

Table of Contents

	Learning Outcomes	i-i
	Online Resources	i-i
CHAPTER 1	Form HUD-50059	
	Learning Outcomes	1-1
Section 1	Form HUD-50059	1-1
	Purpose and Background of Form HUD-50059	1-1
	Owner/Agent Responsibilities	1-1
	General Rules for Completing Form HUD-50059	1-2
CHAPTER 2	Income	
	Learning Outcomes	2-1
Section 1	Annual Income	2-1
	Definition	2-1
	Whose Income Is Counted?	2-1
Section 2	Sources of Annual Income	2-5
	Anticipating Income	2-5
	Sporadic or Seasonal Income	2-6
	Income from Educational Grants and Scholarships	2-9
	Alimony and child support	2-10
	Regular Cash Contributions and Gifts	2-11
	Military Pay	2-11
	Income from a Business	2-12
	Periodic Payments and Allowances	2-12
	Public Assistance	2-17
	Withdrawal of Cash or Assets from an Investment	2-18
	Lump Sum Payments Counted as Income	2-18
	Payments in Lieu of Earnings	2-21
	Learning Activity 2-1: Calculating Annual Income	2-22
Section 3	Income Exclusions	2-23
	Federally-Mandated Income Exclusions	2-29
	For RAD Conversions to PBRA Only: The Earned Income Disallowance (EID)	2-33

CHAPTER 3	Assets and Asset Income	
	Learning Outcomes	3-1
Section 1	Overview	3-1
	Regulatory References	3-2
Section 2	Asset Inclusion	3-3
	Assets Included	3-12
	Assets NOT Included	3-13
	Income From Assets	3-15
	Learning Activity 3-1: Cash Value of Assets	3-17
	Task	3-17
	Anticipated Asset Income	3-18
	Quiz	3-18
	Imputed Asset Income	3-19
	Assets Disposed of For Less than Fair Market Value	3-20
	Learning Activity 3-2: Asset Disposed of for Less than Fair Market Value	3-21
	Instructions	3-21
	Learning Activity 3-3: Asset Income	3-23
	Assets & Income from Assets	3-23
CHAPTER 4	Adjusted Income	
	Learning Outcomes	4-1
	Definition	4-1
Section 1	Deductions	4-2
	Dependent Deduction	4-2
	Elderly/Disabled Deduction	4-3
	Child Care Deduction	4-3
	Learning Activity 4-1: Dependent and Child Care Allowance	4-6
	Task	4-6
	Deductions	4-6
	Deduction for Disability Assistance Expense	4-7
	Learning Activity 4-2: Disability Assistance Allowance	4-9
	Task	4-9
	Deductions	4-9
	Medical Expense Deduction	4-11
	Learning Activity 4-3: Medical Deduction	4-14
	Task	4-14
	Deductions	4-14
	Households Eligible for Disability Assistance Expense and Medical Expenses	4-16
	Learning Activity 4-4: Calculating Adjusted Income	4-18
	Assets	4-19
	Income	4-19

CHAPTER 5	Verifications and Enterprise Income Verification (EIV)	
	Learning Outcomes	5-1
Section 1	Verification of Income and Allowances	5-2
	Authorization for Release of Information/Privacy Act Statement (Forms HUD-9887 and 9887-A)	5-2
	E-signatures, Transmission, and Storage	5-4
	Methods of Verification	5-6
Section 2	Enterprise Income Verification (EIV)	5-14
	Overview	5-14
	Data Sources	5-15
	General Administration	5-17
	Using EIV Reports	5-22
Section 3	Discrepancies and Errors	5-47
Section 4	Reimbursement of HAP, Overpaid Rent, and Repayment Agreements (RPA)	5-51
CHAPTER 6	Multifamily Project-Based Rental Assistance (PBRA) Rent Calculation	
	Learning Outcomes	6-1
Section 1	Definitions	6-1
Section 2	Total Tenant Payment in PBRA	6-3
	Learning Activity 6-1: Calculation of TTP	6-5
Section 3	Minimum Rent	6-6
	Applying Minimum Rents	6-6
	Exemptions to Minimum Rent	6-6
	Learning Activity 6-2: Temporary Hardship	6-9
Section 4	Tenant Rent and Utility Allowances	6-10
	Tenant Rent	6-10
	Utility Allowances	6-10
Section 5	Housing Assistance Payment (HAP)	6-11
	Gross Rent	6-11
	HAP	6-11
	Learning Activity 6-3: Calculating HAP	6-12
Section 6	Proration of Assistance	6-13
Section 7	TRACS and RAD	6-16
	System Overview	6-16
	The 50059 and 50059-A	6-18
	RAD Conversions	6-19
	Combining Certifications	6-25
	Monitoring TRACS for Compliance	6-25
Section 8	Special Rents considerations	6-29

CHAPTER 7 Rent Calculation Quizzes

Quiz 1	Section 8 Rent Calculation	7-1
	Part I: True/False	7-1
	PART II: Multiple Choice	7-2
	Part III: Allowances	7-4
	Part IV: Fill in the Blanks	7-5
Quiz 2	Rent Calculation	7-6
	Part I: True/False	7-6
	Part II: Multiple Choice	7-7
	Answer Key	7-8

CHAPTER 8 Case Studies

	Directions	8-1
Case Study 1	The Davenport Family	8-2
	Situation	8-2
	Family Information	8-2
	Income	8-4
	Deductions	8-4
Case Study 2	The Hazelton Family	8-6
	Situation	8-6
	Family Information	8-6
	Income	8-7
	Deductions	8-7
Case Study 3	The Estrada Family	8-9
	Situation	8-9
	Family Information	8-9
	Assets	8-10
	Income	8-10
	Deductions	8-10
Case Study 4	The Patrillo Family	8-12
	Situation	8-12
	Family Information	8-12
	Assets	8-13
	Income	8-13
	Deductions	8-13
Case Study 5	The Jones Family	8-15
	Situation	8-15
	Family Information	8-15
	Assets	8-16
	Income	8-16
	Deductions	8-16

Table of Contents

Case Study 6 The Marks Family	8-18
Situation	8-18
Family Information	8-18
Assets	8-23
Income	8-23
Deductions	8-23
Case Study 7 The Fisher Family	8-25
Situation	8-25
Family Information	8-25
Assets	8-31
Income	8-31
Deductions	8-31
Case Study 8 The Massey Family	8-33
Situation	8-33
Family Information	8-33
Assets	8-35
Income	8-35
Deductions	8-35
Case Study Answers	8-37
The Davenport Family	8-37
The Hazelton Family	8-37
The Estrada Family	8-37
The Patrillo Family	8-38
The Jones Family	8-38
The Marks Family	8-38
The Fisher Family	8-39
The Massey Family	8-39
CHAPTER 9 Study Guide	
Terminology: Define the following terms	9-1
Annual Income	9-2
Assets	9-6
HUD Allowances	9-8
Rent Calculation	9-10
Verifications	9-11
CHAPTER 10 Study Guide Answers	
Terminology: Define the following terms	10-1
Annual Income	10-2
Assets	10-6
HUD Allowances	10-8
Rent Calculation	10-10
Verifications	10-11

LEARNING OUTCOMES

Explain and apply HUD regulations and guidance to calculate the housing assistance payment (HAP) and tenant rent for a family in the multifamily housing program.

Upon completion of Multifamily Rent Calculation, you should be able to:

- Read and interpret form HUD-50059 and its accompanying instructions
- Identify and calculate annual income
- Identify assets and calculate income from assets
- Calculate adjusted income by correctly deducting HUD-defined allowances and expenses from annual income
- Recognize the requirements for verification of income, allowances, and expenses
- Calculate total tenant payment and tenant rent
- Calculate the HAP, contract rent, utility allowance, and gross rent
- Apply rent calculation skills to solve hands-on case studies

ONLINE RESOURCES

Additional resources and references for this course are available at <http://NMAreferences.com>. Click the Multifamily Housing Program link at the top of the web page to jump directly to the references. No login information is required.

Notes

CHAPTER 1 Form HUD-50059

LEARNING OUTCOMES

Upon completion of this chapter, you should be able to:

- Read and interpret form HUD-50059 and it's accompanying instructions

Section 1 Form HUD-50059

PURPOSE AND BACKGROUND OF FORM HUD-50059

202D MAT Users Guide

- To collect and retrieve detailed information
- To make computer matching with Social Security possible
- To provide information to HUD in order to process and pay monthly voucher requests
- To enable HUD to monitor owner/agent (O/A) performance

OWNER/AGENT RESPONSIBILITIES

- Complete form HUD-50059
- Transmit data electronically
- Review form HUD-50059 TRACS or MAT errors
- Correct all TRACS or MAT errors

GENERAL RULES FOR COMPLETING FORM HUD-50059

- Read instructions carefully
- Standard rounding rules apply on the final form HUD-50059
- Do not use negative numbers; enter zero (0) instead
- Complete a new form HUD-50059 for each family at:
 - Move-in
 - Annual recertification
 - Interim recertification
 - Initial certification
- Complete a new form HUD-50059A (partial certification) at:
 - Unit transfer
 - Gross rent change
 - Termination of assistance
 - Move-out

**Owner's Certification of Compliance
with HUD's Tenant Eligibility
and Rent Procedures**

**U. S. Department of Housing
And Urban Development**

Office of Housing
Federal Housing Commissioner

NOT for submission to the Federal Government
Landlord's Official Record of Certification

OMB Approval No. 2502-0204
(Exp. 06/30/2017)

Section A. Acknowledgements

Read this before you complete and sign this form HUD-50059

Public Reporting Burden. The reporting burden for this collection of information is estimated to average 55 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (2502-0204), Washington, DC 20503. The information is being collected by HUD to determine an applicant's eligibility, the recommended unit size, and the amount the tenant(s) must pay toward rent and utilities. HUD uses this information to assist in managing certain HUD properties, to protect the Government's financial interest, and to verify the accuracy of the information furnished. HUD or a Public Housing Authority (PHA) may conduct a computer match to verify the information you provide. This information may be released in accordance with HUD's Computer Matching Agreement (CMA) between the Social Security Administration and the Department of Health and Human Services. You must provide all of the information requested, including the Social Security Numbers (SSNs), unless exempted by 24 CFR 5.216, you, and all other household members, have and use. Giving the SSNs of all household members, unless exempted by 24 CFR 5.216, is mandatory; not providing the SSNs will affect your eligibility approval. Failure to provide any information may result in a delay or rejection of your eligibility approval.

Privacy Act Statement. The Department of Housing and Urban Development (HUD) is authorized to collect this information by the U.S. Housing Act of 1937, as amended (42 U.S.C. 1437 et. seq.); the Housing and Urban-Rural Recovery Act of 1983 (P.L. 98-181); the Housing and Community Development Technical Amendments of 1984 (P.L. 98-479); and by the Housing and Community Development Act of 1987 (42 U.S.C. 3543).

Tenant(s)' Certification - I/We certify that the information in Sections C, D, and E of this form are true and complete to the best of my/our knowledge and belief. I/We understand that I/we can be fined up to \$10,000, or imprisoned up to five years, or lose the subsidy HUD pays and have my/our rent increased, if I/we furnish false or incomplete information.

Owner's Certification - I certify that this Tenant's eligibility, rent and assistance payments have been computed in accordance with HUD's regulations and administrative procedures and that all required verifications were obtained.

Warning to Owners and Tenants. By signing this form, you are indicating that you have read the above Privacy Act Statement and are agreeing with the applicable Certification.

False Claim Statement. Warning: U.S. Code, Title 31, Section 3729, False Claims, provides a civil penalty of not less than \$5,000 and not more than \$10,000, plus 3 times the amount of damages for any person who knowingly presents, or causes to be presented, a false or fraudulent claim; or who knowingly makes, or caused to be used, a false record or statement; or conspires to defraud the Government by getting a false or fraudulent claim allowed or paid.

Certification Summary from Page 2

Name of Project	Effective Date	Certification Type	Anticipated Voucher Date
Head of Household	Total Tenant Payment	Assistance Payment	Tenant Rent
Unit Number	Extenuating Circumstances Code		

Tenant Signatures

Head of Household	Date	Other Adult	Date
Spouse / Co-Head	Date	Other Adult	Date
Other Adult	Date	Other Adult	Date
Other Adult	Date	Other Adult	Date
Other Adult	Date	Other Adult	Date
Other Adult	Date	Other Adult	Date
Other Adult	Date	Other Adult	Date

Owner/Agent Signature

Owner/Agent	Date
-------------	------

Previous versions of this form are obsolete.
This form also replaces HUD-50059-D, -E, -F, & -G.

form **HUD-50059** (06/2014)
ref. HB 4350.3 Rev. 1

**Owner's Certification of Compliance
with HUD's Tenant Eligibility
and Rent Procedures**

**U. S. Department of Housing
And Urban Development**
Office of Housing
Federal Housing Commissioner

For Personal Records ONLY - not for
Submission to the Federal Government

Record for Landlords
(Exp. 06/30/2017)

Section B. Summary Information																
1. Project Name			12. Effective Date 13. Anticipated Voucher Date 14. Next Recertification Date					21. Unit Number 22. No. of Bedrooms 23. Building ID 24. Unit Transfer Code 25. Previous Unit No. 26. Security Deposit 27. 236 Basic/BMIR Rent 28. Market Rent 29. Contract Rent 30. Utility Allowance 31. Gross Rent 32. TTP at RAD Conversion								
2. Subsidy Type 3. Secondary Subsidy Type 4. Property ID 5. Project Number 6. Contract Number 7. Project iMAX ID 8. Plan of Action Code 9. HUD-Owned Project? 10. Previous Housing Code 11. Displacement Status Code			15. Project Move-In Date 16. Certification Type 17. Action Processed 18. Correction Type 19. EIV Indicator 20. Prev. Subsidy Type													
Section C. Household Information																
33. No.	34. Last Name	35. First Name	36. MI	37. Rel.	38. Sex	39. Race	40. Eth	41. Birth Date	42. Special Status	43. Stdnt Stat.	44. ID Code (SSN)	45. SSN Excp	46. Ctzn Code	47. Alien Reg. Number	48. Age	49. Work Codes
01																
02																
03																
04																
05																
06																
07																
08																
50. Family has Mobility Disability? 51. Family has Hearing Disability? 52. Family has Visual Disability?			53. Number of Family Members 54. Number of Non-Family Members 55. Number of Dependents 56. Number of Eligible Members					57. Expected Family Addition - Adoption 58. Expected Family Addition - Pregnancy 59. Expected Family Addition - Foster Children								
60. Previous Head Last Name 61. Previous Head First Name 62. Previous Head Middle Initial									63. Active Full Cert. Effective Date 64. Previous Head ID 65. Previous Head Birth Date							
Section D. Income Information									Section E. Asset Information							
66. Mbr. No.	67. Income Type Code	68. Amount	69. SSN Benefits Claim No.	75. Mbr. No.	76. Description	77. Status	78. Cash Value	79. Actual Yearly Income	80. Date Divested							
70. Total Employment Income 71. Total Pension Income 72. Total Public Assistance Income 73. Total Other Income 74. Total Non-Asset Income				81. Total Cash Value of Assets 82. Actual Income from Assets 83. HUD Passbook Rate 84. Imputed Income from Assets 85. Asset Income												
Section F. Allowances & Rent Calculations																
86. Total Annual Income 87. Low Income Limit 88. Very Low Income Limit 89. Extremely Low Income Limit 90. Current Income Status 91. Eligibility Universe Code 92. Sec. 8 Assist. 1984 Indicator 93. Income Exception Code 94. Police / Security Tenant? 95. Survivor of Qualifier? 96. Household Citizenship Eligibility				97. Deduction for Dependents 98. Child Care Expense (work) 99. Child Care Expense (school) 100. 3% of Income 101. Disability Expense 102. Disability Deduction 103. Medical Expense 104. Medical Deduction 105. Elderly Family Deduction 106. Total Deductions 107. Adjusted Annual Income				108. Total Tenant Payment 109. TTP Before Override 110. Tenant Rent 111. Utility Reimbursement 112. Assistance Payment 113. Welfare Rent 114. Rent Override 115. Hardship Exemption 116. Waiver Type Code 117. Eligibility Check Not Required 118. Extenuating Circumstances Code								

Previous versions of this form are obsolete.
This form also replaces HUD-50059-D, -E, -F, & -G.

form HUD-50059 (06/2014)
ref. HB 4350.3 Rev. 1

**Owner's Certification of Compliance
with HUD's Tenant Eligibility
and Rent Procedures**

**U. S. Department of Housing
And Urban Development**
Office of Housing
Federal Housing Commissioner

For Personal Records ONLY - not for
Submission to the Federal Government

Record for Landlords
(Exp. 06/30/2017)

Name of Project										Unit Number		Effective Date		Certification Type		
Head of Household										Total Tenant Payment		Assistance Payment		Tenant Rent		
Continuation Page: Use only when household members, income or asset items exceed the space allowed on page 2																
Section C. Household Information																
33. No.	34. Last Name	35. First Name	36. MI	37. Rel.	38. Sex	39. Race	40. Eth	41. Birth Date	42. Special Status	43. Stdnt Stat.	44. ID Code (SSN)	45. SSN Excp	46. Ctzn Code	47. Alien Reg. Number	48. Age	49. Work Codes
Section D. Income Information								Section E. Asset Information								
66. Mbr. No.	67. Income Type Code	68. Amount	69. SSN Benefits Claim No.	75. Mbr. No.	76. Description	77. Status	78. Cash Value	79. Actual Yearly Income	80. Date Divested							

Previous versions of this form are obsolete.
This form also replaces HUD-50059-D, -E, -F, & -G.

form HUD-50059 (06/2014)
ref. HB 4350.3 Rev. 1

Multifamily Rent Calculation

Form HUD-50059

Section 1: Form HUD-50059

Notes

**Instructions for TRACS 202D
form HUD-50059 (06/2014)**

(Move-Ins, Initials, Annuals and Interims)

**Owner's Certification of Compliance with HUD's
Tenant Eligibility and Rent Procedures**

The following are some general notes regarding these instructions:

1. When completing this form, if a conflict arises between these instructions and the instructions provided in the Definitions and Edits section of the TRACS 2.0.2.D MAT User Guide, the TRACS 2.0.2.D MAT User Guide takes precedence.

2. When automatically printing or manually filling out this form, Owner/Agents or TRACS compliant software may add additional descriptors when the instructions require a Code to be chosen. As long as the required Code is filled in for TRACS reporting purposes, the additional descriptors are acceptable.

Take for example Item 2, Subsidy Type. If the property is Section 8, the required Subsidy Type Code in Item 2 should be filled in with a **1**. Also shown are instances in which an added descriptor may be printed with the required Code.

--

These variations are examples of what is acceptable on the completed HUD-50059. Even though there are added descriptors on the completed form, the TRACS data field created by TRACS compliant software would be filled in with a **1** because TRACS allows for only one character in the Subsidy Type data field.

Another example, Item 16, Certification Type: If the property is processing an Annual Recertification, the required Code is **AR**.

--

The acceptable descriptor, Annual, is added to the required Code of **AR**. Similar to the example with Subsidy Type, the TRACS data field created by the TRACS compliant software would be filled in with **AR** because TRACS allows for only two characters in the Certification Type data field.

3. Two new contract types have been added to Section 8 (Subsidy Type 1). They are RAD and SPRAC. When processing RAD or SPRAC certifications, enter Subsidy Type “**1**” in Item 2 of this form. Refer to Appendix K in the 202D MAT (Monthly Activity Transmission) User Guide for more information.

4. Owners must keep the signed HUD-50059(s) and copies of the HUD-50059 A(s) for tenants from the time of Move-In to Move-Out and for a minimum of three years thereafter. See 202D MAT Guide: Chapter 7, Paragraph 9-7.E.

5. This form (HUD-50059) is referred to as a MAT10 record for TRACS reporting purposes.

Helpful Web pages

The web pages shown in these instructions can be accessed by placing your cursor on the web page address, then pressing and holding the **Ctrl** key and left-clicking once. **Ctrl** + Click

TRACS web site: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum

TRACS Documents: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxdocs

Located in TRACS Documents: **TRACS 202D Final Industry Specification Documents**
Monthly Activity Transmission - MAT User Guide
(includes TRACS errors and recommended solutions)

TRACS Discussion Forum: A forum for Industry members to ask questions and offer resolutions related to HUD Occupancy regulations/requirements and TRACS submission challenges.
<http://ptp.hud.gov/forumswww/main.cfm?cfapp=34>

HUDClips: TRACS 202D versions of the forms HUD-50059 and HUD-50059 A, along with the instructions for these forms, are located at...
<http://www.hud.gov/offices/adm/hudclips/forms/hud5.cfm>

HUD Handbook 4350.3 - Occupancy Requirements of Subsidized Multifamily Housing Programs
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4350.3

Some general references in the HUD Handbook 4350.3 REV-1 to consider when completing the applicable Items on the form HUD-50059 are:

Glossary

Appendix 3

Chapter 5, Section 3 (Verification)

Chapters 4 (Operating Tips) & 5 (MAT Records) of the 2.0.2.D TRACS MAT Guide
TRACS 202D Final Industry Specification Documents

NOTE: To process a Move-Out (TRACS MAT40 record), Termination (TRACS MAT65 record), Gross Rent (TRACS MAT70 record), or Unit Transfer (TRACS MAT70 record), complete the form **HUD-50059 A** instead of this form.

NOTE: For TRACS purposes, a Space = Blank

Section B. Summary Information:

Item 1 Project Name Enter the project name that appears on the regulatory agreement or subsidy contract. This will be the current project name in HUD's Contracts database.

(MAT TENHR Field 20)

Note: TRACS will use this project name for all Items under this TENHR.

Item 2 Subsidy Type Enter the code for the subsidy the tenant will receive during the period covered by this (re)certification. Only one code can be entered. If the tenant benefits from more than one type of subsidy, use the code for the project-based subsidy the tenant will be receiving.

Example: If a tenant in a Section 236 property will receive Section 8 assistance, enter "1".

Example: If a tenant in a Section 236 property receives Section 8 assistance through a Housing Choice Voucher (HCV), no HUD-50059 is to be completed. The PHA issuing the HCV is responsible for reporting the tenant's information to HUD. Refer to the 4350.3 REV-1: Paragraph 7-4.C and the 2.0.2.D MAT Guide: Chapter 4, Section 4.23

Valid codes are as follows:

1- Section 8	4- Section 236	7- Section 202 PRAC
2- Rent Supplement	5- BMIR	8- Section 811 PRAC
3- RAP	6- 811 PRA Demo	9- Section 202/162 PAC
0- Market Rent (Acceptable with <u>only</u> MAT15 Address records)		

(MAT TENHR Field 21 and 2.0.2.D MAT Guide, Chapter 4, Section 4.8 for Subsidy Type 0)

Item 3 Secondary Subsidy Type

Enter “S” if this tenant is receiving Section 8, RAP, or Rent Supplement assistance and is living in a Section 236 property. Enter “B” if this tenant is receiving Section 8, RAP or Rent Supplement assistance and is living in a BMIR property. Leave blank if the tenant does not live in a Section 236 or BMIR property or the certification subsidy type is Section 236 or BMIR.

(MAT 10 Section 2 Field 86)

Item 4 Property ID

Assigned by **iREMS** (**i**ntegrated **R**eal **E**state **M**anagement **S**ystem). Leave this Item blank until activated by TRACS.

(MAT TENHR Field 22 Future Field)

Note: Once the Property ID is assigned, it must be included on all future (re)certifications.

Item 5 Project Number

Enter the 8-digit FHA, Elderly Housing, or State Agency noninsured project number. This Item is mandatory for Section 236, BMIR, Rent Supplement, RAP, 811 PRA Demo, PAC, and PRAC subsidy types. It is also required for those Section 8 contracts for which an FHA project number applies.

Sample entries are as follows: FHA Insured Projects – 12144026
Elderly Housing Projects – 121EH001
Other noninsured Projects – 121001NI

(MAT TENHR Field 23)

Note: Do not use “0000FMHA” as a project number for an FMHA/RHS property. There should not be a project number for these properties.

Note: If MAT15s (Address Records) are submitted with a Subsidy Type “0”, a Project Number is required.

Item 6 Contract Number

This number is mandatory for Section 8 (including State Agency and USDA RHS 515/8 projects), 202/162 PAC, 202 PRAC, and 811 PRAC subsidy types. This number will be used for all TRACS transactions created under this TENHR. Enter the 11-digit Contract Number. Do not enter dashes in this Item. (e.g., AK123456789)

(MAT TENHR Field 24)

Item 7 Project iMAX ID

The project’s telecommunications identifier, also known as the **iMAX** ID. The first five positions of this number must be “TRACM”, and HUD assigns the last five positions. For example, TRACM98765.

(MAT TENHR Field 26)

Note: iMAX stands for **i**ntegrated **M**ultifamily **A**ccess **eX**change

Item 8 Plan of Action
Code

This Item is specifically for Title II or Title VI properties. If the property is under the Plan of Action Title II, enter a “2” in this Item. If the property is under the Plan of Action Title VI, enter a “6” in this Item. Otherwise, leave blank.

(MAT 10 Section 2 Field 92)

Item 9 HUD-Owned
Project?

If the project is HUD-owned, enter a “Y” to enable (re)certifications to be submitted to TRACS.

(MAT 10 Section 2 Field 93)

Item 10 Previous Housing
Code

Complete only for Move-ins. Select the code that best describes the physical condition of the housing from which the family is moving.

- 1 = Substandard
- 2 = Without or Soon to Be Without Housing (Note: legacy code to be used only for TRACS 202C MIs or corrections to MIs originally transmitted under TRACS 202C.
- 3 = Standard
- 4 = Conventional Public Housing
(Owned by a Public Housing Agency)
- 5 = Lacking a Fixed Nighttime Residence
- 6 = Fleeing/Attempting to Flee Violence

Note: Codes 5 and 6 are more fully defined as:

5: Individuals and families who lack a fixed, regular, and adequate nighttime residence and includes a subset for an individual who resided in an emergency shelter or a place not meant for human habitation and who is exiting an institution where he or she temporarily resided.

6: Individuals and families who are fleeing, or are attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member.

(MAT 10 Section 2 Field 23)

Note: “Substandard” means physically substandard and does not include overcrowding.

Item 11 Displacement
Status Code

Complete only for Move-Ins. Enter one of the codes listed below. Select the code that best describes the reason the family was displaced. If the family was not displaced, enter Code “4”.

1 = Government Action 3 = Private Action
 2 = Natural Disaster 4 = Not Displaced

(MAT 10 Section 2 Field 24)

Item 12 Effective Date

Enter the date this (re)certification is to be effective. For a move-in (MI), use the date the tenant moved into the project. For an Initial Certification (IC), use the date the tenant began to receive the type of assistance (subsidy) entered in Item 2. For an Annual Recertification (AR) or an Interim Recertification (IR), refer to Chapter 7, Sections 1 & 2, of HUD Handbook 4350.3 REV-1 for assistance in determining this date. Enter effective date as MMDDYYYY.

(MAT 10 Section 2 Field 11 4350.3 REV-1: Use Chapter 7 and 202D MAT Guide: Chapter 7, Paragraph 9-8 as general references)

Note: Effective date should never be confused with the Reported on/Voucher date. The Effective date is the date the (re)certification is to be effective, and the Reported on/Voucher date is the date that the action was first reported to HUD and included on a HAP voucher.

Note: See 2.0.2.D MAT Guide Chapter 4, Section 4.6 for guidance on splitting a household or moving a household member to another household.

Item 13 Anticipated
Voucher Date

Enter the voucher period (month, day, year) for which the (re)certification will first appear. When the (re)certification is for Subsidy Type “4” (Section 236) or Type “5” (BMIR), enter the date that is the first of the month corresponding to the (re)certification effective date.

(MAT 10 Section 2 Field 85 and 2.0.2.D TRACS MAT Guide: Appendix H, Sections 13 & 14)

Note: When entering the date MMDDYYYY, the “DD” will always be “01”

Item 14 Next Recertification
Date

Refer to the 4350.3 REV-1: Paragraph 7-5 regarding the next recertification date for Annual Recertifications, Move-Ins, and Initial Certifications types. Interim Recertifications, Gross Rent Changes, and/or Unit Transfers do not affect this date.

(MAT 10 Section 2 Field 70 4350.3 REV-1: Paragraph 7-5)

Note: The next Annual Recertification date should not be more than one year after the effective date of the (re)certification being submitted. However, there are instances in which it can be less than one year.

Item 15 Project Move-In
Date

Enter the date the tenant moved into the project. Enter as MMDDYYYY.

(MAT 10 Section 2 Field 12 4350.3 REV-1: Paragraphs 3-5.D and 3-10.B)

Item 16 Certification Type Enter only one code in this Item that best describes the main reason for preparing this form. If a previous (re)certification is being corrected, use the same code that was on the original (re)certification. If a partial certification is being created, such as a Unit Transfer or Gross Rent change, complete a **HUD-50059 A** instead of this form.

The following are valid codes for this Item:

Move-In (Code MI). Use this code only when a new tenant moves into the project.

Initial Certification (Code IC). Use this code:

1. When an in-place Market Rent, a Section 236 or a BMIR tenant begins receiving subsidized rent.
2. To give Section 8, 811/202 PRAC, 202/162 PAC, Rent Supplement, or RAP assistance to an in-place tenant who is now paying a rent not based upon the tenant's income (e.g. paying 236 Basic Rent or BMIR rent, when they would be eligible for a lesser rent under the deeper subsidy program.)
3. To transfer a tenant to another unit within the same "project" but onto a different contract the owner must first process a termination (MAT 65 Code CE- Subsidy contract expired or combined with a renewal contract). This is then followed by an Initial Certification. Because this tenant is still in the same project, they are not subject to admission and eligibility requirements.

Note for #3: If the IC changes the next recertification date in the reporting software; change it back to the former recertification anniversary date.

Annual Recertification (Code AR). Use this code for regularly scheduled recertifications. Please see 4350.3 REV-1: Chapter 7, Section 1.

Interim Recertification (Code IR). Use for any changes in family circumstances (e.g., income, deductions, and household composition) with an effective date which is different than the Annual Recertification effective date.

Codes CR and CS (converting a tenant from RAP or Rent Supplement to Section 8) are no longer being used. If a tenant is converting from RAP or Rent Supplement to Section 8, first submit a termination from RAP or Rent Supplement followed by an Initial Certification to Section 8. On the Initial Certification, show the Previous Subsidy Type (Item 20) as RAP or Rent Supplement.

(MAT 10 Section 2 Field 13 4350.3 REV-1: Chapter 7, Sections 1 & 2)

NOTE: If a Gross Rent Change or Unit Transfer has the same effective date as a full (re)certification for the tenant, include the new GRC and/or UT information as part of the full (re)certification.

Note: This Item is also known as the Transaction type.

- Item 17** Action Processed The valid code for this Item is:
1 = for a Correction to a prior 50059
Otherwise, leave blank

(MAT 10 Section 2 Field 14)
- Item 18** Correction Type The valid codes for this Item are:
Blank = No Correction
1 = Administrative Resubmission
2 = Corrects Owner/Agent certification errors
3 = Corrects Tenant Misreporting

(MAT 10 Section 2 Field 15)

Note: If the Action Processed code (Item 17) is “1”, the Correction Type code must be filled in. Otherwise, leave blank.
- Item 19** EIV Indicator If an EIV finding is the reason this (re)certification is being completed, enter “Y”. If not, leave blank.

(MAT 10 Section 2 Field 18)
- Item 20** Previous Subsidy Type Fill this Item in for Initial Certifications only. If the subsidy type has changed from the previous (re)certification or the tenant has changed from receiving assistance to Market Rent or from Market Rent to receiving assistance, enter the code, choosing from the codes listed in Item 2, associated with the previous subsidy type.

(MAT 10 Section 2 Field 17)

Note: Leave blank if the tenant has no previous history in this project. This Item was formerly called “Subsidy Change Indicator”
- Item 21** Unit Number Enter the unit number in which the household is residing on the effective date of this HUD-50059. Note: If each unit number is used only once within a project, enter unit numbers (e.g., 201, 402). If a unit number is used more than once within a project, use a unique method to identify each unit. Assign a letter or on additional number before the unit number (e.g., A101, B101).

(MAT 10 Section 2 Field 73)

Note: It is recommended that unit numbers not be changed after they have been established. This can create difficulties at TRACS.
- Item 22** No. of Bedrooms Enter the number of bedrooms for the unit number listed in Item 21. For the guidelines on occupancy standards, see 4350.3 REV-1: Paragraph 3-23.

(MAT 10 Section 2 Field 71)

Item 23 Building ID REAC-assigned Building Number. Leave this Item blank.

(MAT 10 Section 2 Field 72 Future Field)

Item 24 Unit Transfer Code Enter “Y” if this Unit Transfer occurs within the same contract and project numbers **AND** requires a full (re)certification (MAT10 TRACS record). **Otherwise**, complete a HUD-50059 A (partial certification) for the Unit Transfer (MAT70 TRACS record).

See 2.0.2.D MAT Guide: Section 4.1 for a discussion of the rules concerning full certification unit transfers. In particular, note that an IR/UT may be effective other than the first of the month.

(MAT 10 Section 2 Field 94)

Note: If the unit number in a (re)certification is not the same as it was in the last (re)certification, and the Unit Transfer code does not have a “Y” for this Item, the (re)certification will fatal at TRACS.

Item 25 Previous Unit No. This Item is required if Item 24, Unit Transfer Code, is filled in with a “Y”. Enter the unit from which the tenant transferred.

(MAT 10 Section 2 Field 95)

Item 26 Security Deposit See 4350.3 REV-1: Figure 6-7 to determine the Security Deposit amount required at Move-in. Even though owners can accept the security deposit in installments, the amount entered should be the security deposit amount shown on the lease.

Note: HUD policy has ruled that, when a MI or IC certification is corrected, any security deposit required is to be recalculated. When this happens the change should be noted on the lease and the O/A and tenant should initial the change.

(MAT 10 Section 2 Field 74 4350.3 REV-1: Chapter 6 Section 2, Figure 6-7)

Item 27 236 Basic/BMIR
Rent

Use only for Section 8, RAP, or Rent Supplement (re)certifications in a Section 236 or BMIR property (whenever the Secondary Subsidy Type (Item 3) is filled with the code “S” or “B”). Enter the Section 236 Basic Rent or the BMIR Rent as applicable. If not applicable, leave blank.

Note: For Section 236, Basic Rent may not be greater than Market Rent.

(MAT10 Sec 2 Field 68) Approved HUD-92458 (Rent Schedule)

- Item 28 Market Rent** This Item is required to be filled in if Section 236 or BMIR is the primary or secondary subsidy. Enter the rent HUD or the Contract Administrator has approved for this unit type. If not applicable, leave blank.
- Note: For Section 236, Market Rent may not be less than Basic Rent.**
- (MAT 10 Section 2 Field 48) Approved HUD-92458 (Rent Schedule)
- Item 29 Contract Rent** Enter the rent HUD or the Contract Administrator has approved for this unit type. The Contract Rent is the Section 8/RAP Contract Rent, the Section 236 Basic Rent, the Section 221 (d) (3) BMIR Contract Rent, or the Rent Supplement Unit Rent, as applicable. **Note: This amount cannot be zero.**
- For the Section 202 PAC or PRAC and Section 811/PRAC projects enter the operating rent (operating cost). If all of the utilities are included in the rent, enter the operating rent (operating cost). If the tenant pays utilities separately, enter the gross rent minus the HUD approved utility allowance to arrive at the operating rent (operating cost).
- (MAT 10 Section 2 Field 57) Approved HUD-92458 (Rent Schedule)
- Item 30 Utility Allowance** If all of the utilities are included in the rent, enter zero. If not, enter the amount HUD or the Contract Administrator has approved for this unit type.
- (MAT 10 Section 2 Field 58) Approved HUD-92458 (Rent Schedule)
- Item 31 Gross Rent** Enter the amount HUD or the Contract Administrator has approved for this unit type.
- (MAT 10 Section 2 Field 59) Approved HUD-92458 (Rent Schedule)
- This Item is also known as PRAC Operating Rent and PAC Operating Cost.
- Item 32 TTP at RAD Conversion** If Section 8 sub-type is not RAD or if not Section 8, leave blank.
If RAD and if no Rent Phase-in is involved, leave blank.
If RAD and Rent Phase-in is in process, enter the TTP (Total Tenant Payment) the tenant is/was paying at the time of conversion to RAD.
- NOTE:** This is not Tenant Rent. Tenant Rent = TTP less any Utility Allowance
- (MAT10 Section 2 Field 101)

Section C. Household Information:

Item 33 Member Number Enter each member's name beside a number. The Head of Household (HoH) must have the number "01". Each person in the household must have their own Family Member number because it will be used to associate income and assets to specific family members.

(MAT 10 Section 3 Field 3)

Note: Item 37, Relationship Code, must be H for the Head of Household. No other family records for the household may contain this code or "01" for the family member number.

Item 34, 35 & 36 Names of Household Members Enter the names (Last, First, Middle Initial) of each member who will be residing in this unit. The first member listed should be the Head of Household.

The list of members should be in the following order: Head, Spouse or Co-Head, Dependents, Other adult family members, Foster children under age 18, Foster adults, Live-in Attendants and Others living in the unit who are not members of the tenant family

(MAT 10 Section 3 Fields 4, 5, & 6)

Note: If a household member has a Middle Initial, fill in Item 36.

Item 37 Relationship Code List persons living in the unit in the following order and state each person's relationship to the head by using one of the codes listed below. See Chapter 3 of the 4350.3 REV-1 concerning the eligibility of families to assisted housing. Only the following codes may be entered.

H - Head (There can be only one head.) If there is a spouse or co-head, list the same person as head on each (re)certification, as long as that person resides in the household. List the other person as spouse or co-head on each (re)certification.

S - Spouse (There can either be a spouse or a co-head, but not both.) There can be only one spouse.

K - Co-head (There can either be a spouse or a co-head but not both.) There can be only one co-head. See Paragraph 5-6.A of the 4350.3 REV-1 for guidance on how to count emancipated minors.)

For the Section 202/8, Section 202 PAC, and Section 202 PRAC and Section 811 PRAC projects, to qualify for admission/assistance, persons must be age 62 or, if disabled, at least 18 years old. Therefore, a head, spouse or co-head under the age of 18 would not occur in these programs.

- D - Dependent. See Paragraph 5-10.A of the 4350.3 REV-1. Count any member of the family currently living in the unit who is not the Head, Spouse or Co-Head and:
- Age 17 or younger
 - 18 or older and disabled or a full-time student.
 - Child temporarily absent due to placement in a foster home.
 - Child who is subject to joint custody agreement (See explanation of Joint Custody Codes in Item 42 of these instructions)
 - Full-time student (regardless of age) away at school but lives with family during school breaks.
 - Child being adopted (or custody being sought) and living in unit.
- O - Other adult member of the family who is not the head, spouse or co-head and whose income is counted in determining the family's annual income. See Paragraph 5-6 of the 4350.3 REV-1. This member's status cannot be used to justify the family's eligibility for the elderly or medical allowances.
- F - Foster child under the age of 18 or the child of a Foster child or Foster adult. See Paragraph 5-6.A of the 4350.3 REV-1. The employment income of a child in this category is not counted in determining the family's annual income but other income is counted; the Foster child does not qualify for a dependent allowance **but** medical or disability assistance expenses are considered for Foster children and Foster adults. Child care expenses for Foster children who are under the age of 13 are also considered. All income of a Foster adult is counted in determining the family's annual income. Foster children or Foster adults **do count** for income limit purposes.
- L - Live-In Attendant. See 4350.3 REV-1: Fig. 5-2 and Paragraph 3-6.E for guidance on live-in attendants. Persons in this category do not have rights under the lease. Persons in this category are not considered members of the family and their income is not counted in determining the family's annual income.
- N - None of the Above. Others Living in the Unit Who are not Members of the Tenant Family. Persons in this category do not have rights under the lease. Persons in this category are not considered members of the family and their income is not counted in determining the family's annual income.

See the spreadsheet **202DRelationshipRules.xlsx** for clarification. The spreadsheet is located on the TRACS web page. Click on Documents, then click on TRACS 202D Final Industry Specification Documents.

(MAT 10 Section 3 Field 7)

Item 38 Sex

For each person, enter "F" for Female, "M" for Male or leave blank if either the O/A did not ask for the information or the tenant did not voluntarily report.

(MAT 10 Section 3 Field 8) Note: May conflict with other funding programs

Items 39 and 40 are filled in based on whether or not household members have completed the Race & Ethnic Data form HUD-27061-H. Parents or guardians are to complete the form for children under the age of 18. There is no penalty for persons who do not complete the form. However, place a note in the tenant file stating the applicant/tenant declined to complete the form

Item 39 Race

Based on the Race & Ethnic Data form completed by each household member, please enter the appropriate letter listed below.
Note: If the Race & Ethnic Data form is not completed for a household member, enter “X” in this Item for that member.

X = Declined to report
I = American Indian or Alaskan Native
A = Asian
B = Black or African-American
H = Native Hawaiian or Other Pacific Islander
W = White
O = Other

e.g.: If the household member is Asian and White, as stated on the form HUD-27061-H, enter **AW**.
e.g.: If the household member is Black or African-American, as stated on the form HUD-27061-H, enter **B**.

(MAT 10 Section 3 Fields 18 through 24)

Note: For TRACS reporting purposes, MAT10 Section 3 Fields 18-23 should be left blank and MAT10 Section 3 Field 24, should be “Y”, if a household member declined to report their Race.

Item 40 Ethnicity

Enter one of these valid codes for each household member.

0 = Tenant Declined to Report
1 = Hispanic
2 = Non-Hispanic

(MAT 10 Section 3 Field 17)

Item 41 Birth Date

Enter the Birth Date for each member of the household

(MAT 10 Section 3 Field 9)

Note: This Item must be entered in a MMDDYYYY format

**Item 42 Special Status
Code**

Identify any household member who may qualify for one of the following Special Status Codes. For each member, enter all of the codes that apply (e.g., an “E” Elderly tenant may also be “H” Disabled).

E = Elderly Head, Co-Head, or Spouse (At least 62 years of age as of the effective date of this (re)certification)

S = Full-time Student 18 or older who is not the Head, Co-Head or Spouse as of the effective date of this (re)certification. Must have a “D” (Dependent) indicated in Item 37 (Relationship Code), except if the Full-time Student is a Foster Adult, whose relationship code is “F”.
H = Family member who is Disabled
M = Family Member who is a US military veteran.
P = Person being housed temporarily pursuant to the guidance in the HUD Handbook 4350.1, Chapter 38. Also, see 2.0.2.D MAT Guide: Chapter 4, Section 4.28 - Presidentially Declared Disasters.

Joint Custody Codes:

JK = Dependent (D) whose custody is jointly shared by more than one family and who receives a dependent allowance along with a child care allowance where applicable.

C = Dependent (D) whose custody is jointly shared by more than one family but who does not receive a dependent allowance and who lives in the unit less than 50% of the time. Such a person’s child care expenses count toward the child care allowance.

CK = Dependent (D) whose custody is jointly shared by more than one family and lives in the unit 50% or more of the time. Count for unit size and income limit purposes.

A dependent without either the J or C codes is assumed to be a full-time resident of the unit.

Note: Ages are based on the effective date (Item 12) of this (re)certification

(MAT10 Section 3 Field 10 4350.3 REV-1: Paragraph 5-6.A.3.c, Figure 3-6)

Item 43 Student Status

Enter “Y” if student (either full or part-time) at an Institution of Higher Education is eligible for assistance under the rules as shown in the 4350.3 REV-1: Paragraphs 3-13 & 3-33. Otherwise, leave blank.

(MAT 10 Section 3 Field 25)

Item 44 ID Code (SSN)

Enter the 9-digit Social Security Number for each of the household members. Refer to Housing Notice H 10-08 regarding SSN reporting requirements. Do not use dashes when entering these numbers. This is the family member’s SSN/TRACS ID; it is not the SSN Benefits Claim Number or Individual Tax Identification Number (ITIN).

(MAT 10 Section 3 Field 11 4350.3 REV-1: Paragraphs 3-9 and 3-31)

Note: If a household member does not have a SSN or TRACS ID (T-id) number, enter 999999999, and TRACS will assign a TRACS ID number.

Item 45 SSN Exception

Choose the appropriate code if an individual without a valid SSN qualifies for an SSN exception. Leave blank if no SSN Exception applies.

C = Individual who does not contend eligible immigration status

E = Individual age 62 or older as of January 31, 2010, whose initial determination of eligibility in either a Multifamily or PIH Housing program was begun prior to January 31, 2010 (a break in assistance does not void the exemption)

M = New household member under the age of 6 where disclosure of SSN is delayed for 90-180 days

Note: When the member does not have a SSN, enter 999999999 in Item 44 of this form.

