink. Complete three (3) copies of the attached income affidavit and return two (2) copies to the managing agent/housing company by April 30, 2009. Retain the third copy for your records.

1. **HEADING:** Fill in last name of head of household, address, building number, apartment number, and day-time telephone number.
2. **SECTION A: HOUSEHOLD INFORMATION**

Important Note For Married Occupants Who Filed a Joint NYS Income Tax Return:

- The "Joint Return" column must be checked for both joint filers.
- The sum of the gross income reported for each joint filer must equal the amount reported on line 18 of form IT-201 or line 11 of form IT-150.
- If a joint filer is not listed on line A1 as "Head of Household" and is gainfully employed, his/her wages should be listed separately so the secondary wage earner's deduction can be calculated.

A1 through A6 —

Enter the name (last name, first name), relationship, age, and social security number of each person presently residing in the apartment, and indicate whether he/she is employed. For each person listed, check the type of New York State income tax return filed ("Joint" or "Individual") or "None".

In the column labeled "Gross Income" enter the amount shown on **line 18 on NYS tax form IT-201 or line 11 on form IT-150**. If an extension of time to submit a NYS return was requested, check "No Return Filed" and enter occupant's estimated income. If no NYS return was filed, enter total income received during the previous calendar year from all sources. If occupant had no income enter "0".

A7 — Enter the total gross income of all household members.

3. **SECTION B: DEDUCTIONS**

B1 — Enter the number of "Dependent Exemptions" taken by all occupants who filed NYS income tax returns. Dependent Exemptions are reported on line 36 of form IT-201 and line 23 of form IT-150.

B2 — Enter the number of occupants **who have filed a NYS return and were not claimed as a dependent by another taxpayer.**

B3 — Enter the total of lines B1 and B2.

B4 — Enter amount of "Medical and Dental Expenses" only if the itemized deduction is taken on the NYS Return - as reported on form IT-201, page 2, NYS Itemized Deduction Worksheet, line a.

B5 — Enter amount of "Taxable Social Security Benefits" reported on line 14 of form IT-201 or on line 8 of form IT-150; if a NYS return was not filed, enter total amount of Social Security benefits.

B6 — Add lines B3, B4, and B5.

4. **SECTION C: DEPOSITION** -- Each occupant 18 years of age or older must sign the affidavit in the presence of a Notary Public.

5. **By April 30, 2009**, return the original and one (1) copy of the completed income affidavit to the address stated in the upper right hand corner of the affidavit. *Do not* mail the affidavit to New York State Division of Housing and Community Renewal.

Supporting Documentation

Supporting documentation must be submitted with your income affidavit in the following instances:

1. If Medical and Dental Expenses (line B4) or Taxable Social Security Benefits (line B5) are claimed, they must be substantiated by a copy of a filed NYS tax form.
2. If the total number of Dependent Exemptions and Personal Exemptions (entered on line B3) is greater than the number of household members, the dependent exemptions must be substantiated by a copy of a filed NYS tax form.
3. If an occupant 18 years of age or older *does not provide a social security number or did not file a NYS tax return*, income verification is required as follows:
 - If an income tax return was filed, a copy of either the NYS or federal return must accompany the affidavit, and a certified copy must be submitted to the management office by July 31, 2009.
 - If an income tax extension request was filed, a copy of either the NYS or federal extension request must accompany the affidavit and a certified copy of the income tax return must be submitted to the management office by November 30, 2009.
 - If no income tax return or extension request was filed, written verification of income must accompany the affidavit.

If you have a question concerning documentation requirements, please contact your management office.

Interim Changes to Reduce or Remove Surcharges

You are entitled to an income reexamination to reduce or remove surcharges, if required, should any of the following circumstances occur:

- tenant or member of family is placed upon public assistance by the Human Resources Administration;
- a full-time employed member permanently leaves the family;
- death or retirement of a member of the family who had income; or
- long-term unemployment of a member of the family which has been continuous for at least three months;

In such cases, management should be provided with written notification and appropriate documentation.

The housing company must also be notified in writing, within 90 calendar days, of any additions to or deletions from the tenant's household who reside in the apartment, or persons who for a period of 30 days or more occupy the apartment, and such changes should be reflected on subsequent affidavits of income.

