



**Verification of Assets Form  
Independent Student**

Academic Year 2011-2012

Office of Scholarships and Financial Aid \* 7400 Bay Road

University Center, MI 48710

(989) 964-4103 \* FAX: (989) 964-4291

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LAST NAME		FIRST NAME	MIDDLE INITIAL
S.S.#	SVSU I.D.#	TELEPHONE #	

Information on your 2010 U.S. tax return indicates some income and/or loss from savings, investments, or business, but the related asset information was not listed on your 2011-2012 FAFSA, or the amount provided is considerably lower than what one would expect it to be in order to generate the income listed on the tax return. This discrepancy between income from assets and their net worth is considered to be conflicting information by the U.S. Department of Education which must be resolved by the Office of Scholarships and Financial Aid before any funds can be applied to your account.

**INSTRUCTIONS:**

1. Please review the information in *Part I*.
2. If the asset information provided on the FAFSA at the time your application was originally submitted is incorrect, complete *Part II*.
3. If the information in *Part I* is correct, please provide a detailed explanation in *Part III* regarding why the income on the tax return is different from the net worth of the corresponding asset at the time your FAFSA was originally submitted. Please include any documents that will support your explanation.
4. Please refer to *Part IV* on the backside of the form for additional information regarding the net worth of investments and businesses.  
**\*\*PLEASE NOTE:** If you, and/or your family, own and control more than 50% of a small business that has 100 or fewer full-time employees, please complete *Part V* on the backside of this form.
5. Complete *Part VI* by signing and dating this form, and return it to the SVSU Office of Scholarships and Financial Aid. Please include any additional documents that are necessary to complete the processing of your application.

**Part I: Conflicting Information**

Type of Income	Amount on U.S. Tax Return	Type of Asset	Amount on FAFSA
Taxable interest 1040: line 8a; 1040A: line 8a; 1040EZ: line 2	\$	Cash, savings, & checking	\$
Dividends 1040: line 9a; 1040A: line 9a	\$	Net worth of investments	\$
Rents, royalties, partnerships, estates, trusts, etc. 1040: line 17	\$		
Business and/or investment farm 1040: line 12	\$	Net worth of business and/or investment farm	\$

**Part II: Correct Information (Please report the correct amount, as of the date you submitted your FAFSA)**

Type of Asset	Correct Amount	Additional Information to Include (if required to complete for U.S. tax return)
Cash, savings, & checking	\$	Please include Schedule B
Investments, including real estate	\$	Please include Schedule B and E
Business (if Part V applies, enter '0')	\$	Please include Schedule C or IRS Form 1120
Investment Farm	\$	Please include Schedules E and/or F

**\*\*IMPORTANT:** PLEASE REPORT THE MARKET VALUE OR NET WORTH OF ALL ASSETS; NOT THE 2009 NET INCOME/PROFITS.

**Part III: Explanation of Conflicting Information/Additional Comments**

(Please attach an additional page in needed.)

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**Part IV: Net Worth of Investments and/or Businesses**

- Net worth means *the value at the time of application minus any debt*.
- Investments include real estate, trust funds, money market funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, Coverdell savings accounts, college savings plans, installment and land sale contracts (including mortgages held), commodities, etc.
- Investment value includes the market value of these investments as of the date of application.
- Investment debt means *only those debts that are related to the investments* as of the date of application.
- Investments *do not include* your home (only your principal place of residence), a family farm if it is the principal place of residence and you or your spouse materially participated in the operation of it, the value of life insurance, retirement plans (pension funds, annuities, noneducation IRAs, Keogh plans, etc.), prepaid tuition plans, or cash, savings, and checking accounts already reported on the FAFSA.
- Business and/or investment farm value includes the market value of land, buildings, machinery, equipment, inventory, etc.
- Business and/or investment farm debt means *only those debts for which the business or investment farm was used as collateral*.
- If you are divorced or separated and you and your (ex-) spouse have jointly owned assets, report only your portion of the assets and debts.
- If you and/or your spouse are not the sole owner(s) of the business, report only your share of its value and debt.

Valuing a business is difficult, but the following are some guidelines to help you determine an accurate and honest assessment of the net worth of a business:

- An extremely well-established and steady business with an excellent market position whose continued earnings are not dependent on a strong management team: *a multiple of eight to ten times current profits plus the liquidation value of any assets minus any debt secured by the business.*  
Example: The only movie rental store or pharmacy in a smaller town that would have the same customers no matter who owned the business.
- An established business with a good market position but has some competitive pressures and swings in earnings that requires continual management attention: *a multiple of five to seven times current profits plus the liquidation value of any assets minus any debt secured by the business.*  
Example: One of a handful of gas stations in a specific region that has a limited number of competitors in the area, but still needs steady management to be profitable..
- An established business with no real competitive advantages, stiff competition, few hard assets, and a heavy dependence on the management's skills for continued success: *a multiple of two or four times current profits plus the liquidation value of any assets minus any debt secured by the business.*  
Example: A general contractor who specializes in residential construction and repair.
- A small personal service business where the owner is the only or one of the only professional service providers: *a multiple of one times current profits plus the liquidation value of any assets minus any debt secured by the business.*  
Example: A beautician (or artist, photographer, translator, etc.) who relies on established relationships with customers for business.

The net worth of a business is not only how much money the business can be sold for, but also takes into consideration how much money the buyer can expect to earn in the future once it has been bought.

**Part V: I certify that my family has more than 50% ownership and control of a small business that has 100 or fewer full-time, or full-time equivalent, employees.**

\_\_\_\_\_  
Student Signature

\_\_\_\_\_  
Date

**Part VI: Certification**

**Certification: I certify that the information on this form is true and accurate to the best of my knowledge.**

\_\_\_\_\_  
Student Signature

\_\_\_\_\_  
Date