(MAT10 Section 3 Field 26)

Item 46 Citizen Code

Enter one of the following codes for each household member.

See 4350.3 REV-1: Paragraph 3-12. Leave blank for BMIR, 202/811 PRAC or 202/162 PAC. The valid codes for this Item are:

EC = individual is a citizen or national

EN = individual is a noncitizen with eligible immigration status

IC = Ineligible noncitizen child of a family head or spouse

IN = Member is an Ineligible Non-Citizen.

IP = Ineligible Parent of a Head of Household or Spouse

ND = No documentation submitted. For use when the family is receiving prorated assistance at admission. Member is treated as ineligible for proration purposes.

PV = Individual's eligibility status is pending verification—documents have been submitted For use when the family is receiving prorated assistance at admission. Member is treated as eligible for proration purposes.

XX = Individuals who are not counted as members of the family (Live-in aides or None of the above). Item 37 shows a relationship code of "L" or "N" for these individuals. Note, however, that if such a person does not have an SSN, an SSN exception code must be entered.

(MAT 10 Section 3 Field 12 4350.3 REV-1: Paragraph 3-12, Appendix 2, Exhibit 3-5)

**Item 47 Alien Registration
Number**

If the family member has been assigned an Alien Registration Number by DHS, enter this number. Do not use dashes when entering this number.

(MAT 10 Section 3 Field 13)

Note: This is an alphanumeric number. (e.g.: A123456789)

Item 48 Age

Enter the age for each member as of the effective date of this (re)certification. This Item is not submitted to TRACS, so therefore, does not have a MAT field

number. This Item is retained on the form because age can be a factor in determining eligibility and allowances.

(4350.3 REV-1: Paragraph 3-28.C)

Item 49 Work Codes

This Item only needs to be filled in if child care and/or handicapped assistance is required to enable an adult family member, including a Foster Adult, to work. The following codes are valid for this Item:

C = next to each adult family member who is able to work because child care is available

H = next to each family member who is able to work because disability assistance is available

CH = if both apply

(MAT 10 Section 3 Field 15 4350.3 REV-1: Paragraphs 5-10.B & C)

Item 50 Family has Mobility
Disability?

If a family member (see Item 53) has a mobility disability, enter a “Y” in this Item. Otherwise, leave blank.

(MAT 10 Section 2 Field 96 4350.3 REV-1: Exhibit 2-2)

Item 51 Family has Hearing
Disability?

If a family member (see Item 53) has a hearing disability, enter a “Y” in this Item. Otherwise, leave blank.

(MAT 10 Section 2 Field 97 4350.3 REV-1: Exhibit 2-2)

Item 52 Family has Visual
Disability?

If a family member (see Item 53) has a visual disability, enter a “Y” in this Item. Otherwise, leave blank.

(MAT 10 Section 2 Field 98 4350.3 REV-1: Exhibit 2-2)

Item 53 Number of Family
Members

The number of family members should add up to the number of individuals listed in Item 33 with the Relationship Code (Item 37) of H, S, K, D, O or F (Foster Child or Foster Adult). Do not include any members with the Relationship Code of L or N.

(MAT 10 Section 2 Field 26)

Item 54 Number of Non-
Family Members

Enter the number of household members with the relationship code of L or N (Item 37). These non-family members are not counted in Item 53.

(MAT 10 Section 2 Field 27 4350.3 REV-1: Paragraph 3-6.E)

Note: See 4350.3 REV-1: Figure 5-2: Whose Income is Counted?

Item 55 Number of Dependents

Count the number of family members that have a Relationship Code of “D” (Item 37). The following constitutes a dependent:

1. Under 18 years of age
2. A person with disabilities
3. Full time student of any age

(MAT 10 Section 2 Field 28 4350.3 REV-1: Paragraph 5-10.A)

Note: A family member who is the Head, Spouse, Co-Head, Foster Child, Foster Adult or Live-in Attendant cannot be counted as a dependent.

Note: Do not include dependents under the age of 18 who have a Special Status Code (Item 42) of C.

Item 56 Number of Eligible Members

List the number of family members who are eligible to receive housing assistance. This Item assists in determining whether or not the Assistance Payment needs to be pro-rated on this (re)certification. **If there are eligible and non-eligible family members within the tenant household, the Assistance Payment will need to be pro-rated.**

Note: See HUD Handbook 4350.3 REV-1: 3-12.B and Exhibits 3-12, 3-13 and 3-14 for more guidance regarding pro-ration of assistance.

Item 57 Expected Family Addition-Adoption

Enter the number of adopted family members expected

(MAT 10 Section 2 Field 80 4350.3 REV-1: Paragraph 3-6.E and 3-23.E)

Note: TRACS has activated this Item in 2.0.2.D.

Item 58 Expected Family Addition-Pregnancy

Enter the number of expected family additions by childbirth

(MAT 10 Section 2 Field 81 4350.3 REV-1: Paragraph 3-6.E and 3-23.E)

Note: TRACS has activated this Item in 2.0.2.D.

Item 59 Expected Family Addition-Foster Children

Enter the number of expected Foster children as family additions.

(MAT 10 Section 2 Field 82 4350.3 REV-1: Paragraph 3-6.E and 3-23.E)

Note: TRACS has activated this Item in 2.0.2.D.

If this full (re)certification (MAT 10) is not changing the Head of Household ID, the (re)certification Effective Date, OR one or more of the additional identifiers (Last Name, First Name, Middle Initial, and Birth Date) for a previously submitted full (re)certification (MAT10), leave Items 60 through 65 blank. Also leave them blank if the previous ID was 999999999 and a TRACS Temporary ID is now being used. Read the text between Field 3 and Field 4 in the MAT 10 Section 2: Basic Record in Chapter 5 of the 2.0.2.D TRACS MAT User Guide as an additional reference.

Item 60 Previous Head
Last Name

This Item should be filled in only if one or more of the Head of Household identifiers have changed (Head of Household ID, (re)certification effective date, last name, first name, middle initial, and/or birth date) since the tenant's previous full (re)certification was submitted. This should be the Last Name exactly as submitted on the household's previous full (re)certification.

(MAT 10 Section 2 Field 6)

Item 61 Previous Head
First Name

This Item should be filled in only if one or more of the Head of Household identifiers have changed (Head of Household ID, (re)certification effective date, last name, first name, middle initial, and/or birth date) since the tenant's previous full (re)certification was submitted. This should be the First Name exactly as submitted on the household's previous full (re)certification.

(MAT 10 Section 2 Field 7)

Item 62 Previous Head
Middle Initial

This Item should be filled in only if one or more of the Head of Household identifiers have changed (Head of Household ID, (re)certification effective date, last name, first name, middle initial, and/or birth date) since the tenant's previous full (re)certification was submitted. Though an optional Item, if submitted, this should be the Middle Initial exactly as submitted on the household's previous full (re)certification.

(MAT 10 Section 2 Field 8)

Item 63 Active Full Cert.
Effective Date

This Item should be filled in only if one or more of the Head of Household identifiers have changed (Head of Household ID, (re)certification effective date, last name, first name, middle initial, and/or birth date) since the tenant's previous full (re)certification was submitted. This should be the Transaction Effective Date submitted on the household's most recent full (re)certification (MAT 10) which has been successfully stored at TRACS.

Important Note: Do NOT attempt to correct incorrect Head of Household information on any earlier (re)certifications even if the data has been incorrect for many years. TRACS is not designed to deal with such changes.

(MAT 10 Section 2 Field 5)

Item 64 Previous Head ID This Item should be filled in only if one or more of the Head of Household identifiers have changed (Head of Household ID, (re)certification effective date, last name, first name, middle initial, and/or birth date) since the tenant's previous full (re)certification was submitted. This should be the Head ID submitted on the household's previous full (re)certification.

Note: The Previous Head ID is the SSN or TRACS ID of the Head of Household reported on the previous full (re)certification.

(MAT 10 Section 2 Field 4)

Item 65 Previous Head Birth Date This Item should be filled in only if one or more of the Head of Household identifiers have changed (Head of Household ID, (re)certification effective date, last name, first name, middle initial, and/or birth date) since the tenant's previous full (re)certification was submitted. This should be the birth date exactly as submitted on the household's previous full (re)certification. This date must be in a MMDDYYYY format.

(MAT 10 Section 2 Field 9)

**For Items 66 through 74, the following general references in the
HUD Handbook 4350.3 REV-1 are applicable:
Chapter 5, Paragraphs 5-1 through 5-6; Section 3 of Chapter 5
Figure 5-2
Exhibits 4-1 & 5-1
Appendix H of the TRACS 2.0.2.D MAT Guide**

Section D. Income Information:

Item 66 Member Number This Item should only be filled in for family members who report income, and should match the number assigned to each family member in Item 33, starting with the Head of Household "01". A separate line should be completed for each income source for each family member. This means the Head, "01", may be listed twice with two different income sources. This Item cannot be "00".

(MAT 10 Section 4 Field 3)

Item 67 Income Type Code Corresponding with the member number in Item 66, fill in each source of income separately for each family member of the household receiving income. Please use the following codes. Each income source should have its own income code.

B = Business (including distributed profits and net income from business)
CS = Child Support

F = Federal Wages
 G = General Assistance/Welfare
 I = Indian Trust
 M = Military Pay
 N = Other Non-Wage source (See MAT 10 Section 4 Field 4)
 PE = Pensions (this includes veteran pensions, military retirement, and income from all other pensions and annuities)
 SI = Supplemental Security Income, SSI, (this covers both personal benefit and State Supplements administered by the SS Administration)
 SS = Social Security (both personal and dual entitlements)
 T = TANF (Temporary Aid to Needy Families), formerly AFDC
 U = Unemployment
 W = Non-Federal Wage (includes salaries, tips, commissions, bonuses, and other income from employment)

Note: A full-time student, 18 years of age or older, who **is not** the Head, Co-Head, Spouse, Foster Child or Foster Adult is considered a Dependent. See the **Note** in Figure 5-2 of the 4350.3 REV-1 regarding the amount of earned income that can be counted toward the household's annual income.

(MAT 10 Section 4 Field 4)

Item 68 Amount

Corresponding with the member number in Item 66, and the Income Type Code, Item 67, fill in each source of income separately for each family member of the household receiving income. Enter the anticipated amount for the 12 month period following the effective date (Item 12) of this (re)certification.

(MAT 10 Section 4 Field 5 4350.3 REV-1: Paragraph 5-4)

Note: If a family member has no income, do not submit an Income Record for that individual.

Item 69 SSN Benefits
Claim No.

Enter the Social Security Benefits Claim number under which a member of the household receives Social Security income benefits (Item 67) **only if** the Social Security Benefits Claim number is different from that member's own Social Security number. Otherwise, leave blank.

NOTE: Enter the alpha/numeric suffix attached to the end of the Social Security claim number. Do not enter dashes. For example: 123456789HB1. The claim number will typically be 9 digits followed by a letter and 0-2 additional letters and/or numbers. **NOTE:** If the member has income under more than one Claim Number, enter one income per Claim Number.

(MAT 10 Section 4 Field 8)

Item 70 Total Employment
Income

Include the total amounts of Employment income from Item 68 that have the following codes.

B = Business
F = Federal Wages
M = Military Pay
W = Non-Federal Wage

(MAT 10 Section 2 Field 33)

Item 71 Total Pension
Income

Include the total amounts of Pensions (including Social Security and SSI) from Item 68 that have the following codes.

PE = Pensions
SI = Supplemental Security Income
SS = Social Security

(MAT 10 Section 2 Field 34)

Item 72 Total Public
Assistance Income

Include the total amounts of Public Assistance from Item 68 that have the following codes.

G = General Assistance/Welfare
T = TANF

(MAT 10 Section 2 Field 35)

Item 73 Total Other
Income

Include the total amounts of Other Income from Item 68 that have the following codes.

CS = Child Support
I = Indian Trust
N = Other Non-Wage source
U = Unemployment

(MAT 10 Section 2 Field 36)

Item 74 Total Non-Asset
Income

Add all income amounts from Items 70 through 73.

(MAT 10 Section 2 Field 37)

**For Items 75 through 85, the following general references in the
HUD Handbook 4350.3 REV-1 are applicable:
Chapter 5, Paragraph 5-7 & Section 3 of Chapter 5
Exhibits 4-1 & 5-2
Appendix H of the TRACS 2.0.2.D MAT Guide**

Section E. Asset Information:

Item 75 Member Number This Item should only be filled in for family members who have assets, and should match the number assigned to each family member in Item 33 starting with the Head of Household “01”. A separate line should be completed for each asset for each family member. This means the Head, “01”, may be listed twice with two different assets. This Item cannot be “00”.

(MAT 10 Section 5 Field 3)

Item 76 Description Enter all assets that are now owned, and those that have been disposed of for less than fair market value for the two years preceding this (re)certification’s effective date.

(MAT 10 Section 5 Field 4)

Note: List each asset separately

Item 77 Status There are only two codes allowed for this Item. Enter the appropriate code.

C = Current (if the family still owns this asset)

I = Imputed (if the family has disposed of this asset within the last two years from the effective date (Item 12) for more than \$1,000 less than FMV (fair market value)

(MAT 10 Section 5 Field 5 4350.3 REV-1: Exhibit 5-2, Paragraph 5-7.G.8)

Item 78 Cash Value The cash value of an asset is the market value of the asset minus any expenses that could occur with the selling of the asset, or converting the asset into cash.

(MAT 10 Section 5 Field 6 4350.3 REV-1: Paragraph 5-7.C and 5-7.D)

Note: When asset is a checking account, use the average 6 month balance. When asset is a savings account, use the current balance. TRACS will not accept a negative value.

Note: If assets are owned by more than one person, prorate the assets according to the percentage of ownership. If no percentage is specified or provided by a state or local law, prorate the assets evenly among all owners.

Item 79 Actual Yearly Income

Enter the anticipated amount for the 12 month period following the effective date of this (re)certification. Note: TRACS will not accept a negative value.

(MAT 10 Section 5 Field 7 4350.3 REV-1: Paragraph 5-7.B)

- Item 80** Date Divested If the status of an asset in Item 77 is “I”, enter the date the asset was disposed of for less than fair market value.

(MAT 10 Section 5 Field 8 4350.3 REV-1: Paragraph 5-7.G.8)
- Item 81** Total Cash Value of Assets Total the cash value of each asset amount listed in Item 78.

(MAT 10 Section 2 Field 29)
- Item 82** Actual Income From Assets Total the actual yearly income amount from assets listed in Item 79.

(MAT 10 Section 2 Field 30)
- Item 83** HUD Passbook Rate The HUD Passbook Rate is at 2.0% until further notice. Enter 2.0 in this Item if Item 81 is greater than \$5000. If Item 81 is less than or equal to \$5000, or this is a BMIR (re)certification, enter zero or leave blank.

(MAT 10 Section 2 Field 31 4350.3 REV-1: Paragraph 5-7.F.1.b)
- Item 84** Imputed Income From Assets If the Total Cash Value of Assets (Item 81) is less than or equal to \$5000, enter zero. However, if the Total Cash Value of Assets is more than \$5000, multiply the amount entered in Item 81 by the HUD Passbook Rate (Item 83) and enter the amount.

(MAT 10 Section 2 Field 32 4350.3 REV-1: Paragraphs 5-7.B & 5-7.F)

Note: For households only receiving BMIR assistance, it is not necessary to determine whether family assets exceed \$5000. The rule for imputing income from assets does not apply to the BMIR program.
- Item 85** Asset Income Enter the greater of Item 82 or Item 84.

(MAT 10 Section 2 Field 38)

For Items 86 through 118, the following general references in the HUD Handbook 4350.3 REV-1 are applicable:

**Chapter 3, Paragraph 3-6
Figures 3-2 & 3-3
Chapter 5, Sections 2, 3 & 4
Exhibits 5-3 & 5-8**

Section F. Allowances & Rent Calculations:

Item 86 Total Annual
Income

The sum of Item 74 plus Item 85.

(MAT 10 Section 2 Field 39)

Note: For Items 87 through 89, the amounts entered are determined by family size. Read the text between Field 39 and Field 40 in the MAT 10 Section 2: Basic Record in Chapter 5 of the MAT User Guide 2.0.2.D, review Paragraph 3-6.E of the HUD Handbook 4350.3 REV-1 and refer to the web page, <http://www.huduser.org/portal/datasets/il.html>, to find the applicable Income Limits.

Item 87 Low Income
Limit

For all subsidy types, except BMIR, the Low Income Limit is 80% of the median income for the area.

BMIR Tenants: Enter the amount of the HUD-issued BMIR Income limit, which is 95% of the median income for the area. If Item 86 (Total Annual Income) is greater than Item 87 (Low Income Limit) and this is a:

1. Move-In - the applicant may not be admitted to a BMIR unit (even if the applicant is willing to pay Market Rent)
2. Recertification - the tenant must pay the BMIR Market Rent

All Other Tenants: Enter the amount of the HUD-issued Section 8 Low Income limit. If Item 86 (Total Annual Income) is greater than Item 87 (Low Income Limit), it must be determined whether this applicant can be admitted based on the HUD regulations.

(MAT 10 Section 2 Field 40 4350.3 REV-1: Paragraph 3-6, Figure 3-2 and Figure 3-3)

Note: Refer to the 4350.3 REV-1: Paragraphs 3-7 and 3-8 for guidance with regard to exceptions and the admission of over-income applicants.

Item 88 Very Low Income
Limit

The Very Low Income limit is based on 50% of the area median income, as determined by HUD.

(MAT 10 Section 2 Field 41 4350.3 REV-1: Paragraph 3-6, Figure 3-2 and Figure 3-3)

Item 89 Extremely Low
Income Limit

The Extremely Low Income limit is based on 30% of the area median income, as determined by HUD.

(MAT 10 Section 2 Field 42 4350.3 REV-1: Paragraph 3-6, Figure 3-2, Figure 3-3 and Paragraph 4-5)

Note: HUD may establish income ceilings higher or lower than 30% of the median income for the area if HUD finds that such variations are necessary because of unusually high or low family incomes

For Items 90 through 93, read the text between Field 42 and Field 43 in the MAT 10 Section 2: Basic Record in Chapter 5 of the 2.0.2.D MAT User Guide as an additional reference.

Item 90 Current Income
Status

This Item should only be filled in for Section 8 tenants. If this is not a Section 8 tenant, leave blank. Compare the Total Annual Income (Item 86) to the Income Limits entered in Items 87, 88, and 89.

If Item 86 is less than or equal to Item 89, enter “3”, Extremely Low Income

If Item 86 is greater than Item 89, but less than or equal to Item 88, enter “2”, Very Low Income.

If Item 86 is greater than Item 88, enter “1”, Low Income.

(MAT 10 Section 2 Field 44)

Note: If code “1” was entered for a MI or an IC, and Item 91 is code “2” (Post 1981), this tenant can only receive Section 8 if the HUD Field Office has reviewed and approved an exception to the income eligibility requirements.

Item 91 Eligibility Universe
Code

This Item should only be filled in for Section 8 tenants. If this is not a Section 8 tenant, leave blank. If the HAP Contract for this unit was effective before 10/1/81, enter the code of “1”. If it was effective on or after 10/1/81 (Post 1981), enter the code of “2” for this Item.

(MAT 10 Section 2 Field 43 4350.3 REV-1: Paragraph 3-7.A and 3-7.B)

Item 92 Sec. 8 Assist.1984
Indicator

If the Eligibility Universe Code, Item 91, is “2” (Post 1981), and the current Income Status code, Item 90, is “1” (Low Income), enter “Y” if the tenant began receiving Section 8 assistance on or after July 1, 1984. Otherwise, leave blank.

(MAT 10 Section 2 Field 45)

Item 93 Income Exception
Code

Enter one of the following Income Exception Codes, if Item 90 is “1”, and Item 91 is “2”. Otherwise, leave blank. Refer to the text between Fields 42 and 43 in the MAT10 Section 2 Basic Record of the 2.0.2.D MAT Guide for further guidance.

Indicate the HUD exception for which this family is (MI or IC) or was (AR or IR) eligible. These include:

CV = The Tenant:

- (1) Was converted (or is now being converted) from RAP or Rent Supplement; or
- (2) Received (or will now) begin to receive Section 8 as a result of a sale of a HUD-owned project.

EDT = HUD approved exception for an in-place tenant who would otherwise be displaced as described in the 4350.3 REV-1: Paragraph 3-7.D.

EIT = Do not use for new move-ins. Continue to use this code for tenants who previously received a HUD approved income exception.

EAT or AA = Do not use this code for new move-ins. Continue to use this code for tenants who previously received an exception based upon these codes.

EP = Tenant was admitted under one of the HUD-approved project-based exceptions as described in the 4350.3 REV-1: Paragraph 3-7.D.

(MAT 10 Section 2 Field 46 4350.3 REV-1: Paragraph 3-7.D)

Item 94 Police/Security
Tenant?

If the owner has received permission from HUD to admit over-income police or security personnel, enter “Y”. Otherwise, leave blank. Income limits do not apply for this tenant, and the Total Tenant Payment must be at least what the tenant would pay if subsidized.

(MAT 10 Section 2 Field 69 4350.3 REV-1: Paragraph 3-8.D and 5-27)

Note: The owner is not entitled to vacancy claim payments for the period following occupancy by a police officer or security personnel.

Item 95 Survivor of
Qualifier?

If the current Head of Household does not meet the eligibility requirements to qualify for the unit, but does qualify as the survivor of the person who originally met the special requirements and qualified for the unit, enter “Y”. Otherwise, leave blank.

(MAT 10 Section 2 Field 87 4350.3 REV-1: Paragraph 3-16)

Item 96 Household
Citizenship
Eligibility

Enter one of the following codes for tenants with a Project MI date on or after 6/19/95, and for all in-place tenants no later than 6/19/96.

The valid codes for this Item are:

N = Subsidy Type is **not** subject to the Non-Citizen Rule

E = All members of the family are eligible under the Non-Citizen Rule. The family receives full assistance. No members have a PV status

C = Continued Assistance. The mixed family, resident on/before June 19, 1995 qualifies for continuation of full assistance under Non-Citizen Rule.

P = Prorated Assistance. The family qualifies for and receives Prorated Assistance under the Non-Citizen Rule because only some of the family members are eligible for assistance. Note: A member with an eligibility code of PV will be counted as eligible. A member with a code of ND will be counted as ineligible.

F = Full Assistance while the verification of eligibility is pending. A family is in this status if all members are eligible for assistance or have submitted documentation but the verification process is not yet complete (Citizenship Eligibility Code = PV) when the family moves in. At least one member must be eligible. If any member is ineligible or has an ND eligibility code, use the Prorated Assistance Code (P), not Full Assistance.

T = Temporary Deferral of Termination. The family, currently receiving full assistance, is found to be ineligible for assistance under the Non-Citizen Rule, or the family qualifies for Prorated Assistance and elects Temporary Deferral of Termination status instead. Tenants with this code receive full assistance. This code should only be used for tenant households meeting the exception to the 18 month deferral period. Also, refer to the 4350.3 REV-1: Paragraph 3-12.Q.3 NOTE: If the family receiving assistance on June 19, 1995 includes a refugee under Section 207 of the Immigration and Nationality Act, or an individual seeking asylum under Section 208 of that Act, a deferral can be given to the family and there is no time limitation on the deferral period. The 18 month deferral limitation does not apply.

(MAT 10 Section 2 Field 79 4350.3 REV-1: Paragraph 3-12 and Glossary)

For Items 97 through 107, leave blank if this is a BMIR (re)certification. See 4350.3 REV-1: Chapter 5, Section 2: Determining Adjusted Income

Item 97 Deduction for Dependents

Multiply the Number of Dependents listed in Item 55 by \$480.

(MAT 10 Section 2 Field 47 4350.3 REV-1: Paragraph 5-10.A)

Note: Dependents are children under the age of 18 (excluding Foster children), and other family members over the age of 18, who are full-time students or disabled. **However**, a dependent with a Special Status Code of C entered in Item 42 is not counted.

Item 98 Child Care Expense (work)

Enter the amount of childcare expense incurred that enables a family member to work. Only expenses incurred for the care of children, including Foster children, who are under the age of 13, can be included. However, the allowable expense cannot exceed the amount earned as the result of the child care provided.

(MAT 10 Section 2 Field 83 4350.3 REV-1: Paragraph 5-10.B)

Note: If an amount greater than zero is entered in this Item, a “C” should be entered in Item 49.

If claiming child care to work for a full-time student, who is not the Head, Co-Head, or Spouse, the associated child care allowance is restricted to the lesser of the actual amount or \$480.

Item 99 Child Care

Expense (school)

This Item relates to expenses incurred when an adult family member is attending school or looking for work. Only expenses incurred for the care of children, including Foster children, under the age of 13, can be included.

(MAT 10 Section 2 Field 84 4350.3 REV-1: Paragraph 5-10.B)

Item 100 3% of Income

Multiply the Total Annual Income listed in Item 86 by 0.03 (3.0%)

(MAT 10 Section 2 Field 49)

Item 101 Disability

Expense

Enter the anticipated amount the family expects to pay for qualifying attendant care and auxiliary apparatus required for employment for the 12 month period following the effective date of this (re)certification, Item 12. This enables a family member 18 years of age or older (see Item 53), including the family member who is a person with disabilities, to be employed. If the family will not incur any disability expenses over the next 12 month period, enter zero in this Item, and continue on to Item 102.

(MAT 10 Section 2 Field 50 4350.3 REV-1: Paragraph 5-10.C)

Note: If an amount has been entered in this Item, enter “H” in Item 49.

Item 102 Disability

Deduction

The Disability Deduction is the eligible amount that **exceeds** 3% of the family’s annual income. See Paragraph 5-10.C.3. If Item 101(Disability Expense) is less than Item 100(3% of Income), enter zero. If Item 101 is greater than Item 100, enter the **LESSER** of...

(Item 101 – Item 100) **OR**

the employment income earned by the person with disabilities or employment income earned by other family members 18 years of age or older, because attendant care or auxiliary apparatus is provided. See Paragraph 5-10.C.6.

Important: When the same provider takes care of a person with disabilities over the age of 12 and other children, age 12 and under, in the same family, the owner/agent must prorate the total cost and allocate a specific cost to attendant care. The sum of both child care (Item 98) and disability expenses (Item 101) cannot exceed the employment income of the family member enabled to work. See Paragraph 5-10.C.7.

(MAT 10 Section 2 Field 51 4350.3 REV-1: Paragraph 5-10.C)

Item 103 Medical Expense Medical expenses are permitted for elderly and disabled families. A family is determined to be elderly or disabled if the Head(H), Spouse(S) or Co-Head(K) is at least 62 years or older on the effective date of (re)certification or is a person with disabilities.

If medical expenses are determined to be an allowable deduction, include the **unreimbursed** medical expenses for all family members (see Item 53). If not, enter zero.

Medical expenses include all **unreimbursed** expenses the family anticipates to incur during the 12 months following the (re)certification. The O/A may use the ongoing expenses the family paid in the 12 months preceding the (re)certification to estimate anticipated medical expenses.

(MAT 10 Section 2 Field 52 4350.3 REV-1: Paragraph 5-10.D, Exhibit 5-3)

Item 104 Medical Deduction

Enter zero in this Item if the amount in Item 103 is zero.

If Item 101 (Disability Expense) is zero, subtract Item 100 (3% of Income) from Item 103 (Medical Expense) and enter the amount in this Item.

However, if an elderly or disabled family has both **unreimbursed** medical expenses and eligible disability expenses, a special calculation is required to ensure that the family's 3% of income expenditure is applied only one time. Choose the applicable situation below to determine the amount entered.

If Item 101 is greater than or equal to Item 100, enter the amount from Item 103 in this Item. (See 4350.3 REV-1: Paragraph 5-10.D.5)

OR

If Item 101 is less than Item 100, use the following calculation to determine the amount to be entered in this Item...

(Item 103 + Item 101) – Item 100 (See 4350.3 REV-1: Paragraph 5-10.D.9)

Note: If the result is negative, enter zero in this Item.

(MAT 10 Section 2 Field 53 4350.3 REV-1: Paragraph 5-10.D)

Item 105 Elderly Family Deduction

If the Head, Co-Head, or Spouse has a Special Status code listed in Item 42 of "E" for Elderly (meaning 62 or older), or "H" for Handicap/Disabled, the household is entitled to a \$400 Elderly Household Allowance.

(MAT 10 Section 2 Field 54 4350.3 REV-1: Paragraph 5-10.E)

Item 106 Total Deductions Add the following Items and enter the amount.

Items 97 + 98 + 99 + 102 + 104 + 105 = Item 106, Total Deductions

(MAT 10 Section 2 Field 55)

Item 107 Adjusted Annual
Income

Subtract Item 106 from Item 86. If Item 106 is greater than or equal to Item 86, enter zero.

(MAT 10 Section 2 Field 56)

Item 108 Total Tenant
Payment

The Total Tenant Payment (TTP) is the amount a tenant is expected to contribute for rent and utilities. The TTP for Section 8, PAC, PRAC, RAP, and Rent Supplement properties is based on the family's income. For Section 236 and BMIR tenants, enter zero or leave blank.

For Section 8, RAP, PRAC, PAC the Total Tenant Payment (TTP) is the greater of:

- 30% monthly adjusted income;
- 10% monthly gross income;
- Welfare rent (welfare recipients in as-paid localities only); or
- \$25 minimum rent (Section 8 only).

Note: A property may only admit an applicant to Section 8, RAP, and PAC programs, if the TTP is less than the gross rent. This does not apply to the PRAC program. In some instances under the PRAC program, a tenant's TTP will exceed the PRAC operating rent (gross rent).

For Rent Supplement:

The Total Tenant Payment (TTP) is the greater of:

- 30% of monthly adjusted income; or
- 30% of gross rent.

Note: For MIs and ICs, the amount of Rent Supplement assistance cannot be any less than 10% of the gross rent. If the initial amount of Rent Supplement assistance is less than 10% of the gross rent, the tenant is not eligible for Rent Supplement Assistance.

(MAT 10 Section 2 Field 64 4350.3 REV-1: Paragraph 5-25, Figure 5-6, Exhibit 5-8)

Note: For RAP, Rent Supp. and Section 8 tenants, if the Household Citizenship Eligibility, Item 96, is "P", the Assistance Payment (AP), Total Tenant Payment (TTP), Tenant Rent (TR) and Utility Reimbursement (UR), if applicable, will be pro-rated amounts. **Pro-ration procedures are listed after the instructions for Item 118.**

Item 109 TTP Before
Override

If this is a rent override situation (Item 114, Rent Override set to "Y") and the rent calculation involves TTP, fill with the TTP that would normally be

31

calculated without the override. Otherwise, leave blank. See 2.0.2.D MAT Guide: Chapter 4, Section 4.30, Rent Overrides, and Appendix K.

NOTE: For a RAD rent phase-in, on the first certification in which the TTP Before Override equals the Total Tenant Payment, enter the amounts in this Item and Item 32. The fact that TTP Before Override = Total Tenant Payment signals that the phase-in is complete. For future transactions (those with effective dates after the one that ends the rent phase-in), leave this Item and Item 32 blank.

(MAT10 Section 2 Field 102)

Item 110 Tenant Rent

For Section 8/RAP/Rent Supplement/Section 202/162 PAC, Section 202 PRAC and Section 811 PRAC tenants: Tenant Rent (TR) is the portion of the TTP the tenant pays each month to the owner for rent. When utilities are paid by the property, the Tenant Rent (TR) will equal the Total Tenant Payment (TTP), Item 108. If all, or part, of the utilities are paid by the tenant, the TR and TTP will not be the same amount. The TR will equal the TTP (Item 108) minus the Utility Allowance (Item 30). If the Utility Allowance (UA) is more than the TTP, enter zero in this Item and complete Item 111 (Utility Reimbursement).

For Section 236 and BMIR tenants: Refer to HUD Handbook 4350.3 REV-1: Exhibit 5-8 for calculating Tenant Rent

(MAT 10 Section 2 Field 65 4350.3 REV-1: Paragraph 5-26 and 5-29)

Note: For RAP, Rent Supp. and Section 8 tenants, if the Household Citizenship Eligibility, Item 96, is "P", the Assistance Payment (AP), Total Tenant Payment (TTP), Tenant Rent (TR) and Utility Reimbursement (UR), if applicable, will be pro-rated amounts. See Pro-ration procedures.

Item 111 Utility
Reimbursement

If the Utility Allowance (Item 30) exceeds the Total Tenant Payment (Item 108), subtract the TTP from the Utility Allowance and enter the difference. For Section 236, BMIR and Market tenants, enter zero or leave blank.

(MAT 10 Section 2 Field 66 4350.3 REV-1: Paragraph 5-26.C)

Note: For RAP, Rent Supp. and Section 8 tenants, if the Household Assistance Status Code, Item 96, is "P", the Assistance Payment (AP), Total Tenant Payment (TTP), Tenant Rent (TR) and Utility Reimbursement (UR), if applicable, will be pro-rated amounts. See Pro-ration procedures.

Item 112 Assistance
Payment

Enter the amount the owner bills HUD on behalf of the tenant living in a Section 8, RAP, Rent Supplement, 202/811 PRAC, or PAC property. To determine this amount, subtract the TTP (Item 108) from the Gross Rent (Item 31). $GR - TTP = AP$. If the TTP is greater or equal to the GR, enter zero in this Item, except for a PRAC tenant. The assistance payment (AP) for a PRAC tenant is the Operating Rent minus the TTP. Enter the AP amount, even if the

amount is a negative number (e.g.: -75 or (75)). For all other tenants, enter zero or leave blank.

(MAT 10 Section 2 Field 67 4350.3 REV-1: Paragraph 5-26.B)

Note: For RAP, Rent Supp. and Section 8 tenants, if the Household Citizenship Eligibility, Item 96, is “P”, the Assistance Payment (AP), Total Tenant Payment (TTP), Tenant Rent (TR) and Utility Reimbursement (UR), if applicable, will be prorated amounts. See Pro-ration procedures.

Item 113 Welfare Rent

In states or localities that have “As-Paid” Public Benefit programs, the welfare rent is based on the actual amount a family pays for shelter and utilities, the welfare rent is the maximum amount permitted under the welfare rule for rent and utilities. If not applicable, enter zero.

(MAT 10 Section 2 Field 60 4350.3 REV-1: Paragraph 5-6.J and 5-26.E)

Note: This Item is only applicable in “As-Paid” states or localities.

Item 114 Rent Override

Enter “Y” if the normal rent calculations have been overridden for this (re)certification. Otherwise, leave blank.

See HUD Handbook 4350.3 REV-1: Paragraph 5-30 for the general requirements as to when a HUD calculated rent may be overridden.

See also the rent calculation spreadsheet (**202DCalculatingTenantRent.xlsx**) for how overrides impact calculations. The spreadsheet is located on the TRACS web page. Click on Documents, then click on TRACS 202D Final Industry Specification Documents

(MAT10 Section 2 Field 61 MAT Guide: Chapter 4, Section 4.30)

**Item 115 Hardship
Exemption**

Applies only to Section 8. This is an exemption from the \$25 Minimum Rent (TTP) requirement for a tenant that is unable to pay the Section 8 Minimum Rent due to a long-term or short-term financial hardship. The following are valid codes for this Item:

- 1 = The family has lost Federal, State, or Local government assistance, or is waiting for an eligibility determination.
- 2 = The family would be evicted if the Minimum Rent requirement was imposed.
- 3 = The family income has decreased due to a change in circumstances, including but not limited to loss of employment.
- 4 = A death in the family has occurred.
- 5 = Other applicable situations as determined by HUD, have occurred.

(MAT 10 Section 2 Field 63 4350.3 REV-1: Paragraph 5-26.D)

Note: If the hardship is determined to be long term, the Owner/Agent must

recertify the tenant every 90 days while the hardship lasts to verify that circumstances have not changed.

Item 116 Waiver Type
Code

Leave blank if not applicable. Otherwise, this Item should be completed.

AGE = Age waiver for an elderly property
INC = Income (for subsidy types other than Section 8)
NEAR = Near Elderly
DSBL = Waiver for non-disabled person to move in to a property for the disabled (e.g., 811 PRAC)
OTH = Other waiver not covered by the above codes

Note: If more than one waiver applies, pick the first code that applies.

Note: Proper documentation received from the local HUD Field Office or HUD Headquarters should be kept in the tenant file.

(MAT 10 Section 2 Field 88)

Item 117 Eligibility Check
Not Required

Applies only to Move-in or Initial certifications.

If this certification is not a MI or IC or Eligibility is being checked, leave blank. Otherwise, enter “Y”, meaning Eligibility is not required to be checked on this certification.

Examples of situations where the use of this designation is appropriate:

1. If a tenant is transferred to a unit in a comparable project as a reasonable accommodation (4350.3 REV-1: Paragraph 2-32.C.1.a), eligibility is not checked on Move-in certification or in response to VAWA for Section 8 housing.
2. For a contract combination, the tenant is first terminated from the old contract (Termination Code = CC) and an Initial Certification is done for the new contract. Eligibility is not checked on the Initial Certification.
3. Under the 4350.3 REV-1: Paragraph 7-12.B.3, a tenant who fails to respond to a notice to provide information about changes in composition or income must be terminated (Termination Code = RI). When the tenant submits the information, their rent must be reduced (IC). Eligibility is not checked on this Initial Certification.
4. For 100% Section 8 properties. If the project is 100% subsidized, in the case where an in-place tenant's assistance was terminated due to an increase in income and whose income decreases to where they are again eligible for assistance, the tenant should be recertified and receive the assistance. The tenant's income eligibility was determined at Move-in and does not have to be determined again.
5. PDD—Presidentially Declared Disaster
6. Other

These are not Eligibility Waivers, as indicated for Item 116.

(MAT10 Section 2 Field 100)

Item 118 Extenuating
Circumstances
Code

Leave blank if the tenant has signed this (re)certification. If the tenant has not signed this (re)certification, this Item must be filled in with one of these codes.

1 = Medical

2 = Late annual (re)certification due to accommodation or extenuating circumstances.

3 = Late annual (re)certification due to owner/agent delay

4 = Late annual (re)certification due to third party delay (For example a Guardian)

5 = Military Deployment

6 = Eviction In Progress. Must be for a valid HUD Handbook reason.

7 = Court order

8 = No Signature Required (Retroactive GR done after a MO or a GR correction to a previously transmitted 50059 where the only change is the GR modification of the contract rent and where none of the TTP, Tenant Rent, or Utility Allowance changes). See 202D MAT Guide: Chapter 7, Paragraph 9-8

9 = No signature required for 60 days (based on anticipated voucher reported on date). An example would be a retroactive GR causing a correction to a previously transmitted 50059 and where any of the TTP, Tenant Rent or Utility Allowance changes. A signature is required but the cert may be transmitted immediately and the signature collected within 60 days.

10 = Other

When the tenant is able to sign, submit a corrected (re)certification with the tenant's signature and leave this Item blank.

Note: With respect to Code 8—this is to be used whenever a full cert for a moved-out tenant is corrected by a GR—even in cases where a code 9 would normally be used. This is because a tenant signature will never be obtained.

Note: A code of “Y” is allowed when correcting a (re)certification originally created under TRACS 202C or earlier with a “Y” in this Item.

(MAT10 Section 2 Field 99)

Regarding required signatures on Section A of this completed form, refer to the TRACS 202D MAT Guide: Chapter 7, Paragraphs 9-5.A.7.f and 9-8.B.

Pro-ration procedures for tenants whose Household Citizenship Eligibility is “P”, Prorated Assistance (Item 96 of the form HUD-50059)

Refer to the Excel® file, 202DNonCitizenRuleProration, located in the TRACS 202D Final Industry Specification Documents as indicated on the TRACS web page. Also refer to Exhibits 3-12 through 3-14 of the 4350.3 REV-1 for guidance.

CR = Contract Rent (Item 29)
BR = 236 Basic/BMIR Rent (Item 27)
GR = Gross Rent (Item 31)
MR = Market Rent (Item 28)
UA = Utility Allowance (Item 30)
UR = Utility Reimbursement (Item 111)
TR = Tenant Rent (Item 110)
AP = Assistance Payment (Item 112)
TTP = Total Tenant Payment (Item 108)

Section 8, RAP, and Rent Supplement programs (Exhibit 3-12)

A) Calculate TTP and resulting AP without pro-rations

- 1) _____ Enter GR (Item 31 of the HUD-50059)
- 2) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full (re)certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TTP, without pro-ration.
- 3) _____ Subtract TTP from GR and enter the amount. This is the AP the family would receive if no pro-ration was involved.

B) Calculate **prorated AP**

- 4) _____ Number of eligible Family members who are citizens or non-citizens with eligible immigration status
- 5) _____ Enter the fraction that represents the number of eligible family members and the number of family members in the tenant household. (e.g., 5 family members and only 3 family members eligible for assistance Fraction is 3/5)
- 6) _____ Multiply Line 3 by the fraction in Line 5 and enter the amount in Item 112 of the HUD-50059.. This is the Prorated AP for the family.

C) Calculate **prorated TTP**

- 7) _____ Enter GR (Item 31 of the HUD-50059)
- 8) _____ Subtract Line 6 from Line 7 and enter the amount in Item 108 of the HUD-50059. This is the Prorated TTP for the family.

D) Calculated **prorated TR and any **UR** (if applicable)**

- 9) _____ Enter UA (Item 30 of the HUD-50059)
- 10) _____ Subtract Line 9 from Line 8 and enter the amount in Item 110 of the HUD-50059. This is the Prorated TR for the family.

If Line 10 is zero and in Item 110 of the HUD-50059, complete Line 11

- 11) _____ If Line 9 is greater than Line 8, enter the difference in Item 111 (Utility Reimbursement) of the HUD-50059.

37

Otherwise, leave blank

**Section 8, RAP and Rent Supplement Programs in a Section 236 project
(Exhibit 3-14)**

A) Calculate difference between MR and BR for unit without pro-rations

- 1) _____ Enter MR (Item 28 of the HUD-50059)
- 2) _____ Enter BR (Item 27 of the HUD-50059)
- 3) _____ Subtract Line 2 from Line 1 and enter difference

B) Calculate prorated difference between MR and BR

- 4) _____ Enter number of people in the family who are
Ineligible Persons (i.e., not a citizen or not an eligible
non-citizen)
- 5) _____ Enter the fraction that represents the number of
Ineligible Persons and the number of family members in
the tenant household, (e.g., 5 family members of which 2
are Ineligible Persons) Fraction is 2/5
- 6) _____ Multiply Line 3 by the fraction in Line 5. This amount
is the prorated difference between MR and BR

C) Calculate the assistance adjustment for Rent Supplement, RAP or
Section 8 assistance the tenant would otherwise receive

- 7) _____ Enter GR (Item 31 of the HUD-50059)
- 8) _____ From the income amounts (Total Annual Income and
Adjusted Annual Income) calculated on the family's most
recent full (re)certification (MI, AR, IR, IC), use the
appropriate rent formula, based on subsidy type, in
Exhibit 5-8 to determine the TTP, without pro-ration.
- 9) _____ Subtract Line 8 from Line 7. This amount is the AP the
family would receive without being subject to pro-ration
requirements.
- 10) _____ Multiply Line 9 by Line 5. This amount is the
Assistance Adjustment for the family.

D) Calculate the **prorated TTP**

- 11) _____ Add Line 6 + Line 8 + Line 10. Enter the amount in Item
108 of the HUD-50059. This is the Prorated TTP for the
family.

E) Calculate the **prorated AP**

12) _____ Enter GR (Item 31 of the HUD-50059)

13) _____ Subtract Line 11 from Line 12 and enter the amount in Item 112 of the HUD-50059. This is the Prorated AP for the family.

F) Calculate the **prorated TR** and any **UR** (if applicable)

14) _____ Enter the UA (Item 30 of the HUD-50059)

15) _____ Subtract Line 14 from Line 11 and enter the amount in Item 110 of the HUD-50059.. This amount is the Prorated TR for the family.

If Line 15 is zero and in Item 110 of the HUD-50059, complete Line 16.

16) _____ If Line 14 is greater than Line 11, enter the difference in Item 111 (Utility Reimbursement) of the HUD-50059. Otherwise, leave blank.

Section 236 without Benefit of Additional Assistance (Exhibit 3-13)

A) Calculate difference between MR and TR without pro-rations

- 1) _____ Enter MR (Item 28 of the HUD-50059)
- 2) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full (re)certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TR, without pro-ration.
- 3) _____ Subtract Line 2 from Line 1 and enter the amount.

B) Calculate prorated difference between MR and TR

- 4) _____ Enter number of people in the family who are Ineligible Persons (i.e., not a citizen or not an eligible non-citizen)
- 5) _____ Enter the fraction that represents the number of Ineligible Persons and the number of family members in the tenant household. (e.g., 5 family members of which 2 are Ineligible Persons) Fraction is 2/5
- 6) _____ Multiply Line 3 by the fraction in Line 5. This amount is the prorated difference between MR and TR

C) Calculate the prorated TR

- 7) _____ Add Line 2 and Line 6 and enter the amount in Item 110 of the HUD-50059. This is the Prorated TR for the family.