SURCHARGE SCHEDULE		
If Net Income ÷ Maximum Income is:		Surcharge (In Percent of Rent or Carrying Charge for Apartment) will be:
greater than	but not in excess of	
100%	105%	None
105%	110%	5%
110%	115%	10%
115%	120%	15%
120%	125%	20%
125%	130%	25%
130%	135%	30%
135%	140%	35%
140%	145%	40%
145%	150%	45%
150%	—	50%

WORKSHEET FOR DETERMINATION OF SURCHARGE

-- RENTAL --

A. ANNUAL RENT The base rent including gas and electricity, less surcharges and any charges for appliances, parking etc. multiplied by 12.	\$	
B. MAXIMUM INCOME LIMIT If household consists of less than 4 persons, multiply line A by 7. If household consists of 4 or more persons, multiply line A by 8.		\$
C. HOUSEHOLD INCOME Amount from line A7 of income affidavit.		\$
D. DEPENDENT EXEMPTIONS Amount from line B1 of income affidavit.	\$,000	
E. ALLOWANCE FOR PERSONAL EXEMPTIONS Amount from line B2 of income affidavit.	\$,000	
F. MEDICAL AND DENTAL EXPENSES Amount from line B4 of income affidavit.	\$	
G. TAXABLE SOCIAL SECURITY BENEFITS Amount from line B5 of income affidavit.	\$	
H. SECONDARY WAGE EARNER DEDUCTION * A \$17,000 deduction, or the exact amount of earnings if less, is allowed for each secondary wage earner . Enter the total household deduction here.	\$	
I. TOTAL DEDUCTIONS Add lines D, E, F, G, and H.		\$
J. NET HOUSEHOLD INCOME Line C minus line I.		\$

If line J does not exceed line B, you are not subject to surcharge. If it does, divide line J by line B and refer to the Surcharge Schedule on page 4 to find the corresponding surcharge percent.

* Secondary Wage Earner — Any gainfully employed member of the household, including minors under the age of 21, other than the head of household. The head of household is defined as the person who is legally or morally responsible for dependents in the household, whose income is generally from employment or self-employment and usually exceeds income of any other household member. It is not necessary for the head of household to be gainfully employed for another household member to qualify as a secondary wage earner.

WORKSHEET FOR DETERMINATION OF SURCHARGE

-- COOPERATIVE --

A. ANNUAL CARRYING CHARGE The base carrying charge including gas and electricity, less surcharges and any charges for appliances, parking etc. multiplied by 12.	\$	
B. CURRENT EQUITY INVESTMENT \$ _____ X 6%	\$	
C. REDECORATION AND REPLACEMENT Number of rental rooms in your apartment X \$120.	\$	
D. TOTAL of lines A, B, and C.		\$
E. MAXIMUM INCOME LIMIT If household consists of less than 4 persons, multiply line D by 7. If household consists of 4 or more persons, multiply line D by 8.		\$
F. HOUSEHOLD INCOME Amount from line A7 of income affidavit.		\$
G. DEPENDENT EXEMPTIONS Amount from line B1 of income affidavit.	\$,000	
H. ALLOWANCE FOR PERSONAL EXEMPTIONS Amount from line B2 of income affidavit.	\$,000	
I. MEDICAL AND DENTAL EXPENSES Amount from line B4 of income affidavit.	\$	
J. TAXABLE SOCIAL SECURITY BENEFITS Amount from line B5 of income affidavit.	\$	
K. SECONDARY WAGE EARNER DEDUCTION * A \$17,000 deduction, or the exact amount of earnings if less, is allowed for each secondary wage earner . Enter the total household deduction here.	\$	
L. TOTAL DEDUCTIONS Add lines G, H, I, J, and K.		\$
M. NET HOUSEHOLD INCOME Line F minus line L.		\$

If line M does not exceed line E, you are not subject to surcharge. If it does, divide line M by line E and refer to the Surcharge Schedule on page 4 to find the corresponding surcharge percent.

* Secondary Wage Earner — Any gainfully employed member of the household, including minors under the age of 21, other than the head of household. The head of household is defined as the person who is legally or morally responsible for dependents in the household, whose income is generally from employment or self-employment and usually exceeds income of any other household member. It is not necessary for the head of household to be gainfully employed for another household member to qualify as a secondary wage earner.