**Owner's Certification of Compliance
with HUD's Tenant Eligibility
and Rent Procedures**

**U. S. Department of Housing
And Urban Development**

Office of Housing
Federal Housing Commissioner

NOT for submission to the Federal Government
Landlord's Official Record of Certification

OMB Approval No. 2504-0204
(Exp. 06/30/2017)

A. Acknowledgements

Read this before you complete and sign this form HUD-50059 A

Public Reporting Burden. The reporting burden for this collection of information is estimated to average 55 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (2502-0204), Washington, DC 20503. The information is being collected by HUD to determine an applicant's eligibility, the recommended unit size, and the amount the tenant(s) must pay toward rent and utilities. HUD uses this information to assist in managing certain HUD properties, to protect the Government's financial interest, and to verify the accuracy of the information furnished. HUD or a Public Housing Authority (PHA) may conduct a computer match to verify the information you provide. This information may be released in accordance with HUD's Computer Matching Agreement (CMA) between the Social Security Administration and the Department of Health and Human Services. You must provide all of the information requested, including the Social Security Numbers (SSNs), unless exempted by 24 CFR 5.216, you, and all other household members, have and use. Giving the SSNs of all household members, unless exempted by 24 CFR 5.216, is mandatory; not providing the SSNs will affect your eligibility approval. Failure to provide any information may result in a delay or rejection of your eligibility approval.

Privacy Act Statement. The Department of Housing and Urban Development (HUD) is authorized to collect this information by the U.S. Housing Act of 1937, as amended (42 U.S.C. 1437 et. seq.); the Housing and Urban-Rural Recovery Act of 1983 (P.L. 98-181); the Housing and Community Development Technical Amendments of 1984 (P.L. 98-479); and by the Housing and Community Development Act of 1987 (42 U.S.C. 3543).

Owner's Certification - I certify that this Tenant's eligibility, rent and assistance payments have been computed in accordance with HUD's regulations and administrative procedures and that all required verifications were obtained.

Warning to Owners and Tenants. By signing this form, you are indicating that you have read the above Privacy Act Statement and are agreeing with the applicable Certification.

False Claim Statement. Warning: U.S. Code, Title 31, Section 3729, False Claims, provides a civil penalty of not less than \$5,000 and not more than \$10,000, plus 3 times the amount of damages for any person who knowingly presents, or causes to be presented, a false or fraudulent claim; or who knowingly makes, or causes to be used, a false record or statement; or conspires to defraud the Government by getting a false or fraudulent claim allowed or paid.

B. Partial Certification

1. Name of Project		2. Project Number		3. Subsidy Type		4. Contract Number		5. Transaction Type	
6. Head of Household (Last, First, Initial)		7. Unit Number		8. No. of Bedrooms		9. Building ID		10. Effective Date	
11. Head ID Code (SSN)	12. Head Birth Date	13. Correction Type		14. EIV Indicator	15. Transaction Date Being Corrected		16. Anticipated Voucher Date		

C. Move Outs

17. Move Out Code _____
18. Date of Death of Sole Member _____
19. Description _____

D. Terminations

20. Termination Code _____
21. Description _____

E. Gross Rent Changes and Unit Transfers

22. Prev. Unit No. (UT's only) _____
23. Secondary Subsidy Type _____
24. 236 Basic/BMIR Rent _____
25. Market Rent _____
26. Contract Rent _____
27. Utility Allowance _____
28. Gross Rent _____
29. TTP at RAD Conversion _____
30. Total Tenant Payment _____
31. TTP Before Override _____
32. Tenant Rent _____
33. Utility Reimbursement _____
34. Assistance Payment _____
35. Rent Override _____
36. Security Deposit _____

F. Signatures

Head of Household	Date	Owner/Agent	Date
-------------------	------	-------------	------

Previous versions of this form are obsolete

Page 1 of 1

form HUD-50059-A (06/2014)
ref. HB 4350.3 Rev. 1

Multifamily Rent Calculation

Form HUD-50059

Section 1: Form HUD-50059

Notes

**Instructions for TRACS 202D
form HUD-50059 A (06/30/2017)**

(Move-Outs, Terminations, Gross Rent Changes and Unit Transfers)

**Owner's Certification of Compliance with HUD's
Tenant Eligibility and Rent Procedures**

The following are some general notes regarding these instructions:

1. When completing this form, if a conflict arises between these instructions and the instructions provided in the Definitions and Edits section of the TRACS 2.0.2.D MAT User Guide, the TRACS 2.0.2.D MAT User Guide takes precedence.

2. When automatically printing or manually filling out this form, Owner/Agents or TRACS compliant software may add additional descriptors when the instructions require a Code to be chosen. As long as the required Code is filled in for TRACS reporting purposes, the additional descriptors are acceptable.

Take for example Item 3, Subsidy Type. If the property is Section 8, the required Subsidy Type Code in Item 3 should be filled in with a **1**. Also shown are instances in which an added descriptor may be printed with the required Code.

3. Subsidy Type	3. Subsidy Type	3. Subsidy Type
1	1-(Section 8)	1 – Sec. 8

These variations are examples of what is acceptable on the completed HUD-50059 A. Even though we see added descriptors on the completed form, the TRACS data field created by TRACS compliant software would be filled in with a **1** because TRACS allows for only one character in the Subsidy Type data field.

3. Two new contract types have been added to Section 8 (Subsidy Type 1). They are RAD and SPRAC. When processing RAD or SPRAC certifications, enter Subsidy Type “**1**” in Item 3 of this form. Refer to Appendix K in the 202D MAT (Monthly Activity Transmission) User Guide for more information.

4. Owners must keep the signed HUD-50059(s) and copies of the HUD-50059 A(s) for tenants from the time of Move-In to Move-Out and for a minimum of three years thereafter. See 202D MAT Guide: Chapter 7, Paragraph 9-7.E.

5. For TRACS reporting purposes, this form (HUD-50059 A) is referred to as a MAT40 record for Move-Outs, a MAT65 record for Terminations and a MAT70 record for Gross Rent Changes or Unit Transfers.

Helpful Web pages

The web pages shown in these instructions can be accessed by placing your cursor on the web page address, then pressing and holding the **Ctrl** key and left-clicking once. **Ctrl** + Click

TRACS web site: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum

TRACS Documents: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxdocs

Located in TRACS Documents: **TRACS 202D Final Industry Specification Documents**
Monthly Activity Transmission - MAT User Guide
(includes TRACS errors and recommended solutions)

TRACS Discussion Forum: A forum for Industry members to ask questions and offer resolutions related to HUD Occupancy regulations/requirements and TRACS submission challenges.
<http://ptp.hud.gov/forumswwww/main.cfm?cfapp=34>

HUDClips: The TRACS 202D versions of the forms HUD-50059 and HUD-50059 A, along with the instructions for these forms, are located at...
<http://www.hud.gov/offices/adm/hudclips/forms/hud5.cfm>

HUD Handbook 4350.3 - Occupancy Requirements of Subsidized Multifamily Housing Programs:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4350.3

**Some general references to consider when completing the
applicable Items on the form HUD-50059 A are:
HUD Handbook 4350.3 REV-1, Paragraphs 7-14 through 7-18 and 8-5
Chapters 4 (Operating Tips) & 5 (MAT Records) of the TRACS MAT Guide (2.0.2.D)
Appendix H of the TRACS MAT Guide (2.0.2.D)
TRACS 202D Final Industry Specification Documents**

Also, for TRACS reporting purposes...

MAT 40 is a Move-Out (MO)

MAT 65 is a Termination of Assistance (TM)

MAT 70 is a Gross Rent Change (GR) or Unit Transfer (UT)

Partial Certification

Item 1 Name of Project Enter the project name that appears on the regulatory agreement or subsidy contract. This will be the current project name in the Contracts database.

(MAT TENHR Field 20)

Note: TRACS will use this project name for all Fields under this TENHR.

Item 2 Project Number Enter the 8-digit FHA, Elderly Housing, or State Agency noninsured project number. This field is mandatory for Section 236, BMIR, Rent Supplement, RAP, 811 PRA Demo, PAC, and PRAC subsidy types. It is also required for those Section 8 contracts for which an FHA project number applies.

Sample entries are as follows: FHA Insured Projects – 12144026
 Elderly Housing Projects – 121EH001
 Other noninsured Projects – 121001NI

(MAT TENHR Field 23)

Note: Do not use “0000FMHA” as a project number for an FMHA/RHS property. There should not be a project number for these properties.

Item 3 Subsidy Type Enter the code for the type of subsidy the tenant is receiving at the time of this Transaction. Valid codes are as follows:

1- Section 8	4- Section 236	7- Section 202/PRAC
2- Rent Supplement	5- BMIR	8- Section 811 PRAC
3- RAP	6- 811 PRA Demo	9- Section 202/162 PAC
0- Market Rent (Acceptable with <u>only</u> MAT15 Address records)		

(MAT TENHR Field 21 and 2.0.2.D MAT Guide, Chapter 4, Section 4.8 for Subsidy Type 0)

- Item 4 Contract Number** This number is mandatory for Section 8 (including State Agency and USDA RHS 515/8 projects), 202/162 PAC, 202 PRAC, and 811 PRAC subsidy types. This number will be used for all TRACS transactions created under this TENHR. Enter the 11-digit Contract Number. Do not enter dashes in this Item. (e.g.: AK123456789)
- (MAT TENHR Field 24)
- Item 5 Transaction Type** Enter the code that best describes the main reason for preparing this form.
- MO = Move-Out (MAT 40 Field 4)
 TM = Termination (MAT 65 Field 4)
 GR = Gross Rent (MAT 70 Field 4)
 UT = Unit Transfer (MAT 70 Field 4)
- Item 6 Head of Household** Enter the name (Last, First, Middle Initial) of the Head of Household.
 (Last, First, Initial)
- (MAT 40 Fields 6, 7 and 8 for Move-Out)
 (MAT 65 Fields 6, 7 and 8 for Termination)
 (MAT 70 Fields 6, 7 and 8 for Gross Rent Change or Unit Transfer)
- Item 7 Unit Number** For a Move-out, Termination or Gross Rent Change, enter the Unit Number in which the tenant is/was residing at the time of this Transaction. **For a Unit Transfer, enter the Unit Number into which the tenant is moving.**
- (MAT 40 Field 11 for Move-Out)
 (MAT 65 Field 14 for Termination)
 (MAT 70 Field 11 for Gross Rent Change or Unit Transfer)
- Item 8 No. of Bedrooms** Enter the number of bedrooms for the unit number listed in Item 7.
- (MAT 10: Section 2 Field 71)
- Item 9 Building ID** REAC-assigned Building Number. Leave this Item blank.
- (MAT 40 Field 12 for Move-Out) Future Field
 (MAT 65 Field 13 for Termination) Future Field
 (MAT 70 Field 12 for Gross Rent Change or Unit Transfer) Future Field
- Note: TRACS is not edit-checking information for this Field at this time.**
- Item 10 Effective Date** Enter the date this Transaction is to be effective. Enter the Transaction date as MMDDYYYY.
- (MAT 40 Field 10 for Move-Out)
 (MAT 65 Field 10 for Termination)
 (MAT 70 Field 10 for Gross Rent Change or Unit Transfer)

- Item 11** Head ID Code (SSN) Enter the 9-digit Social Security Number (SSN) for the Head of Household.
- Note:** The SSN/TRACS ID of the Head of Household. Enter 999999999 if the head of household has no SSN/TRACS ID, along with entering the Head of Household's name (Item 6) and birth date (Item 12). Do not enter an ITIN (Individual Tax Identification Number) or a Social Security Benefits Claim Number.
- (MAT 40 Field 5 for Move-Out)
(MAT 65 Field 5 for Termination)
(MAT 70 Field 5 for Gross Rent Change or Unit Transfer)
- Item 12** Head Birth Date Enter the Birth Date for the Head of Household. Enter date as MMDDYYYY.
- (MAT 40 Field 9 for Move-Out)
(MAT 65 Field 9 for Termination)
(MAT 70 Field 9 for Gross Rent Change or Unit Transfer)
- Item 13** Correction Type Leave blank if this is not a correction. Otherwise, enter...
- R = Correction/Retransmittal
- (MAT 40 Field 16 for Move-Out)
(MAT 65 Field 16 for Termination)
(MAT 70 Field 27 for Gross Rent Change or Unit Transfer)
- Important Note: When submitting a correction of an MO, TM, GR/UT to TRACS, in order to change the effective date of the transaction, you must first re-submit the most recent MAT10 (full certification) before you can submit the correction.
- Refer to 2.0.2.D MAT Guide Chapter 4, Sections 4.2, 4.14 and 4.20 for more information regarding corrections.
- Note: A GR or a date-corrected GR that is effective on the date of a UT must be reported as a UT, not a GR. See 2.0.2.D MAT Guide: Chapter 4 (TRACS Operating Tips), Sections 4.12 and 4.15.
- Item 14** EIV Indicator If an EIV finding is the reason this transaction is being completed, enter "Y". If not, leave blank.
- (MAT 40 Field 19 for Move-Out)
(MAT 65 Field 18 for Termination)
(MAT 70 Field 29 for Gross Rent Change or Unit Transfer)
- Item 15** Transaction Date Being Corrected Leave this item blank. See Note below.
- (MAT 40 Field 17 for Move-Out)
(MAT 65 Field 17 for Termination)

(MAT 70 Field 28 for Gross Rent Change or Unit Transfer)

Note: When Item 15 is activated, “C” will become a legal Correction Type and will be added as a valid code for Item 13. Currently, this Field is not active in TRACS 2.0.2.D.

Item 16 Anticipated
Voucher Date

Enter the voucher period (month, day, year) for which the (re)certification will first appear. When the (re)certification is for Subsidy Type “4” (Section 236) or Type “5” (BMIR), enter the date that is the first of the month corresponding to the transaction effective date.

Note: When entering the date MMDDYYYY, the “DD” will always be “01”

(MAT 40 Field 15 for Move-Out)

(MAT 65 Field 15 for Termination)

(MAT 70 Field 21 for Gross Rent Change or Unit Transfer)

Appendix H, Sections 13 & 14 of the 2.0.2.D TRACS MAT Guide outlines the timing of reporting (re)certifications/transactions on vouchers.

See the chart below for a summary of the rules. Adapted from Appendix H, Sections 13 & 14

This chart shows the first month that a given cert may appear on a voucher				
Certification Effective	RAP / Rent Sup		Other subsidies	
	Aug 1st	Aug 2-31	Aug 1st	Aug 2-31
First Possible Voucher Month				
AR (Annual)	Aug	NA	Aug	NA
IR (Interim)	Aug	Sep	Aug	Oct
IC (Initial)	Aug	Sep	Aug	Oct
MI (Move-In)	Aug	Sep	Sep	Oct
MO (Move-Out)	Sep	Sep	Sep	Oct
TM (Termination)	Sep	Sep	Sep	Oct
GR (Gross Rent)	Aug	Sep	Aug	Sep
UT (Unit Transfer)	Aug	Sep	Sep	Oct

In other words:

Referencing the chart above, a MO, TM or UT transaction, for a tenant living in a Section 8 property, with an effective date of August 1st, could first be reported on the September voucher. However, a MO, TM or UT transaction, for a tenant living in a Section 8 property, with an effective date from August 2nd through August 31st, could first be reported on the October voucher.

A GR transaction, for a tenant living in a Section 8 property, with an effective date of August 1st, could first be reported on the August voucher. However, a GR, for a tenant living in a Section 8 property, with an effective date from August 2nd through August 31st, could first be reported on the September voucher.

Move-Outs

- Item 17** Move Out Code Enter the valid code which best describes the reason for the Move-Out.
- 1 = Owner initiated for nonpayment of rent (4350.3 REV 1: Paragraph 8-13.A.5)
 - 2 = Owner initiated--other
 - 3 = Tenant initiated--other
 - 4 = Death of sole family member
 - 5 = Unit Transfer between two projects. See 2.0.2.D MAT Guide: Section 4.1
 - 6 = Reserved for TRACS use only (HQ Move Outs)
 - 7 = Abandoned Unit (4350.3 REV 1: Paragraph 6-9.B.2 and 8-13.A.2) – PDD
 - 8 = Failure to submit SSN
 - 9 = Uninhabitable unit – Abated.
 - 10 = Substantial Rehab or Repair – Tenant Expected to Return
 - 11 = RAD to Housing Choice Voucher—Choice Mobility Option Exercised
- Note for code 11: Used only for a RAD tenant accepting a Housing Choice Voucher (HCV)
- (MAT 40 Field 13)
- Item 18** Date of Death of Sole Member Enter as MMDDYYYY. Required if the Move-Out Code in Item 17 is “4”.
- Note: The tenant’s subsidy (assistance payment) must end no more than 14 days from the date of death of the sole family member. However, the actual Move-Out date may be after the 14-day period.
- (MAT 40 Field 14 202D MAT Guide: Chapter 7, Paragraph 9.12.E.1)
- Item 19** Description Enter the text corresponding to the Move-Out code entered in Item 17.
- 1 = Owner initiated--Nonpayment of rent
 - 2 = Owner initiated--Other
 - 3 = Tenant initiated--Other
 - 4 = Death of sole family member
 - 5 = Unit Transfer between two projects
 - 6 = TRACS use only (HQ Move Outs)
 - 7 = Abandoned Unit
 - 8 = Failure to submit SSN
 - 9 = Uninhabitable unit - Abated
 - 10 = Substantial Rehab or Repair - Tenant expected to return
 - 11 = RAD to Housing Choice Voucher—Choice Mobility Option Exercised
- (MAT 40 Field 18)

Terminations

Item 20 Termination

Enter the valid code which best describes the reason for the Termination.

TI = TTP Equals/Exceeds Gross Rent or moving to market rent
(Section 236 and BMIR) (4350.3 REV 1: Paragraph 8-5.C).

TC = Did not supply citizenship/eligible alien documentation.

TR = Did not re-certify on time. Tenant required to pay market rent.
(4350.3 REV 1: Paragraph 8-5.A)

TF = Tenant refused to transfer as agreed or submitted false data.
(4350.3 REV 1: Paragraph 8-5.D)

CE = Subsidy contract expired-not renewed. Do not use when renewal is delayed.
Refer to 2.0.2.D MAT Guide: Chapter 4, Section 4.19 (Last HAP Vouchers)

ST = Ineligible Student. Not available for PRAC. Tenant must move out.

DS = Double subsidy at move-in. Use to terminate subsidy when a
move-out from a former property is effective after the move-in or initial
certification date for the new property. The code is intended to be used on
a termination effective on the move-in or initial certification date. It will
result in an adjustment on the voucher that gives back subsidy for the TM
date. See **Note** below.

ND = Natural Disaster or Uninhabitable Unit or Presidentially Declared Disaster
AB = HUD abated unit.

RR = Substantial rehab or repair – Tenant expected to return.

NS = Resident did not qualify for subsidy at MI for reason other than Double
Subsidy. Typically, this would be a situation where income at MI or IC is
being corrected as a result of an EIV or other investigation and it is found
that the tenant was not eligible. Just like the DS code, a TM/NS gives back
subsidy for the TM date. Per the HUD 4350.3, you can only go back five
years when investigating misreporting. Therefore a TM using the NS code
cannot apply to a move-in (MI) more than five years old.

OT = Other. A reason not covered by any of the other codes. Note: Do not use a
termination to end subsidy after the death of a sole member. Use the
Move-Out transaction.

The following codes are reserved for HUD use only:

EN = Contract terminated for enforcement action.

HQ = TRACS generated termination for failure to recertify, submit termination or
move-out. May be superseded by an Annual Recertification.

Note: LR = Did not re-certify on time. Legacy code for terminations with
effective dates less than or equal to TRACS 202C transition date.

**Note: All termination codes, except for DS and NS, allow subsidy on
the effective date of the termination**

**Note: Do not use a Termination transaction (TM) to end subsidy after the
death of a sole member. Use the Move-Out transaction.**

(MAT 65 Field 11 4350.3 REV 1: Paragraph 8-5)

Item 21 Description Enter the text corresponding to the Termination code entered in Item 20.

TI = TTP Equals/Exceeds Gross Rent or moving to market rent
TC = Did not supply citizenship documentation
TR = Did not re-certify on time
TF = Tenant refused to transfer or submitted false data
CE = Subsidy contract expired-not renewed
ST = Ineligible Student
DS = Double subsidy at move-in
ND = Natural Disaster or Uninhabitable Unit
AB = HUD abated unit.
RR = Substantial rehab or repair - Tenant expected to return
NS = Resident did not qualify for subsidy at MI--Not Double Subsidy
OT = Other. A reason not covered by any of the other codes
EN = Contract terminated for enforcement action
HQ = TRACS generated termination for failure to recertify
LR = Did not re-certify on time

(MAT 65 Field 12)

Gross Rent Changes and Unit Transfers

Note: If a Gross Rent Change or Unit Transfer has the same effective date as a full certification for the tenant, include the new GRC and/or UT information on the full certification (50059) instead of this form.

Item 22 Previous Unit No. (UT's only) For a Unit Transfer (MAT70 TRACS record), enter the Unit from which the tenant transferred.

(MAT 70 Field 22)

Note: If this unit transfer includes changes in family composition and/or income, assets or expenses, complete a full certification (50059), instead of this form, making sure to fill in Items 24 & 25 on the HUD-50059.

Item 23 Secondary Subsidy Type

If this transaction type (Item 5) is a **GR** or **UT**, enter "S" if this tenant is receiving Section 8, RAP, or Rent Supplement assistance and is living in a Section 236 property. Enter "B" if this tenant is receiving Section 8, RAP or Rent Supplement assistance and is living in a BMIR property. Otherwise, leave blank.

(MAT 70 Field 23)

Item 24 236 Basic/
BMIR Rent

If Item 23 has an "S", enter the Section 236 Basic Rent. If Item 23 has a "B", enter the BMIR Rent. **For a Unit Transfer, enter the 236 Basic/BMIR Rent for the Unit into which the tenant is moving.** Otherwise, leave blank.

(MAT 70 Field 24) Approved HUD-92458 (Rent Schedule)

- Item 25 Market Rent** This Item is required to be filled in if Section 236 or BMIR is the primary or secondary subsidy. Enter the market rent HUD or the Contract Administrator has approved for this unit type. **For a Unit Transfer, enter the Market Rent for the Unit into which the tenant is moving.** If not applicable, leave blank.
- (MAT 70 Field 25) Approved HUD-92458 (Rent Schedule)
- Item 26 Contract Rent** For a Gross Rent Change, enter the rent HUD or the Contract Administrator has approved for this unit type. **For a Unit Transfer, enter the Contract Rent for the Unit into which the tenant is moving.**
- The Contract Rent is the Section 8/RAP Contract Rent, the Section 236 Basic Rent, the Section 221(d)(3) BMIR Contract Rent, or the Rent Supplement Unit Rent, as applicable. **Note: This amount cannot be zero.**
- For the Section 202 PAC or PRAC and Section 811/PRAC projects, if the tenant pays utilities separately, enter the operating rent (operating cost) minus the HUD-approved utility allowances. If all of the utilities are included in the rent, enter the operating rent.
- (MAT 70 Field 14) Approved HUD-92458 (Rent Schedule)
- Item 27 Utility Allowance** If all of the utilities are included in the rent, enter zero in this Item. If not, enter the amount HUD or the Contract Administrator has approved for this unit type. **For a Unit Transfer, enter the Utility Allowance for the Unit into which the tenant is moving.**
- (MAT 70 Field 18) Approved HUD-92458 (Rent Schedule)
- Item 28 Gross Rent** Enter the amount HUD or the Contract Administrator has approved for this unit type. **For a Unit Transfer, enter the Gross Rent for the Unit into which the tenant is moving.**
- (MAT 70 Field 17) Approved HUD-92458 (Rent Schedule)
- Note: Also known as the PRAC Operating Rent and the PAC Operating Cost.
- Item 29 TTP at RAD Conversion** If Section 8 sub-type is not RAD or if not Section 8, leave blank. If RAD and if no Rent Phase-in is involved, leave blank. If RAD and Rent Phase-in is in process, enter the TTP (Total Tenant Payment) the tenant is/was paying at the time of conversion to RAD.
- NOTE:** This is not Tenant Rent. Tenant Rent = TTP less any Utility Allowance
- (MAT10: Section 2 Field 101 & HUD-50059: Item 32)

Note: If the TTP, TR, AP and/or UR for a tenant family needs to be pro-rated, please follow the Pro-ration procedures listed after Item 36.

Item 30 Total Tenant Payment

The Total Tenant Payment (TTP) is the amount a tenant is expected to contribute for rent and utilities. The TTP for a Section 8, PAC, PRAC, RAP or Rent Supplement property is based on the family's income. For BMIR and Section 236 tenants, leave blank.

For Section 8, RAP, PRAC, PAC, the Total Tenant Payment (TTP) is the greater of:

- 30% monthly adjusted income;
- 10% monthly gross income;
- Welfare rent (welfare recipients in as-paid localities only); or
- \$25 minimum rent (Section 8 only).

For Rent Supplement:

The Total Tenant Payment (TTP) is the greater of:

- 30% of monthly adjusted income; or
- 30% of gross rent.

(MAT 70 Field 16 4350.3 REV 1: Paragraph 5-25, Figure 5-6, Paragraphs 7-16 & 7-17, Exhibit 5-8)

Item 31 TTP Before Override

If this is a Rent Override situation (Item 35, Rent Override set to Y) and the rent calculation involves TTP, enter the TTP that would normally be calculated without the Override. Otherwise, leave blank. See 2.0.2.D MAT Guide: Chapter 4, Section 4.30, Rent Overrides, and Appendix K.

NOTE: For a RAD rent phase-in, on the first certification in which the TTP Before Override equals the Total Tenant Payment, enter the amounts in this Item and Item 29. The fact that TTP Before Override = Total Tenant Payment signals that the phase-in is complete. For future transactions (those with effective dates after the one that ends the rent phase-in), leave this Item and Item 29 blank.

(MAT70 Field 31)

Item 32 Tenant Rent

For Section 8/RAP/Rent Supplement/Section 202 PAC, Section 202 PRAC and Section 811 PRAC tenants: Tenant Rent (TR) is the portion of the TTP the tenant pays each month to the owner for rent. When utilities are paid by the property, the Tenant Rent (TR) will equal the Total Tenant Payment (TTP). When utilities are paid by the tenant, the TR equals the TTP minus the Utility Allowance. If the Utility Allowance (UA) is greater than the TTP, enter zero and calculate the Utility Reimbursement (Item 33).

For Section 236 and BMIR tenants: See 4350.3 REV-1: Exhibit 5-8 for calculating Tenant Rent

(MAT 70 Field 15 4350.3 REV 1: Paragraph 5-26.A)

Item 33 Utility
Reimbursement

If the Utility Allowance exceeds the Total Tenant Payment, subtract the TTP from the Utility Allowance and enter the difference.
For Section 236 and BMIR tenants, leave blank.

(MAT 70 Field 19 4350.3 REV 1: Paragraph 5-26.C)

Item 34 Assistance
Payment

Enter the amount the owner bills HUD on behalf of the tenant living in a Section 8, RAP, Rent Supplement, 202/811 PRAC or PAC property. To determine this amount, subtract the TTP (Item 30) from the GR (Item 28). $GR - TTP = AP$. If the TTP is greater or equal to the GR, enter zero in this Item, except for a PRAC tenant. The assistance payment (AP) for a PRAC tenant is the Operating Rent minus the TTP. Enter the AP amount, even if the amount is a negative number (e.g.: -75). For all other tenants, enter zero or leave this Item blank

(MAT 70 Field 20 4350.3 REV 1: Paragraph 5-26.B)

Item 35 Rent Override

Enter “Y” if the normal rent calculations have been overridden for this transaction. Otherwise, leave blank.

See HUD Handbook 4350.3 REV 1: Paragraph 5-30 for the general requirements as to when a HUD calculated rent may be overridden.

See also the rent calculation spreadsheet (**202DCalculatingTenantRent.xlsx**) for how overrides impact calculations. The spreadsheet is located on the TRACS web page. Click on Documents, then click on TRACS 202D Final Industry Specification Documents

(MAT 70 Field 26 2.0.2.D MAT Guide: Chapter 4, Section 4.30)

Item 36 Security Deposit

The amount that should have been collected from the tenant when they moved into the project. If this transaction is a Unit Transfer, include any amounts transferred from the previous unit.

Note: The security deposit amount was determined at move-in and should not change, unless the O/A refunded the old deposit and an Interim/Unit Transfer (IR/UT) or an Annual/Unit Transfer (AR/UT) determines a new amount.

(MAT 70 Field 13 4350.3 REV 1: Paragraph 6-15 & 6-16, Figure 6-7)

The Owner/Agent must sign and date this completed form HUD-50059 A. The Head of Household must sign and date this completed form HUD-50059 A when there is a change in the amount of rent the household must pay, a change in the utility reimbursement, when there is a unit transfer and when required by state or local law. See TRACS 202D MAT Guide: Chapter 7, Paragraphs 9-5.A.7.c and 9-8.C.

Pro-ration procedures for tenants whose Household Citizenship Eligibility code is “P”, Prorated Assistance (Item 96 of the most recent form HUD-50059).

Refer to the Excel® file, 202DNonCitizenRuleProration, located in the TRACS 202D Final Industry Specifications Documents as indicated on the TRACS web page. Also refer to Exhibits 3-12 through 3-14 of the 4350.3 REV-1 for guidance.

When completing the HUD-50059-A, these pro-ration procedures are to be used for Gross Rent Changes or Unit Transfers. Use HUD-92458 (Rent Schedule) as a reference.

Note: Market Rate tenants would need an IC (Initial Certification) completed if they were to become eligible for assistance as a result of a GR or UT transaction.

CR = Contract Rent (Item 26)
BR = 236 Basic/BMIR Rent (Item 24)
GR = Gross Rent (Item 28)
MR = Market Rent (Item 25)
UA = Utility Allowance (Item 27)
UR = Utility Reimbursement (Item 33)
TR = Tenant Rent (Item 32)
AP = Assistance Payment (Item 34)
TTP = Total Tenant Payment (Item 30)

Section 8, RAP, and Rent Supplement programs (Exhibit 3-12)

A) Calculate TTP and resulting AP without pro-rations

- 1) _____ Enter GR (Item 28 of the HUD-50059 A)
- 2) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TTP, without pro-ration.
- 3) _____ Subtract TTP from GR and enter the amount. This is the AP that the family would receive if no pro-ration was involved.

B) Calculate **prorated AP**

- 4) _____ Number of eligible Family members who are citizens or non-citizens with eligible immigration status
- 5) _____ Enter the fraction that represents the number of eligible family members and the number of family members in the tenant household. (e.g., 5 family members and only 3 family members eligible for assistance Fraction is 3/5)
- 6) _____ Multiply Line 3 by the fraction in Line 5 and enter the amount in Item 34 of the HUD-50059 A. This is the Prorated AP for the family.

C) Calculate **prorated TTP**

- 7) _____ Enter GR (Item 28 of the HUD-50059 A)
- 8) _____ Subtract Line 6 from Line 7 and enter the amount in Item 30 of the HUD-50059 A. This is the Prorated TTP for the family.

D) Calculated **prorated TR** and any **UR** (if applicable)

- 9) _____ Enter UA (Item 27 of the HUD-50059 A)
- 10) _____ Subtract Line 9 from Line 8 and enter the amount in Item 32 of the HUD-50059 A. This is the Prorated TR for the family.

If Line 10 is zero and in 32 of the HUD-50059 A, complete Line 11

- 11) _____ If Line 9 is greater than Line 8, enter the difference in Item 33 (Utility Reimbursement) of the HUD-50059 A. Otherwise, leave blank

Section 8, RAP and Rent Supplement Programs in a Section 236 project (Exhibit 3-14)

A) Calculate difference between MR and BR for unit without pro-rations

- 1) _____ Enter MR (Item 25 of the HUD-50059 A)
- 2) _____ Enter BR (Item 24 of the HUD-50059 A)
- 3) _____ Subtract Line 2 from Line 1 and enter difference

B) Calculate prorated difference between MR and BR

- 4) _____ Enter number of people in the family who are Ineligible Persons (i.e., not a citizen or not an eligible non-citizen)
- 5) _____ Enter the fraction that represents the number of Ineligible Persons and the number of family members in the tenant household, (e.g., 5 family members of which 2 are Ineligible Persons) Fraction is $\frac{2}{5}$
- 6) _____ Multiply Line 3 by the fraction in Line 5. This amount is the prorated difference between MR and BR

C) Calculate the assistance adjustment for Rent Supplement, RAP or Section 8 assistance the tenant would otherwise receive

- 7) _____ Enter GR (Item 28 of the HUD-50059 A)
- 8) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TTP, without pro-ration.
- 9) _____ Subtract Line 8 from Line 7. This amount is the AP the family would receive without being subject to pro-ration requirements.
- 10) _____ Multiply Line 9 by Line 5. This amount is the Assistance Adjustment for the family.

D) Calculate the **prorated TTP**

- 11) _____ Add Line 6 + Line 8 + Line 10. Enter the amount in Item 30 of the HUD-50059 A. This is the Prorated TTP for the family.

E) Calculate the **prorated AP**

12) _____ Enter GR (Item 28 of the HUD-50059 A)

13) _____ Subtract Line 11 from Line 12 and enter the amount in Item 34 of the HUD-50059 A. This is the Prorated AP for the family.

F) Calculate the **prorated TR** and any **UR** (if applicable)

14) _____ Enter the UA (Item 27 of the HUD-50059 A)

15) _____ Subtract Line 14 from Line 11 and enter the amount in Item 32 of the HUD-50059 A. This amount is the Prorated TR for the family.

If Line 15 is zero and in Item 32 of the HUD-50059 A, complete Line 16.

16) _____ If Line 14 is greater than Line 11, enter the difference in Item 33 (Utility Reimbursement) of the HUD-50059 A. Otherwise, leave blank.

Section 236 without Benefit of Additional Assistance (Exhibit 3-13)

A) Calculate difference between MR and TR without pro-rations

- 1) _____ Enter MR (Item 25 of the HUD-50059 A)
- 2) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TR, without pro-ration.
- 3) _____ Subtract Line 2 from Line 1 and enter the amount.

B) Calculate prorated difference between MR and TR

- 4) _____ Enter number of people in the family who are Ineligible Persons (i.e., not a citizen or not an eligible non-citizen)
- 5) _____ Enter the fraction that represents the number of Ineligible Persons and the number of family members in the tenant household. (e.g., 5 family members of which 2 are Ineligible Persons) Fraction is $2/5$
- 6) _____ Multiply Line 3 by the fraction in Line 5. This amount is the prorated difference between MR and TR

C) Calculate the **prorated TR**

- 7) _____ Add Line 2 and Line 6 and enter the amount in Item 32 of the HUD-50059 A. This is the Prorated TR for the family.

CHAPTER 2 **Income**

LEARNING OUTCOMES

Upon completion of this chapter, you should be able to:

- Define annual income
- Differentiate between what is included in determining annual income and what is excluded
- Identify how to calculate income that is seasonal or sporadic
- Understand how to calculate EID (for RAD conversions to PBRA only), and when to use the new or old method

Section 1 **Annual Income**

DEFINITION

*24 CFR 5.609(a)
HUD Handbook 4350.3,
Paragraph 5-4*

Annual Income means all amounts, monetary or not:

- Which go to or are received on behalf of the family head, spouse, or cohead or any other family member; or
- That are anticipated to be received from a source outside the family during the 12-month period following admission or the annual recertification effective date; and
- Which are not specifically excluded in HUD Handbook 4350.3, REV-1, Change 4, (4350.3) Chapter 5, Exhibit 5-1 and 24 CFR 5.609(c); and
- Also includes amounts derived from assets to which any family member has access

WHOSE INCOME IS COUNTED?

*HUD Handbook 4350.3,
Paragraph 5-6*

All sources of income are counted unless specifically excluded by regulations. Furthermore, the relationship and/or situation of the individual family member also must be taken into consideration.

ADULTS

Count all income from the head, spouse, or cohead and other adult family members unless regulations state to exclude.

Section 1: Annual Income

Note: Persons under the age of 18 (emancipated minors) who enter into a lease under state law are treated as adults, and their income is counted if they are the head, spouse, or cohead. If an emancipated minor is living with a family and is not the head, spouse, or cohead, they are considered a dependent, and their income is treated accordingly.

FOSTER CHILDREN AND FOSTER ADULTS

While payments received by the family for foster children and foster adults are not counted, both the earned and unearned income of foster adults is included in the household's annual income and the unearned income of foster children is included.

DEPENDENTS

A dependent is a family member who is under the age of 18, is disabled, or is a full-time student.

- The head of household, spouse, cohead, foster child, or live-in aide are never dependents.

For dependents, include:

- Benefits and other unearned income (such as SSI or TANF) of minors
- Asset income

For full-time students who are 18 or older and are dependents (not head, spouse, or cohead), if they are listed as a dependent on the form HUD-50059, count earned income up to \$480 per year, even if the dependent is away at school

- All income of a full-time student is counted if that person is the head, spouse, or cohead.

The following income from dependents is not counted:

- Payments received for foster care
- Adoption assistance payments in excess of \$480
- Earned income of minors (household members under 18)

Multifamily Rent Calculation

Income

Section 1: Annual Income

*HUD Handbook 4350.3,
Figure 5-2*

Member	<i>Include Employment Income</i>	<i>Include Other Income (Including from Assets)</i>
Head	Yes	Yes
Cohead	Yes	Yes
Spouse	Yes	Yes
Other Adult (Including Foster Adult)	Yes	Yes
Child Under 18	No	Yes
Full time Student Over 18	Earned income over \$480 of a dependent who is a full-time student and 18 years of age or older is excluded	Yes
Foster Child Under 18	No	Yes
Live-in Aide	No	No

Section 1: Annual Income

TEMPORARILY ABSENT FAMILY MEMBERS

The owner/agent must count the income of all family members who are on the form HUD-50059, even if they are temporarily absent. Family members who are temporarily absent include:

- Dependents away at school
 - The owner/agent should not count children who are away at school who have established residency at another address as evidenced by a lease agreement
- Temporary employment in another location
- Active military duty
 - Temporarily absent individuals on active military duty will continue to be counted as family members and have their income included, if:
 - They are the head, spouse, or cohead; or
 - The spouse or dependent of the person on active military duty resides in the unit
 - Otherwise, the individual on active military duty must be removed from the family and their income must not be counted
 - *Note:* Special pay for exposure to hostile fire is not included.

PERMANENTLY CONFINED FAMILY MEMBERS

An individual permanently confined to a nursing home or hospital may not be the head, spouse, or cohead, but can remain a family member at the family's discretion.

- If the person is to remain a family member, their income is counted, as well as any allowable deductions
- If the family chooses not to include the permanently confined person as a household member, the person must be removed from the form HUD-50059 and their income and deductions are not counted

Section 2 Sources of Annual Income

Annual income is determined by calculating a family's anticipated gross income minus allowable exclusions.

$$\text{Total/Gross Income} - \text{Exclusions} = \text{Annual Income}$$

ANTICIPATING INCOME

*HUD Handbook 4350.3,
Paragraph 5-5*

Use current circumstances to anticipate income. Project for a full 12 months, even if income is not expected to continue. If changes occur later in the year, an interim recertification can be conducted.

The owner/agent must convert all income to an annual figure to complete rent calculations. Convert periodic wages to annual income by multiplying:

- Hourly wages by the number of hours worked/year (2080 hours for full-time employment with a 40-hour work week and no overtime)
- Weekly wages by 52
- Bi-weekly wages by 26
- Semi-monthly wages by 24
- Monthly wages by 12

If information is available on changes expected to occur during the year, use that information to determine the total anticipated income from all known sources during the year.

Example of Changes Expected to Occur

- Employer reports a full-time employee receiving \$7.25 per hour will receive this for seven weeks.
- In the eighth week after the effective date of the recertification, the employee will begin to receive \$8.00 per hour

Quiz:

- How is annual income calculated?

Section 2: Sources of Annual Income

SPORADIC OR SEASONAL INCOME

Some circumstances are more challenging when estimating annual income, like sporadic or seasonal work. In all instances, the owner/agent is expected to make a reasonable judgment about what the most reliable method is for estimating annual income. The owner/agent should document how or why they arrived at the method chosen. In some cases, interims may be required.

Method 1

Annualize current income, and conduct an interim recertification when the income changes.

Method 2

Calculate the actual anticipated income from all known sources for the entire year. This means there will be no interim recertification when the income changes as income for the entire year was already anticipated. However, to use Method 2, a history of the individual's income from past years is needed. This method cannot be used when the future income source is “unknown” or “none.”

Section 2: Sources of Annual Income

Comparing Method 1 and Method 2

Emily Sims is currently employed as a driver with Fritz Fruit Farms, earning \$1,200 per month. For the last 2 years, she has worked this job for seven months per year during the growing season. During the other five months of each year, she has worked part-time at Janie's Antiques, earning \$500 per month.

Method 1:

The owner/agent would multiply current income times 12 months.

$\$1,200 \text{ per month} \times 12 \text{ months} = \$14,400 \text{ per year}$

When the growing season ends, the owner/agent would conduct an interim recertification, multiplying the new current income times 12 months.

$\$500 \text{ per month} \times 12 \text{ months} = \$6,000 \text{ per year}$

Method 2:

The owner/agent would anticipate income from all known sources for the entire year and not conduct an interim when there is a change in employment.

Fritz Fruit Farms $\$1,200 \times 7 \text{ months} = \$8,400$

Janie's Antiques $\$500 \times 5 \text{ months} = \$2,500$

Total $\$10,900$

Since the owner/agent already anticipated the change in income, there would be no interim recertification conducted when the participant changes jobs from Fritz Fruit Farms to Janie's Antiques.

Section 2: Sources of Annual Income

HUD/CAs have often found during management and occupancy reviews (MORs) that owner/agents are calculating Method 1 incorrectly. The incorrect calculation is a result of the owner/agent only multiplying the current income times the anticipated length of the job.

- In Method 1 of the above situation, owner/agents often incorrectly multiply \$1,200 a month times the anticipated length of the job of seven months, which incorrectly results in annual income calculated as \$8,400. This would result in the family's Total Tenant Payment (TTP) being lower than required by HUD.

Incorrect Calculation of Method 1

Emily Sims is currently employed as a driver with Fritz Fruit Farms, earning \$1,200 per month. For the last 2 years, she has worked this job for seven months per year during the growing season. During the other five months of each year, she has worked part-time at Janie's Antiques, earning \$500 per month.

Under Method 1, the owner/agent incorrectly multiplies current income times 7 months.

$\$1,200 \text{ per month} \times 7 \text{ months} = \$8,400 \text{ per year}$

When the growing season ends, the owner/agent conducts an interim recertification, incorrectly multiplying the new current income times 5 months.

$\$500 \text{ per month} \times 5 \text{ months} = \$2,500 \text{ per year}$

The method the owner/agent uses may vary based on individual circumstances, as long as the owner/agent determines the method is the most reasonable.

Keep the family informed. If Method 1 is used, the family should know that an interim recertification will be conducted. Conversely, if Method 2 is used, the family should know that an interim recertification will not be conducted.

Section 2: Sources of Annual Income

INCOME FROM EDUCATIONAL GRANTS AND SCHOLARSHIPS

*CFR 5.609(b)(7),
FR Notice 12/14/12,
FR Notice 12/30/05,
Supplemental Guidance to
Student Eligibility Final Rule,
FR Notice 4/10/06*

Any financial assistance, in excess of amounts received for tuition and other required fees and charges, that an individual receives under the Higher Education Act of 1965, from private sources, such as the individual's parents, or from an institution of higher education, is included in annual income. This is true whether the assistance is paid to the student or directly to the educational institution.

- However, financial assistance in excess of tuition and other required fees and charges paid to an individual is excluded for the following:
 - A student over the age of 23 with dependent children; or
 - A student residing with his or her parents who are receiving Section 8 assistance

Note: Student loans are never included as income

Notice H 2015-12

- Other required fees and charges are defined as all fixed sum charges that are required of a majority of students, including:
 - Writing and science lab fees
 - Athletic fees
 - Fees specific to student's major or program
- Expenses related to attending school not included in tuition or other required fees and charges include:
 - Room and board
 - Books
 - Supplies
 - Meal plans
 - Transportation and parking
 - Student health insurance
 - Other non-fixed sum charges

Section 2: Sources of Annual Income

ALIMONY AND CHILD SUPPORT

The owner/agent must include amounts awarded by the court unless the applicant/tenant certifies that payment is not being made and has taken all reasonable legal actions to collect amounts due, including filing with courts or appropriate agencies responsible for enforcing such payments.

Child support paid to the custodial parent through a state child support enforcement or welfare agency may be included in the family's monthly welfare check and may be designated in different ways. In some states these payments are not identified as separate from the welfare grant. In these states, it is important to determine which portion is child support and not to count it twice. In other states, the payment may be listed as child support or as a "pass through" payment. These amounts must be counted as annual income.

Example

Stanley James is receiving TANF payments from the state of Oregon. He has been awarded child support in the amount of \$200.00 a month but only receives payments sporadically. As part of the requirements for continued receipt of TANF, when Stanley does receive child support payments, the state keeps 30 percent of the payment as reimbursement for benefits. In April, Stanley received a payment of \$200.00. The printout from the state shows that they kept \$60.00 and deposited \$140.00 in Stanley's account.

The O/A would count the \$140.00 Stanley actually received (assuming additional sporadic payments are also received).

Section 2: Sources of Annual Income

REGULAR CASH CONTRIBUTIONS AND GIFTS

The owner/agent must include as income regular contributions and gifts from persons outside the household. This may include rent and utility payments paid on behalf of the family and other cash or non-cash contributions provided on a regular basis.

- Groceries and/or contributions paid directly to a childcare provider by persons outside the unit are excluded from annual income.
- Temporary, nonrecurring, or sporadic income, including gifts, are not included.
- Owner/agents must include regular contributions such as financial support from parents or guardians to college students in annual income.

MILITARY PAY

For all military personnel all regular pay, special pay, and deductions must be counted, even if the household member is temporarily absent. The only pay for a member of the armed forces that must be excluded is the special pay for exposure to hostile fire.

If a household member is deployed they remain a family member and their income is counted if they are the Head, Spouse or Cohead, or if they have a spouse or dependent who will remain in the unit. Otherwise, they are removed from the form HUD-50059 and lease, and their pay is not counted.

Section 2: Sources of Annual Income

INCOME FROM A BUSINESS

The owner/agent must include net income from a business, including self-employment income. Net income equals gross income minus business expenses, interest on loans, and straight-line depreciation.

- In addition to net income, any salaries or other amounts distributed to family members from the business, and cash or assets withdrawn are counted as income, except when the withdrawal is reimbursement of cash or assets invested in the business.
- The owner/agent must not deduct principal payments on loans, interest on loans, or other expenses for expansion or capital improvements.
- Negative net income from a business is counted as zero.

PERIODIC PAYMENTS AND ALLOWANCES

For Social Security the full amount of the Social Security payment must be counted prior to any Medicare deductions. Include payments received by adults on behalf of individuals under the age of 18 or by individuals under the age of 18 for their own support.

If a social security recipient's benefits are reduced to make up for prior overpayments, the recipient's income should include the amount the Social Security Administration will provide, not the amount that would have been provided if no error were made. This guidance applies to Supplemental Security Income (SSI) payments as well.

This is not the case for garnishments made for any other reason such as back child support, alimony, or IRS payments. In these cases, the gross benefit amount would be included regardless of the amount of the garnishment.

Section 2: Sources of Annual Income

Example 1: Annualizing Gross SS Benefits

Ms. Lou's sole source of income is monthly social security payments. She receives \$1,400 per month after \$104 is taken out to pay for her Medicare benefits. Her income is calculated as follows:

- \$1,400 net monthly payment + \$104 paid for Medicare = \$1,504 monthly gross payment
- \$1,504 monthly gross payment X 12 months = \$18,048 annual income

Since Ms. Lou qualifies for the medical expense deduction, the monthly Medicare premium will be deducted when her adjusted income is calculated.

Example 2: SS Overpayments

For the last six months, Mr. Lee has been receiving \$1,200 per month in Social Security. However, the Social Security Administration notified Mr. Lee that they overpaid him by \$100 per month during that time period. For the next six months, Mr. Lee will receive a reduced benefit of \$1,000 per month to make up for the overpayment. This should be annualized as follows:

- For the next six months, use the lower amount: \$1,000 reduced benefit x 12 months = \$12,000
- Then, conduct an interim when the reduction ends: \$1,100 gross benefit x 12 months = \$13,200

Example 3: Garnishments

Mr. Jays was receiving \$950 per month in Social Security. However, the Social Security Administration has just informed him that he will be receiving a reduced benefit of \$550 per month due to an IRS garnishment. The garnishment is expected to last for the next several years. The gross amount of his benefit should be annualized: \$950 gross benefit x 12 months = \$11,400

Section 2: Sources of Annual Income

When processing recertifications with an effective date of January 1, February 1, March 1, and April 1, the owner must use one of the methods below for determining the tenant's income.

1. Use the benefit information reported in EIV that does not include the COLA as third-party verification as long as the tenant confirms that the income data in EIV is what he or she is receiving;
2. Use the SSA benefit, award letter, or proof of income letter provided by the tenant that includes the COLA adjustment if the date of the letter is within 120 days from the date of receipt by the owner;
3. Determine the tenant's income by applying the COLA increase percentage to the current verified benefit amount and document the tenant file with how the tenant's income was determined; or
4. Request third-party verification directly from SSA when the income in EIV does not agree with the income the tenant reports he or she is receiving

All recertifications effective after April 1 must reflect the SSA benefit that includes the COLA.

Multifamily Rent Calculation

Income

Section 2: Sources of Annual Income

MEANING OF THE LETTERS AFTER A SOCIAL SECURITY OR MEDICARE NUMBER

CODE	IDENTIFICATION	CODE	IDENTIFICATION
A	Primary claimant (wage earner)	E5	Surviving divorced father
B	Aged wife, age 62 or over	F1	Parent (father)
B1	Aged husband, age 62 or over	F2	Parent (mother)
B2	Young wife, with a child in her care	F3	Stepfather
B3	Aged wife, age 62 or over, second claimant	F4	Stepmother
B5	Young wife, with a child in her care, second claimant	F5	Adopting father
B6	Divorced wife, age 62 or over	F6	Adopting mother
BY	Young husband, with a child in his care	HA	Disabled claimant (wage earner)
C1-C9	Child - Includes minor, student or disabled child	HB	Aged wife of disabled claimant, age 62 or over
D	Aged widow, age 60 or over	M	Uninsured – Premium health insurance benefits (Part A)
D1	Aged widower, age 60 or over	M1	Uninsured – Qualified for but refused health insurance benefits (Part A)
D2	Aged widow (second claimant)	T	Uninsured – Entitled to HIB (Part A) under deemed or renal provisions, or fully insured who have elected entitlement only to HIB
D3	Aged widower (second claimant)	TA	Medicare Qualified Government Employment (MQGE)
D6	Surviving divorced wife, age 60 or over	TB	MQGE aged spouse
E	Surviving mother	W	Disabled widow
E1	Surviving divorced mother	W1	Disabled widower
E4	Widowed father	W6	Disabled surviving divorced wife

Section 2: Sources of Annual Income

Include the full amount of periodic payments from:

- Annuities
- Insurance policies
- Retirement funds
- Pensions
- Disability benefits
- Death benefits

Payments such as Black Lung Sick Benefits, Veterans Disability, and Dependent Indemnity Compensation for the Widow of a Killed in Action Serviceman are examples of such periodic payments that must be counted.

Withdrawals from retirement savings accounts such as individual retirement accounts and 401K accounts that are not periodic payments do not fall in this category and are not counted in annual income. They may, however, be counted as assets.

Example:

Isaac Freeman recently retired. He has an IRA account but is not receiving periodic payments from it because his pension is adequate for his routine expenses. However, he has withdrawn \$2,000 for a trip with his children. The withdrawal is a lump sum, not a periodic payment, and is not counted as income.

If the tenant is receiving long-term care insurance payments (LTCIPs), any payments in excess of \$180 per day must be counted toward annual income. Payment of long-term care insurance premiums is an eligible medical expense.

Section 2: Sources of Annual Income

Federal Government/Uniformed Services pension funds and other state, local government, social security, or private pension funds paid directly to an applicant/tenant's former spouse by a court order of divorce, annulment, or legal separation are not counted as income. However, any such funds pursuant to a court order to be paid to a former spouse is counted as income for the applicant/tenant receiving the funds.

- Court decrees and copies of statements should be obtained as verification of the net amount to be counted.

Example:

Beth Reed lives in an assisted unit at Shady Acres. She is a retired Federal government employee receiving a retirement pension and involved in a divorce proceeding. The court ordered that half of her pension be paid directly to her former husband in the amount of \$5,000 which was authorized by the Office of Personnel Management (OPM). The \$5,000 is considered an asset disposed of as a result of a court decree. Mrs. Reed requested an interim recertification, due to the change in her income. The portion of the pension paid to her former husband no longer belongs to Mrs. Reed and is not counted as income.

PUBLIC ASSISTANCE

Amounts received by families as unearned income are counted, including:

- Temporary Assistance to Needy Families (TANF)
- SSI
- General Assistance/General Relief
- Aid for the Aged, Blind and Disabled (AABD)

If welfare income is sanctioned due to fraud, the O/A would only count what the resident is receiving. There is no imputed welfare income calculation.

PUBLIC ASSISTANCE IN AS-PAID LOCALITIES

For information on assistance in these states, refer to HUD Handbook 4350.3, Paragraph 5-6(K). This applies to New York, New Hampshire, and Vermont only.

Section 2: Sources of Annual Income

WITHDRAWAL OF CASH OR ASSETS FROM AN INVESTMENT

- Withdrawals from investments received as periodic payments are counted as income.
- Lump sums received or withdrawn from investments are counted as assets.
- If the benefits are received through periodic payments, do not count the amount remaining in the account as an asset.
- Withdrawals from ABLÉ accounts (i.e., tax-advantaged savings accounts under the Achieving Better Life Experience Act) are an exception and are excluded from income.

Notice H 2019-06

LUMP SUM PAYMENTS COUNTED AS INCOME

- Lump sums received by a family, such as inheritances, insurance settlements, or proceeds from the sale of property, are counted as assets not income.
- Lottery winnings paid in a lump sum are counted as assets, but winnings paid in periodic payments are counted as income.
- Settlement payments from claim disputes over welfare, unemployment, and similar benefits may be counted as assets, but lump sums payments caused by delays in processing periodic payments from unemployment or welfare are included as income.
- When Social Security, SSI, or VA disability benefits are paid in a lump sum because of deferred periodic payments, the amounts are excluded from income.

Section 2: Sources of Annual Income

- How lump sum payments for delayed start of benefits are counted depends upon:
 - When the family reports the change;
 - When an interim is conducted; and
 - Whether the family's income increases or decreases as a result

HUD provides two methods for treatment of lump sums counted as income:

- **Option A (prospective method):** Include lump-sum income in current income.
- **Option B (retroactive method):** Treat lump-sum income the same way as unreported income.

Multifamily Rent Calculation

Income

Section 2: Sources of Annual Income

Figure 5-3: Treatment of Delayed Benefit Payments Received in a Lump Sum

Family member loses his/her job on October 19 and applies for unemployment benefits. The family receives a lump sum payment of \$700 in December to cover the period from 10/20 to 12/5 and begins to receive \$100 a week effective 12/6.

Option A: The owner processes one interim re-examination immediately effective 11/1 and a second interim after unemployment benefits are known.

	<u>10/1</u>	<u>11/1</u>	<u>12/1</u>	<u>1/1</u>	<u>2/1</u>
Monthly gross income	800	*0	*0	492**	492**
Monthly allowances (three minors x 480 / 12 months)	120	-	-	120	120
Monthly adjusted income	680	0	0	372	372
Total tenant payment (TTP)	204	25	25	25***	112***

* The family's income is calculated at \$0/month beginning November 1, continuing until benefits actually begin and new income is calculated. TTP is set at the minimum rent.

** Family's actual income for 1/1 is \$100/week x 52 weeks = \$5,200 / 12 = \$433.

However, because the family's TTP was calculated at zero income for the months of November and December (the period eventually covered by the \$700 lump sum payment), the annual income to be used in calculating monthly gross income should be as follows:

\$100/week benefit x 52 weeks = \$5,200 + \$700 lump sum payment = \$5,900 annual gross income / 12 = \$492.

*** Increased rent does not start until 2/1 in order to give the family notice of rent increase.

Option B: The owner processes one interim re-examination after unemployment benefits are known.

	<u>10/1</u>	<u>11/1</u>	<u>12/1</u>	<u>1/1</u>	<u>2/1</u>
Monthly gross income	800	0/800*	0/800*	433*	433*
Monthly allowances (three minors x 480 / 12 Months)	120	120	120	120	120
Monthly adjusted income	680	0/680	0/680	313	313
Total tenant payment	204	204*	204*	94	94
Recalculated TTP	-	94***	94*	94	94
Rent credit (204 - 94=)	-	110	110	-	-

* Family's actual income for 11/1 and 12/1 is zero, but because the owner does not process an interim re-examination, the family's TTP continues to be calculated using \$800 as monthly gross income. Beginning 1/1, monthly gross income is known to be \$100/week, or \$433/month.

** The lump sum payment is taken into account by making the recertification retroactive to 11/1. Annual income is calculated as \$5,200 / 12 = \$433 monthly gross income.

*** TTP for November and December recalculated as \$433 monthly gross income and \$313 monthly adjusted income x .30 = 94 with credit or refund to family of \$110/month for each of these two months for difference between TTP paid of \$204 and recalculated TTP of \$94.

Section 2: Sources of Annual Income

PAYMENTS IN LIEU OF EARNINGS

Annual income includes such payments as:

- Unemployment
- Disability compensation
- Workers' compensation
- Severance pay

Section 2: Sources of Annual Income

Learning Activity 2-1: Calculating Annual Income

Family Name: Scott

Head: Wages \$7.25/hour (40 hrs/week)

Spouse: Social security \$350/month

Annual Income: _____

Family Name: Tilden

Head: Alimony \$150 semi-monthly

Head: Unemployment \$125/week

Annual Income: _____

Family Name: Wahl

Head: Disability benefits \$175/month

F-T Student, 19 (not
head/spouse/cohead): Wages \$7.25/hour (20 hours/week)

Annual Income: _____

Section 3 Income Exclusions

Some of the regulations covered by the 4350.3 specifically exclude certain types of income. However, many items listed as exclusions from income by HUD are items the IRS considers taxable income. Therefore, owner/agents must focus specifically on the HUD program requirements in the 4350.3, Exhibit 5-1 (at the end of this chapter) for a complete list of income inclusions and exclusions. Below are some examples of excluded income.

INCOME FROM EMPLOYMENT OF CHILDREN

4350.3 Exhibit 5-1, Income Exclusions (1)

Exclude earnings of children (including foster children) under the age of 18.

PAYMENTS RECEIVED FOR FOSTER CHILDREN OR FOSTER ADULTS

CFR 5.609(c)(2)

- Foster children have been placed by court in foster home
 - Special payment is temporary, not permanent
- Foster adults are usually persons with disabilities, unrelated to the tenant, who are unable to live alone

LUMP SUM ADDITIONS TO FAMILY ASSETS (COUNTED AS ASSETS)

4350.3 Exhibit 5-1 Income Exclusions (3)

- Deferred payments, such as:
 - Periodic amounts for Supplemental Security Income and Social Security benefits received in a lump sum or in prospective monthly amounts
 - Deferred disability benefits from the Department of Veterans Affairs are also excluded from annual income, whether paid as a lump sum or in prospective monthly amounts
- Inheritances
- Insurance payments (including payments under health and accident insurance and workers' compensation)
- Capital gains
- Settlement for personal or property losses

Section 3: Income Exclusions

MEDICAL REIMBURSEMENTS

4350.3 Exhibit 5-1, Income Exclusions (4)

- Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member

INCOME OF A LIVE-IN AIDE

4350.3 Exhibit 5-1, Income Exclusions (5)

- The income of a live-in aide is excluded
- A live-in aide means a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:
 - Is determined to be essential to the care and well-being of the persons;
 - Is not obligated for the support of the persons; and
 - Would not be living in the unit except to provide the necessary supportive services.

STUDENT FINANCIAL AID

4350.3 Exhibit 5-1, Income Exclusions (6)

- Financial aid exceeding amounts received for tuition and required fees must be included in annual income.
 - However, financial aid paid to a student over the age of 23 with dependent children is excluded
 - The rule does not apply to students living with their parents receiving or applying for Multifamily Section 8 assistance

H 2015-12

- Required fees are defined as all fixed sum charges that are required of a majority of students, including:
 - Writing and science lab fees
 - Athletic fees
 - Fees specific to the student's major or program

Section 3: Income Exclusions

- Expenses related to attending school not included in tuition include:
 - Room and board
 - Books
 - Supplies
 - Meal plans
 - Transportation and parking
 - Student health insurance
 - Other non-fixed sum charges
- Student loans are excluded

SPECIAL ARMED FORCES PAY

4350.3 Exhibit 5-1, Income Exclusions (7)

- Payments received by a family member serving in the armed forces who is exposed to hostile fire

INCOME FROM HUD-FUNDED TRAINING PROGRAMS

4350.3 Exhibit 5-1, Income Exclusions (8)(a)

- Exclude amounts received under any training program funded by HUD

OTHER TRAINING PROGRAM INCOME

4350.3 Exhibit 5-1, Income Exclusions (8)(e)

- Exclude income from training programs not affiliated with a local government, and income from training of a family member resident to serve on the management staff
- Exclude all incremental earnings and benefits results from participation in a qualifying state or local employment training program.
- Excluded income must be received under employment training programs with clearly defined goals and objectives and for a specific, limited period of time.
- Training income may be excluded only for the period during which the family member participates in the program
- The initial enrollment must not exceed one year, although income earned during extensions for additional specific time periods may also be eligible for exclusion

Section 3: Income Exclusions

- The amount to be excluded is the difference between the total amount of welfare and earnings of a family member prior to enrollment in the training program, and welfare and earnings of the family member after enrollment in the training program.
- Exclude these amounts only for the period during which the family member participates in the employment training program

Example:

A family head receives \$600 per month in TANF. He then enrolls in a qualified state employment training program and receives \$750 per month in training income. TANF benefits stop.

What income is counted?

How long will the income be excluded?

PLAN FOR ACHIEVING SELF-SUPPORT (PASS)

4350.3 Exhibit 5-1, Income Exclusions (8)(b)

- Exclude payments to disabled persons on SSI pursuing a Plan to Attain Self-Sufficiency (PASS) program
- Amounts are disregarded by SSI for a limited time

OTHER PUBLICLY-ASSISTED PROGRAMS

4350.3 Exhibit 5-1, Income Exclusions (8)(c)

- Exclude amounts received by a participant in other publicly assisted programs which are specifically for reimbursement of out-of-pocket expenses to allow participation in a specific program, such as
 - Clothing
 - Special equipment
 - Transportation
 - Child care, etc.

Section 3: Income Exclusions

SPORADIC INCOME

4350.3 Exhibit 5-1, *Income Exclusions (9)*

- Exclude temporary, nonrecurring or sporadic income, including gifts
- In order to exclude sporadic income, O/As need a clear understanding of what sporadic income is. Sporadic income is defined as income that is neither reliable nor periodic.

PIH 2017-05

- Also exclude temporary income payments from the U.S. Census Bureau
 - Temporary is defined as employment lasting no longer than 180 days and not culminating in permanent employment
 - Employer verification of employment dates and income must be maintained in the tenant file.

Example:

Joseph Frey receives Social Security disability benefits. At the interview for his annual recertification, the O/A finds that Mr. Frey occasionally works as a handyman. Mr. Frey is not working as a handyman now, and has only worked as a handyman twice during the past year.

Does this fit the description of sporadic income?	
How do you handle Mr. Frey's earnings?	
What documentation should the O/A have in Mr. Frey's file?	

Section 3: Income Exclusions

RESIDENT SERVICE STIPENDS

4350.3 Exhibit 5-1, Income Exclusions (8)(d)

- Exclude amounts received under a resident service stipend.
 - Received by a resident for performing a service for the owner/agent on a part-time basis
 - Enhances the quality of life in the development
 - Such services may include but are not limited to:
 - Fire patrol
 - Hall monitoring
 - Lawn maintenance
 - Resident initiatives coordination
 - Serving as a member of the O/A's governing board
- No resident may receive more than one such stipend during the same period of time.
- If the resident services stipend exceeds \$200 per month, the owner/agent must include the entire amount in annual income.
- If the stipend is \$200 or less per month, the owner/agent must exclude the entire amount.

HOLOCAUST REPARATION PAYMENTS

4350.3 Exhibit 5-1, Income Exclusions (10)

- Payments received from a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.

EARNINGS OF FULL-TIME STUDENTS

4350.3 Exhibit 5-1, Income Exclusions (11)

- Exclude earnings in excess of \$480 for each full-time student 18 years or older (excluding the head, spouse, or cohead)

ADOPTION ASSISTANCE PAYMENTS

4350.3 Exhibit 5-1, Income Exclusions (12)

- Exclude amounts in excess of \$480 per adopted child

Section 3: Income Exclusions

CERTAIN DEFERRED PERIODIC PAYMENTS

4350.3 Exhibit 5-1, Income Exclusions (13)

- Deferred periodic payments from supplemental security income (SSI) and Social Security benefits that are received as a lump sum or prospective monthly amounts

FR Notice 5-20-14

- Deferred periodic payments from the Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

REFUNDS AND REBATES FOR PROPERTY TAXES

4350.3 Exhibit 5-1, Income Exclusions (14)

- Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.

DEVELOPMENTAL DISABILITY CARE PAYMENTS

4350.3 Exhibit 5-1, Income Exclusions (15)

- Paid to a family with a member who has a developmental disability
- Enables the family to offset the cost necessary to keep the member at home

FEDERALLY-MANDATED INCOME EXCLUSIONS

4350.3 Exhibit 5-1

VALUE OF FOOD STAMPS

Value of allotment provided to an eligible household under the Food Stamp Act of 1977.

DOMESTIC VOLUNTEER SERVICES ACT

Payments under the Domestic Volunteer Services Act of 1973 are excluded. These programs include:

- VISTA - Volunteers in Service to America
- RSVP - Retired Senior Volunteer Program
- Foster Grandparents
- Senior Companions Programs

Section 3: Income Exclusions

NATIVE AMERICAN SETTLEMENTS/TRUSTS

- Payments received under the Alaska Native Claim Settlement Act (43 U.S.C. 1616(c))
- Income derived from certain submarginal land of the United States held in trust for particular Indian tribes.
- Income derived from the disposition of funds of the Grand River Band of Ottawa Indians.
- The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court, the interest of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands.
- Payments received under the Maine Indian Claim Settlement Act of 1980. (Pub. L. 96-420, 94 Stat. 1785).
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation.
- Payments, funds or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b))
- A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the United States District Court case entitled Elouise Cobell et al. v. Ken Salazar et al., for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010
- Benefits under the Indian Veterans Housing Opportunity Act of 2010
 - Only applies to Native American housing programs
- Payments made from the proceeds of Indian tribal trust cases as described in Notice PIH 2013-30 “Exclusion from Income of Payments under Recent Tribal Trust Settlements” (25 U.S.C. 117b(a)).

*Federal Register Notice
5-20-14*

Section 3: Income Exclusions

4350.3 Exhibit 5-1

HEATING ASSISTANCE

Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (HEAP).

WORKFORCE INVESTMENT ACT OF 1998

Payments or allowances received under programs funded in whole or in part under the Workforce Investment Act of 1998.

AMERICORPS LIVING ALLOWANCE

Americorps living allowance payments received under the National and Community Service Act of 1990

TITLE IV OF THE HIGHER EDUCATION ACT OF 1965

Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under Federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu).

For Section 8 programs, the exception found in § 237 of Public Law 109-249

TITLE V OF THE OLDER AMERICANS ACT OF 1985

This is the Senior Community Service in Employment Program (SCSEP) funded through the Department of Labor

This program is administered by national contractors such as:

- Green Thumb
- AARP - American Association of Retired Persons
- NCOA - National Council on Aging
- National Council of Senior Citizens (sometimes called Senior Aides)
- US Forest Services
- NCBA - National Caucus for Black Aged
- Urban League

Section 3: Income Exclusions

- National Association for the Spanish Elderly
 - State coordinators for Title V can provide a list of additional contractors who administer Title V
 - Even if there is 90 percent federal and 10 percent local funding, 100 percent of the income funded through Title V is excluded

SPINAL BIFIDA AND AGENT ORANGE SETTLEMENTS

- Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.)
- Payments received under 38.S.C.1833(c)t by children of Vietnam veterans born with spinal bifida, children of women Vietnam veterans born with certain birth defects, and children of certain Korean service veterans born with spinal bifida

CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990

- The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990

EARNED INCOME TAX CREDIT REFUNDS

The Earned Income Tax Credit, EITC or EIC, is a benefit for working people with low to moderate income. EITC reduces the amount of tax owed and may result in a refund.

CRIME VICTIM COMPENSATION

Any amount of crime victim compensation under the Victims of Crime Act.

BENEFITS UNDER SECTION 1780 OF THE SCHOOL LUNCH ACT AND CHILD NUTRITION ACT OF 1966

- Includes WIC

*Federal Register Notice
5-20-14*

Section 3: Income Exclusions

DEFERRED DISABILITY BENEFITS FROM THE DEPARTMENT OF VETERANS AFFAIRS

- Received in a lump sum or in prospective monthly amounts
- Any amounts in an “individual development account” as provided by the Assets for Independence Act, as amended in 2002
- Major disaster and emergency assistance received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and comparable disaster assistance provided by states, local governments, and disaster assistance organizations

FOR RAD CONVERSIONS TO PBRA ONLY: THE EARNED INCOME DISALLOWANCE (EID)

Notice H-2019-09

The earned income disallowance (EID) applies to the public housing, project-based (PBV), and tenant-based (HCV) voucher programs, and the HOME program. It typically does not apply to any programs covered by the HUD Handbook 4350.3. However, when units are converting from public housing to project-based rental assistance (PBRA) under the Rental Assistance Demonstration (RAD) program, since the disallowance applies to adult family members in the public housing program, there are some instances where the EID will apply for a limited time to these conversions.

Public housing tenants who are employed and currently receiving the EID at the time of conversion will continue to receive EID after conversion, under the version they qualified for in public housing. If a tenant receiving EID undergoes a break in employment, ceases to use the EID, or the exclusion expires, the tenant will no longer receive EID. A tenants who's EID ceases or expires after conversion is not subject to rent phase-in and will automatically have their rent adjusted to the appropriate level based on their income at that time.

After conversion, no other tenants are eligible for the EID.

Section 3: Income Exclusions

QUALIFICATIONS

CFR 5.617

To qualify for the EID, a family must be a program participant, i.e., it must already be receiving assistance under the public housing program. Applicant families are not eligible for the EID.

In addition, to qualify for the EID, a participant family must experience an increase in annual income that is the result of one of the following three events:

- Employment by a family member who was previously unemployed for one or more years prior to employment
 - The definition of previously unemployed includes a person who has earned not more than could be earned working 10 hours per week for 50 weeks at the established minimum wage-i.e., the minimum wage applicable to the locality in which the EID determination is made.
- Increased earnings by a family member whose earnings increased *during* participation in an economic self-sufficiency program or other job-training program economic independence of HUD-assisted families or to provide work for such families.
 - Note the emphasis on the word *during*. The increase in earnings must occur while the individual is enrolled in the program.
 - An economic self-sufficiency program (as defined at 24 CFR 5.603(b)) is any program designed to encourage, assist, train, or facilitate the economic independence of HUD-assisted families or to provide work for such families.

Section 3: Income Exclusions

- Economic self-sufficiency programs include:
 - Job training
 - Employment counseling
 - Work placement
 - Basic skills training
 - Education
 - English proficiency
 - Workfare
 - Financial or household management
 - Apprenticeship
 - Any program necessary to ready a participant for work (including a substance abuse or mental health treatment program)
 - Other work activities
- New employment or increased earnings by a family member who has received TANF benefits or services within the past six months
 - If the TANF is received in the form of monthly maintenance, there is no minimum amount
 - If the TANF is received in the form of one-time payments, wage subsidies, or transportation assistance, the total amount received over a six-month period must be at least \$500.
 - The \$500 minimum requirement applies only to one-time benefits, wage subsidies, and transportation.

Section 3: Income Exclusions

DETERMINING THE INCREMENTAL INCREASE

Determine the total annual income of the EID-qualified person prior to the qualifying change, including all earned and unearned income in this calculation. This amount is called the baseline or prequalifying income.

Calculate the annual income of the EID-qualified person after the qualifying change.

Any increase attributable to employment is the incremental increase to be excluded.

TRACKING AND CALCULATION

EID tracking and calculation methods will differ depending on the date a family member qualifies for the EID.

- Family members who qualified on or before May 8, 2016 are subject to the “old” method.
- Family members qualifying on or after May 9, 2016 are subject to the “new” method.

The applicable tracking and calculation method is determined solely by the date the individual initially qualified for the EID, regardless of subsequent breaks in employment or entitlement to the exclusion.

For RAD conversions from public housing to PBRA, if a tenant receiving EID undergoes a break in employment, ceases to use the EID, or the exclusion expires, the tenant will no longer receive EID. Tenants whose EID ceases or expires after conversion are not subject to rent phase-in and will automatically have their rent adjusted to the appropriate level based on their income at that time.

Section 3: Income Exclusions

THE “OLD” METHOD

Initial 12-Month Full Exclusion

Begins on the date the qualified family member:

- Is employed; or
- First experiences an increase in income due to employment

For administrative purposes, HUD has stated to begin EID on the first of the month following the qualifying change.

The full amount of increase is excluded, and the exclusion extends for a total of 12 cumulative months.

Second 12-Month Exclusion and Phase-In

Begins when the qualified family member has received 12 cumulative months of full exclusion. Fifty percent of the increase attributable to employment or increased earnings is excluded. The exclusion extends for a total of 12 cumulative months.

Lifetime Maximum Four Year Disallowance

The initial full exclusion is applied for a maximum of 12 cumulative months. The phase-in (50 percent) exclusion is applied for a maximum of 12 cumulative months.

THE “NEW” METHOD

Initial 12-Month Full Exclusion

Begins on the date the qualified family member:

- Is employed; or
- First experiences an increase in income due to employment

For administrative purposes, HUD has stated to begin EID on the first of the month following the qualifying change.

The full amount of increase is excluded, and the exclusion extends for a total of 12 consecutive months.

Section 3: Income Exclusions

Second 12-Month Exclusion and Phase-In

Begins after 12 months have elapsed and lasts for 12 consecutive months.

The exclusion may be reduced to at least 50 percent of the increase in income due to employment. O/A policy may call for excluding a higher percentage, up to 100 percent. This means that O/A policy could be to exclude 100 percent of the income increase for 24 consecutive months.

Lifetime Maximum Disallowance

No exclusion may be given after the 24-month period has elapsed, regardless of the number of months in which the family member actually received the disallowance.

SUMMARY OF “OLD” AND “NEW” EID REQUIREMENTS

Item	Old Rule	New Rule
Effective Date	Persons qualifying on or before May 8, 2016	Persons qualifying on or after May 9, 2016
Initial period	12 cumulative months	12 consecutive months
Phase-in period	12 cumulative months	12 consecutive months
Phase-in exclusion	50% of increase in income due to employment	“No less than” 50% of increase due to employment
Lifetime maximum	48 consecutive months	24 consecutive months

Exhibit 5-1: Income Inclusions and Exclusions

24 CFR 5.609(b) and (c)

Examples included in parentheses have been added to the regulatory language for clarification.

INCOME INCLUSIONS

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
- (4) The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a **periodic amount (e.g., Black Lung Sick benefits, Veterans Disability, Dependent Indemnity Compensation, payments to the widow of a serviceman killed in action). See paragraph (13) under Income Exclusions for an exception to this paragraph;**
- (5) Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay, except as provided in paragraph (3) under Income Exclusions;
- (6) Welfare Assistance.
 - (a) Welfare assistance received by the family.
 - (b) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities. the amount of welfare assistance income to be included as

income shall consist of:

- (c) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
- (d) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling; and
- (8) All regular pay, special pay, and allowances of a member of the Armed Forces, except as provided in paragraph (7) under Income Exclusions.
- (9) For Section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph "financial assistance" does not include loan proceeds for the purpose of determining income.
(Note: This paragraph also does not apply to a student who is living with his/her parents who are applying for or receiving Section 8 assistance.)

INCOME EXCLUSIONS:

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are unable to live alone);
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses, except as provided in paragraph (5) under Income Inclusions;
- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in aide, as defined in 24 CFR 5.403;
- (6) The full amount of student financial assistance paid directly to the student or to the educational institution (see Income Inclusions (9), above, for students receiving Section 8 assistance);
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm);
- (8) (a) Amounts received under training programs funded by HUD (e.g., training received under Section 3);

- (b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of supplemental security income eligibility and benefits because they are set-aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - (c) Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
 - (d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the project. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident-initiative coordination. No resident may receive more than one such stipend during the same period of time; or
 - (e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as a resident management staff person. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
- (9) Temporary, nonrecurring, or sporadic income (including gifts);
 - (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. (Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era);
 - (11) Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
 - (12) Adoption assistance payments in excess of \$480 per adopted child;
 - (13) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts;
 - (14) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
 - (15) Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
 - (16) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the *Federal Register* and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

The following is a list of income sources that qualify for that exclusion:

- (a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 [b]);
- (b) Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058) (employment through AmeriCorps, Volunteers in Service to America [VISTA], Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- (c) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626[c]);
- (d) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
- (e) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624[f]);
- (f) Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552[b]; (effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998 [29 U.S.C. 2931], e.g., employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs, career intern programs, Americorps);
- (g) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04);
- (h) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408);
- (i) Amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);
- (j) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056[f]), e.g., Green Thumb, Senior Aides, Older American Community Service Employment Program;
- (k) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent-product liability litigation*, M.D.L. No. 381 (E.D.N.Y.);
- (l) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- (m) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
- (n) Earned income tax credit (EITC) refund payments received on or after January 1, 1991, including advanced earned income credit payments (26 U.S.C. 32[j]);
- (o) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);
- (p) Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637[d]);

- (q) Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran (38 U.S.C. 1805);
- (r) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602); and
- (s) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931).

Multifamily Rent Calculation

Income

Section 3: Income Exclusions

Notes

CHAPTER 3 **Assets and Asset Income**

LEARNING OUTCOMES

Upon completion of this chapter, you should be able to:

- Identify assets and calculate income from assets to enter in form HUD-50059 using the HUD Handbook 4350.3, REV-1, CHG 4, (4350.3) Chapter 5 including:
 - Calculating the cash value, market value, and anticipated income of assets
 - Calculating imputed asset income when the total cash values of assets exceeds \$5000
 - Distinguishing between which assets are included and which are not
 - Calculating the market value, cash value, and net rental income for rental property
 - Identifying assets disposed of for less than fair market value and calculating the amount to be imputed for two years from the date of sale

Section 1 **Overview**

*HUD Handbook 4350.3,
Paragraph 5-7*

Annual income includes amounts derived from assets to which family members have access. The value of assets may affect the family's annual income.

- When assets are included in annual income, it is the income earned from the asset or the imputed income amount that is counted, not the asset.

Assets are items of value that may be turned into cash. An example is a savings account, which is a cash asset. The bank pays interest on the asset, and that interest is income from the asset.

- Money kept under a mattress is an asset, it is an item of value, but under the mattress it is not earning income.
- Necessary personal property is not counted as an asset.
- There is no asset limitation for participation in HUD assisted-housing programs.

REGULATORY REFERENCES

24 CFR part 5.603 defines net family assets as follows:

Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and the equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded. In determining net family assets, owner/agents shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or recertification, as applicable, in excess of the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

Section 2 **Asset Inclusion**

The following are all assets.

CHECKING ACCOUNTS

Use the six-month average balance as the cash value.

SAVINGS ACCOUNTS

Use the current balance as the cash value.

Notice H 2019-06

- There are some exceptions regarding tax-advantaged savings accounts under the Achieving a Better Life Experience (ABLE) Act of 2014.
 - These accounts are for persons with disabilities. The beneficiary must meet the statutory eligibility requirements and there is a cap on annual deposits per state law.
 - Withdrawals and disbursements, contributions by third parties, and actual or imputed interest under these accounts are excluded.
 - However, if the ABLE beneficiary is employed, all earned income is counted, even if a portion is deposited into the ABLE account.
 - Contributions made by someone other than the beneficiary directly into the ABLE account are also excluded. That is, if a third party or relative contributes \$100 per month directly to the beneficiary, it would count as income, but if the third party or relative contributes \$100 per month directly into the ABLE account, it would be excluded.

ABLE ACCOUNTS

Notice H 2019-06

Achieving a Better Life Experience Act (ABLE) accounts are accounts for persons with disabilities set up under state law. They have statutory eligibility requirements, and there is a cap on annual deposits per state law.

ABLE amounts that are excluded from annual income include:

- Withdrawals/disbursements
- Contributions by third parties
- Actual/imputed interest

Any amounts withdrawn from the account are excluded as income. If an ABLE beneficiary is employed, all earned income is counted even if a portion of it is deposited in an ABLE account. If a third party or a relative contributes \$100 per month directly to the beneficiary, that amount is counted as income. However, if a third party or a relative deposits \$100 per month in the beneficiary's ABLE account, that income is excluded. Any actual or imputed interest earned on the account is also excluded.

PREPAID DEBIT CARDS

The balance on the Direct Express Debit Card is considered an asset and should be verified consistent with existing savings account verification requirements.

Specifically, tenants who receive their benefit on a Direct Express Debit Card will need to provide an account balance no more than 120 days old at the time of recertification. This balance can be obtained from an ATM, through the online account service, or a paper statement. The verification document must identify the account and the account holder.

Any prepaid debit/gift card that holds a cash value i.e. amount that can be converted to cash

TRUSTS

A trust is a fund established by one person (the grantor) to provide financial security for another person or organization. The recipient of a trust fund must typically wait until a certain age, or until a specified event occurs, to receive yearly income from the fund.

Section 2: Asset Inclusion

For revocable trusts, if any family member has access to the trust and is able to withdraw funds, the trust is considered an asset and treated as any other asset.

- The total amount the family member could receive if withdrawn is added to the family's total assets and any actual income received is counted as actual income from the asset.

For nonrevocable trusts, if no family member has access to either the principal balance or the income, the trust is not counted as an asset or as income.

If only the income (and none of the principal) is currently available to a family member, the income is counted in annual income, but the trust is not included in assets or income from assets.

If a nonrevocable trust is set up by a tenant for the benefit of another person, the trust is considered an asset disposed of for less than fair market value.

Example:

Emily placed \$60,000 in a nonrevocable trust for her grandson. Last year, the trust produced \$3,500, which was reinvested in the trust.

The trust is treated as an asset disposed of for less than fair market value for two years. No income from that trust is included in Emily's annual income, but the value of the asset when it was given away, \$60,000, is included in her assets for two years from the date the trust was established.

If a tenant sets up a nonrevocable trust but continues to receive income from it, then the income from the trust is added to annual income and the trust is counted as an asset disposed of for less than fair market value.

Example:

Ron has established a nonrevocable trust in the amount of \$75,000 that no one in the tenant family controls. Income from that trust is paid to Ron. Last year he received \$6,000.

The owner/agent will count Ron's actual anticipated income from the trust in next year's annual income.

Because the asset was disposed of for less than fair market value, the value of the asset given away, \$75,000, is included in his net family assets for two years from the date the trust was established.

Special needs trusts: A special needs trust is a trust that may be created under some state laws, often by family members for disabled persons who are not able to make financial decisions for themselves. Generally, the assets within the trust are not accessible to the beneficiary.

- If the beneficiary does not have access to income from the trust, then it is not counted as part of income.
- If income from the trust is paid to the beneficiary regularly, those payments are counted as income.

INVESTMENT ACCOUNTS

For stocks, bonds, treasury bills, savings certificates, money market funds, and other investment accounts, only count the dividends paid from those accounts as actual income from assets.

ANNUITIES

An annuity is a contract sold by an insurance company designed to provide payments, usually to a retired person, at specified intervals.

- Fixed annuities guarantee a certain payment amount, while variable annuities do not, but have the potential for greater returns.

Section 2: Asset Inclusion

If an applicant/tenant does not have the right to withdraw the balance from an annuity, it is not treated as an asset.

- If the person is receiving payments, they generally cannot withdraw the balance, so the payments are counted as regular income and it is not included in assets.
- If an applicant/tenant can withdraw the balance, the annuity is treated like any other asset. The cash value is counted as the asset, and any income it earns is income from an asset, even if the amounts earned are being reinvested in the annuity

Example:

Manny Gonzalez, site manager at Sherwood Park, has interviewed Sylvia Sanger, aged 47, an applicant who reports holding an annuity. She won't begin to receive payments until she turns 65. The applicant could not provide any more detail on the annuity but did report the name, address, and phone number of her insurance agent.

Manny called the insurance agent and faxed the agent a copy of the applicant's consent for release of information. As a result, Manny learned that the annuity is a fixed annuity, with a current value of \$36,000 earning 3 percent interest. The applicant could withdraw the current balance in the account but would pay a surrender penalty of \$5,000 and would owe \$1,100 in tax penalties.

To calculate cash value, use the current value of \$36,000 and subtract the surrender fee of \$5,000 and the tax penalties of \$1,100.

The cash value, \$29,900, is recorded as an asset.

Manny will also calculate the actual anticipated income on this asset: $\$36,000 \times .03 = \$1,080$.

LUMP SUM RECEIPTS COUNTED AS ASSETS

When a family receives a lump sum of money, they will usually put it in a checking or savings account, or invest it stocks or a CD. In this case, lump sum payments are counted as assets.

However, the lump sum is only counted as an asset for as long as the family has it. If the family spends all of the money on things that are not an asset, like a car, a vacation, or new shoes, it must not be counted as an asset.

Some examples of lump sums counted as assets are:

- Inheritances
- Capital gains
- Lottery winnings paid in one payment
- Cash from selling assets
- Insurance settlements
- Any other amounts that are received in one lump sum

Example 1:

Anne Wright won \$45,000 in the lottery and received it in one payment. The \$45,000 will not be included in her income. She put the \$45,000 in an IRA account. At her next annual recertification, Anne will report all of her assets.

Example 2:

Michelle Picard won \$80,000 in one payment in the lottery. She bought a lot of expensive new clothes, shoes, and a car with some of the money, and put the remaining \$16,000 in her savings account. Michelle receives her first bank statement and notices that the income on this asset is \$220 per month. She must report this increase in income because the family has experienced a cumulative increase in income of more than \$200 per month. The owner/agent must conduct an interim recertification and count the greater of the actual or imputed income on this asset (since the cash value of the assets are greater than \$5,000).

RETIREMENT ACCOUNTS

Balances in retirement accounts are counted if a family member can withdraw it, even if early withdrawal would result in a penalty.

- Amounts that are only accessible after the person retires are not counted.
- IRA, Keogh, and similar retirement accounts are counted as assets, even though withdrawal would result in a penalty, unless benefits are being received by periodic payments from the account. The amount to include as an asset is the average 6-month balance.
- Required minimum distributions are counted as income, but sporadic withdrawals are not.

In short, for retirement accounts, the amount in the account is counted as an asset if the family has access to it. If periodic payments are already being received from the account, count the amount of the payments as annual income, and do not count any balances remaining in the account.

Example 1:

Ted Keating's 401K account balance is \$54,000. He is able to terminate his participation in the retirement plan without quitting his job, but if he did so he would lose \$15,000 of his employer's contribution and would pay a penalty fee of \$18,000.

The total cash he could withdraw is the amount that is counted as an asset.

What is the value of this asset? _____.

Example 2:

Alfred Shank is retired, and his 401K account balance is \$120,000. He is already receiving periodic payments of \$800 a month from the account. He no longer has access to the balance of \$120,000.

The periodic payments of \$800 a month are counted as _____.

The balance is _____.

EQUITY IN REAL PROPERTY

Equity is the estimated current market value of an asset less the unpaid balance on all loans secured by the asset.

Calculate equity in real property as follows:

- $\text{Market value} - \text{Loan (mortgage)} = \text{Equity}$

Calculate the cash value of real property as follows:

- $\text{Equity} - \text{Expense to convert to cash} = \text{Cash value}$
- Expenses to convert to cash may include such costs as broker fees, sales commissions, settlement costs, and transfer taxes.

Example:

DeLois Dubois owns a house that is worth \$145,000. She does not rent the house, so it does not generate any income. She owes a mortgage balance of \$30,000, making the equity she owns in the asset \$115,000. If she sold the house, she would have to pay \$7,000 in closing costs and a \$300 broker fee. To calculate the cash value of the house, count the equity in the house of \$115,000 minus the cost to convert it to cash of \$7,300. The cash value of the house is \$107,700, the amount DeLois would receive in cash if she sold it.

MORTGAGE OR DEED OF TRUST HELD BY AN APPLICANT

Payments of this type are often received as a combined payment of principal and interest with the interest counted as income from the asset.

The owner needs to separate the principal from the interest. This is done using an amortization schedule that relates to the specific term and interest rate of the mortgage.

To calculate the actual income, use the interest due based on the amortization schedule for the 12-month period following the certification.

To count the imputed income from the asset, determine the value as of the effective date of the certification. Since the amount will continually be reduced by principal paid throughout the year, this amount will have to be redetermined at every annual recertification.

Example 1: Deed of Trust and Imputed Income

An elderly tenant sells her home and holds the mortgage for the buyer. The cash value of the mortgage is \$60,000. The combined payment of principal and interest expected to be received for the upcoming year is \$5,000. The amortization schedule breaks that payment into \$2,000 in principal and \$3,000 in interest. In completing the asset income calculation, the cash value of the asset is \$60,000, and the projected annual income from that asset is \$3,000. The imputed income would be calculated by multiplying the cash value of \$60,000 by the .06 percent imputed passbook rate. Each subsequent year, the cash value of the asset should be reduced by the principal portion paid. In this example, it would be reduced to \$58,000 in the following year (\$60,000 - \$2,000 principal payment = \$58,000). When calculating the imputed income for the following year, the owner/agent would multiply the cash value of \$58,000 by the .06 percent passbook savings rate.

Example 2:

Alice Washington rents out the home that she and her husband lived in for 42 years. This home is not an active business asset. Therefore, it is considered an asset and the owner must determine the annual income that Alice receives from it. Alice rents the home for \$300 a month and has no current mortgage and no other costs.

Income from this property is: $300 \times 12 = \$3,600$ annually

JOINTLY OWNED ASSETS

If an asset is owned by more than one person, prorate the asset according to the percentage of ownership.

If no percentage is specified or provided by state or local law, prorate the asset evenly among all owner/agents.

If the asset is not effectively owned by an individual, do not count it as an asset.

Example 1:

Karen Wade is an assisted housing tenant. She and her daughter, Molly Tune, have a joint savings account. Mother and daughter both contribute to the account. They have used the account for trips together and to cover emergency needs for either of them. Assume in this example that state law does not specify ownership. Even though either Karen or Molly could withdraw the entire asset for her own use, count Karen's ownership as _____ of the account.

Example 2:

Kate Dubois is an assisted housing tenant. Her name is listed on her mother's savings account to ensure that she can access funds for her mother's care. Her mother does not live with her. Her mother collects the interest on the account. The account _____ be counted as Kate's asset.

ASSETS INCLUDED

The following are included as assets and any income from these assets is counted as income:

- Personal property held as investment
 - Gems
 - Jewelry
 - Coin collections
 - Collector cars
 - Card collections
- Surrender value of life insurance policies

ASSETS NOT INCLUDED

The following are not included as assets or asset income:

- Personal property such as clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities
- Interests in Indian trust land
- Term life insurance policies (i.e., where there is no cash value)
- Equity in the cooperative unit in which the family lives
- Assets that are part of an active business
 - “Business” does not include rental of properties that are held as investments unless such properties are the applicant’s or tenant’s main occupation.

Example 1:

Laura and Lester Hines own a copier and courier service. None of the equipment that they use in their business is counted as an asset (e.g., the copiers, the fax machines, the bicycles).

Example 2:

Alice Washington rents out the home that she and her husband lived in for 42 years. This home is not an active business asset. Therefore, it is considered an asset and the owner/agent must determine the annual income that Alice receives from it.

Section 2: Asset Inclusion

- Assets that are not effectively owned by the applicant
 - Assets are not effectively owned when they are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the family, and that other person is responsible for income taxes incurred on income generated by the assets. Nonrevocable trusts (i.e., irrevocable trusts) are not covered by this.
 - Net family assets do not include assets held pursuant to a power of attorney because one party is not competent to manage the assets, or assets held in a joint account solely to facilitate access to assets in the event of an emergency.

Example:

Alexander Cumbow and his daughter, Emily Bornscheuer, have a bank account with both names on the account. Emily's name is on that account for the convenience of her father in case an emergency arises that would result in Emily handling payments for her father. Emily has not contributed to this asset, does not receive interest income from it, nor does she pay taxes on the interest earned. Therefore, Emily does not own this account. If Emily applies for assisted housing, the owner/agent should not count this account as her asset. This asset belongs to Alexander and would be counted entirely as the father's asset should he apply for assisted housing.

- Assets that are not accessible to the applicant and provide no income to the applicant
 - Nonrevocable trusts are not covered by this

Example:

A battered spouse owns a house with her husband. Because of the domestic situation, she receives no income from the asset and cannot convert the asset to cash.

Section 2: Asset Inclusion

- Federal Government/Uniformed Services Pensions & Other State, Local Government, Social Security and Private Pensions
 - For applicants or residents receiving the benefits named above, if there is a court ordered settlement due to divorce, annulment, or legal separation that stipulates that a portion of the applicant/resident's pension be paid directly to the former spouse, the owner/agent must not count that amount paid directly to the former spouse as income. (See full explanation and example in Chapter 2, Section 2, *Sources of Income, under Periodic Payments*)

INCOME FROM ASSETS

Determining the amount of asset income to include in annual income requires the owner/agent to calculate two values for each asset:

- Cash value
- Actual anticipated income

This is because the amount of asset income to include may be different depending on the total cash value of all family assets. In order to comply with regulations and requirements, owner/agent must identify and verify:

- Assets
- Market value of assets
- Expenses involved to convert asset to cash
- Actual anticipated income from each asset
- Amount in a certificate of deposit (CD)

- What a buyer would pay for real property

Example:

Diane has a certificate of deposit (CD) with a current balance of \$4,000 and a home with a current value of \$125,000.

Market value:

CD: \$4,000

Home: \$125,000

Cash value of an asset is the market value less reasonable expenses that would be incurred by the family to sell or convert the asset to cash, such as:

- Penalties for early withdrawal
- Broker fees
- Legal fees
- Settlement costs for real estate

In other words, the cash value of an asset is the amount the family would actually receive if the asset were converted to cash. Determining the cash value of an asset is a step the owner/agent must complete in calculating income from assets. The household is not required to actually convert an asset to cash.

$$\text{Market value} - \text{expenses} = \text{cash value}$$

Example:

If she were to cash out the CD, Diane would pay an early withdrawal penalty of \$160. If she were to sell the house, she would pay 10 percent in broker fees and closing costs, and her mortgage is \$50,000.

Cash Value:

CD: $\$4,000 - \$160 = \$3,840$

Home: $\$125,000 - \$50,000 - \$12,500 = \$62,500$

Learning Activity 3-1: Cash Value of Assets

Jenny Day has a house which has a market value of \$250,000. She has an outstanding mortgage balance of \$120,000. If she were to sell, she would pay a realtor \$6,500 commission and closing (settlement) costs of \$500. Using the Assets calculation sheet below, determine the cash value of the asset.

TASK

1. Obtain the cash value of the asset and identify the amount on the calculation sheet below.
2. Subtract the allowable HUD asset expenses, which could include:
 - Broker fee
 - Legal fees
 - Settlement costs
 - Penalty for early withdrawal of the invested asset
 - Mortgage balance the family owes (if any) on the asset

Assets

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
			Total Cash Value	Total Asset Income	\$
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income	\$
Greater of Total or Imputed Income \$					

ANTICIPATED ASSET INCOME

Anticipated income is the actual amount of income the asset will generate to the household over the coming 12 months. Some assets generate no income, such as a noninterest-bearing checking account or a coin collection. However, many assets do generate income, such as:

- Interest from investments
- Rents from rental property
- Dividends

The market value of an asset is used when anticipating income from interest-bearing accounts.

$$\text{Market value} \times \text{interest rate} = \text{anticipated income}$$

Example:

Diane's CD pays 2 percent interest annually. Diane does not rent out the home.

Anticipated income:

CD: $\$4,000 \times 2\% = \80

Home: None

QUIZ

The value of Dave's CD is \$7,000, earning 4% interest. There is a \$400 penalty for early withdrawal. What is the actual anticipated income from this asset?

Market value

X interest rate

Anticipated Income

IMPUTED ASSET INCOME

The rule for calculating income from assets differs depending on whether the total cash value of family assets is \$5,000 or less, or is greater than \$5,000.

- When the total cash value of all family assets is \$5,000 or less:
 - The actual income the family receives from assets is included in annual income
- When the total cash value of all family assets exceeds \$5,000, include in annual income the greater of:
 - Actual income from assets; or
 - Imputed asset income (total cash value of assets x passbook rate)

Imputed asset income is income that would be received from an asset if it were converted to cash and placed in a savings account earning an average passbook rate as determined by HUD. Effective February 1, 2017, the passbook rate is 0.06 percent.

Example:

The total cash value of Diane's assets is \$66,340 (\$3,840 CD + \$62,500 home). Since the total cash value of her assets is over \$5,000, the owner/agent must calculate imputed income from Diane's assets.

Imputed income:

$$\$66,340 \times 0.06\% = \$39.80$$

Final asset income is the larger of the actual income (\$80) or the imputed income (\$40).

Diane's final asset income is \$80.

ASSETS DISPOSED OF FOR LESS THAN FAIR MARKET VALUE

Applicants and tenants must declare whether they have disposed of any assets for less than fair market value during the last two years at each certification.

If so, the amount counted is the amount that was given away which is the difference between the cash value of the asset and the amount the owner actually received. The owner/agent must determine the amount the resident gave away.

The rule is only triggered when the fair market value of all of the assets given away in the last two years combined exceeds the gross amount received by more than \$1,000.

Assets disposed of for less than fair market value due to divorce, separation, bankruptcy, or foreclosure are not counted.

Example 1:

During the past two years, Bobby Joe Wheeler donated \$120 to NPR, \$300 to the Hurricane Harvey relief fund, and \$300 to the Policeman's Safety organization. The total amount she disposed of for less than fair market value is \$720. Since the total is less than \$1,000, the donations are not treated as assets disposed of for less than fair market value.

Example 2:

In the last 2 years, Marcus Smith gave his church \$750 and donated \$400 to the United Way. Because the total exceeds \$1,000, \$1,150 is counted as an asset disposed of for less than fair market value for two years.

Learning Activity 3-2: Asset Disposed of for Less than Fair Market Value

Daria Mitchell is disabled and could no longer maintain her home. Several months ago, Daria “sold” the house to her son for \$10,000, which she used to buy a car. Daria had to pay off the mortgage on the house, which had a balance of \$50,000. The house was appraised at \$85,000. What is the imputed value of the asset?

Daria has no other assets.

The HUD passbook rate is .06%.

Market Value _____

Less HUD Asset Expenses:

Realtor’s Commission _____

Legal Fee _____

Settlement Costs _____

Penalty for Early Withdrawal _____

Less Mortgage Balance _____

Less Amount Received _____

Asset Cash Value _____

INSTRUCTIONS

1. Obtain the imputed value of the asset using the calculation sheet below.
2. Subtract the allowable HUD asset expenses, which could include:
 - Broker fee
 - Legal fees
 - Settlement costs
 - Penalty for early withdrawal of the invested asset
 - Mortgage balance (if any)
3. Subtract any mortgage balance the family owes on the asset.
4. Subtract any amount the family received in payment for the asset.
5. Complete the asset section of the calculation sheet to determine the final asset income to be included on the form HUD-50059.

Multifamily Rent Calculation

Assets and Asset Income

Section 2: Asset Inclusion

Assets

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
Total Cash Value			Total Asset Income \$		
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income \$	
			Greater of Total or Imputed Income \$		

Multifamily Rent Calculation

Assets and Asset Income

Section 2: Asset Inclusion

Learning Activity 3-3: Asset Income

Zane West is 71 and is the head of household. His spouse, Eve West, is 72.

ASSETS & INCOME FROM ASSETS

- Checking account: 6-month average balance \$650; no interest earned.
- CD: Market value \$7,500; penalty for early withdrawal \$750; interest rate 3 percent.
- Savings account: Current balance \$2,250; interest rate 1 percent.
- Stocks: Market value \$4,270; broker fees \$230; anticipated annual dividend \$105.

The HUD passbook rate is .06 percent.

TASK

1. List the West's assets on the calculation sheet below; compute the cash value of, and the anticipated income from the assets.
2. Compute the West's final asset income.

Assets

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
			Total Cash Value \$	Total Asset Income	\$
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income	\$
			Greater of Total or Imputed Income \$		

Exhibit 5-2: Assets

NOTE: There is no asset limitation for participation in HUD assisted-housing programs. However, the definition of annual income includes net income from family assets.

A. Net Family Assets include the following:

1. Cash held in savings and checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are considered assets.
2. Revocable trusts. Include the cash value of any revocable trust available to the family. See discussion of trusts in paragraph 5-7 G.1.
3. Equity in rental property or other capital investments. Include the current fair market value less (a) any unpaid balance on any loans secured by the property and (b) reasonable costs that would be incurred in selling the asset (e.g., penalties, broker fees, etc.).

NOTE: If the person's main business is real estate, then count any income as business income under paragraph 5-6 G of the chapter. Do not count it both as an asset and business income.

4. Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts. Interest or dividends earned are counted as income from assets even when the earnings are reinvested. The value of stocks and other assets vary from one day to another. The value of the asset may go up or down the day before or after rent is calculated and multiple times during the year thereafter. The owner may assess the value of these assets at any time after the authorization for the release of information has been received. The tenant may request an interim recertification at any time thereafter that a decrease in stock value may result in a decrease in rent.
5. Individual retirement, 401K, and Keogh accounts. These are included when the holder has access to the funds, even though a penalty may be assessed. If the individual is making occasional withdrawals from the account, determine the amount of the asset by using the average balance for the previous six months. (Do not count withdrawals as income.)

Example – Withdrawals from a Keogh Account

Ly Pham has a Keogh account valued at \$30,000. When she turns 70 years old, she begins drawing \$2,000 a year. Continue to count the account as an asset. Use the guidance in paragraph 5-7 to determine the cash value and imputed income from the asset. Do not count the \$2,000 she withdraws as income.

6. Retirement and pension funds.

- a. While the person is employed. Include only amounts the family can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs. Follow paragraph 5-7 G.4 of the chapter on determining the value of assets.
- b. At retirement, termination of employment, or withdrawal. Periodic receipts from pension and retirement funds are counted as income. Lump-sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income, as provided below.
 - (1) If benefits will be received in a lump sum, include the lump-sum receipt in net family assets.
 - (2) If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.
 - (3) If the individual initially receives a lump-sum benefit followed by periodic payments, count the lump-sum benefit as an asset as provided in the example below and treat the periodic payment as income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset.

NOTE: This paragraph and the example below assume that the lump-sum receipt is a one-time receipt and that it does not represent delayed periodic payments. However, in situations in which a lump-sum payment does represent delayed periodic payments, then the amount would be considered as income and not an asset.

Example – Retirement Benefits as Lump-Sum and Periodic Payments

Upon retirement, Eleanor Reilly received a lump-sum payment of \$15,000. She will also receive periodic pension payments of \$350 a month.

The lump-sum amount of \$15,000 is generally treated as an asset. In this instance, however, Eleanor spent \$5,000 of the lump sum on a trip following her retirement. The remaining \$10,000 she placed in her mutual fund with other savings. The entire mutual fund will be counted as an asset.

The owner has verified that Eleanor is now not able to withdraw the balance from her pension. Therefore, the owner will count the \$350 monthly pension payment as annual income and will not list the pension account as an asset.

7. Cash value of life insurance policies available to the individual before death (e.g., the surrender value of a whole life policy or a universal life policy). It would not include a value for term insurance, which has no cash value to the individual before death.
8. Personal property held as an investment. Include gems, jewelry, coin collections, or antique cars held as an investment. Personal jewelry is NOT considered an asset.
9. Lump-sum receipts or one-time receipts. (See paragraph 5-6 **P** for additional information on what is counted as a lump-sum receipt and how to treat lump-sum receipts.) These include inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.
10. A mortgage or deed of trust held by an applicant.
 - a. Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset.
 - b. This combined figure needs to be separated into the principal and interest portions of the payment. (This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.)
 - c. To count the actual income for this asset, use the interest portion due, based on the amortization schedule, for the 12-month period following the certification.
 - d. To count the imputed income for this asset, determine the asset value ****as of the effective date of the certification****. Since this amount will continually be reduced by the principal portion paid during the previous year, the owner will have to determine this amount at each annual recertification. See the following example:

Example – Deed of Trust and Imputed Income

Computation of imputed income:

An elderly tenant sells her home and holds the mortgage for the buyer. The cash value of the mortgage is \$60,000. The combined payment of principal and interest expected to be received for the upcoming year is \$5,000. The amortization schedule breaks that payment into \$2,000 in principal and \$3,000 in interest. In completing the asset income calculation, the cash value of the asset is \$60,000, and the projected annual income from that asset is \$3,000. ****The imputed income would be calculated by multiplying the cash value of \$60,000 by the 2% imputed passbook rate.**** Each subsequent year, the cash value of the asset should be reduced by the principal portion paid. In this example, it would be reduced to \$58,000 in the following year (\$60,000 – \$2,000 principal payment = \$58,000). ****When calculating the imputed income for the following year, the owner would multiply the cash value of \$58,000 by the 2% passbook savings rate.****

Regulatory References

(These references are current as of the date of publication. Readers should refer to the latest edition of the Code of Federal Regulations.)

24 CFR part 5.603 defines net family assets as follows:

Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and the equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded. . . . In determining net family assets, owners shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or recertification, as applicable, in excess of the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

B. Net family assets **DO NOT** include the following:

IMPORTANT: The owner does not compute income from any assets in this paragraph.

1. Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).
2. Interests in Indian trust land.
3. Term life insurance policies (i.e., where there is no cash value).
4. Equity in the cooperative unit in which the family lives.
5. Assets that are part of an active business. "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's or tenant's main occupation.

Example – Assets that are Part of an Active Business

- Laura and Lester Hines own a copier and courier service. None of the equipment that they use in their business is counted as an asset (e.g., the copiers, the FAX machines, the bicycles).
- Alice Washington rents out the home that she and her husband lived in for 42 years. This home is not an active business asset. Therefore, it is considered an asset and the owner must determine the annual income that Alice receives from it.

6. Assets that are NOT effectively owned by the applicant. Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not a member of the family, and (b) that other person is responsible for income taxes incurred on income generated by the assets.

NOTE: Nonrevocable trusts (i.e., irrevocable trusts) are not covered by this paragraph. See information on nonrevocable trusts in paragraph 5-7 G.1.

**Example – Assets not Effectively
Owned by the Applicant**

Net family assets do not include assets held pursuant to a power of attorney because one party is not competent to manage the assets, or assets held in a joint account solely to facilitate access to assets in the event of an emergency.

Example: Alexander Cumbow and his daughter, Emily Bornscheuer, have a bank account with both names on the account. Emily's name is on that account for the convenience of her father in case an emergency arises that would result in Emily handling payments for her father. Emily has not contributed to this asset, does not receive interest income from it, nor does she pay taxes on the interest earned. Therefore, Emily does not own this account. If Emily applies for assisted housing, the owner should not count this account as her asset. This asset belongs to Alexander and would be counted entirely as the father's asset should he apply for assisted housing.

7. Assets that are not accessible to the applicant and provide no income to the applicant. Nonrevocable trusts are not covered under this paragraph. See information on nonrevocable trusts in paragraph 5-7 G.1.

Example

A battered spouse owns a house with her husband. Because of the domestic situation, she receives no income from the asset and cannot convert the asset to cash.

CHAPTER 4 **Adjusted Income**

LEARNING OUTCOMES

Upon completion of this chapter, you should be able to:

- Calculate adjusted income by correctly deducting HUD-defined allowances and expenses from annual income to enter on the form HUD-50059 using HUD Handbook 4350.3, Chapter 5, learning activities, and narrative instruction
- Identify who qualifies for the dependent and elderly/disabled allowances
- Calculate the childcare allowance, the income cap (when applicable), and identify who qualifies and what expenses qualify for the deduction
- Calculate the disability assistance expense, income cap, three percent threshold, and identify who qualifies and what expenses qualify for the deduction
- Calculate the medical expense deduction, three percent threshold, and identify who qualifies for the deduction
- Determine how family composition affects qualifications for deductions and calculate adjusted income using the five major HUD deductions

DEFINITION

*HUD Handbook 4350.3,
Chapter 5, Section 2*

Each resident's monthly rent amount is based on their adjusted annual income, which is calculated by using the following formula:

$\text{Annual income} - \text{Total Allowable Deductions} = \text{Adjusted Annual Income}$
--

Section 1 Deductions

There are five possible deductions each household may qualify for, however, two of the deduction types are only allowable for elderly or disabled households. Elderly households are families in which the head, spouse, or cohead is 62 or older. Disabled households are families where the head, spouse, or cohead is a person with disabilities.

The following deductions are available to any assisted family:

- Dependent
- Child care
- Disability assistance

The following deductions are only available to elderly or disabled families:

- Elderly/disabled
- Unreimbursed medical expense

DEPENDENT DEDUCTION

\$480 for each family member who is:

- Under 18 years of age, or
- Over 18 and
 - A full-time student, or
 - A person with a disability

The head, spouse, cohead, foster child, foster adult, or live-in aide are never dependents. An unborn child or a child who has not yet joined the family are never dependents.

A family or family member is not required to have legal custody of a child in order to receive the dependent deduction.

A full-time student is a person who is attending an institution with a degree or a certificate program on a full-time basis. A full-time subject load is defined by the institution.

Section 1: Deductions

When more than one family shares custody of a child, and both families are receiving assistance, only one family may claim the dependent deduction. The parent with primary custody at the time of certification typically receives the deduction. If there is a 50/50 joint custody agreement, or a dispute about which family gets the deduction, the owner/agent should obtain copies of court orders or an IRS return showing who claimed the child on their taxes.

ELDERLY/DISABLED DEDUCTION

Each household where the head, spouse, or cohead is a person who is 62 years of age or older or a person with disabilities will receive a \$400 annual deduction. If both the head of household and spouse or cohead are elderly or disabled, the deduction is not doubled. It is still \$400, not \$800.

CHILD CARE DEDUCTION

A child care deduction is given for anticipated, unreimbursed expenses for the care of children under the age of 13 (including foster children) where the child care is necessary to enable a family member to:

- Actively seek employment;
- Be gainfully employed; or
- Further his or her education (academic or vocational)

Child care expenses must also meet the following criteria:

- The amounts must be reasonable
- The children must be living in the household
- The household has determined that there is no adult family member that is able to care for the child or children during the hours care is needed
 - *Note:* The household, not the owner/agent determines this
- Amounts paid for child care are paid to a family member living outside of the unit
- The charges are not reimbursed by an outside agency or other person outside of the household

Section 1: Deductions

For childcare that enables a family member to work, the expenses paid may not exceed the earnings included in annual income of the family member who is working. In other words, the cap on child care expenses for an employed family member is earnings included in annual income, not gross earnings.

If the child care expenses are incurred to enable a family member to attend school or look for work, there is no cap on the expense, other than that the expense be reasonable.

When two assisted households have joint custody of a child or children, the child care expense may be split between the two households. The custody and expenses must be documented and demonstrate that the total expense claimed by both households does not exceed the cost for the actual time the child spends in child care.

Example: Non-prorated Childcare Costs

Lola and Steve have two children. Both parents work, but Lola works only part-time and goes to school half-time. She pays \$5.50 an hour for eight hours of child care a day. For four of those hours, she is at work; for four of them she attends school. She receives no reimbursement for her child care expense.

Her annual expense for child care during the hours she works is \$5,720. Her annual expense for the hours she is at school is also \$5,720. She earns \$8,500 a year. Steve earns \$22,000. The rule requires that Lola's child care expense while she is working not exceed the amount she is earning while at work. In this case, that is not a problem. Lola earns \$8,500 during the time she is paying \$5,720. Therefore, her deduction for the hours while she is working is \$5,720.

Lola's expense while she is at school is not compared to her earnings. Her expense during those hours is \$5,720, and her deduction for those hours will also be \$5,720.

Lola's total child care deduction is \$11,440 (\$5,720 + \$5,720). The total deduction exceeds the amount of Lola's total earnings, but the amount she pays during the hours she works does not exceed her earnings.

Example: Prorated Childcare Costs

If Lola's child care costs for the hours she is working were greater than her earnings, she would not be able to deduct all of her child care costs.

Lola is paying a total of \$11,440 in child care expenses. Of that expense, payments of \$5,720 cover the hours while she is in school; payments of \$5,720 cover the hours she works.

If Lola were earning \$5,000, her total child care deduction for the hours she works would be capped at the amount of money she earns. In this case, the total deduction would be \$10,720 (\$5,720 for expenses while she is in school plus \$5,000 of the amount she pays while she is working.)

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

Learning Activity 4-1: Dependent and Child Care Allowance

Susan Levitt's annual income is \$14,621, all from employment.

Susan, age 35, has three children all under 13 years of age. She is paying a total of \$180 per week for child care while she works.

TASK

Complete the deductions section of the calculation sheet below to get adjusted annual income.

DEDUCTIONS

Dependent Deduction

Number of Dependents	x \$480	=	Dependent Deduction \$
----------------------	---------	---	------------------------

Childcare Deduction

Mem.#	Calculation	Amount
		\$
Total		\$
Childcare Deduction		\$
Total Deductions =		\$

	Gross Annual Income	\$
	Minus Total Deductions	\$
	Equals Adjusted Annual Income	\$
	Divided by 12 Equals Adjusted Monthly Income	\$
	Adjusted Monthly Income x 30%	\$
	Gross Monthly Income x 10%	\$
	Greater of Equals TTP	\$
	Minus Utility Allowance	\$

DEDUCTION FOR DISABILITY ASSISTANCE EXPENSE

Families may deduct reasonable anticipated expenses for attendant care and auxiliary apparatus for family members with disabilities if they allow an adult family member to be employed. In order to be counted as a disability assistance expense:

- This deduction may not exceed the earned income received by family members who are able to work because of such qualified expenses.
- If the disability assistance expense enables more than one person to be employed, the owner/agent must combine the income of those persons to determine the cap. The allowance cannot exceed the combined incomes of those two people.
- This allowance is equal to the amount by which the cost of the care attendant or auxiliary apparatus exceeds three percent of total annual income.

Example:

Head's earned income		\$20,000
Spouse's earned income	+	\$17,300
Total income		<u>\$37,300</u>
Care expenses for disabled 15-year-old		\$15,250
Calculation:		\$
		- \$ (3% of annual income)
Allowable disability assistance expenses		<u>\$</u>

Auxiliary apparatus are items such as wheelchairs, ramps, adaptations to vehicles, cost of maintenance and upkeep of an apparatus, or special equipment to enable a blind person to read and write, but only if these items are directly related to permitting the disabled person or other family member to work.

- If an auxiliary apparatus is not used exclusively by the disabled family member, its cost must be prorated.

Section 1: Deductions

- One-time, non-recurring expenses for a current resident for auxiliary apparatus can be included in the total disability assistance expense after the expense is incurred. These expenses can be added either with an interim, when the expense has occurred, or at the next annual recertification.

Attendant care includes, but is not limited to, reasonable expenses for medical or nursing care, housekeeping, running errands, interpreting for the hearing impaired, or reading for persons with visual disabilities.

Example: Disability Assistance Expense

Natoya Fallon, an individual with disabilities, lives with her mother Sasha Fallon. Her mother works full-time. Natoya works part-time at a library. She requires a motorized wheelchair and special transportation to get to her job.

Sasha's income	\$17,000
Natoya's income	+ \$
Total income	\$23,000
Disability assistance expense	\$ 7,000
(3% of annual income)	- \$
Allowable Disability Assistance Expense	\$ 6,310

If the same caregiver takes care of children and a person over 12 with a disability, the owner/agent must determine what portion of the expense is allocated to childcare, and what portion to count as attendant care. The total of both childcare and disability assistance cannot exceed the employment income earned by the person enabled to work.

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

Learning Activity 4-2: Disability Assistance Allowance

- Family Name: Wates
- Head: 38 Earned Income: \$31,000
- Spouse: 32 Earned Income: \$19,000
- Son: 14 (with a disability)
- Disability assistance expense/year \$ 8,900
(attendant care, enables spouse to work)

TASK

Complete the deductions section of the calculation sheet below to determine adjusted annual income.

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount
% of GAI \$ x 3% = \$		Amount of Expense - 3% \$ - \$ = \$
		Allowable Expense \$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction \$
---	--------------------------------

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
Total			\$

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI	Amount of Expense - 3%	Allowable Expense
\$ x 3% = \$	\$ - \$ = \$	\$

Dependent Deduction

Number of Dependents x \$480	=	Dependent Deduction
		\$

Childcare Deduction

Mem.#	Calculation	Amount
Total		\$
Childcare Deduction		\$
Total Deductions =		\$
Gross Annual Income		\$
Minus Total Deductions		\$
Equals Adjusted Annual Income		\$
Divided by 12 Equals Adjusted Monthly Income		\$

MEDICAL EXPENSE DEDUCTION

Each household where the head, spouse, or cohead is a person who is at least 62 years of age or older or a person with disabilities is eligible to claim annual unreimbursed medical expenses as a deduction.

If the household is eligible for a medical expense deduction, the unreimbursed medical expenses of all family members may be counted, including non-elderly adults and children living in the household. The medical expenses of foster children, foster adults, and live-in aides do not qualify for this deduction.

The deduction is equal to the amount by which the family's unreimbursed medical expenses exceed three percent of total annual income.

Example: Medical Expense Deduction

Judy Hodge, age 68, lives alone. She has unreimbursed medical expenses of \$2,500 annually. Her total annual income is \$21,000.

$\$21,000 \times 3\% = \630

$\$2,500 - \$630 = \$1,870$ allowable medical expense

The deduction should include all expenses the household anticipates incurring during the 12 months following certification/recertification that are not reimbursed by an outside source. Owner/agents may use ongoing expenses the household has paid for in the preceding 12 months to estimate anticipated medical expenses.

Section 1: Deductions

*HUD Handbook 4350.3,
Chapter 5, Exhibit 5-3*

Typical allowable medical expenses include:

- Services of doctors and health care professionals
- Services of health care facilities
- Medical insurance premiums
- Prescription/nonprescription medicines (prescribed by a physician)
- Transportation to treatment (cab fare, bus fare, mileage)
- Dental expenses
- Eyeglasses
- Hearing aids batteries
- Long-term care insurance premiums
- Live-in or periodic medical assistance
- Monthly payment on accumulated medical bills (regular monthly payments on a bill that was previously incurred)
 - The deduction may include only the amount expected to be paid in the coming 12 months.

Past one-time nonrecurring medical expenses that have been paid in full may be included in the calculation of the medical expense deduction for current tenants at an initial, interim, or annual recertification as well. However, this type of medical expense is not applicable for new residents at the time of move in. There are two options for addressing one-time medical expenses: at the time the expense occurs the family may request an interim recertification, or it can be included at the upcoming annual recertification.

The following example illustrates the two options for addressing one-time medical expenses:

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

Example: One-Time Medical Expenses

Janet and Eddie Camp (age 40 and 45) live at Colonial Village, which is a Multifamily Section 8 property. Janet has a disability. They had no medical expenses last year.

If, during the current year, the Camps experience a one-time medical expense, they may request an interim recertification or wait for their next annual recertification and ask for the unanticipated expense to be included in the medical expense calculation for the following year.

The owner/agent may wish to explain to them that including past one-time medical expenses in an interim recertification rather than in an annual recertification will result in a rent reduction for a shorter period of time.

For example, six months after their annual recertification, Janet had an unanticipated appendectomy during the current year that cost \$6,500. The Camp's current TTP is \$615; their annual income is \$25,000, and 3 percent of \$25,000 is \$750.

Annual income	\$25,000
Less elderly/disabled household deduction	- \$400
Less allowable medical deduction	
(\$6,500 minus \$750 (3% of \$25,000))	-\$5,750
Adjusted annual income	\$18,850

Adjusted monthly income	\$1,571
-------------------------	---------

TTP	\$471
-----	-------

At the Camps' current income, the large surgical bill reduces their rent by \$144.

Option #1: If the current rent is adjusted through an interim recertification, the Camps will save \$144 a month for 6 months, or \$864.

Option #2: If the Camps wait until their annual recertification, they will save \$144 a month for 12 months, or \$1,728.

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

Learning Activity 4-3: Medical Deduction

- Family Name: Prescott
- Head: 67
- Spouse: 63
- Annual Income: \$15,000
- Medical Expenses \$ 2,050

TASK

Complete the deductions section of the calculation sheet below to determine adjusted annual income.

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount
3% of GAI \$ x 3% = \$		Amount of Expense - 3% \$ - \$ = \$
		Allowable Expense \$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction \$
---	--------------------------------

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
			\$
		Total	\$

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI	Amount of Expense - 3%	Allowable Expense
\$ x 3% = \$	\$ - \$ =	\$

Dependent Deduction

Number of Dependents x \$480	=	Dependent Deduction
		\$

Childcare Deduction

Mem.#	Calculation	Amount
Total		\$
Childcare Deduction		\$
Total Deductions =		\$
Gross Annual Income		\$
Minus Total Deductions		\$
Equals Adjusted Annual Income		\$
Divided by 12 Equals Adjusted Monthly Income		\$

HOUSEHOLDS ELIGIBLE FOR DISABILITY ASSISTANCE EXPENSE AND MEDICAL EXPENSES

If an elderly or disabled family has both medical and disability assistance expenses, a special calculation is required to ensure that the family's three percent of gross income expenditure is only applied once.

Because the disability assistance expense is limited by the amount earned by the person enabled to work, the disability allowance must be calculated before the medical allowance, with the three percent calculation applied.

When the family's disability assistance expense is less than three percent of annual income, the family does not receive a deduction for that expense. However, the deduction for medical expenses will be the amount by which both the disability and the medical expenses exceed three percent of annual income (Total disability assistance expense is added to the total medical expenses, and then the three percent threshold is subtracted to determine the medical/disability assistance deduction.).

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

When the family has disability assistance expenses greater than or equal to three percent of annual income, the three percent will not be applied to medical expenses.

Example:

Head (retired/disabled) - SS/pension income	\$18,200
Spouse (employed) - employment income	+\$7,000
Total Annual Income	<u>\$25,200</u>

Total disability assistance expenses	\$700
Total medical expenses	\$1,500

Step 1: Determine if the disability assistance expenses exceed 3% of the family's total annual income.

Total disability assistance expenses	\$700
Minus 3% of total annual income	<u>-\$756</u>
	(\$56)

No portion of the disability expenses exceeds 3% of the annual income; therefore, the disability assistance deduction is \$0.

Step 2: Calculate if the medical expenses exceed the balance of 3% of the family's total annual income.

Total medical expenses	\$1,500
Minus the balance of 3% of total annual income	<u>-\$56</u>
Allowable medical expense deduction	\$1,444

Learning Activity 4-4: Calculating Adjusted Income

The Willis family is an assisted household who live at Happy Valley Apartments. It is time for the household's annual recertification. The property manager has verified the household's income, assets, and deductions for the current recertification period.

Relationship	Name	Age	Disability
Head	Dan	41	N
Spouse	Helen	37	Y
Child	Warren	16	N
Child	Chrissie	12	N

- Dan is a manager at a bakery and earns \$10.25 an hour. He works an average 38 hours per week. He is paid weekly. He has no other income. Helen is a full-time student who also works at the bakery 20 hours per week making \$8.75 per hour. Their son Warren also has a part-time job at a comic book store where he makes \$200 per week.
- Mr. and Mrs. Willis share a joint checking account and a savings account. The six-month average balance of the checking account is \$1,245. The current balance is \$3,125. The account is non-interest bearing. The savings account has an average six-month average balance of \$5,789 and a current balance of \$8,789. It pays 0.025 percent interest annually. Chrissie has an irrevocable trust with a value of \$10,150 which she may not access until she turns 18.
- The family has anticipated annual medical expenses of \$1,500 per year for Helen, \$1,200 for Dan, and \$800 for Chrissie. While Dan works, Chrissie is enrolled in an after-school program for eight hours per week, which costs the family \$8,000 per year.

1. What is the family's annual income before asset income is included?

2. What is the family's final asset income?

3. What is the family's total annual income?

4. Does the family qualify for the child care deduction? If so, how much?

5. Does the family qualify for the dependent deduction? If so, how much?

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

6. Does the family qualify for the medical expense deduction? If so, how much?

7. What is the family's adjusted income?

ASSETS

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
				\$0	
			Total Cash Value	Total Asset Income	
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income	\$
Greater of Total or Imputed Income					\$

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
			\$
		Annual Income	
		+ Asset Income	
		Gross Annual Income (GAI)	

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount
3% of GAI \$ x 3% = \$	Amount of Expense - 3% of GAI \$ - \$ =	Allowable Expense \$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction \$
---	--------------------------------

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
			\$
			\$
			\$
		Total	\$

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI \$ x 3% = \$	Amount of Expense - 3% \$ - \$ =	Allowable Expense \$
--------------------------------------	---	-------------------------

Dependent Deduction

Number of Dependents x \$480	= Dependent Deduction \$
---------------------------------	--------------------------

Multifamily Rent Calculation

Adjusted Income

Section 1: Deductions

Childcare Deduction

Mem.#	Calculation	Amount
		\$
Total		\$
Childcare Deduction		\$
Total Deductions =		\$
	Gross Annual Income	\$
	Minus Total Deductions	\$
	Equals Adjusted Annual Income	\$
	Divided by 12 Equals Adjusted Monthly Income	\$
	Adjusted Monthly Income x 30%	\$
	Gross Monthly Income x 10%	\$
	Greater of Equals TTP	\$
	Minus Utility Allowance	\$
	Equals Tenant Rent	\$
	Gross Rent	\$
	Minus TTP	\$
	Equals HAP	\$

Exhibit 5-3: Examples of Medical Expenses That Are Deductible and Nondeductible

The following are examples of eligible items for medical expense deductions. Please note that this list is not exhaustive.

Type of Medical Expenses	May Include*
Services of recognized health care professionals	Services of physicians, nurses, dentists, opticians, mental health practitioners, osteopaths, chiropractors, Christian Science practitioners, and acupuncture practitioners
Services of health care facilities; laboratory fees, X-rays and diagnostic tests, blood, oxygen	Hospitals, health maintenance organizations (HMOs), laser eye surgery, out-patient medical facilities, and clinics
Alcoholism and drug addiction treatment	
Medical insurance premiums	Expenses paid to an HMO; Medicaid insurance payments that have not been reimbursed; long-term care premiums (not prorated)
Prescription and nonprescription medicines	Aspirin, antihistamine only if prescribed by a physician for a particular medical condition
Transportation to/from treatment and lodging	Actual cost (e.g., bus fare) or, if driving in a car, a mileage rate based on IRS rules. *If the individual is receiving reimbursement for the cost of transportation to/from treatment or the lodging from another source, the cost or mileage is not eligible for the medical expense deduction*.
Medical care of permanently institutionalized family member IF his/her income is included in Annual Income	
Dental treatment	Fees paid to the dentist; x-rays; fillings, braces, extractions, dentures
Eyeglasses, contact lenses	
Hearing aid and batteries, wheelchair, walker, artificial limbs, Braille books and magazines, oxygen and oxygen equipment	Purchase and upkeep (e.g., additional utility costs to tenant because of oxygen machine [in properties with tenant paid utilities only])
Attendant care or periodic medical care	Nursing services, assistance animal and its upkeep
Payments on accumulated medical bills	Scheduled payments

* Or any other medically necessary service, apparatus, or medication, as documented by third-party verification.

Some items that **may not** be included in medical expense deductions are listed below.

Medical Expenses	May Not Include
Cosmetic surgery	<p>Do not include in medical expenses amounts paid for unnecessary cosmetic surgery. This applies to any procedure that is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease. Procedures such as face-lifts, hair transplants, hair removal (electrolysis), and liposuction generally are not deductible. However, if medical complications, e.g., infections, etc., occur as a result of the procedure that requires medical treatment, the medical treatment expenses would be treated as a medical expense deduction.</p> <p>Amounts paid for cosmetic surgery may be deducted if necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease.</p>
Health club dues	Do not include in medical expenses the cost of membership in any club organized for business, pleasure, recreation, or other social purpose, such as health club dues, YMCA dues, or amounts paid for steam baths for general health or to relieve physical or mental discomfort not related to a particular medical condition.
Household help	Do not include in medical expenses the cost of household help, even if such help is recommended by a doctor. However, certain expenses paid to a person providing nursing-type services may be deductible as medical costs.
Medical savings account (MSA)	Do not deduct as a qualified medical expense amounts contributed to an Archer MSA.
Nutritional supplements, vitamins, herbal supplements, natural medicines	Do not include in medical expenses the cost of nutritional supplements, vitamins, herbal supplements, natural medicines, etc., unless they are recommended in writing by a medical practitioner licensed in the locality where practicing. These items must be recommended as treatment for a specific medical condition diagnosed by a physician or other health care provider licensed to make a diagnosis in the locality where practicing. Otherwise, these items are taken to maintain ordinary good health, and are not for medical care.

Medical Expenses	May Not Include
Personal use items	Do not include in medical expenses an item ordinarily used for personal, living, or family purposes unless it is used primarily to prevent or alleviate a physical or mental defect or illness. For example, the cost of a wig purchased upon the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease or incontinence supplies can be included with medical expenses
Nonprescription medicines	Do not include in medical expenses nonprescription medicines unless they are recommended in writing by a medical practitioner licensed in the locality where practicing. These items must be recommended as treatment for a specific medical condition diagnosed by a physician or other health care provider licensed to make a diagnosis in the locality where practicing.

CHAPTER 5 Verifications and Enterprise Income Verification (EIV)

LEARNING OUTCOMES

Upon completion of this chapter, you should be able to:

- Identify the requirements for verification of income, assets, and allowances
- Recognize the basic requirements of EIV system use
- Identify the types of resident data available in the EIV system and the sources from which the data is derived
- Recall the policy and procedures that owners/agents must establish governing the use of EIV
- Recognize the various reports available in EIV and apply them in effective EIV system use

Section 1 Verification of Income and Allowances

Owner/agents are required to verify all income, assets, expenses, deductions, family characteristics, and circumstances that affect the household's level of assistance and program eligibility at each certification. The owner/agent must obtain third-party verification and document family files for the following factors or must document in the files why third-party verification was not available:

- Reported family annual income
- The value of any assets held by the household
- Expenses related to deductions from annual income
- Other factors that affect the determination of adjusted income

AUTHORIZATION FOR RELEASE OF INFORMATION/PRIVACY ACT STATEMENT (FORMS HUD-9887 AND 9887-A)

Forms HUD-9887 and 9887-A comprise the Multifamily program's document package for household consent to release of information. This package is used to provide consent for HUD, PHAs, and the owner/agents to verify income information kept by certain public agencies through computer matching with:

- The Social Security Administration
- The state agency that keeps wage and unemployment compensation information
- The National New Hires database

All household members 18 years and older must sign and date forms HUD-9887 and 9887-A at the time of initial certification and at every annual recertification thereafter since the document package expires 15 months after it is signed.

EIV income reports may not be accessed until required household members have signed current forms HUD-9887 and 9887-A. However, a current form does not have to be on file for the owner/agent to use EIV verification reports such as the Existing Tenant Search. Owner/agents may not use EIV income reports for a household member who has turned 18 between recertifications until the household member has signed the forms.

VERIFICATION RELEASE FORMS

Although forms HUD- 9887 and 9887-A are releases for several types of income information, owners/agents must create and use their own verification forms for all items that require verification. Each verification form must be signed and dated by the household member whose information needs to be verified.

All individual verification forms must include the following information:

Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government. HUD and any owner/agent (or any employee of HUD or the owner/agent) may be subject to penalties for unauthorized disclosures or improper use of information collected based on the consent form. Use of the information collected based on this verification form is restricted to the purposes cited above. Any person who knowingly or willingly requests, obtains, or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than \$5,000. Any applicant or participant affected by negligent disclosure of information may bring civil action for damages, and seek other relief, as may be appropriate, against the officer or employee of HUD or the owner/agent responsible for the unauthorized disclosure or improper use. Penalty provisions for misusing the Social Security number are contained in the Social Security Act at 208 (a)(6), (7), and (8). Violation of these provisions are cited as violations of 42 U.S.C. 408 (a)(6), (7), and (8).

Section 1: Verification of Income and Allowances

Before requesting any verifications, the owner/agent must obtain signed consent forms from family members authorizing the release of information. The form must clearly state, in a prominent place that the applicant/resident does not have to sign the form unless it clearly indicates who will be providing the information and who is requesting the information.

Owners/agents should use specific rather than generic consent forms for verification needs. Verification forms should let the family know who the owner/agent will contact to provide information and who will receive it. Request forms sent to third-party sources should contain the family member's original signature and a copy should be maintained in the file.

If any adult member of the household refuses to sign the forms HUD-9887 and 9887-A or any specific verification forms, the owner/agent must consider the household ineligible.

Owners/agents are required to deny assistance to applicant households and must terminate the assistance of resident households in this circumstance.

E-SIGNATURES, TRANSMISSION, AND STORAGE

Notice H 2020-04, issued May 26, 2020, permits but does not require Multifamily owners to use electronic signatures (e-signatures), and electronic transmission and storage of files or documents.

- The notice does not change the nature or use of HUD-required documents.
- If adopted, these policies should be added to the Tenant Selection Plan, and possibly the EIV Policies and House Rules.

Notice H 2020-04 pertains to all HUD forms and all owner-created documents and forms related to:

- Asset Management
- Section 8 contract renewals
- Occupancy policies

While not required by HUD, some state and local laws may require that owners obtain wet signatures on certain forms.

Section 1: Verification of Income and Allowances

Owners adopting the notice must provide applicants and tenants the option to use “wet” signatures and paper documents upon request. If an owner chooses electronic communication, applicants and tenants may also choose to communicate electronically with the owner.

- Their choice must be made affirmatively
- Not assumed with an opt-out procedure

If the owner adopts the provisions of Notice H 2020-04, applicants and tenants must have the opportunity to provide their information and documents in paper copy, including both before and after they have provided any information electronically, or after they have done so and wish to discontinue.

Owners may provide documents and notices electronically or make such documents available in an electronic format when state and local laws permit. If an owner chooses to provide documents electronically, the owner should inform applicants or tenants of their option to receive documents in paper form.

- Owners must comply with all requirements pertaining to effective communication with individuals with disabilities and prohibit Electronic and Information Technology (EIT) imposed barriers to accessing information, programs, and activities by persons with disabilities, including providing reasonable accommodations as needed.

When state, local, or federal laws, guidance in the 4350.3, or H notices require that specific documents be provided by first class mail, delivered in person, or other specified means, those documents must be provided using the required procedures and not solely transmitted electronically. When the tenant is provided a notice in paper form, if the O/A maintains electronic tenant files, they must scan and store an electronic file of the tenant notification in the tenant’s file.

Owners should have a document or records retention policy to establish a protocol for retaining electronic data information for compliance needs. Owners must comply with program-specific document retention requirements, which are the same for both paper and electronic documents and records.

Further details on the requirements for adopting these provisions can be found in the notice.

METHODS OF VERIFICATION

The owner/agent must use verification methods that are acceptable to HUD and is responsible for determining that documentation is adequate and credible. In order of acceptability, the levels of verification are:

- Mandatory: Up-front income verification (UIV) using HUD's Enterprise Income Verification (EIV) system
 - Optional: UIV using non-HUD systems
- Written third-party verification from the source
 - May be provided by family
- Third-party verification from the source (oral)
- Family certification

Appendix 3 of the HUD Handbook 4350.3 provides a list of acceptable forms of third-party verification.

UP-FRONT INCOME VERIFICATION (UIV)

UIV is the verification of income, before or during a recertification, through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals. HUD's EIV system is considered upfront income verification. EIV is mandatory and must be used as the system to verify employment and income.

While EIV is used to verify employment and income, owners/agents must use current tenant-provided documents (such as pay stubs) to project annual employment income, unless the resident disputes EIV employer data and cannot provide supporting documentation. The owner/agent would then need to contact the employer using a written third-party verification form.

If the tenant agrees with the employment information on the EIV income report, the owner/agent must use the report as third-party verification of employment, and use tenant-provided documents to calculate the annual income, i.g. four to six current, consecutive check stubs.

Section 1: Verification of Income and Allowances

If the tenant is reporting Social Security as income and if the tenant agrees with the Social Security benefit information reported on the EIV Income Report, the owner/agent must use the Report for third party verification of Social Security income and for calculating the annual income.

If the tenant is reporting unemployment income, and if the tenant agrees that the unemployment information on the EIV Income Report is correct, the owner/agent must use the report as third-party verification that the tenant is receiving unemployment; and use tenant provided documents for calculating annual income, e.g. unemployment monetary benefit notice.

In addition to the EIV system, HUD recommends that owners/agents use other UIV sources to verify applicant/resident income. HUD maintains a website devoted to UIV and links to many current UIV resources:

- www.hud.gov/offices/pih/programs/ph/rhiip/uiv.cfm

UIV resources may include:

- State systems for the Temporary Assistance for Needy Families (TANF) program
- Credit Bureau Association (CBA) credit reports
- Internal Revenue Service (IRS) tax transcript (request with IRS form 4506-T)
- Private sector databases (e.g., The Work Number)

Owners/agents may execute UIV agreements, such as agreements with TANF agencies independent of HUD.

UIV meets the regulatory requirement for third-party verification. Additional third-party verification (such as employer statements) is not required in many cases. Use of UIV sources enables owners/agents to streamline the verification process in many cases.

WRITTEN THIRD-PARTY VERIFICATION

The next acceptable level of verification is written third-party. Written third-party verification consists of an original or authentic document generated by a third-party source within 120 days of the date the documentation is received by the owner/agent, not the effective date of the form HUD-50059. Tenant-provided documents are considered third-party verification when they originated from a third-party source.

Examples of acceptable tenant-provided documents include, but are not limited to:

- Pay stubs, payroll summary reports, employer notice of hire/termination
- SSA benefit verification letters
- Bank statements
- Child support payment stubs
- Welfare benefit letters and/or printouts
- Unemployment monetary benefit notices

HUD requires the owner/agent collect the most recent four to six consecutive pay stubs to project annual employment income. Resident-provided documents must be dated within 120 days of the date the documentation is received by the owner/agent.

For alimony and child support, the owner/agent may accept printouts from the court or agency responsible for enforcing support payments, or other evidence indicating the frequency and amount of support payments actually received. When no documentation of child support, divorce, or separation is available, either because there was no marriage or for another reason, the owner/agent may require the family to sign a certification stating the amount of child support received.

For pensions reduced due to divorce, annulment, or legal separation owners/agents should require that tenants/applicants provide any copies of statements from OPM verifying pension benefits (including any reductions pursuant to a court order, decree or court-approved property settlement agreement), and any evidence of survivor benefits, pensions or annuities received from retired Federal government employees including, but not limited to, a Form-1099.

Section 1: Verification of Income and Allowances

The owner/agent may reject documentation provided by the family if the document is not an original, is not current, is incomplete, appears to be forged, or is altered, mutilated, or illegible.

To manage the verification process effectively, the owner/agent should establish a schedule for requesting higher levels of verification before accepting lower levels.

WRITTEN THIRD-PARTY VERIFICATION FORMS

The next acceptable level of verification is known as traditional third-party verification. A written third-party verification form is a standardized form used to collect information from a third-party source. This form of verification is mandatory if there is no EIV information available and the resident has no written third-party documentation to support their reported income. It is also mandatory when there is an unreported source of income or a substantial difference in reported income (\$2400 annually or more) and there is no UIV or resident-provided documentation to support the income discrepancy.

Written verification from a third-party source may be received electronically by fax, email, or internet. Owners/agents should consider the following when using electronic documents as third-party verification:

- Faxes are most reliable when the owner/agent and the source first agree to use the method over the phone. The fax should include the company name and fax number.
- Email is also reliable when preceded by a phone conversation and should include the name of the individual and the business name.
- Internet information is considered third-party verification when the owner/agent views web-based information from a reputable source on the computer screen. A printout may also be adequate verification in many cases.

ORAL THIRD-PARTY VERIFICATION

The next acceptable level of verification is oral third-party verification. For third-party oral verification, owners/agents should contact sources by telephone or in person. Third-party oral verification may be used when requests for written third-party verification forms have not been returned within a reasonable time. The file must be documented with:

- The date and time of the telephone call or visit
- The name and position of the person contacted
- The telephone number
- The information confirmed
- The name of the person who conducted the interview

FAMILY CERTIFICATION

If the owner/agent is unable to verify information through any other method, an applicant or participant may submit an affidavit or notarized statement to certify income or expenses that they have reported (the owner/agent may also witness tenant signatures in lieu of the notarized statement or affidavit). This method should be used as a last resort when no other verification method is possible. When an owner/agent relies on this form of verification, they must document in the resident's file why third-party verification was not available.

STREAMLINED VERIFICATION AT ANNUAL RECERTIFICATIONS

24 CFR 5.657(d)

The owner/agent may establish policies for streamlining the verification process for fixed sources of income.

- Fixed income sources include periodic payments such as Social Security, SSI, government and private pensions, annuities and other retirement programs, and other income sources subject to a verifiable COLA or current rate of interest.

Third-party verification must be obtained at admission and at least once every three years thereafter.

Streamlining policies are optional. The owner/agent may instead require third-party verification at each annual recertification.

Section 1: Verification of Income and Allowances

In years two and three after a full income review, the verification method the O/A uses to adjust the family's income differs according to the percentage of the family's unadjusted income that comes from fixed income.

- When 90 percent or more of the family's unadjusted income is fixed, the O/A must apply a COLA or COLAs to the family's fixed sources, providing that the family both certifies that such income is fixed and that the fixed sources have not changed since the previous year. The O/A is not required to verify non-fixed income.
 - **Example:** Manual receives \$1,000 a month in Social Security and a \$50 regular contribution from his mother who does not live with him. The PHA must third-party verify all income at admission. In years two and three, the PHA may apply the COLA (if any) to his Social Security income and is not required to, verify the regular contribution from his mother.
- When less than 90 percent of a family's unadjusted income is fixed, O/As must apply a COLA to each of the family's sources of fixed income. All non-fixed income must be verified annually.
 - **Example:** Marla receives \$500 from a pension and a \$500 regular contribution from her father each month. The PHA must third party verify all income at admission. In years two and three, the PHA may apply any adjustment to the pension and must verify the regular contribution from her father.
- The O/A must use the COLA that applies to each specific source of fixed income.

The COLA or interest rate must be verified through a public source or tenant-provided third-party documentation. If no public verification or tenant-provided documentation of the COLA is available, then the O/A must obtain third-party verification of the income amounts in order to calculate the change in income for the source.

Section 1: Verification of Income and Allowances

Owners may now implement streamlining on a per-resident basis to determine when the third-year third-party verification is needed for each family. Another option is to implement streamlining on a property-wide basis so that all residents' income and assets would be verified in the same year, and only new move-ins would have to be third-party verified in years two and three.

If any of the streamlining rules are adopted by the owner, the Tenant Selection Plan must be updated to reflect the new verification rules and methods used to verify for each certification year. All annual recertification reminder notices must also be updated to include the new documentation requirements for the residents for each certification year. Depending on how an owner's files are set up, checklists and/or cover sheets for each file section may also need to be updated.

DOCUMENTING THE ABSENCE OF THIRD-PARTY VERIFICATION

There are acceptable reasons for not having third-party verification in an applicant's or resident's file. However, when this occurs, the owner/agent must explain why third-party verification was not available. Documentation showing the owner/agent made efforts to obtain written third-party verification includes notations about:

- Date and time of the initial request and all follow-ups
 - Including date stamped original requests for verification
- The name of the company and the person to whom the request was sent
- A notation that no response was received and an explanation of the reason, if known.

All file notations made by staff members should be:

- Complete
- Dated
- Limited to facts (not opinions)
- Signed or initialed

HUD Handbook 4350.3 Appendix 3 is a chart of all acceptable forms of verification for each item that are required to be verified in writing from a third party. It is organized alphabetically by form type. The appendix is included at the end of this chapter for your reference

Section 2 Enterprise Income Verification (EIV)

OVERVIEW

*HUD Handbook 4350.3,
Chapter 9, Section 1*

Enterprise Income Verification (EIV) is a module located in HUD's Web Access Security System (WASS). WASS provides secure access to HUD systems for internal HUD users and trusted external users. Other WASS modules include the PIH Information Center (PIC) and Tenant Rental Assistance Certification System (TRACS). EIV is a web-based system that provides owners/agents with employment, unemployment, and Social Security benefit information for residents that participate in HUD-assisted housing programs through Multifamily housing, public housing, and the tenant-based and project-based voucher programs.

Owners/agents of Multifamily housing projects must use EIV in its entirety and must develop policies and procedures for staff to follow when using EIV reports. HUD mandates that owners/agents use EIV as level one verification of income information during recertifications for each resident. Specific EIV reports are used at each recertification to verify income and reduce errors in subsidy payments. EIV income reports are not available for applicants.

RAD PBRA: EIV

The EIV system for Multifamily is different than the EIV system for PIH programs. Owners/agents of properties converting under RAD must remove PIH EIV access effective on the execution date of the HAP contract by contacting the EIV coordinator at the HUD regional center/program center. Owners/agents must obtain access to the Multifamily EIV system within 90 days from the date the HAP contract is signed.

DATA SOURCES

Resident data in EIV is derived from current information submitted to TRACS through the form HUD-50059. All employment and income information comes from the Department of Health and Human Services (HHS), National Directory of New Hires (NDNH), and the Social Security Administration (SSA).

HUD cannot correct data in the EIV system; only the originator of the data can correct information. If the form HUD-50059 is incorrect due to inaccuracies in the owner/agent's software, the owner/agent must correct the data in their software and transmit the corrected form HUD-50059 to TRACS. If the resident disputes employment and wage information, unemployment benefit information, or Social Security benefit information, the resident should contact the employer, local state workforce agency, or Social Security Administration directly and provide the owner/agent a copy of the written correspondence to maintain in the resident file. In the interim, the owner/agent must use resident-provided documentation to verify resident income.

An EIV pre-screening test is conducted for each resident to verify each resident's personal identifiers (last name, DOB, and SSN) before the information is sent to the SSA for the identity matching process. Information for residents who do not pass the pre-screening test is not sent to the SSA, and the SSA matching process cannot be completed until personal identifiers are corrected in the TRACS system. Likewise, owners/agents are unable to receive any resident information from EIV until this information is corrected.

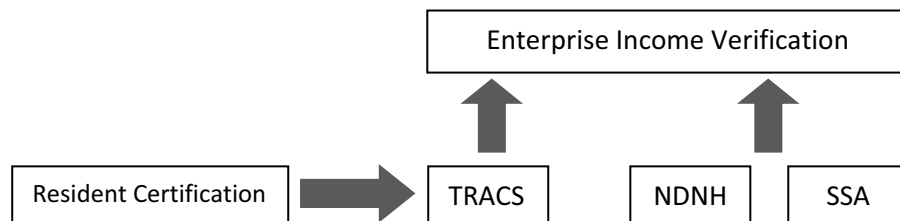
It is important that all personal identifiers on the form HUD-50059 are correct and able to be matched to the SSA database. Personal identifiers are located on page 2, Section C the form HUD-50059. The fields that must be correct for SSA matching are:

- Field 34 (Last Name)
- Field 41 (Birth Date)
- Field 44 (ID Code (SSN))

Section 2: Enterprise Income Verification (EIV)

The SSA match process takes place at the beginning of each month. As part of the process, all SSA data is loaded into the EIV system, and all residents are matched between the SSA and EIV system. This ensures that all personal identifiers for each resident are correct and that SSA and NDNH are able to report the correct information to the EIV system.

Matching is done on a quarterly basis for the entire resident population, however, all new records or records that have been significantly updated are matched in the next monthly cycle.



Residents must pass the SSA identity test and be matched between the SSA and EIV before the SSA or the NDNH can report income information to the EIV system.

The NDNH reports all new hires, quarterly wages for federal and non-federal employees, and quarterly unemployment compensation to the EIV system. There are two NDNH matches performed on a monthly basis:

- Matching the entire eligible resident base with the new hires (W4) data
- Matching newly admitted residents with wage and unemployment benefit data

A match of the entire resident database with the new hires (W4) wage and unemployment benefit data is completed on a quarterly basis.

The SSA reports Social Security benefits, supplemental security income (SSI), dual entitlement benefits, Medicare premium information, and disability status to the EIV system.

Note: In some cases, dual entitlement benefits may not be reflected in EIV. In these cases, third party verification is required.

GENERAL ADMINISTRATION

*HUD Handbook 4350.3,
Chapter 9, Section 3*

Various EIV reports are produced and reviewed by on-site staff as part of:

- Eligibility determinations
- Annual and interim recertifications
- Discrepancy analysis
- Compliance monitoring

Existing residents and applicants must be notified of the use of EIV through HUD's EIV & You brochure. Applicants must be provided the EIV & You brochure with their initial application for housing at the owner/agent's property.

EIV MASTER FILE

Each property should keep two EIV files, binders, or books; one for permanent records and one for master reports. This ensures that EIV information is kept in one place, is easily secured, and is easily audited. This also ensures that there is clear evidence of annual security awareness training and that reports are being pulled according to schedule, stored properly, and discrepancies are investigated and corrected.

Suggested items to be kept in the permanent records file include:

- EIV Use and Security Policy
- Original EIV authorization forms for users and coordinator
- Security awareness questionnaire
- Annual security awareness training certificate
- Signed rules of behavior for non-users
- Expired or terminated EIV coordinator and user documents
- Any other training or EIV use information
- Log of when each monthly and quarterly report was pulled
- Log of income discrepancies
- EIV destruction logs

Section 2: Enterprise Income Verification (EIV)

The EIV master file is a binder, folder, or book that is used to track all HUD-mandated reports that are run monthly or quarterly. The required reports to be included in the file are:

- Identity Verification Reports (failed pre-screening/failed verification)
- Multiple Subsidy Summary
- New Hires Summary
- Deceased Tenant Report

These master reports must be maintained for three years from the date of the report and then must be destroyed in accordance with the methods outlined in the owner/agent's EIV security policy.

AUTHORIZED USERS

All EIV users must sign and adhere to the EIV Rules of Behavior (ROB). All signed ROB's must be kept on file by the signing staff member and by the owner/agent's TRACS/EIV security officer. Staff members who do not have access to the EIV system but view or use EIV data or reports in order to perform their job functions, as well as owner/agent-hired independent public auditors (IPAs), must also sign and adhere to the ROB.

Only those whose job duties specifically relate to EIV are granted access to the system and related documents. There are two different types of roles in the system: users and coordinators. EIV users and coordinators have different responsibilities and system access levels.

Section 2: Enterprise Income Verification (EIV)

Coordinators:

- Assign access, roles, and contracts to users
- Approve user recertifications in the system on a biannual basis
- Must obtain a letter of approval from the owner/agent upon initial certification
- Must be recertified on an annual basis
- Sign a Coordinator Access Authorization Form (CAAF) annually within 30 days of expiration (electronically after initial approval)
- Sign an EIV Rules of Behavior form annually
- Must complete the online Cyber Awareness Challenge for Department of Defense and Federal Personnel training program and print and maintain the certificate of completion

Users:

- Must complete online security training annually.
- Must complete the online Cyber-Awareness Challenge for Department of Defense and Federal Personnel training program and print and maintain the certificate of completion
 - It is best practice for the original certificate of completion to be maintained by the user, with a copy kept in the master file, and a copy sent to the coordinator for recertification purposes.
- Are provided with appropriate approval and authorization from the coordinator who determines what level of access is needed based on their job duties and how they use the system and reports
 - The level of access granted determines the functionalities, features, and amounts of data that a specified user can see.
- Sign a User Access Authorization Form (UAAF) semi-annually within 30 days of expiration (electronically after initial approval)
- Sign an EIV Rules of Behavior form annually

Section 2: Enterprise Income Verification (EIV)

EIV SECURITY AND USE POLICY

Owners/agents are required to establish an EIV security policy and procedure governing the use of EIV. All reports must be produced, secured, and maintained in accordance with this policy and procedure. The policy and procedure must include the following topics:

- Authorized use of EIV
- How to handle security breaches
- Destruction of EIV data

Other suggested topics include:

- When each report will be pulled
- How EIV reports will be reviewed and used for resident compliance
- How discrepancies will be resolved
- Owner/agent's policy for applying the annual COLA
- Owner/agent's policy for reverification of zero-income residents
- Process for resident meetings to discuss discrepancies
- Procedures for making corrections to completed certifications

The owner/agent's EIV use policy must include language to ensure that:

- Security measures are in place to limit access
- Procedures are in place to review all EIV User IDs periodically
- Access is terminated within 30 days for users who no longer need access
- Procedures are in place for improper disclosure and to report unauthorized access or security breaches
- Employment and income information is used correctly
- EIV reports are used on schedule

Section 2: Enterprise Income Verification (EIV)

PENALTIES FOR FAILURE TO COMPLY

Contract administrators and HUD will use EIV to monitor the owner/agent's compliance with access and use of the EIV system. Owners/agents who don't have access to or are not using the EIV system in its entirety:

- Will receive an MOR finding if the violation was discovered during an MOR
- Will incur a penalty of five percent decrease in the voucher payment for the month following the date the violation was found and each subsequent voucher payment until the violation is cured

The owner/agent will have 30 days to cure the violation by obtaining access to and/or using the EIV system. The owner/agent is required to make an adjustment to the next scheduled voucher to collect the funds previously returned to HUD even if the owner/agent takes longer than 30 days to cure the finding. If the violation is not cured during the 30-day period, both the owner/agent and the management agent, if applicable, will be flagged in HUD's Active Partners Performance System (APPS). Once the violation is cured, the flag will be removed.

When there is a change in ownership or management at a property, the new owner or management agent must obtain access to and begin using the EIV system within 90 days from the date the owner/agent takes possession of the property or the effective date of the management agreement with the owner. Owners and/or management agents who fail to obtain access and begin using the EIV system within this timeframe may be subject to the penalties described above.

USING EIV REPORTS**EIV REPORT SCHEDULE**

*HUD Handbook 4350.3,
Chapter 9, Section 3*

Existing Tenant Search	Before MI/After forms HUD-9887/9887A have been signed
Failed Pre-screening/Failed Verification Report	Monthly
Deceased Tenants Report	Quarterly
New Hires Report	Quarterly
Multiple Subsidy Report	Quarterly
Income Report	90 days after MI
Income Report/Income Discrepancy Report	At annual and interim certifications
No Income Report	Per owner/agent's policy

EXISTING TENANT SEARCH

The only EIV report that provides information on applicants is the Existing Tenant Search. This report allows the owner/agent to determine whether any household member is currently being assisted by any PIH or multifamily housing program.

Owner/agents must run the Existing Tenant Search before the final eligibility determination. Information about how this report will be used during the screening process must be described in the Tenant Selection Plan (TSP).

The application must ask whether anyone in the household is currently receiving HUD assistance. Duplicative housing assistance is not allowed, even for one day. Families currently receiving housing assistance through a HUD program are not prohibited from applying for assistance to other HUD properties or programs, however, applicants must first move out of their current assisted unit or forfeit their tenant-based voucher before assistance may begin in the new unit.

Multifamily Rent Calculation

Verifications and Enterprise Income Verification (EIV)

Section 2: Enterprise Income Verification (EIV)

The Existing Tenant Search gives the owner/agent the ability to coordinate move-out and move-in dates with the resident and the owner/agent of other PHA or HUD-assisted properties. When a family is identified on the report, the owner/agent should follow up with the PHA or other property to confirm the individual's program status prior to admitting them to the program. In addition, applicants should be notified that assistance will not be provided in the new unit until the day after assistance stops in the residence currently identified in EIV in order to prevent overlapping subsidy.

If the applicant or any member of the applicant household fails to fully and accurately disclose receipt of HUD assistance or rental history on the application, the owner/agent may deny the applicant based on misrepresentation of information, provided the property's TSP allows for such denials.

[Print](#)

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

PIH Tenant Match Results : 0 match found.

No match found in PIH programs for SSN: ***-**-2483

MF Tenant Match Results : 1 match found.

SSN:	██████████
HOH SSN:	***-**-2483
HOH First Name	██████████
HOH Last Name	██████████
Contract Number	██████████
Project Number	
Subsidy Type	Section 8
Owner/Management Agent name	██████████
50059 Type Of Action	Annual Recertification
50059 Effective Date	01/01/2017
Unit Address	-

ALERT! This individual *may be* currently assisted.

Follow-up with respective PHA/Owner/Agent to confirm individual's program participation status before admission into program.

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

Report Generated By - H200000 ██████████

Section 2: Enterprise Income Verification (EIV)

FAILED EIV PRE-SCREENING REPORT

The Failed EIV Pre-Screening Report must be generated and reviewed by owners/agents on a monthly basis, as well as during all annual and interim recertifications. Owners/agents must address all discrepancies within 30 days of the date of the report. The failed pre-screening report indicates that SSA personal identifiers provided on the form HUD-50059 failed some level of the matching process. The most common reasons the failed pre-screening report will be returned are:

- Owner/agent data entry error on the form HUD-50059, such as incorrect SSN, DOB, or last name
- The applicant has provided the owner/agent with incorrect personal identifier information
- All discrepancies must be investigated, corrected, and documented in the file

1 - 1 of 1 Households		
Failed Pre-Screening Report for Contract: [REDACTED]		
HOH SSN: [REDACTED] ID05H020016	HOH Name: [REDACTED]	Contract Number: [REDACTED]
Member SSN	Member Name	Error Description
[REDACTED]	[REDACTED]	Failed SSN check.

1 - 1 of 1 Households

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.
Report Generated By - H20XXX [REDACTED]

FAILED VERIFICATION REPORTS

The Failed Verification Report must also be generated monthly. It is used to identify household members who failed the SSA identity match due to invalid personal identifiers such as incorrect Social Security number, incorrect date of birth, or incorrect last name.

Section 2: Enterprise Income Verification (EIV)

In most cases, Failed Verification Reports occur when there have been data entry errors in the owner/agent's software. If the owner/agent discovers a data entry error in the resident's file, the incorrect form HUD-50059 must be corrected within 30 days. The corrected certification must be signed by all adult household members, and the owner/agent must then transmit the corrected form HUD-50059 to TRACS. If the reason for the failed pre-screening or verification report cannot be identified and corrected after a file review, the owner/agent must follow up with the resident.

If the owner/agent discovers that the resident purposefully provided a fraudulent or inaccurate Social Security number, the owner/agent is required to attempt to recover all subsidy paid in error. The owner/agent must create and/or correct the appropriate certifications and request all assistance paid in error is returned to HUD in one lump sum or through a repayment agreement.

If the resident claims that the information provided by EIV is incorrect, the owner/agent must obtain verification and documentation to support the resident's personal identifiers and the accuracy of the form HUD-50059 and TRACS information. The owner/agent should encourage the resident to contact the SSA to correct any inaccurate data in their databases.

Because Social Security number identification discrepancies impact program eligibility, the owner/agent should maintain detailed information concerning discrepancy investigation and resolution. This information should be maintained in the resident file with the move-in information in order to ensure that the documentation is not archived anytime resident files are purged. Unresolved discrepancies must also be documented in the EIV master file.

1 - 1 of 1 Households

Failed Verification Report		Download Data
Failed Verification Report for Contract: ID16S941001		
HOH SSN: [REDACTED]	HOH Name: [REDACTED]	Project Number: 124EE008
Member SSN	Member Name	Error Description
[REDACTED]	[REDACTED]	Verification failed - SSN not found in SSA records [REDACTED]

1 - 1 of 1 Households

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

Report Generated By: HQ03XX

Section 2: Enterprise Income Verification (EIV)

SUMMARY REPORT

The EIV Summary Report is a summary of household information drawn from the current certification in TRACS at the time of the income match between EIV and the SSA database. It provides the status of residents' identity verification by identifying those residents whose personal identifiers:

- Match the SSA data base (verified)
- Do not match the SSA database (failed)
- Have not been sent to the SSA for verification or have not been matched by the SSA (not verified)

EIV summary reports must be run at all interim and annual recertifications and must be retained in the resident file.

If the status of all household members is verified, the owner/agent is not required to print this report again unless there is a change in the household composition or in a household member's identity verification status.

Section 2: Enterprise Income Verification (EIV)

The summary report is also a tool to review and resolve the status of any household members with a failed or deceased status. If the verification status for a household member is failed or deceased, the owner/agent must review and resolve discrepancies per the methods listed under the owner/agent's failed pre-screening policy and in accordance with HUD Handbook 4350.3.

Example 1:

Error Description - No benefits reported by SSA
MM/DD/YYYY

Explanation - No benefits reported by SSA. The date of birth (DOB) recorded on line 42 of the form HUD-50059 is not the same DOB reflected in SSA's records.

Corrective Action - Request the tenant provide documentation (i.e. birth certificate or state issued identification card) to verify DOB. Update line 42 of form HUD-50059 with the SSA provided DOB.

Example 2:

Error Description - Failed SSN check

Explanation - The SSN is not numeric or all 9s or LIKE (000%) or LIKE (__00%) or LIKE (%0000).

Corrective Action - Enter valid SSN on line 45 of form HUD-50059. Do not use repetitive numbers if tenant has not disclosed a SSN. An alternate ID will be generated by TRACS for household members without a SSN.

O/A should follow-up with those households who have members with a TRACS generated ID to obtain documentation of the members SSN, if applicable.

Example 3:

Error Description - Verification failed - SSN not found in SSA records XXXXXXXXXX

Explanation - Tenant SSN recorded on line 45 of form HUD-50059 is not a valid number issued by SSA. However, the SSN reflected in SSA records is listed at the end of the error message.

Corrective Action - Update line 45 of form HUD-50059 with the SSA provided SSN.

DECEASED TENANTS REPORT

The Deceased Tenants Report identifies residents who are currently listed in TRACS as existing/active residents but who have been identified by the SSA as deceased. This report must be reviewed quarterly. The owner/agent must confirm in writing with the head of household, next of kin, or emergency contact person whether the resident has passed away. If the person is deceased, the owner/agent must update the household composition and conduct an interim recertification. If the deceased individual was the sole member of the household, the owner/agent must process a move out with an effective date of either 14 days after the resident's death or the date the unit was vacated, whichever is earlier.

All discrepancies must be corrected in TRACS within 30 days of the date of the report, and a copy of the report must be kept in the EIV master file. Documentation of any action taken to resolve the discrepancy must also be retained in the resident file. If the owner/agent verifies that the resident is not deceased, the owner/agent should encourage the resident to contact the SSA to resolve the discrepancy.

The deceased tenants report is updated each weekend. Any changes made by the SSA or owner/agent will not be immediately reflected in the report.

Example:

Mr. Paterson was listed on the deceased tenants report dated April 18 with a deceased date of March 18. On April 19, the owner/agent confirmed in writing with Mr. Paterson that he was alive and advised Mr. Paterson to visit his local SSA office to have the error corrected.

The SSA corrected the error on April 19. When HUD conducted computer matching with SSA in the second week of May, HUD obtained new SSA data that indicated Mr. Paterson was not deceased. The deceased tenants report was updated the next weekend. When the owner/agent accessed the deceased tenants report on May 15th, Mr. Paterson was no longer listed on the report.

Multifamily Rent Calculation

Verifications and Enterprise Income Verification (EIV)

Section 2: Enterprise Income Verification (EIV)

Deceased Tenants Report By Contract ID05H020036

HOH SSN: ***-**-**** | HOH Name: [REDACTED] | HOH DOB: XX/XX/XXXX

Member SSN	Member Name	Member DOB	Member Deceased Date	Date Received by EIV
-**-*	[REDACTED]	XX/XX/XXXX		02/14/2017

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.
Report Generated By - H20XXX

NEW HIRES REPORT

The New Hires Report provides employment information for residents who may have started new jobs within the last six months. The information in this report is updated monthly. Because most employers report information on new hires to their state within 30 days of the hire date, an owner/agent may know within 60 days if a resident has started a new job. The New Hires Report must be generated at least quarterly. Even if the report returns no results, it must be printed and retained in the EIV master file for each property.

If a resident is listed on the New Hires Report and has not reported new employment to the owner/agent in accordance with HUD requirements, the owner/agent must not deny, suspend, or reduce any benefits until the owner/agent has taken appropriate steps to independently verify the information with a third-party. The owner/agent should verify:

- The amount of the wages, other earnings or income, or unemployment compensation involved
- Whether the resident actually has or had access to such wages, earnings or income, or benefits for their own use
- The period or periods in which the resident actually received such wages, earnings, income, or benefits

If there is undisclosed new employment, the owner/agent must investigate whether the resident violated reporting requirements. In some cases, the owner/agent is not required to contact residents identified on the report. For example, residents are required to report a new job if they were reported as unemployed on the previous form HUD-50059, regardless of whether it results in a cumulative increase of \$200 or more a month.

Section 2: Enterprise Income Verification (EIV)

If a resident has failed to report as required, however, the owner/agent must contact the resident. The resident must confirm whether the employment information in EIV is correct. If the resident confirms that the information is correct, the owner/agent must request resident-provided verification of the new employment or third-party verification from the employer. Based on the information provided, an interim recertification must be conducted, and the resident must repay any assistance paid in error.

In addition to retaining a copy of the New Hires Report in the EIV master file, owners/agents must note the outcome of contact with residents. All correspondence with the resident, third-party verifications, etc. must be retained in the resident file as well.

If the resident disputes the information in the EIV system, the owner must obtain third-party verification from the employer. There can be several valid causes for errors that would not require any action by the owner/agent:

- Human error
- System errors in one of the databases
- Identity theft

There may be cases where attempts to verify the EIV data are unsuccessful. In these cases, the resident must certify that the employer and employment information displayed in EIV is invalid and has been wrongly attributed to the resident's personal identifiers.

Multifamily Rent Calculation

Verifications and Enterprise Income Verification (EIV)

Section 2: Enterprise Income Verification (EIV)

The owner/agent should advise the resident to contact the third-party income source(s), and if unsuccessful, contact the state workforce agency (SWA) to have that employer or agency remove the invalid income information from his or her records. In the interim, the owner/agent must use resident-provided documentation to verify resident income.

Income Information >> [By Contract Number](#) >> [Report Summary](#) >> New Hires Report Summary

New Hires Report Summary	
Contracts :	
Re-certification Month:	All
Period Reviewed:	11/15/2016 - 05/15/2017
Households with New Hires:	2
Members With New Hires:	2

[Download in Excel](#)

1 - 2 of 2 Households

[Printer Friendly Version](#)

Summary Reports		Detail Reports						
HOH SSN	HOH Last Name	HOH First Name	HOH DOB	Member First Name	Member Last Name	Contract Number	Project Number	Unit Address
*****			XX/XX/1990					
*****			XX/XX/1973					

Multifamily Rent Calculation

Verifications and Enterprise Income Verification (EIV)

Section 2: Enterprise Income Verification (EIV)

[Print](#)

Summary Report	Income Report	Income Discrepancy Report	Certification Page
Wage and Benefit Report for Household of [REDACTED]			
Contract Number	ID05H020029	Subsidy Type	Section 8
Project:	BRISTLECONE APARTMENTS	Project Number	
Next Re-certification Date	07/01/2018	Form 50059 as of:	08/05/2017
Address:		Effective Date:	07/01/2017
Most Recent Type of Action:	AR-Annual Recertification		

Head of Household: [REDACTED]
Social Security Number: ***-**-**** **Date of Birth:** XX/XX/ [REDACTED]

[Print Member Information](#)

[Print](#)

Household Member: [REDACTED]		SSN: ***-**-****		
Date of Birth: XX/XX/ [REDACTED]		Relationship: Head of Household		
Employment Information				
Hire Date	Hire State	FEIN	Employer Name and Address	Date Received by EIV
02/23/2017		95-2698708	JACK IN THE BOX RESTAURANTS PO BOX 23020, OAKLAND CA 94623-2302	03/29/2017
07/12/2015	ID	82-0439518	MANITO SUPER 1 FOOD INC SUPER 1 FOODS C/O N 5588 WALL, SPOKANE WA 99205-0000	09/22/2015
08/26/2015		95-2698708	JACK IN THE BOX RESTAURANTS 9330 BALBOA AVE, SAN DIEGO CA 92123-1516	09/22/2015
12/17/2014	ID	82-0408601	VALLEY VISTA CARE CORPORATION VALLEY VISTA CA 820 ELM ST, ST MARIES ID 83861-2119	09/22/2015
Wages				
Pay Period	Amount	FEIN	Employer Name and Address	Date Received by EIV
Q4 of 2016	\$2,814.00	95-2698708	JACK IN THE BOX INC PO BOX 173860, DENVER CO 80217-3860	03/23/2017
Q3 of 2016	\$730.00	95-2698708	JACK IN THE BOX INC PO BOX 173860, DENVER CO 80217-3860	03/23/2017
Q2 of 2016	\$2,348.00	82-0408601	VALLEY VISTA CARE CORPORATION 820 ELM ST, ST MARIES ID 83861-2119	09/22/2016
Q1 of 2016	\$2,399.00	82-0408601	VALLEY VISTA CARE CORPORATION 820 ELM ST, ST MARIES ID 83861-2119	09/22/2016
Q1 of 2016	\$329.00	90-0209045	THE HYDRA S O S INC PO BOX 773, SANDPOINT ID 83864-0773	09/22/2016
Q4 of 2015	\$1,515.00	90-0209045	THE HYDRA S O S INC PO BOX 773, SANDPOINT ID 83864-0773	09/22/2016
Q3 of 2015	\$1,969.00	90-0209045	THE HYDRA S O S INC PO BOX 773, SANDPOINT ID 83864-0773	09/22/2016
Unemployment Benefits				
Pay Period	Amount	Date Received by EIV		
Q4 of 2016	\$0.00	04/01/2017		

Section 2: Enterprise Income Verification (EIV)

MULTIPLE SUBSIDY REPORT

The Multiple Subsidy Report identifies households or household members that may be receiving multiple HUD subsidies and must be generated at least quarterly. If any household member received assistance at another HUD-assisted property while receiving assistance at the owner/agent's property, the household will be required to reimburse HUD for assistance paid in error. This is considered a material lease violation and may result in penalties up to and including eviction and pursuit of fraud charges.

There are some situations where overlapping assistance is permissible. A minor may reside in two different HUD-assisted units if two parents live in separate units and share 50 percent custody of the minor. While the child may reside in both households, only one household is eligible to claim the dependent deduction for the child. In addition, a resident receiving housing assistance that does not include subsidy, such as the case in 236 properties, may also benefit from HUD's tenant-based voucher program. While these will likely appear on the Multiple Subsidy Report, the discrepancy is easily resolved.

If a resident appears on the multiple subsidy report and the resident seems to be receiving dual subsidy, the owner/agent must meet with the resident and give the resident an opportunity to explain the matter. The owner/agent must also follow up with the PHA or owner/agent where the resident has been reported as receiving assistance.

The owner/agent must distinguish whether the violation was due to resident error or fraud, and determine the extent of the violation and appropriate action, including termination of assistance, termination of tenancy, and/or requiring the resident to return assistance paid in error after the verification is complete.

Multifamily Rent Calculation

Verifications and Enterprise Income Verification (EIV)

Section 2: Enterprise Income Verification (EIV)

Owners/agents must maintain detailed information about multiple subsidy discrepancy investigations and resolutions. This information must be maintained in the resident file. Unresolved discrepancies must also be documented in the EIV master file.

No match found in PIH programs for SSN: ***-**-5402

MF Tenant Match Results : 2 match found.

SSN:	5402
HOH SSN:	***-**-5402
HOH First Name	S
HOH Last Name	DERS
Contract Number	
Project Number	12644018
Subsidy Type	Section 8
Owner/Management Agent name	
50059 Type Of Action	Interim Recertification
50059 Effective Date	02/01/2017
Unit Address	203 7TH ST APT 203

ALERT! This individual may be currently assisted.

Follow-up with respective PHA/Owner/Agent to confirm individual's program participation status before admission into program.

SSN:	5402
HOH SSN:	***-**-6570
HOH First Name	C
HOH Last Name	DERS
Contract Number	
Project Number	12644018
Subsidy Type	Section 8
Owner/Management Agent name	
50059 Type Of Action	Interim Recertification
50059 Effective Date	05/01/2017
Unit Address	124 7TH ST

ALERT! This individual may be currently assisted.

Follow-up with respective PHA/Owner/Agent to confirm individual's program participation status before admission into program.

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

Report Ger

INCOME REPORTS

There are three income reports that owners/agents must use at all recertifications:

- The Summary Report, until all household members are “verified”
- The Income Report
- The Income Discrepancy Report

Section 2: Enterprise Income Verification (EIV)

If a discrepancy is noted, the following documentation is required to be part of the resident file:

- If the resident does not dispute the EIV information
 - EIV income report, resident-provided documentation, and third-party verification from the source (if necessary)
- If the resident disputes the EIV information
 - EIV income report and third-party verification from the source

SUMMARY REPORT

The O/A does not have to print the Summary Report after all household members required to have an SSN are shown as “Verified”, unless there is a change in household composition or a change in a household member's verification status.

INCOME REPORT

The EIV Income Report must be used to verify employment information for each resident.

For residents, it should be used in conjunction with paystubs or written third-party verification from the employer in order to verify income from employment.

For new admissions, the owner/agent must:

- Pull and review the Income Report within 90 days of the move-in certification or initial certification being transmitted to the TRACS system
 - This is to confirm the income reported by the household
- Resolve any income discrepancies within 30 days of the income report date
- Retain the Income Report in the resident file with any documentation pertaining to income discrepancies

Section 2: Enterprise Income Verification (EIV)

SOCIAL SECURITY INCOME REPORT

If the resident agrees with the Social Security benefit information in EIV, the owner/agent must use the EIV printout as third-party verification of Social Security income and Medicare Part B expenses. No additional verification is required. The report is only available for residents. The owner/agent should use a benefit letter dated within 120 days from the date of receipt by the owner/agent to verify Social Security income of applicants.

MEDICARE PART B DEDUCTION

For residents who qualify for medical expenses, the Medicare Part B premium must be used as part of the medical expense deduction calculation only when an “N” is indicated in the “Buy-in” column of the income report. The “N” indicates that the resident is paying the premium amount.

Premium		Buy-in	Buy-in Start	Buy-in Stop
Hospital Insurance	\$0.00	N	Not Available	Not Available
Supp. Med. Insurance	\$110.50	N	Not Available	Not Available

When the Medicare Part B premium is being paid by the state or another entity, there will be a “Y” in the “Buy-in” column with a corresponding “Buy-in Date.” In these cases, the Medicare Part B amount must not be used to calculate medical expenses.

Premium		Buy-in	Buy-in Start	Buy-in Stop
Hospital Insurance	\$0.00	N	Not Available	Not Available
Supp. Med. Insurance	\$110.50	Y	10/10/09	Not Available

Multifamily Rent Calculation

Verifications and Enterprise Income Verification (EIV)

Section 2: Enterprise Income Verification (EIV)

When the state or entity no longer pays the Medicare premium, there will be a “Buy-in” stop date:

Premium		Buy-in	Buy-in Start	Buy-in Stop
Hospital Insurance	\$0.00	N	Not Available	Not Available
Supp. Med. Insurance	\$110.50	Y	10/10/09	03/01/10

*Notice H 08-03;
Notice H 09-20*

While SSA provides information on Medicare premiums, it does not provide information on additional deductions such as Medicare Part D (prescription drug) premiums, repayment agreement information, or garnishments.

If there is an unexplained difference between the gross benefit and the net payment, the owner/agent should ask the resident to disclose any deductions they may have from their SSA benefits, and when necessary, should request that the resident obtain a current award letter from the SSA to verify these amounts. The owner/agent should determine whether additional verification is necessary.

If the information in EIV does not agree with the amount the resident reports, if the resident disputes the EIV data, or there is no resident data in EIV, the owner/agent must request that the resident obtain a current award letter from the SSA. If the owner/agent finds it necessary to use some other form of verification such as the benefit letter or oral verification, the owner/agent must document this in the resident file and explain why third-party verification could not be used.

INCORPORATING THE COST OF LIVING ADJUSTMENT (COLA) INCREASE

Notice H 08-03

In years when the SSA applies a cost of living adjustment (COLA) to Social Security benefits, the COLA is not included in EIV until January. When processing annual certifications that are effective in January, February, March, and April, the owner/agent must select one of the following methods for applying the COLA:

1. Use the benefit information reported in EIV that does not include the COLA as third-party verification as long as the income data in EIV agrees with the income the resident reports they are receiving. The owner/agent may request a current Social Security award letter when the income in EIV does not agree with the income the resident reports they are receiving or if the resident disputes the EIV data.
2. Use the award letter provided by the resident if the letter reflects the COLA.
3. Determine the resident's income by applying the COLA to the benefit amount in the award letter for the current award year or by applying it to the benefit reported in EIV that does not include the COLA.

NDNH WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION

EIV provides wage and unemployment benefit data received from the National Directory of New Hires (NDNH) for current residents who have been verified in the system. EIV retains NDNH employment and income information for a resident for two years. EIV identifies all adult household members and provides wage and unemployment benefits for all active adults who are at least 18 years of age, have passed the SSA/EIV verification, or are not listed on the form HUD-50059 as a live-in aide.

Section 2: Enterprise Income Verification (EIV)

The NDNH wage information provided in EIV can be used to verify a resident's employment, but the owner/agent must not use the quarterly income reported in EIV to calculate the resident's income. If the resident confirms that the information contained in EIV is correct, the owner/agent must retain the report as third-party verification of employment and use resident-provided documentation to determine annual income. This is because the income information in EIV is not as current as the resident-provided documents. EIV serves as third-party verification of employment while the resident-provided documents provide the source for annualizing income.

In instances where the owner/agent has reason to reject resident provided documentation, there is no or incomplete employment/income information, or the information in EIV is inconsistent with information provided by the resident, the owner/agent must obtain third-party verification.

If the resident disputes the employment information in EIV, the owner/agent must obtain third-party verification and encourage the resident to directly contact the employer in writing and provide the owner/agent with a copy of all correspondence for the resident's file.

UNEMPLOYMENT INCOME

Unemployment income is typically reported in EIV after unemployment benefits have stopped. Since there is a delay in the reporting period for unemployment, EIV unemployment income information must not be used to project annual income. This information can be used as a comparison to previous form HUD-50059s to ensure the resident did abide by all reporting requirements.

If the resident disputes the unemployment information in EIV, the owner/agent must obtain third-party verification and encourage the resident to directly contact the local state workforce agency (SWA) in writing and provide the owner/agent with a copy of all correspondence for the resident file.

Section 2: Enterprise Income Verification (EIV)

INCOME DISCREPANCY REPORT

The Income Discrepancy Report identifies residents who may have under or over reported their income from wages, unemployment, or Social Security benefits by \$2,400 or more annually. Negative numbers on the report represent potential resident under reporting of income, and a positive number represents potential over reporting. Income sources such as welfare benefits, child support, and most pensions are not included on the Income Discrepancy Report. Income discrepancy reports must be reviewed monthly until resolved or clarified and at every interim and annual recertification.

Owners/agents must investigate all discrepancies regardless of whether there has been possible under-reporting or over-reporting of income. Owners/agents must resolve all discrepancies at the time of recertification or within 30 days of the date of the report.

Owners/agents should compare the SSA benefits, wage, and unemployment income information reported on the form HUD-50059 and third-party verifications (if applicable) with the income information reported in EIV to determine whether there is a valid discrepancy. Income discrepancy reports and detailed information pertaining to the resolution of discrepancies must be kept in the resident file regardless of the discrepancy's validity.

Owners/agents should review the resident file to ensure that a data entry error wasn't the cause of the income discrepancy. If a data entry error is discovered, the affected form HUD-50059s must be corrected within 30 days and the corrected/signed form HUD-50059s transmitted to TRACS. In cases such as this, data entry errors may affect the assistance paid to the owner/agent on behalf of the resident and the correction may generate an increase or decrease in both the housing assistance payment (HAP) and the resident rent.

Multifamily Rent Calculation

Verifications and Enterprise Income Verification (EIV)

Section 2: Enterprise Income Verification (EIV)

If the owner/agent discovers that the correction will cause a rent increase and a HAP decrease, the owner/agent must correct the certification and any subsequent certifications using the original certification effective date. The owner/agent must then provide the resident with a 30-day notice of rent increase. The resident's rent will increase the first of the month after the 30-day notice.

Income Information >> [By Contract Number](#) >> [Report Summary](#) >> Income Discrepancy Report Detail

Income Discrepancy Report Detail		
Contracts:	ID16R000018	
Re-certification Month:	All	
Households that Exceed Threshold:	1	

1 - 1 of 1 Households

[Summary Reports](#) [Detail Reports](#)

Head of Household Information		
Name:	SU [REDACTED] KER	
Social Security Number:	***-**-****	
Subsidy Type	Section 8	
Project Number		
Contract Number	[REDACTED]	
Effective Date of Action:	10/11/2016	
Next Re-certification Date:	10/01/2017	
Projected Annual Wages and Benefits from Form HUD-50059:	\$12,649.00	
Period of Income for Discrepancy Analysis	07/11/2015 - 07/10/2016	
Discrepancy Analysis		
	Actuals	Annualized Last Quarter
Reported Annual Wages and Benefits from EIV Data:	\$16,132.00	\$25,120.53
Amount of Annual Income Discrepancy:	(\$3,483.05)	(\$12,471.53)
Amount of Monthly Income Discrepancy:	(\$290.25)	(\$1,039.29)
Percentage of Income Discrepancy:	21.59%	49.65%

Confidential. Privacy Act Data. Civil and criminal penalties apply to misuse of this data.

Example: Overpayment of Resident Rent

The owner/agent discovers a data entry error on the March 2017 Income Discrepancy Report for Mrs. Hasting's November 1, 2016 annual recertification. Mrs. Hasting's total income is \$12,555, but the owner/agent entered her income incorrectly as \$15,555. The owner/agent will correct the annual certification, have the resident sign the corrected certification, and provide Mrs. Hasting with a notice of retroactive rent decrease effective on November 1, 2016. Mrs. Hasting overpaid rent from November 1 to February 1 by \$85 per month for a total of \$310. She will decide if she would like the rent refunded in one lump sum or if she would like a rent credit to be applied to future rent charges. The new higher subsidy amount will most likely be effective on either the April 1, 2017 or the May 1, 2017 voucher depending on the time needed to process the change. The correction will be reflected on the next TRACS submission as an adjustment. In this case, Mrs. Hasting should immediately be notified of her new lower rent amount and informed that she is to start paying the lower amount with the next rent billing. The owner/agent will incur the debt of the difference between the old HAP amount and the new HAP amount, as the new HAP amount will not be received until the next voucher cycle and the resident may not be charged a higher rent amount to make up the difference.

NO INCOME REPORTED ON FORM HUD-50059 AND NO INCOME REPORT BY HHS OR SSA REPORTS

The No Income on form HUD-50059 Report provides a list of residents whose identity was verified by the SSA's records but had zero income reported to the TRACS system. The no income reported by HHS or SSA report identifies residents who passed the SSA identity test but no employment or income information was received from the match process with the SSA or HHS.

HUD recommends that owners/agents have a policy to reverify the status of residents reporting zero income at least quarterly. Owners/agents must use this report only as described in their policies. The owner/agent is not required to retain copies of this report.

Multifamily Rent Calculation

Verifications and Enterprise Income Verification (EIV)

Section 2: Enterprise Income Verification (EIV)

Incorrect information in the EIV system may be a sign of identity theft. Sometimes someone else may use an individual's SSN, either on purpose or by accident. SSA does not require an individual to report a lost or stolen Social Security card, and reporting a lost or stolen Social Security card to SSA will not prevent the misuse of an individual's SSN. A person using another individual's SSN can get other personal information about that individual and apply for credit in that individual's name.

Income Information >> [By Contract Number](#) >> [Report Summary](#) >> No Income Report

No Income Report by Contract		
Contracts	[REDACTED]	
Re-certification Month	All	
Households With No Income	5	

1 - 5 of 5 Households		
No Income Reports for Contract: OR16H029122		
HOH SSN	HOH Name	Project Number
-**-*	[REDACTED]	-
-**-*	[REDACTED]	-
-**-*	[REDACTED]	-
-**-*	[REDACTED]	-

1 - 5 of 5 Households

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

Report Generated By - H20XXK [REDACTED]

HUD 4350.3 Chapter 9 Exhibit 9-5, Use of EIV Reports, is a chart that outlines each report in EIV, which document is required to describe its use, what it is used for, how to document the files to show resolution of any discrepancies, and where the O/A is required to store the documents once the O/A has completed its investigation. This chart is included in this workbook at the end of Chapter 5 for reference.

DISCLOSURE AND RECORD KEEPING

*HUD Handbook 4350.3,
Paragraph 9-17*

EIV information for any adult household member may not be disclosed, displayed, shared, or a copy provided to any other adult household members, or to any other person assisting the resident with the recertification process unless the resident has provided written consent allowing the owner/agent to disclose such information. Residents can provide written consent to service coordinators (only if present at and assisting the resident with the recertification process), translators, family members, guardians, power of attorney, or to the person assisting an elderly or disabled person. Although service coordinators may assist residents with the recertification process, they are not allowed to have access to the resident's file, except during the interview while assisting the resident with their annual recertification. Exhibit 9-4 of HUD Handbook 4350.3 provides a sample form for tenant consent to disclose EIV income information.

Owners/agents may disclose EIV information to certain entities only for official purposes. Owners/agents may disclose information to contract administrators and HUD staff for monitoring purposes, independent public auditors (IPAs) when hired by an owner/agent to perform internal audits, OIG investigators, and individuals assisting residents with the recertification process, as explained above. Owners/agents may only disclose hard copies of EIV information to IPAs. IPAs may not transport EIV information in any form, cannot access any EIV income information on portable media, must sign the ROB for non-users, and cannot duplicate or re-disclose any EIV income information to any unauthorized user.

Owners/agents may not disclose EIV income information to state officials monitoring the Low-Income Housing Tax Credit (LIHTC) program, HOME, or Rural Housing Section 515 program.

PHYSICAL SAFEGUARDS

The owner/agent must put physical safeguards in place to ensure that EIV data is safe when stored electronically, as well as in hard copy, and when transmitted electronically.

Section 2: Enterprise Income Verification (EIV)

Any EIV data stored electronically must be in a restricted access directory or, if placed on portable media, labeled and encrypted using a NIST-compliant vendor. The National Institute of Standards and Technology (NIST) develops and issues standards, guidelines, and other publications to assist federal agencies in implementing the Federal Information Security Management Act (FISMA) and in managing cost-effective programs to protect their information and information systems. All emails containing EIV data must be encrypted using a NIST-compliant vendor as well. Emails or other electronic communications must not contain the full Social Security number of any resident. EIV data may not be downloaded to mobile devices.

All individuals who use the EIV system should use a password-protected screen saver and lock their computer any time they leave their workspace. Users should not leave their workspace unattended with EIV data displayed on the screen. HUD also recommends that the EIV system be exited using the “X” at the top of the screen, which removes the user from the WASS system entirely.

Printed EIV data:

- Must not be left unattended
- Should be retrieved as soon as it is printed
 - If possible, a restricted printer, copier, or fax machine should be used
- When faxed, someone should be waiting and ready to retrieve the fax as soon as it is printed.
- When mailed, must be mailed to an office of the owner/agent and cannot be mailed to IPA offices

RECORD KEEPING

*HUD Handbook 4350.3,
Paragraph 9-14*

Each type of EIV report has specific requirements pertaining to document storage.

The income report, the summary report showing identity verification status as “verified,” and the Income Discrepancy Report, as well as supporting documentation, must be retained in the resident file for the term of tenancy plus three years.

Section 2: Enterprise Income Verification (EIV)

Any resident provided documentation, or other third-party verification of income received to supplement the SSA or NDNH data must be retained in the resident file for the term of tenancy plus three years.

Results of the existing tenant search must be retained with the application:

- If the applicant is not admitted, the application and search results must be retained for three years.
- If the applicant is admitted, the application and search results must be retained in the tenant file for the term of tenancy plus three years.

The master files for the New Hires Report, Identity Verification Reports, Multiple Subsidy Report, and Deceased Tenants Report must be retained for three years.

Once the retention period has expired, owners/agents must dispose of the data in a manner that will prevent any unauthorized access to personal information (e.g., burn, pulverize, shred, etc.).

Section 3 Discrepancies and Errors

*HUD handbook 4350.3,
Chapter 8, Section 4*

The first step is to identify any errors or discrepancies that involve a resident. The owner must determine whether the error is a program violation or a resident error.

- **Program violations** are any actions or inactions by the resident that breach the lease, regulations, or any other program requirements.
- **Resident errors** are unintentional program violations where the resident may have misunderstood or forgotten the rules.

If an owner suspects that a resident has misrepresented income or eligibility information, the owner is required to investigate the situation before making any determinations that affect assistance. The investigation may include:

- Asking the resident to clarify discrepancies between resident-provided information and conflicting information received by the owner.
- Requesting additional pertinent information from other persons, agencies, or third-party sources that will help determine the facts of the case.
- Taking any other fact-finding actions that will verify the resident-provided information or the conflicting information.

Owners must fully document the investigation, all resident statements, and any pertinent information received. Owners may not terminate assistance or make any final denial of benefits until the investigation has been completed and the resident's information or conflicting information has been verified. If the error cannot be substantiated as intentional through verification, it must be treated as an unintentional resident error.

Section 3: Discrepancies and Errors

RESIDENT MEETING

As soon as the investigation has been completed and the owner has verified all necessary information, the owner must notify the resident in writing of the error. The resident must be informed that:

- There is information believed to be incorrect;
- They may meet with the owner within 10 days to discuss the information; and
- Their failure to meet with the owner may result in a termination of tenancy

The resident meeting must be with a designated owner representative that has not been involved with the investigation or any other matter concerning the resident. It is also recommended that the representative not be someone who is supervised by the person who discovered the information and completed the investigation. Within 10 days of the meeting, the owner must provide a written final decision stating the basis for the decision.

There are three outcomes that may arise if the resident appears for the owner meeting:

1. The resident meets with the owner and the owner determines that the information the resident provided was accurate and correct. In this case, the owner should properly document the resident file and close the investigation.
2. The resident meets with the owner and the owner determines that the information provided by the resident was incorrect and an unintentional program violation was made. In this case, the owner should correct the certification(s), notify the resident of any rent change, and make payment arrangements for any assistance the resident owes.
3. The resident meets with the owner and the owner determines that the resident intentionally provided incorrect information. If the owner can substantiate this through documentation, then the incident must be pursued as fraud.

Section 3: Discrepancies and Errors

FRAUD

In some cases, owners may determine that a resident has intentionally mislead them and received assistance for which they are not eligible. Fraud is a criminal violation, an intentional deception that cannot be committed accidentally. Resident errors should not be mistaken for fraud; owners must first review and assess all information before labeling a violation as fraud.

Example:

Caitlin is a new resident of the Happy Valley Apartments who is Section 8-assisted. She moved in on July 1. At the time of move-in, she reported zero income which made her tenant rent portion zero. Ninety days after move-in, the manager of the Happy Valley Apartments reviewed Caitlin's EIV income report, which shows Caitlin has consistent earnings from employment starting in the first quarter of the prior year. The manager begins an investigation, verifies the information through an independent verification source, and notifies Caitlin that she has 10 days to meet with a representative of the owner. During the meeting, Caitlin admits that she has been employed and received earned income since before she moved in. She also admits that she intentionally did not provide this information. Based on Caitlin's admission and the independent information gathered by the manager, the owner's representative determines Caitlin committed fraud.

DOCUMENTATION OF FRAUD

If, after investigation and meeting with the resident, the owner finds that the resident has committed fraud, the resident's file must contain specific documentation to support this determination, including:

- Move-in and recertification paperwork with the resident's signature showing that the resident was made aware of all program requirements - (HUD Fraud Handout, Tenant Rights and Responsibilities brochure, signed lease, etc.

Section 3: Discrepancies and Errors

- Documentation showing that the resident intentionally gave false information or withheld important information such as:
 - Resident provided incorrect names or SSNs
 - Resident supplied documents that were falsified, fraudulent, or altered
 - Resident did not inform the owner of income received
 - Resident admitted the illegal action to another person
 - Information showing the action was committed repeatedly or a pattern is shown

It is critical that owners ensure there is enough documentation to support the claim of fraud and that the documentation presents clearly not a resident error.

If fraud is discovered, the owner must begin the eviction process and file a civil action against the resident to attempt to recover the improper subsidy payments. The owner is not required to file a criminal case against the resident, however, owners may consider forwarding the case for criminal prosecution on a local, state, or federal level.

EIV DISCREPANCIES

Throughout the year, owners are required to pull EIV reports and ensure that all discrepancies are resolved. Discrepancies may be found on several EIV reports including the Income Discrepancy report, Income Report, the Multiple Subsidy report, and the Deceased Tenants report. Any EIV discrepancies must be handled through the same process as in any other circumstance. Residents have the right to contest EIV information. Owners may not terminate assistance or make any final denial of benefits until the investigation has been completed and the information has been independently verified.

Section 4 Reimbursement of HAP, Overpaid Rent, and Repayment Agreements (RPA)

*HUD Handbook 4350.3,
Section 8-21*

Any amount of HAP overpayment must be repaid to HUD no matter if the resident or the owner was at fault. Both owners and residents have several repayment options and must adhere to HUD regulations concerning repayment.

RESIDENT REIMBURSEMENT TO OWNER

The resident must reimburse the owner if the resident was charged a lower rent amount than they would have because they:

- Failed to provide the owner with interim changes in income or other factors that would have affected the resident's rent portion
- Submitted incorrect information on any application or certification
- Failed to report any income received

In these cases, the resident must repay the owner the difference between the rent the household should have paid and the rent the household was charged. However, if the underpayment of rent was because of an owner-caused error, the resident is not required to reimburse the owner. Resident reimbursements to the owner may go back as far as five years. Since the HUD-9887 and HUD-9887-A explain this in detail, it is a best practice for owners to explain this information when residents sign the 9887 and 9887-A at move in, and annual reexamination.

Example:

Nick and Nate live at Happy Valley Apartments and receive Section 8 assistance. Nick is employed full time. His employment was fully disclosed and documented during the household's last recertification effective January 1. Nate has a part-time job where he is on call and his hours are not consistent. Because his earnings are uncertain, small in amount, and infrequent, Nate misunderstood the requirement to report income and did not report his earnings from the part-time job. The owner became aware of Nate's part-time job on July 1.

Before the owner discovered Nate had a part-time job, the household's rent amount of \$300 was based solely on Nick's employment. After verifying Nate's income, the owner determines that the household's rent amount should have been \$410. Nick and Nate must pay back the difference in rent, a total reimbursement amount of \$770.

RESIDENT REPAYMENT OPTIONS

Residents may repay any amounts due in one of three ways:

- One lump sum payment of the total amount due
- Enter into a repayment agreement (RPA) with the owner to pay the total in installments over a specific period
- A combination of a lump sum and RPA

Example:

In the case of Nick and Nate, the household and the owner have agreed to a combination repayment. Nick and Nate will pay a lump sum of \$300 and then sign an RPA with the owner to pay off the remaining \$470 in installments over the next eight months.

Section 4: Reimbursement of HAP, Overpaid Rent, and Repayment Agreements (RPA)

The terms of any repayment agreement must be mutually agreed upon by the owner and the resident. HUD requires that the monthly payment be affordable. The monthly payment amount plus the resident's TTP at the time the RPA is executed should not exceed 40 percent of the household's monthly adjusted income. To ensure the payment amount is affordable, the owner may have to extend the repayment period. It is very common for RPAs to last for more than a year.

Example:

The Sullivans are an assisted household at Happy Valley Apartments. They received an overpayment of HAP of \$1,325. The overpayment was the household's fault due to an unintentional program violation. The household's adjusted monthly income is \$1,600, and their TTP is \$480.

$$\$1,600 \times 40\% = \$640$$

$$\$640 - \$480(\text{TTP}) = \$160 \text{ Monthly RPA amount}$$

$$\$1,325 (\text{Total RPA amount}) / \$160 (\text{Monthly RPA amount}) = 8.3\text{-month repayment agreement}$$

The Sullivans and Happy Valley have come to an agreement that the household will pay off the amount owed over the next 12 months.

In any case, the resident must agree to pay back the amounts owed or be subject to termination of tenancy. Residents may also be required to pay back amounts due because of civil action by the owner or by court action due to an OIG audit. The owner may not apply monthly RPA payments toward monthly rent payments. All RPAs must:

- Include all retroactive amounts due, any lump sum paid at the time of the RPA was signed, and the mutually agreed upon monthly payment amount
- Include references to the applicable paragraphs in the lease, and state the resident may be subject to lease termination for noncompliance
- Include a clause stating the terms of the RPA may be renegotiated if the household has an income increase or decrease of \$200 or more per month

Section 4: Reimbursement of HAP, Overpaid Rent, and Repayment Agreements (RPA)

- Include language stating the monthly RPA amount is due in addition to, not in lieu of, the monthly rent amount
- Include language stating that late and/or missed payments constitute a default of the RPA and may result in termination of assistance and/or tenancy
- Be signed and dated by both the resident and the owner

OWNER REIMBURSEMENT TO HUD

Owners are not required to immediately reimburse HUD for HAP overpayments that are resident-caused. If the owner signs a repayment agreement with the resident, the owner may reimburse HUD as they receive payments from the resident.

To ensure owners are compensated for the cost of investigating and pursuing cases of resident-caused overpayments, HUD allows owners to retain a portion of the repayment amount. This applies to all cases of improper reporting by the resident, not just in cases of fraud. The owner may retain the lesser of:

- Actual costs; or
- 20 percent of the amount received from the resident.

All amounts retained by the owner must be deposited in the property's operating account and must be thoroughly documented. The owner must keep a record of:

- Date and amount received
- All expenses incurred such as staff time, creating and sending monthly invoices to the resident, creating manual voucher adjustments, and collection agency fees
- The amount the owner retained
- The voucher date and amount of reimbursement made to HUD

All overpayments of assistance that were caused by owner error or owner failure to follow HUD procedures, must be repaid to HUD by the property. Depending on the financial circumstances of the property, HUD or the contract administrator (CA) may require monies to be repaid in one lump sum or in a reduction of normal HAP payments over several months. In any case, HUD or the CA will analyze the financial circumstances of the property to ensure a full repayment would not jeopardize the financial health of the property.

REIMBURSEMENT TO RESIDENT OF OVERPAID RENT

Occasionally, it may be discovered that an owner or management agent has made a calculation error that impacts the resident's rent. The EIV income discrepancy report is essential in this situation. Owners must pull the income discrepancy report for each resident at the time of recertification; if there is a discrepancy of \$2,400 or more, owners must investigate. If after the discrepancy has been investigated it is determined that the owner has made an income calculation error and the resident's income was over-reported, the owner must correct all affected certifications. This includes completing retroactive corrections if necessary.

After certifications are corrected, the owner must determine the amount of the resident overpayment and inform the resident of the findings. The notice must be in writing and must:

- Inform the resident of the rent change, the date the new rent amount is effective, and the date to which rent will be retroactively corrected
- Inform the resident of the amount owed to them
- Include a form for the resident to complete and return to the owner indicating whether the resident would prefer a full and immediate refund, or a rent credit applied to future monthly payments

DISPOSAL OF EIV INFORMATION

All income data (SSA, NDNH) from EIV must be retained in the resident's file for the term of tenancy plus three years from the end of participation date. All EIV reports stored in the EIV master file must be maintained for three years and must be destroyed as prescribed by HUD thereafter. Owners/agents must maintain a destruction log and keep a detailed record of the destruction of all EIV reports. Shredding, burning, or pulverizing are all examples of acceptable ways to destroy EIV data.

USE OF EIV REPORTS					
REPORT	*UPDATE		REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
Summary Report Summary of household information from the current, active certification in the TRACS file at the time of the income match. Provides Identity Verification Status by identifying tenants whose personal identifiers: <ul style="list-style-type: none">Match the SSA database - “Verified”Does not match the SSA database – “Failed”Have not been sent by HUD to SSA for validation or have not yet been matched by SSA for validation – “Not Verified”SSA’s records indicate the person is deceased – “Deceased” See Paragraph 9-12.A		X	<p>Must be used at recertification (annual and interim)</p> <ul style="list-style-type: none">To validate a tenant’s SSNTo review and resolve discrepant or invalid personal identifiers of tenants with a “failed” or “deceased” status <p>Note: Nothing has to be done at the time of recertification with those tenants with an Identity Verification Status of “Not Verified”. However, the Failed SSA Identity Test report must be checked monthly as a change in the Identity Verification Status may occur.</p>	<p>Summary Report(s) as verification of the SSN for all household members whose Identity Verification Status is “Verified”.</p> <p>Correspondence or documentation received to resolve a tenant’s “Failed” or “Deceased” status.</p> <p>Documentation for household members identified as exempt from disclosing and providing verification of a SSN:</p> <ul style="list-style-type: none">Tenants who were 62 years of age or older as of January 31, 2010, and whose initial determination of eligibility was begun before January 31, 2010; andIndividuals who do not contend eligible immigration status <p>If the Summary Report in the tenant file shows an Identity Verification Status of “Verified” for all household members required to have a SSN, the Owner does not have to continue to print out the Summary Report at recertification unless there is a change in household composition or in a household member’s identity verification status</p>	<p>Tenant file Summary Report and supporting documentation must be retained in the tenant’s file for term of tenancy plus 3 years.</p> <p>Note: O/As may remove and destroy copies of verification documentation received from the tenant to verify their SSN once the Identity Verification Status shows “Verified”. O/As are encouraged to minimize the number of tenant records that contain documents that display the full nine-digit SSN.</p>

*TSP = Tenant Selection Plan P&P = Policies and Procedures

USE OF EIV REPORTS				
REPORT	*UPDATE	O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P		
INCOME REPORTS				
Note: A current, signed form HUD-9887 must be on file to view and/or use the income reports.				
A current, signed form HUD-9887-A must be on file to obtain written third party verification of income.				
Income Report Provides employment and income reported by HHS and SSA for each household member that passes the SSA identity test. Identifies tenants who: <ul style="list-style-type: none"> • May not have reported complete and accurate income information • May be receiving multiple subsidies See Paragraph 9-12.B		X Mandatory use at Recertification - Annual and Interim May be used at other times as indicated in O/A's policies and procedures. <ul style="list-style-type: none"> • Serves as third party verification of employment and income. New Admissions: <ul style="list-style-type: none"> • Review new admissions within 90 days after the move-in information is transmitted to TRACS to confirm/validate the income reported by the household. Resolve discrepancies in reported income with the family within 30 days of the EIV Income Report date.	No Dispute of EIV Information: <ul style="list-style-type: none"> • EIV Income Report • Current, acceptable tenant provided documents • Third party verification from the source, if necessary Disputed EIV Information: <ul style="list-style-type: none"> • EIV Income Report • Third party verification from the source for the disputed information Tenant-reported income not verified through the EIV system: <ul style="list-style-type: none"> • EIV Income Report • Current, acceptable tenant-provided documents, and/or • Third party verification from the source Any correspondence with/from tenant relating to disputes of the employment or income reported in EIV. Form HUD-50059(s)	Tenant File Retain copy of Income Report and supporting documentation with applicable form HUD-50059 for term of tenancy plus 3 years. Note: The O/A must make copies of any tenant provided documents and return the originals to the tenant.

*TSP = Tenant Selection Plan P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
INCOME REPORTS Cont'd.					
Note: A current, signed form HUD-9887 must be on file to view and/or use the income reports.					
A current, signed form HUD-9887-A must be on file to obtain written third party verification of income.					
Income Discrepancy Report Identifies households where there is a difference of \$2,400 or more in the wage, unemployment and SSA benefit information reported in EIV and wage, unemployment and SSA benefit information reported in TRACS for the period of income used for discrepancy analysis. The report serves as a tool to alert O/As that there may be a discrepancy in the income reported by the tenant during the period of income used for the discrepancy analysis. See Paragraph 9-12.C		X	Mandatory use at Recertification - Annual and Interim Report may be used at other times as indicated in O/A's policies and procedures. Must print the report at the same time the Income Report is printed. Discrepancies must be reviewed and resolved at the time of recertification or within 30 days of the EIV Income Report date. Review data in TRACS to make sure it agrees with the form HUD-50059 data. Correct any discrepant data in the TRACS database.	All correspondence to/from the tenant regarding the income discrepancy. Documentation received to resolve the discrepancy, including written third party verification of income, if applicable. The file must be documented regardless of whether the O/A determines the discrepancy to be valid or invalid. Corrected form HUD-50059(s), if applicable. Repayment Agreement, if applicable.	Tenant file Retain copy of Income Discrepancy Report and any documentation related to the resolution of the discrepancy, including any repayment agreements for term of tenancy plus 3 years.

*TSP = Tenant Selection Plan P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
INCOME REPORTS Cont'd.					
Note: A current, signed form HUD-9887 must be on file to view and/or use the income reports.					
A current, signed form HUD-9887-A must be on file to obtain written third party verification of income.					
No Income Reported on 50059		X	As identified in O/As policies and procedures.	Correspondence/documents received for re-verification of zero income tenants	Tenant File Any correspondence/documents received when re-verifying zero income tenants.
No Income Reported by HHS or SSA Identifies tenants who passed the SSA identity test but no income was reported by HHS or SSA. This does not mean that the tenant does not have any income. O/A must obtain written third party verification of any income reported by the tenant. Recommend "zero" income tenants be required to disclose and O/A re-verify income at least quarterly. These are tenants who report no income at all. See Paragraph 9-12.D.1.a		X	As identified in O/A's policies and procedures. Interview tenants, asking the right questions to provide the tenant the opportunity to disclose any income.	Third party verification from income sources of other income reported by tenant, if applicable. Correspondence/documents received for re-verification of zero income tenants.	Tenant file Any documentation or third party verifications for other income reported by the tenant for term of tenancy plus 3 years.

*TSP = Tenant Selection Plan P&P = Policies and Procedures

USE OF EIV REPORTS

REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
INCOME REPORTS Cont'd.					
Note: A current, signed form HUD-9887 must be on file to view and/or use the income reports.					
A current, signed form HUD-9887-A must be on file to obtain written third party verification of income.					
New Hires Report Identifies tenants who have new employment within the last 6 months. Report is updated monthly. See Paragraph 9-12.D.1.b		X	At least quarterly Contact tenant regarding new employment Confirm new employment with tenant. Request tenant provided documents to support current income and/or third party verification from employer, as applicable. Process Interim Recertification to include new income, if applicable.	New Hires Report with notation of action(s) taken. No Dispute of EIV Information: <ul style="list-style-type: none"> EIV Income Report Current, acceptable tenant provided documents Third party verification from the source, if necessary. Disputed EIV Information: <ul style="list-style-type: none"> EIV Income Report Third party verification from the source for disputed information Any correspondence with/from tenant relating to new employment and/or disputes of the employment or income reported in EIV. Form HUD-50059(s)	Master file Retain New Hires Summary Report in a master "New Hires Report" file for 3 years. Tenant file Retain New Hires Detail Report for the tenant along with any correspondence with tenant, third party verifications, form HUD-50059(s), etc., for term of tenancy plus 3 years.

*TSP = Tenant Selection Plan P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
VERIFICATION REPORTS					
Note: A form HUD-9887 is not required to view and/or use verification reports.					
Existing Tenant Search Identifies applicants who may be receiving assistance at another Multifamily or PIH location. See Paragraph 9-13.A	X		At the time of processing an applicant for admission Search each applicant and applicant household member to see if receiving assistance at another location. Discuss with tenant regarding circumstances relative to being assisted at another Multifamily or PIH property. Follow up with respective PHA or O/A to confirm the individual’s program participation status before admission. Coordinate move-in/out dates with PHA or O/A.	Search results for each member of the household. Results of any contact with applicant must be recorded on and/or with the search results for affected household member. Results of any contact with PHA, owner, management agent where applicant is reported as receiving assistance must be recorded on and/or with the search results for affected household member.	Application file If not admitted – retain search results and any supporting documentation with the application for 3 years. Tenant file If admitted – retain search results and any supporting documentation with the application for term of tenancy plus 3 years.

*TSP = Tenant Selection Plan P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
VERIFICATION REPORTS Cont'd.					
Note: A form HUD-9887 is not required to view and/or use verification reports.					
Multiple Subsidy Report Identifies tenants who may be receiving rental assistance at more than one location. See Paragraph 9-13.B		X	At least quarterly Must search both queries: <ul style="list-style-type: none">• Search within MF• Search within PIH Provide tenant opportunity to explain any circumstances relative to his/her being assisted at another location. Follow up with respective PHA or O/A, if necessary, to confirm tenant is being assisted at the other location. Depending on the results, may need to take action to terminate the assistance or tenancy and repay subsidy to HUD.	Search results Documentation supporting any contacts made or information obtained to determine if household and/or household member is receiving multiple subsidies. Documentation to support any action taken if household and/or household member is receiving multiple subsidies. Note: If a tenant’s multiple subsidies were discussed and resolved at the time of recertification, this must be noted on the printed report and no further action is required.	Master file Retain Multiple Subsidy Summary Report and supporting documentation in a master “Multiple Subsidy Report” file for 3 years. Tenant file Retain a copy of the Multiple Subsidy Detail Report for the tenant along with any documentation of action taken for a household member for term of tenancy plus 3 years.

*TSP = Tenant Selection Plan P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
VERIFICATION REPORTS Cont'd.					
Note: A form HUD-9887 is not required to view and/or use verification reports.					
Failed EIV Pre-screening Report Identifies tenants who have missing or invalid personal identifiers (last name, date of birth, SSN) in TRACS. These tenants will not be sent to SSA from EIV for the SSA identity test. Identifies tenants who need to disclose a SSN, e.g., replace TRACS generated ID number. See Paragraph 9-13.C.1		X	Monthly Follow up with tenants identified on the report where discrepant personal identifiers were not corrected at the time of recertification. Check accuracy of data entry, e.g., numbers not transposed in SSN. Contact tenant and confirm to verify discrepant personal identifiers Correct TRACS data within 30 days of the date of the report.	Failed EIV Pre-screening Report documented with action taken to resolve invalid or discrepant personal identifiers. Note: This report will include those persons who are exempt from the SSN disclosure and verification requirements. In these instances the O/A will note on the copy of the report retained in the “Failed EIV Pre-Screening Report” master file that tenant(s) is exempt from SSN requirements. Note: If a tenant’s information was corrected at the time of recertification but the EIV data has not yet been updated, this must be noted on the printed report and no further action is required.	Master file Retain copy of report in a master “Failed EIV Pre-screening Report” file for 3 years. Tenant file Documentation to verify discrepant personal identifiers for term of tenancy plus 3 years.
Failed Verification Report (Failed SSA Identity Test) Identifies tenants whose personal identifiers (last name, date of birth, SSN) do not match the SSA database. See Paragraph 9-13.C.2		X	Monthly Follow up with tenants identified on the report where discrepant personal identifiers were not corrected at the time of recertification. Check accuracy of data entry, e.g., numbers not transposed in SSN. Contact tenant and confirm to verify discrepant personal identifiers. Correct TRACS data within 30 days of the date of the report.	Failed Verification Report (Failed SSA Identity Test) report documented with action taken to resolve invalid or discrepant personal identifiers Note: If a tenant’s information was corrected at the time of recertification but the EIV data has not yet been updated, this must be noted on the printed report and no further action is required.	Master file Retain copy of report in a mater “Failed EIV SSA Identity Test” file for 3 years. Tenant file Documentation to verify discrepant personal identifiers for term of tenancy plus 3 years.

*TSP = Tenant Selection Plan P&P = Policies and Procedures

USE OF EIV REPORTS					
REPORT	*UPDATE		O/A REPORT USE	FILE DOCUMENTATION	RETENTION
	TSP	P&P			
VERIFICATION REPORTS Cont'd.					
Note: A form HUD-9887 is not required to view and/or use verification reports.					
Deceased Tenants Report Identifies tenants reported by SSA as being deceased. See Paragraph 9-13.D		X	At least quarterly Confirm, in writing, with head of household, next of kin or contact person or entity provided by the tenant to determine whether or not the person is deceased. If deceased, within 30 days from date of report: <ul style="list-style-type: none">Update family composition, and, if applicable, income and allowance, on the form HUD-50059. See Paragraph 7-13D of Handbook 4350.3 REV-1 for effective date.Single member of a household, process move-out using form HUD-50059-A. Effective date retroactive to earlier of 14 days after date of death or date unit vacated. Note: Overpayment of subsidy must be returned to HUD. Any discrepant data in TRACS must be updated within 30 days from the date of the report. Encourage tenant to contact SSA if SSA's data is incorrect.	Deceased Tenants Report Documentation obtained to resolve discrepancy. Form HUD-50059 with change of family composition. Form HUD-50059-A for move-out. Note: If action was taken to remove the deceased tenant from the household or to terminate tenancy of a deceased single member of a household at the time of recertification but the EIV data has not yet been updated, this must be noted on the printed report and no further action is required.	Master file Retain copy of report in a master “Deceased Tenants Report” file for 3 years. Tenant file Form HUD-50059 and/or form HUD-50059-A plus any other documentation received for a particular tenant must be retained for term of tenancy plus 3 years.

*TSP = Tenant Selection Plan P&P = Policies and Procedures

Appendix 3

Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^b and/or ^c	*Provided by Applicant ^c	Oral ^c			
<ul style="list-style-type: none">• Age. <p>*(See Chapter 3, Paragraph 3-28 C)*</p>	<ul style="list-style-type: none">• None required.	<ul style="list-style-type: none">• None required.	<ul style="list-style-type: none">• None required.	<ul style="list-style-type: none">• Birth Certificate• Baptismal Certificate• Military Discharge papers• Valid passport• Census document showing age• Naturalization certificate• Social Security Administration Benefits printout		

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and c}	*Provided by Applicant ^d	Oral ^c			
	<ul style="list-style-type: none">Copy of separation or divorce agreement provided by ex-spouse or court indicating type of support, amount, and payment schedule.Written statement provided by ex-spouse or income source indicating all of above.If applicable, written statement from court/attorney that payments are not being received and anticipated date of resumption of payments.	<ul style="list-style-type: none">Recent original letters from the court.	<ul style="list-style-type: none">Telephone or in-person contact with ex-spouse or income source documented in file by the owner.			
<ul style="list-style-type: none">Alimony or child support. <p>*(See Chapter 5, Paragraphs 5-6.F and 5-10.F)*</p>				<ul style="list-style-type: none">Notarized statement or affidavit signed by applicant indicating amount received.If applicable, notarized statement or affidavit from applicant indicating that payments are not being received and describing efforts to collect amounts due.	<ul style="list-style-type: none">Amounts awarded but not received can be excluded from annual income only when applicants have made reasonable efforts to collect amounts due, including filing with courts or agencies responsible for enforcing payments.	

***NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

****NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

***NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

d*NOTE: For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

e*NOTE: See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and d}	*Provided by Applicant ^e	Oral ^c			
	<ul style="list-style-type: none">• Assets disposed of for less than fair market value. <p>*(See Chapter 5, Paragraph 5-7.G.8)*</p>	<ul style="list-style-type: none">• None required.	<ul style="list-style-type: none">• None required.			
						<ul style="list-style-type: none">• Only count assets disposed of within a two-year period prior to *certification or recertification.*

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^b and ^c	*Provided by Applicant ^c	Oral ^c			
<ul style="list-style-type: none">Auxiliary apparatus. <p>*(See Chapter 5, Paragraph 5-10.C)*</p>	<ul style="list-style-type: none">Written verification from source of costs and purpose of apparatus.Written certification from doctor or rehabilitation agency that use of apparatus is necessary to employment of any family member.In a case where the disabled person is employed, statement from employer that apparatus is necessary for employment.	<ul style="list-style-type: none">Copies of receipts.	<ul style="list-style-type: none">Telephone or in-person contact with these sources documented in file by the owner.	<ul style="list-style-type: none">Evidence of periodic payments for apparatus.	<ul style="list-style-type: none">Not appropriate.	<ul style="list-style-type: none">The owner must determine if the expense is to be considered a medical or disability assistance.

^a**NOTE:** Requests for verification from ^aa third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

4

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			Self-Declaration	*Provided by Applicant	
	Written ^{b and d}	*Provided by Applicant ^c	Oral ^e			
<ul style="list-style-type: none">Care attendant for disabled family members. <p>*(Paragraph 5-10.C)*</p>	<ul style="list-style-type: none">Written verification from attendant stating amount received, frequency of payments, hours of care.Written certification from doctor or rehabilitation agency that care is necessary to employment of family member.	<ul style="list-style-type: none">Copies of receipts.	<ul style="list-style-type: none">Telephone or in-person contact with source documented in file by the owner.	<ul style="list-style-type: none">Cancelled checks indicating payment amount and frequency.	<ul style="list-style-type: none">Notarized statement or signed affidavit attesting to amounts paid.	<ul style="list-style-type: none">The owner must determine if this expense is to be considered a medical or disability assistance.

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and d}	*Provided by Applicant ^c	Oral ^e			
<ul style="list-style-type: none">Child care expenses (including verification that a family member who has been relieved of child care is working, attending school, or looking for employment). <p>*(Paragraph 5-10.B)*</p>	<ul style="list-style-type: none">Written verification from person who provides care indicating amount of payment, hours of care, names of children, frequency of payment, and whether or not care is necessary to employment or education.Verification of employment as required under Employment Income.Verification of student status (full or part-time) as required under Full-Time Student Status.	<ul style="list-style-type: none">Copies of receipts	<ul style="list-style-type: none">Telephone or in-person contact with these sources (child care provider, employer, school) documented in file by the owner.	<ul style="list-style-type: none">Cancelled checks indicating payments.For school attendance, school records, such as paid fee statements that show that the time and duration of school attendance reasonably corresponds to the period of child care.	<ul style="list-style-type: none">For verification of "looking for work," details of job search effort as required by owner's written policy.	<ul style="list-style-type: none">Allowance provided only for care of children 12 and younger.When same care provider takes care of children and disabled person, the owner must prorate expenses accordingly.Owners should keep in mind that costs may be higher in summer months and during holiday periods.The owner must determine which family member has been enabled to work.Care for employment and education must be prorated to compare to earnings.Costs must be "reasonable."

^a**NOTE:** Requests for verification from "a third party source" must be accompanied by a Consent to Release form "HUD-9887-A".

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and c}	*Provided by Applicant ^e	Oral ^d			
<ul style="list-style-type: none">Citizenship <p>*(See Chapter 3, Paragraph 3-12)*</p>					<ul style="list-style-type: none">Citizens must sign declaration certifying U.S. Citizenship.	<ul style="list-style-type: none">Owners may require applicants/residents to provide verification of citizenship.
<ul style="list-style-type: none">Current net family assets. <p>*(See Chapter 5, Paragraph 5-7.C)*</p>	<ul style="list-style-type: none">Verification forms, letters or documents received from financial institutions, stock brokers, real estate agents, employers indicating the current value of the assets and penalties or reasonable costs to be incurred in order to convert nonliquid assets into cash.	<ul style="list-style-type: none">Passbooks, checking, or savings account statements, certificates of deposit, property appraisals, stock or bond documents, or other financial statements completed by financial institution.Copies of real estate tax statements, if tax authority uses approximate market value.Copies of real estate closing documents that indicate distribution of sales proceeds and settlement costs.	<ul style="list-style-type: none">Telephone or in-person contact with appropriate source, documented in file by the owner.	<ul style="list-style-type: none">Quotes from attorneys, stockbrokers, bankers, and real estate agents that verify penalties and reasonable costs incurred to convert asset to cash.	<ul style="list-style-type: none">Notarized statement or signed affidavit stating cash value of assets or verifying cash held at applicant's home or in safe deposit box.	<ul style="list-style-type: none">Use current balance in savings accounts and average monthly balance in checking accounts for last 6 months.Use cash value of all assets (the net amount the applicant would receive if the asset were converted to cash).NOTE: This information can usually be obtained simultaneously when verifying income from assets and employment (e.g., value of pension).

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and d}	*Provided by Applicant ^e	Oral ^c			
		<ul style="list-style-type: none">• Verification from *appropriate source of information* stating that individual qualifies under the definition of disability.	<ul style="list-style-type: none">• Not appropriate.			
<ul style="list-style-type: none">• Disability status. <p>*(Paragraph 3-28.B)*</p>				<ul style="list-style-type: none">• Not appropriate.	<ul style="list-style-type: none">• If a person receives Social Security Disability solely due to a drug or alcohol problem, the person is not considered disabled under housing law. A person that does not receive Social Security Disability may still qualify under the definition of a person with disabilities.• Owners must not seek to verify information about a person's specific disability other than obtaining a professional's opinion of qualification under the definition of a person with disabilities.	

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

8

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^b and c	*Provided by Applicant ^c	Oral ^c			
<ul style="list-style-type: none">Dividend income and savings account interest income. <p>*(See Chapter 5, Paragraph 5-7)*</p>	<ul style="list-style-type: none">Verification form completed by bank.	<ul style="list-style-type: none">Copies of current statements, bank passbooks, certificates of deposit, if they show required information (i.e., current rate of interest).Copies of Form 1099 from the financial institution, and verification of projected income for the next 12 months.Broker's quarterly statements showing value of stocks/bonds and earnings credited to the applicant.	<ul style="list-style-type: none">Telephone or in-person contact with appropriate party, documented in file by the owner.	<ul style="list-style-type: none">Notarized statement or signed affidavit stating dividend income and savings account interest income.	<ul style="list-style-type: none">The owner must obtain enough information to accurately project income over next 12 months.Verify interest rate as well as asset value.	

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

9

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				
	Third Party ^a			*Provided by Applicant	Self-Declaration
	Written ^{b and d}	*Provided by Applicant ^e	Oral ^c		
<ul style="list-style-type: none">• Employment Income including tips, gratuities, overtime. <p>*(See Chapter 5, Paragraph 5-5.A and C and Paragraph 5-6.)*</p>	<ul style="list-style-type: none">• *EIV Income Report (mandatory)*• Verification form completed by employer. See Paragraph 9-10 for situations when this method of verification must be used prior to verifying through an original or authentic document generated by a third-party source.	<ul style="list-style-type: none">• W-2 Forms, if applicant has had same employer for at least two years and increases can be accurately projected.• Paycheck stubs or earning statements.	<ul style="list-style-type: none">• Telephone or in-person contact with employer, specifying amount to be paid per pay period and length of pay period. Document in file by the owner.		<ul style="list-style-type: none">• Notarized statements or affidavits signed by applicant that describe amount and source of income.
	<ul style="list-style-type: none">• *It is mandatory that the EIV Income Report be used as third-party verification of employment and income (24 CFR 5.233).*• Always verify: frequency of gross pay (i.e., hourly, biweekly, monthly, bimonthly); anticipated increases in pay and effective dates; overtime.• Require most recent *4-6* consecutive pay stubs; do not use check without stub.• For a fee, additional information can be obtained from The Work Number 800-996-7556; First American Registry 800-999-0350; and Verifax 800-969-5100. Fees are valid project expenses. Information does not replace third-party verification.				

***NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

***NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

***NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

***NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

***NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

10

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			Self-Declaration		
	Written ^{b and d}	*Provided by Applicant ^c	Oral ^c			
<ul style="list-style-type: none">Family composition. <p>*(See Chapter 3, Paragraph 3-27)*</p>	<ul style="list-style-type: none">None required.	<ul style="list-style-type: none">None required.	<ul style="list-style-type: none">None required.	<ul style="list-style-type: none">*Provided by Applicant<ul style="list-style-type: none">Birth certificatesDivorce actionsDrivers' licensesEmployer recordsIncome tax returnsMarriage certificatesSchool recordsSocial Security Administration recordsSocial service agency recordsSupport payment recordsUtility billsVeterans Administration (VA) records	<ul style="list-style-type: none">An owner may seek verification only if the owner has clear written policy.	

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

***NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and d}	*Provided by Applicant ^e				
		Oral ^c				
<ul style="list-style-type: none">Family type. (Information verified only to determine eligibility for project, preferences, and allowances.) <p>*(See Chapter 3, Paragraph 3-28)*</p>	<ul style="list-style-type: none">Disability Status: statement from physician or other reliable source, if benefits documenting status are not received. See paragraph 3.25 B.1 for restrictions on this form of verification.Displacement Status: Written statement or certificate of displacement by the appropriate governmental authority.	<ul style="list-style-type: none">Telephone or in-person contact with source documented in file by the owner.	<ul style="list-style-type: none">Elderly Status (when there is reasonable doubt that applicant is at least 62): birth certificate, baptismal certificate, social security records, driver's license, census record, official record of birth or other authoritative document or receipt of SSI old age benefits or SS benefits.Disabled, blind: evidence of receipt of SSI or Disability benefits.	<ul style="list-style-type: none">Elderly Status: Applicant's signature on application is generally sufficient.	<ul style="list-style-type: none">*When* the applicant receives income or benefits for which elderly or disabled status is a requirement, such status must be verified.Status of disabled family members must be verified for entitlement to \$480 dependent deduction and disability assistance allowance.Owner may not ask the nature/extent of disability.	
<ul style="list-style-type: none">Full-time student status (of family member 18 or older, excluding head, spouse, or foster children). <p>*(See Chapter 5, Paragraph 5-6.A.3)*</p>	<ul style="list-style-type: none">Verification from the Admissions or Registrar's Office or dean, counselor, advisor, etc., or from VA Office.	<ul style="list-style-type: none">Telephone or in-person contact with these sources documented in file by the owner.	<ul style="list-style-type: none">School records, such as paid fee statements that show a sufficient number of credits to be considered a full-time student by the educational institution attended.	<ul style="list-style-type: none">Not appropriate.		

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

12

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and d}	*Provided by Applicant ^e	Oral ^c			
	<ul style="list-style-type: none">• Verification of eligible immigration status must be received from DHS through the DHS SAVE system or through secondary verification using DHS Form G-845.		<ul style="list-style-type: none">• None.			
<ul style="list-style-type: none">• Immigration Status. <p>*(See Chapter 3, Paragraph 3-12)*</p>				<ul style="list-style-type: none">• Applicant/resident must provide appropriate immigration documents to initiate verification.	<ul style="list-style-type: none">• Noncitizens must sign declaration certifying the following: Eligible immigration status; or Decision not to claim eligible status.	<ul style="list-style-type: none">• Owners must require noncitizens requesting assistance to provide verification of eligible immigration status.
<ul style="list-style-type: none">• *Immigration Status (SSN) Individuals who do not contend eligible immigration status under the Section 221(a)(3) BMIR, Section 202 PAC, Section 202 PRAC, Section 811 PRAC programs <p>(See Chapter 3, Paragraph 3-9.A)*</p>					<ul style="list-style-type: none">• *Self-certification that they do not contend eligible immigration status.*	<ul style="list-style-type: none">• *This verification is for exemption of the requirement to disclose and provide verification of a SSN when an individual does not contend eligible immigration status only for the programs listed in the Factor to be Verified column.*

***NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

***NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

***NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

***NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

***NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

13

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and d}	*Provided by Applicant ^c	Oral ^e			
	<ul style="list-style-type: none">* EIV Income Report for Social Security benefits (mandatory) *Award or benefit notification letters prepared and signed by authorizing agency.	<ul style="list-style-type: none">Current or recent check stubs with date, amount, and check number recorded by the owner.Award *or benefit* letters or computer printout from court or public agency.Most recent quarterly pension account statement.	<ul style="list-style-type: none">Telephone or in-person contact with income source, documented in file by the owner.NOTE: For all oral verification, file documentation must include facts, time and date of contact, and name and title of third party.			
<ul style="list-style-type: none">Income maintenance payments, income benefits, income other than wages (i.e., welfare, Social Security [SS], Supplemental Security Income [SSI], Disability Income, Pensions). <p>*(See Chapter 5, Paragraph 5-6) *</p>				<ul style="list-style-type: none">Copies of validated bank deposit slips or bank statements, with identification by bank.	<ul style="list-style-type: none">Notarized statement of income received other than wages.	<ul style="list-style-type: none">*It is mandatory that the EIV Income Report be used as third-party verification of the Social Security benefit income received (24 CFR 5.233). *Checks or automatic bank deposit slips may not provide gross amounts of benefits if applicant has deductions made for Medicare Insurance.Pay stubs for the most recent four to six weeks should be obtained.Copying of U.S. Treasury checks is not permitted.Award letters/printouts from court or public agency may be out of date; telephone verification of letter/printout is recommended.

***NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

***NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

***NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

***NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

***NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

14

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^b and ^c	*Provided by Applicant ^b	Oral ^c			
<ul style="list-style-type: none">Interest from sale of real property (e.g., contract for deed, installment sales contract, etc.) <p>*(See chapter 5, Paragraph 5-7.G.7)*</p>	<ul style="list-style-type: none">Verification form completed by an accountant, attorney, real estate broker, the buyer, or a financial institution which has copies of the amortization schedule from which interest income for the next 12 months can be obtained.	<ul style="list-style-type: none">Copy of the contract.	<ul style="list-style-type: none">Telephone or in-person contact with appropriate party, documented in file by the owner.	<ul style="list-style-type: none">Copy of the amortization schedule, with sufficient information for the owner to determine the amount of interest to be earned during the next 12 months.NOTE: Copy of a check paid by the buyer to the applicant is not acceptable.	<ul style="list-style-type: none">Notarized statement of interest from sale of real property.	<ul style="list-style-type: none">Only the interest income is counted; the balance of the payment applied to the principal is merely a liquidation of the asset.The owner must get enough information to compute the actual interest income for the next 12 months.

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

15

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^b and ^c	*Provided by Applicant ^d	Oral ^e			
<ul style="list-style-type: none">Medical expenses. <p>*(See Chapter 5, Paragraph 5-10.D)*</p>	<ul style="list-style-type: none">Verification by a doctor, hospital or clinic, dentist, pharmacist, etc., of estimated medical costs to be incurred or regular payments expected to be made on outstanding bills which are not covered by insurance.	<ul style="list-style-type: none">Copies of income tax forms (Schedule A, IRS Form 1040) that itemize medical expenses, when the expenses are not expected to change over the next 12 months.Receipts, or pay stubs, which indicate health insurance premium costs, or payments to a resident attendant.Receipts or ticket stubs that verify transportation expenses directly related to medical expenses.	<ul style="list-style-type: none">Telephone or in-person contact with these sources, documented in file by the owner.	<ul style="list-style-type: none">Copies of cancelled checks that verify payments on outstanding medical bills that will continue for all or part of the next 12 months.Cancelled checks which indicate health insurance premium costs, or payments to a resident attendant.	<ul style="list-style-type: none">Notarized statement or signed affidavit of transportation expenses directly related to medical treatment, if there is no other source of verification.	<ul style="list-style-type: none">Medical expenses are not allowable as deduction unless applicant is an elderly or disabled family. Status must be verified.
<ul style="list-style-type: none">Need for an assistive animal. <p>*(See Chapter 3, Paragraph 3-29)*</p>	<ul style="list-style-type: none">Letter from appropriate third party unless the need is readily apparent or already known*.					<ul style="list-style-type: none">If the owner's policy is to verify this need, owner must implement policy consistently.

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and d}	*Provided by Applicant ^c	Oral ^c			
<ul style="list-style-type: none">Net Income for a business <p>*(See Chapter 5, Paragraph 5-6.H).*</p>	<ul style="list-style-type: none">Not applicable.	<ul style="list-style-type: none">Form 1040 with Schedule C, E, or F.Financial Statement(s) of the business (audited or unaudited) including an accountant's calculation of straight-line depreciation expense if accelerated depreciation was used on the tax return or financial statement.For rental property, copies of recent rent checks, lease and receipts for expenses, or IRS Schedule E.	<ul style="list-style-type: none">Not applicable.	<ul style="list-style-type: none">Any loan application listing income derived from business during the preceding 12 months.	<ul style="list-style-type: none">Notarized statement showing net income for a business.	
<ul style="list-style-type: none">Recurring contributions and gifts. <p>*(See Chapter 5, Paragraph 5-6.G).*</p>	<ul style="list-style-type: none">Notarized statement or affidavit signed by the person providing the assistance giving the purpose, dates, and value of gifts.	<ul style="list-style-type: none">Not applicable.	<ul style="list-style-type: none">Telephone or in-person contact with source documented in file by the owner.	<ul style="list-style-type: none">Not applicable.	<ul style="list-style-type: none">Notarized statement or affidavit signed by applicant stating purpose, dates, and value of gifts.	<ul style="list-style-type: none">Sporadic contributions and gifts are not counted as income.

***NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

***NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

***NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

***NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

***NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and d}	*Provided by Applicant ^c				
			Oral ^c			
<ul style="list-style-type: none">Self-employment, tips, gratuities, etc. <p>*(See Paragraph 5-5.C and Paragraph 5-6.H)*</p>	<ul style="list-style-type: none">None available.	<ul style="list-style-type: none">Form 1040/1040A showing amount earned and employment period.	<ul style="list-style-type: none">None available.	<ul style="list-style-type: none">Notarized statement or affidavit signed by applicant showing amount earned and pay period.		

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

***NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ^a			*Provided by Applicant	Self-Declaration	
	Written ^{b and d}	*Provided by Applicant ^c	Oral ^c			
<ul style="list-style-type: none">Social security number. <p>*(See Chapter 3, Paragraph 3-31)*</p>	<ul style="list-style-type: none">None required.		<ul style="list-style-type: none">None Required	<ul style="list-style-type: none">Original Social Security card*Original document issued by a federal or state government agency which contains the name, SSN, and other identifying information of the individual*Driver's license with SSNIdentification card issued by a medical insurance provider, or by an employer or trade union.Earnings statements on payroll stubsBank statementForm 1099Benefit award letterRetirement benefit letterLife insurance policyCourt records	<ul style="list-style-type: none">N/A	<ul style="list-style-type: none">Individuals who have applied for legalization under the Immigration Reform and Control Act of 1986 will be able to disclose their social security numbers but unable to supply cards for documentation.Social security numbers are assigned to these persons when they apply for amnesty. The cards go to DHS until the persons are granted temporary lawful resident status. Until that time, their acceptable documentation is a letter from the DHS indicating that social security numbers have been assigned.

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

19

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES					Verification Tips
	Third Party ²			*Provided by Applicant	Self-Declaration	
	*Provided by Applicant ^e		Oral ^c			
	Written ^{b and d}					
<ul style="list-style-type: none">*Student Status (Section 8 only) (See Chapter 3, Paragraphs 3-13.A and 3-33.A)*	<ul style="list-style-type: none">*Enrolled full-time and/or part-time at an institution of higher educationVerification of independence from parentsFinancial assistance received*				<ul style="list-style-type: none">*Signed declaration and certification of income from parentsCertification of income provided by parent or from persons not living in the unit with the student*	<ul style="list-style-type: none">*May also need to verify age; dependent children; marital status; tuition; veteran status and /or disability status.*
<ul style="list-style-type: none">*Student status (Section 221(d)(3) BMIR, Section 202 PAC, Section 202 PRAC and Section 811 PRAC) See Chapter 3, Paragraph 3-13.B and 3-33.B)*	<ul style="list-style-type: none">*Enrolled full-time and/or part-time at an institution of higher educationVerification of independence from parentsFinancial assistance received*				<ul style="list-style-type: none">*Certification of income provided by parent or from persons not living in the unit with the student*	
<ul style="list-style-type: none">Unborn children.	<ul style="list-style-type: none">None required.		<ul style="list-style-type: none">None required.	<ul style="list-style-type: none">None required.	<ul style="list-style-type: none">Applicant/tenant self-certifies to pregnancy.	<ul style="list-style-type: none">Owner may not verify further than self-certification.

***NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

***NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

***NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

***NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

***NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

20

8/13

Appendix 3: Acceptable Forms of Verification

Factor to be Verified	ACCEPTABLE SOURCES				Verification Tips
	Third Party ^a			Self-Declaration	
	Written ^{b and c}	*Provided by Applicant ^d	Oral ^e		
<ul style="list-style-type: none">Unemployment compensation. *(See Chapter 5, Paragraphs 5-5.A, 5-6.J and Q)*	<ul style="list-style-type: none">*EIV Income Report (mandatory) *Verification form completed by source.	<ul style="list-style-type: none">Copies of checks or records from agency provided by applicant stating payment amounts and dates.Benefit notification letter signed by authorizing agency.	<ul style="list-style-type: none">Telephone or in-person contact with agency documented in a file by an owner.	<ul style="list-style-type: none">Notarized statement of unemployment compensation received.	<ul style="list-style-type: none">*It is mandatory that the EIV Income Report be used as third-party verification of employment and income (24 CFR 5.233)*.Frequency of payments and expected length of benefit term must be verified.Income not expected to last full 12 months must be calculated based on 12 months and interim recertification completed when benefits stop.

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

21

8/13

Appendix 3: Acceptable Forms of Verification

ACCEPTABLE SOURCES						
Factor to be Verified	Third Party ^a			*Provided by Applicant	Self-Declaration	Verification Tips
	Written ^b	*Provided by Applicant ^c	Oral ^c			
	<ul style="list-style-type: none">• Verification form completed by welfare department indicating maximum amount family may receive.• Maximum shelter schedule by household size with ratable reduction schedule.		<ul style="list-style-type: none">• Telephone or in-person contact with income source, documented in file by the owner.			
<ul style="list-style-type: none">• Welfare payments (as-paid states only). <p>*(See Chapter 5, Paragraph 5-6.K)*</p>		<ul style="list-style-type: none">• Not applicable.	<ul style="list-style-type: none">• Not applicable.	<ul style="list-style-type: none">• Not applicable.	<ul style="list-style-type: none">• Notarized statement of welfare payments received.	<ul style="list-style-type: none">• Actual welfare benefit amount not sufficient as proof of income in "as-paid" states or localities since income is defined as maximum shelter amount.
<ul style="list-style-type: none">• Zero Income. <p>*(See Chapter 9, Paragraph 9-11.D)*</p>		<ul style="list-style-type: none">• Not applicable.	<ul style="list-style-type: none">• Not applicable.	<ul style="list-style-type: none">• Not applicable.	<ul style="list-style-type: none">• Applicant/Tenant self-certifies to zero income.	<ul style="list-style-type: none">• Owners may require applicant/tenant to sign verification release of information forms for state, local, and federal benefits programs, as well as the HUD 9887 and HUD 9887-A.• Owners may require the tenant to reverify zero income status at least every 90 days.

^a**NOTE:** Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.

^b**NOTE:** If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.

^c**NOTE:** For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.

^d**NOTE:** For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*

^e**NOTE:** See examples and requirements found in Paragraph 5-13.B.1

HUD Occupancy Handbook

Appendix 3: Acceptable Forms of Verification

22

8/13

Notes

CHAPTER 6 **Multifamily Project-Based Rental Assistance (PBRA) Rent Calculation**

LEARNING OUTCOMES

Upon completion of this chapter, you should be able to:

- Calculate TTP using total monthly income, minimum rent, and adjusted monthly income
- Describe the regulations governing the minimum rent and the process for minimum rent hardship exemptions
- Determine the role of the utility allowance and when a family would receive a utility reimbursement payment
- Calculate rent using annual and adjusted income
- Calculate gross rent
- Calculate the HAP and tenant rent for a household using the contract rent, utility allowance, and gross rent
- Calculate prorated rent for mixed families

Section 1 **Definitions**

- **Contract Rent:** The amount of rent an owner/agent is entitled to collect to operate and maintain the property. This rent amount is approved by HUD or the Contract Administrator (CA) at the time of contract renewal or annual rent increase. *Note:* In the Section 236 programs this is known as the basic rent.
- **Gross Rent:** The contract rent plus the utility allowance. (Note: In Section 202 and 811 PRACS, this is the same as the operating rent.)
- **Housing Assistance Payment (HAP):** The payment made by HUD or the CA to the owner/agent of an assisted unit that equals the gross rent minus the TTP.
- **Market Rent:** The amount HUD allows the owner/agent to collect from families who are ineligible for assistance.
- **Section 8 Minimum Rent:** The lowest TTP permitted for residents receiving assistance. Tenants in Section 8-subsidized units must pay a minimum TTP of \$25.

Section 1: Definitions

- **Tenant Rent (TR):** The amount payable each month by the family as rent to the owner/agent.
- **Total Tenant Payment (TTP):** The amount the tenant pays toward rent and utilities. The TTP for Section 8, PAC, PRAC, RAP, and Rent Supplement properties is based on the family's income.
- **Utility Allowance (UA):** HUD or the CA's estimate of the average monthly amounts tenants will pay for utilities assuming normal consumption. If all utilities are included, there is not a utility allowance.
- **Utility Reimbursement Payment (URP):** The amount, if any, by which the utility allowance for a unit, if applicable, exceeds the TTP for the family occupying the unit. The tenant will pay no rent if they receive a URP.

Section 2 Total Tenant Payment in PBRA

HUD Handbook 4350.3
Chapter 5, Section 4

In PBRA, total tenant payment (TTP) is the amount a tenant is expected to contribute toward rent and utilities. In PBRA, TTP is the highest of the following numbers:

- 30 percent of monthly adjusted income
- 10 percent of family's monthly gross income
- Welfare rent (in as-paid localities only)
- The \$25 minimum rent

The owner/agent may only admit an applicant if their TTP is less than the gross rent. In other words, the applicant must initially qualify for assistance in the PBRA unit.

Example: Calculating TTP in PBRA

The Gibsons are a Section 8-assisted household that lives at Happy Valley Apartments. Their income and TTP calculation is as follows:

- Annual income: \$20,000
- Monthly income: $\$20,000/12 = \$1,667$
- 10 percent of monthly gross income: \$167
- Adjusted income: \$18,620
- Monthly adjusted income: $\$18,620/12 = \$1,552$
- 30 percent of adjusted monthly income: \$466
- Minimum rent: \$25
- Welfare rent: n/a

The family's TTP is \$466

Section 2: Total Tenant Payment in PBRA

Example: Calculating TTP in Other Programs

In PAC, PRAC, and RAP, TTP is calculated the same way as in PBRA, except that the minimum rent only applies to Section 8.

In the RAP and PAC programs, the owner/agent may admit an applicant only if their TTP is less than the gross rent. In PRAC properties, the TTP may exceed the PRAC operating rent.

In Rent Supplement properties, TTP is the greater of:

- 30 percent of monthly adjusted income; or
- 30 percent of gross rent

At move-in or initial certification, the amount of Rent Supplement assistance may be no less than 10 percent of the gross rent or the tenant is not eligible.

Section 2: Total Tenant Payment in PBRA

Learning Activity 6-1: Calculation of TTP

Using the information below, calculate the family's TTP for the PBRA program.

- Total annual income \$15,780
- Adjusted annual income \$11,392
- Minimum Rent \$25

Gross Annual Income	\$
Adjusted Annual Income	\$
Adjusted Monthly Income	\$
Adjusted Monthly Income x 30%	\$
Gross Monthly Income x 10%	\$
Greater of 30% AMI, 10% GMI or \$25 = TTP	\$

Section 3 Minimum Rent

APPLYING MINIMUM RENTS

*HUD Handbook 4350.3
Chapter 5, Paragraph 5-26 D*

- Tenants in PBRA properties must pay a minimum TTP of \$25
- Minimum rents are only used when 30 percent of adjusted income and 10 percent of gross income are below \$25
- Minimum rent includes the tenant portion for rent and utilities

Example: Minimum Rent in PBRA

The Walkers are a Section 8-assisted household that lives at Happy Valley Apartments. Their income and TTP calculation is as follows:

- Annual income: \$1,200
- Monthly income: $\$1,200/12 = \100
- 10 percent of monthly gross income: \$10
- Adjusted income: \$720
- Monthly adjusted income: $\$720/12 = \60
- 30 percent of adjusted monthly income: \$18
- Minimum rent: \$25
- Welfare rent: n/a

The family's TTP is the minimum rent of \$25

EXEMPTIONS TO MINIMUM RENT

*HUD Handbook 4350.3
Chapter 5, Paragraph 5-26 D*

Owners/agents must waive the minimum rent for any family unable to pay due to a long-term financial hardship, including:

- Loss of assistance or waiting for eligibility determination
- Imminent eviction if the minimum rent was imposed
- Income decrease due to change in circumstances (i.e. lost job etc.)
- Death in the family
- Other acceptable situations (as determined by HUD)

Section 3: Minimum Rent

IMPLEMENTING AN EXEMPTION REQUEST

When a tenant requests an exemption, the owner/agent must waive the \$25 minimum rent beginning the month immediately following the request.

Rent is adjusted to the highest of 30 percent of adjusted income or 10 percent of gross income. TTP will not automatically drop to zero. TTP will only be zero if the individual has no income.

The owner/agent may request reasonable documentation in order to determine if the hardship is temporary or long term. Determinations should be made within one week of receipt of the request.

NO qualifying financial hardship

If the owner/agent determines there is no hardship covered by the statute, the minimum rent must be immediately reinstated, and the tenant must pay any minimum rent that was not paid.

The owner/agent may not evict for the tenant for nonpayment of rent during the time the owner/agent was making the determination.

The owner/agent and tenant should enter into a reasonable repayment agreement if needed.

Temporary qualifying financial hardship

If the owner/agent determines a qualifying financial hardship is temporary, the minimum rent may not be imposed for a period of 90 days from the date of the suspension. At the end of the 90-day suspension period, the tenant is responsible for paying the minimum rent back to the date of the initial suspension.

The owner/agent cannot evict the tenant for nonpayment of rent during the time the owner/agent was making the determination, and the owner/agent and tenant should enter into a reasonable repayment agreement if needed.

Section 3: Minimum Rent

Long Term Qualifying Financial Hardship

If the owner/agent determines a qualifying financial hardship is long term, the owner/agent must exempt the family from the minimum rent requirements for as long as the hardship continues. The exemption applies from the beginning of the month following the family's request for a hardship exemption until the end of the qualifying financial hardship.

- The owner/agent must recertify the tenant every 90 days while the exemption is in place.
- The owner/agent must process an interim recertification (IR) to implement the long-term exemption.

Section 3: Minimum Rent

Learning Activity 6-2: Temporary Hardship

Using the information below, fill in the blanks

Due to an illness resulting in surgery, Brooks Davis took a six week leave of absence from his part-time job. He has no income during this time. He requests a financial hardship exemption. The owner/agent reviews his request and determines that the hardship is not long-term. The following schedule is implemented:

Current TTP	\$25
Hardship request received	May 10
Owner/agent approves request	June 1
June TTP:	\$ _____
July TTP:	\$ _____
August TTP:	\$ _____
90-day period ends	August 10
Total balance due from tenant	\$ _____

Tenant agrees to repay \$20 per month for three months and \$15 on the fourth month.

Monthly payments:

September-November:	_____
December:	_____
January:	_____

Section 4 Tenant Rent and Utility Allowances

TENANT RENT

After the TTP has been determined, the owner/agent must determine tenant rent which is the amount payable by the family each month to the owner/agent. The tenant rent is calculated by subtracting the utility allowance, if any, from the family's TTP.

$$\text{TTP} - \text{UA} = \text{Tenant Rent}$$

Example: Tenant Rent Calculation

Total Tenant Payment: \$466

Utility Allowance: \$65

Tenant Rent: $\$466 - \$65 = \$401$

UTILITY ALLOWANCES

*HUD Handbook 4350.3
Chapter 5, Paragraph 5-26 C;
Notice H 2015-04;
24 CFR 5.632*

Projects in which the tenant pays all or some of the utilities have a HUD-approved utility allowance that reflects an estimated average amount tenants will pay for utilities, assuming normal consumption. Each owner/agent is responsible for calculating the utility allowance based on requirements set forth in Notice H 2015-04.

- Note that the O/A has the option of making utility reimbursement payments not less than once per calendar year quarter when reimbursements total \$45 or less.

When the TTP is less than the utility allowance, the tenant receives a utility reimbursement to assist in meeting utility costs. In this case, the tenant pays no rent.

Example: Utility Reimbursement Calculation

Total Tenant Payment: \$35

Utility Allowance: \$65

Tenant Reimbursement: $\$65 - \$35 = \$30$

Section 5 Housing Assistance Payment (HAP)

GROSS RENT

The contract rent is the amount of rent the owner/agent is entitled to collect to operate and maintain the property. The gross rent for the unit is calculated by adding the utility allowance for the unit to the contract rent.

HAP

*HUD Handbook 4350.3
Chapter 4, Paragraph 5-26*

In the PBRA program, the housing assistance payment (HAP) is the assistance payment made by HUD/CA to owner/agents with units receiving Section 8 program assistance. Each month the owner/agent bills HUD for HAP for each unit under contract. HAP is calculated by subtracting the family's TTP from the gross rent for the unit (contract rent plus utility allowance).

$$\text{Gross rent} - \text{TTP} = \text{HAP}$$

Example: Calculation of HAP

Gross Rent: \$750

TTP: \$230

HAP: \$750 - \$230 = \$520

Multifamily Rent Calculation

Multifamily Project-Based Rental Assistance (PBRA) Rent Calculation

Section 5: Housing Assistance Payment (HAP)

Learning Activity 6-3: Calculating HAP

Using the information below, calculate the household's HAP:

Annual Income	\$20,100
Adjusted Income	\$19,140
Contract Rent	\$850
Utility Allowance	\$50

Adjusted Monthly Income x 30%	\$
Monthly Income x 10%	\$
Greater of 30% AMI, 10% GMI or \$25 Equals TTP	\$
Minus Utility Allowance	\$
Equals Tenant Rent	\$
Gross Rent	\$
Minus TTP	\$
Equals HAP	\$

Section 6 Proration of Assistance

HUD Handbook 4350.3
Chapter 3

A mixed family is one that includes those with citizenship or eligible immigration status and those without citizenship or eligible immigration status. An eligible family who requests assistance must be provided with prorated assistance.

Mixed families that were in occupancy and received full assistance prior to the verification of citizenship/immigration status may be eligible for one of three types of assistance.

- Continued assistance if the family was receiving prior to June 19, 1995
- Prorated assistance
- Temporary deferral of termination of assistance

To calculate prorated assistance, adjust the amount of assistance received based on the number of family members who are eligible compared with the total number of family members. Assistance is calculated by multiplying a family's full assistance by this fraction.

- The number of eligible people in the family divided by the total number of persons in the family determines the fraction.
- This fraction is then multiplied by the full assistance payment
- The reduced payment results in a revised tenant rent for the family

Section 6: Proration of Assistance

Note: The rules for calculating prorated assistance differ in other programs.

Example 1: Section 8 or Rent Supplement Prorated Rent

A family has three persons. Two are citizens and one is an ineligible non-citizen (non-contending). The gross rent for the unit is \$750. The family's Total Tenant Payment (TTP) is \$230.

Gross rent: \$750

TTP: \$230

Section 8 assistance: $\$750 - \$230 = \$520$

Fraction is:

Number of eligible family members: 2

Total number of family members: 3

Prorated assistance: $\$520 \times \frac{2}{3}$ (66.67%) = \$347

Tenant rent increase: $\$520 - \$347 = \$173$
(HAP minus prorated HAP)

New family rent: $\$230 + \$173 = \$403$
(TTP plus tenant rent increase)

Section 6: Proration of Assistance

Example 2: Section 8 Prorated Rent (with Utility Allowance)

A family has five persons. Three are citizens, and two are ineligible non-citizens (non-contending). The contract rent for the unit is \$600. The utility allowance is \$40. The family's TTP is \$200.

Contract rent: \$600

Utility allowance: \$40

Gross rent: $\$600 + \$40 = \$640$

TTP: \$200

HAP: $\$640 - \$200 = \$440$

Fraction is:

Number of eligible family members: 3

Total number of family members: 5

Prorated assistance: $\$440 \times \frac{3}{5}$ (60%) = \$264

Tenant rent increase: $\$440 - \$264 = \$176$
(HAP minus prorated HAP)

New family rent: $\$200 + \$176 - \$40 = \336 (TTP plus rent increase minus UA)

RAD PBRA: Rent Phase-In

If a resident's rent increases by the greater of 10 percent or \$25 purely as a result of the conversion, the rent increase will be phased in over 3 years, 5 years, or a combination depending on circumstances. The PHA must set the length of the phase-in policy that must be in place at the time of the conversion and may not be modified thereafter. Once the Multifamily housing TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay their full TTP from that point forward. See Notice H-2019-09 for examples of phase-ins.

Section 7 TRACS and RAD

SYSTEM OVERVIEW

The Multifamily Housing arm of HUD uses the Tenant Rental Assistance Certification System (TRACS) to house resident data for each property. The current version is 202.D. The release of 203.A has been delayed. The most recent delay is due to lack of approval from the Office of Management and Budget (OMB) for changes to forms as a result of the update, for example:

- 50059 (certification)
- 52670 (monthly HAP voucher)
- Race and Ethnic Data (27061H)
 - List is not all inclusive

Owners must have a WASS username and password to access TRACS. You must access TRACS at least every 90 days or your access will be terminated. If your access gets terminated, call 1-888-245-4860 to reinstate access. This is not a general help line; it is for access only.

TRACS coordinators are responsible for certifying TRACS users annually. Annually, users and coordinators must complete the TRACS Rules of Behavior (ROB) certification, which is separate from EIV, and the cyber awareness training, which is the same as EIV. The Rules of Behavior can be found by logging into HUD's secure systems and choosing either TRACS or iMAX, then printing and signing the certification form, which should be kept in your EIV permanent records file. The TRACS ROB and cyber awareness certificate are subject to review during an MOR, the same as the EIV ROB and other EIV documents.

Each owner must have a TRACSMail ID. The link to submit the TRACSMail ID Request and Registration Form is at NMAResources.com.

Section 7: TRACS and RAD

For every 50059 and 50059-A created, a corresponding TRACS file is also created to be sent to HUD. Tenant data **MUST** be submitted before the HAP voucher request monthly. Data should be submitted throughout the month as 50059 and 50059A certifications are completed. TRACS data and voucher requests must be submitted no later than the tenth of the month before the voucher month but cannot be sent earlier than the first of the month.

Example: Requests for April voucher payments are sent after March 1 but no later than March 10.

The Integrated Multifamily Access Exchange System (iMAX) is a web interface and a system-to-system interface to allow the owner's software to communicate with HUD systems. The owner's software has the capability to create TRACS files, send them to TRACS, and receive messages from TRACS, using the TRACSMail ID created during the owner's setup phase. If the TRACSMail ID and password are unknown, check in the owner's software, or with the software provider. As data is submitted to TRACS, the software will prompt the owner to enter their WASS username and password. For system-to-system data the send and receive is done automatically. For web transmission of data, instructions will be given to the owner by the software provider.

RAD PBRA Voucher Payments

RAD properties will not begin to receive voucher payments through the multifamily TRACS system until January 1 of the year following the conversion. The time period from the conversion date through December 31 is called the year of conversion.

Example: If the HAP contract is effective 11/1/2023, the property will not receive HAP voucher payments until 1/1/2024.

During the year of conversion, the owner must submit vouchers with a \$0 payment request (a zero-sum voucher). In order to make the amount zero, a miscellaneous accounting request is created. All vouchers submitted during the year of conversion must be zero sum. TRACS will not accept a voucher unless it is zero sum during this time period.

THE 50059 AND 50059-A

The following 50059s are full certifications: Move in (MI), Initial (IC), Annual (AR), and Interim (IR). These are monthly activity transmission (MAT) 10 records in TRACS and are the most important data files submitted to TRACS. Any time an error needs to be corrected on a 50059 certification, the owner must start with the last MAT 10 file accepted by TRACS and work from there to complete the correction. A resubmission of the last full certification acts as the new baseline for the family. All 50059s must be signed and dated by the owner and all household members who are 18 or older. All required parties must sign and date the 50059 on or before the certification effective date, but they do not all have to be on the same date. The owner must not submit a 50059 to TRACS until all required members have signed and dated the form. If any required party does not sign the 50059, the family is ineligible for subsidy. System-generated signature dates are not acceptable, each required party must physically date the form when it is signed. There are a few exceptions for extenuating circumstances under which a household member is unable to sign. There are specific reason codes that are listed in the MAT User Guide, Chapter 5 that the owner must use when submitting the 50059 to TRACS. When the household member is able to sign, a corrected 50059 must be submitted, with the signature dates.

Examples include:

- Hospitalization
- Deployment
- Nursing care
- Students away at college
- Other reasonable accommodations

The following 50059-As are referred to as partial certifications: Move-Outs (MO MAT 40), Gross Rent Changes (GR MAT 70), Unit Transfers (UT MAT 70), and Terminations (TM MAT 65).

Section 7: TRACS and RAD

RAD CONVERSIONS

When converting existing household to RAD an Initial Certification (IC) must be created and submitted to TRACS. The total tenant payment (TTP) that was in place on the last 50058 before conversion must match the TTP on the IC 50059. In-place residents at the time of conversion retain the recertification date listed on the last 50058. The information used for the IC is the information taken from the last 50058. However, some information that is required to be submitted on the IC 50059 is not collected and included on the 50058. These fields must be completed by the owner when creating the IC 50059. The information that is not included on the 50058 but must be entered on the IC 50059, includes:

- Subsidy type
- Imax ID
- Previous household code
- Displacement status code
- Effective date
- Anticipated voucher date
- Project move-in date
- Certification type
- EIV indicator
- Household citizenship
- TTP
- Extenuating circumstances code
- Previous subsidy type
- Unit transfer code
- Security deposit
- TTP at RAD conversion
- Family has mobility disability
- Family has a hearing disability
- Family has a visual disability
- Number of non-members
- Expected family addition
- TTP override
- Rent override
- Eligibility check not required

Section 7: TRACS and RAD

In order to move a family from PIH and PIC, the owner must:

- Send an end of participation (EOP) for each household to PIC
- Create a new IC 50059 and send to TRACS
- Move required documents from PIH file to multifamily (MF) file

The owner must not enter any information under Debts Owed in EIV at EOP.

When creating the conversion IC 50059 for each household, the owner must set the “do not check eligibility” code. Families are not rescreened at conversion, and over-income families continue to qualify.

In-place tenants at the time of conversion are protected from rent increases on the date of conversion. If their TTP would be different from the 50058 on the IC 50059, the owner must use the rent override option to enter an alternate TTP and TRACS will accept it. The owner must check to make sure the override flag is set only for the IC conversion process, and the default PBRA calculation rules will apply after conversion.

In-place tenants at the time of conversion are eligible to have rents phased in if, purely as a result of the conversion, the amount the tenant would pay for rent and utilities (TTP) would increase by more than the greater of 10 percent or \$25. If that is the case, the tenant rent increase is phased in over a three or five-year phase-in period. The PHA must have a written policy in place at the time of conversion for the length of the phase-in. The PHA may choose either a three or five-year period, or a combination of the two.

- Example: The PHA may choose a three-year phase-in for smaller increases, and a five-year phase-in for larger increases.

The policy may not be modified after conversion.

If rent phase-in applies, the O/A must override the regular rent calculation by noting Y in the rent override field of the 50059.

Section 7: TRACS and RAD

The phase-in percentages of a three-year term are:

- At conversion- match 50058 TTP
- Year 1: 33 percent of the difference in the most recent TTP and the new TTP (any AR or IR)
- Year 2: 66 percent of the difference in the most recent TTP and the new TTP (any AR or IR)
- Year 3: Total calculated Multifamily TTP

The phase-in ends when the multifamily housing TTP is equal to or less than the previous TTP, or at the end of the three or five-year phase-in period.

EXAMPLE OF A THREE-YEAR PHASE-IN:

Adam East is a former PH resident paying the \$500 flat rent at the time of conversion, but his TTP should be \$1,000 based on PBRA calculation rules, so the owner must follow the steps below:

- At conversion:
 - Rent override: Y
 - Total tenant payment: \$500
 - TTP before override: \$1000
 - TTP at RAD conversion: \$500
 - No change on the date of conversion
- At the first AR, let's say that the resident's rent has increased to \$1,100
 - TTP at AR: \$1,100 – TTP at RAD conversion: \$500 = difference of \$600
 - $\$600 \times 33\% = \198
 - TTP at conversion: \$500
 - Amount to phase in: \$198
 - Year 1 TTP: \$698

Section 7: TRACS and RAD

- TRACS will be as follows:
 - Rent override: Y
 - TTP: \$698
 - TTP before override: \$1100
 - TTP at conversion: \$500
- Year 2
 - Let's say that two months later the resident loses a job and their rent has now dropped to \$600
 - More than it was at conversion but less than the last TTP the resident was paying
 - O/A will conduct the IR and submit the 50059 data to TRACS
- This is the end of the phase-in for this household
- TRACS will be as follows:
 - Rent override: blank
 - TTP: \$600
 - TTP before override: \$600
 - TTP at conversion: \$500

At all IR or AR recertifications after this, the rent override will be left blank, and the TTP before override and TTP at conversion lines will also be left blank.

The percentages used in the example above are from the Notice PIH 2012-32 (REV-2) and are to be used in TRACS 202D. When TRACS 203A is released, the phase-in percentages will change to the amounts used in Notice H 2017-03 (REV-3). Owners are not to use these new percentage calculations until HUD publishes the new 203.A version of TRACS.

Section 7: TRACS and RAD

AR/IR CORRESPONDING TO CONVERSION DATE

There may be an AR or an IR that is supposed to be effective on the same date as the conversion IC. Recertifications must still be completed, so the owner must:

- Create the IC using the most recent 50058.
- Determine if the phase-in applies.
- Obtain signatures and dates for all required parties and send to TRACS.
- After TRACS has accepted the IC and it shows as current, correct the conversion IC using the new income or family composition data from the AR or IR.

The certification must be done as a correction (CR) to the IC, not as an IR or AR. If the phase-in is applicable, the phase-in rules apply to the CR. The owner must check the next AR certification date to ensure it is the correct date due for the next year.

- Example: A November 1, 2023 conversion IC correction CR for a corresponding November 1, 2023 AR would show the next AR as due November 1, 2024.

NONCITIZEN RULES IN RAD

HUD has stated that the prorated rent rules for mixed families only apply to a household that is receiving assistance. For households not qualifying for assistance, the regular calculation rules apply.

RAD OVER-INCOME RESIDENTS

The rule for over-income residents is unique to RAD properties. For residents whose income make their TTP exceed gross rent, the resident's rent is not capped at contract rent. It is possible for the HAP on the 50059 to show \$0 or be a negative amount. However, the current version of TRACS will not accept a certification with HAP listed as \$0 or a negative number. Because TRACS 202D will not accept this equation, even though the RAD rules are clear, owners are currently required to use the following workaround (until HUD publishes 203.A):

- Create and send a Termination (TM) to TRACS.
- Charge the resident the TTP that is calculated using the PBRA rules (with no contract rent cap).

Section 7: TRACS and RAD

Example: Sally Hansen was receiving HAP and was not eligible for a rent phase-in at conversion. She reports on 2/1/2023 for her first AR after conversion and has no significant income changes. On 4/1/2023, she reports for an IR that she has a new income source, as follows:

- Unit rent before income change: \$700
- HAP request before change: \$10 (making the contract rent \$710)
- New adjusted income after change: \$30,000
- 30 percent of adjusted income: $\$9,000/12 = \750
- HAP request after income change: -\$40
- The IR is effective 5/1/2023 and signed but not sent to TRACS
- The owner's software may or may not allow the owner to create this IR in the software system
- If not, the owner will have to create the IR 50059 manually
- The resident is charged \$750 per month in rent
- The owner creates a Termination (TM) effective 4/30/2023 and submits to TRACS
- The resident will no longer show on vouchers moving forward
- The resident's unit is no longer a part of the assisted unit count in TRACS
- All certifications after this will be calculated using the true 30 percent of adjusted monthly income (and may have to be done manually)
- And they will no longer appear on the voucher requests
- The owner will keep calculating IR and AR requests but not submitting them to TRACS as long as no HAP is being requested
- The owner will not pull EIV reports for the resident during the time they are not receiving assistance
- The resident may receive assistance again if they are ever income eligible again
- Subsidy would be restored by creating an Initial Certification (IC)

COMBINING CERTIFICATIONS

When a full certification and a partial certification are effective on the same day, the certifications are combined on the full certification. This is common when gross rent changes or unit transfers are effective on the same day as an AR or an IR.

Example: A resident's AR is due April 1:

- Resident reports timely and the AR is sent to TRACS on March 10
- On May 9, the owner completes a requested GR and enters it into site software with an April 1 retroactive effective date
- A Correction (CR) to the AR must be completed and sent to TRACS
- The full, corrected AR 50059 will be the only certification submitted to TRACS
- With the new, correct assistance payment amount
- The correction to the AR must be submitted as a CR to the AR as a MAT 10 file

MONITORING TRACS FOR COMPLIANCE

Owners must keep in mind that a full 50059 certification must always be signed by the owner and all adult household members, but the 50059-A must only be signed by the head of household, and only if the resident's portion of the rent or the resident's utility reimbursement payment will change. Because of this rule, if the gross rent change caused a correction to a previously submitted 50059, you must get the signatures of all adult household members on that corrected 50059 certification, even if the resident portion does not change, because it is a full certification, not a partial certification.

It is the responsibility of the owner to ensure continual TRACS compliance. Owners are required to address TRACS errors and TRACS messages. The MAT User Guide provides information and instruction on this process. During an MOR, the owner will be asked about any open or unresolved errors.

Section 7: TRACS and RAD

Fatal errors let the owner know that TRACS has rejected the certification or voucher request. The rejected certification or voucher will not be visible in TRACS. These errors must be addressed immediately and could affect the payment of the owner's subsidy if left unaddressed.

Discrepancy messages will include a code that will tell you what type of error occurred. This happens when TRACS has accepted the transaction, but there is an issue that needs to be resolved.

- Code 1: Must be corrected within 45 days
- Code 2: Must be corrected on the next submission (the next full certification for the household)
- Code 3: Just a note to check the certification
- Code 4: HUD needs to review
 - Typically a Code 4 is because the household is over or under housed

TRACS will also send information messages, either to confirm that it was processed successfully or, for instance, when TRACS terminates (TM) a household because no certification was processed for the household in the last 15 months.

TRACS also stores discrepancies. The owner can access them in TRACS for more information. There are two reports to view discrepancies in TRACS:

- Certification query (the owner can look for anything noted as a discrepancy)
- Certifications with discrepancies query

The certifications with discrepancies query is normally run for a one-year period and allows the owner to focus first on the Code 1 errors.

Note: TRACS cannot store fatal errors or information messages, the owner must get those from the property's TRACSMail box.

Section 7: TRACS and RAD

- A TRACS compliance percentage of less than 90 percent will automatically stop monthly HAP payments until the owner is back in compliance. The owner must resolve errors in order to keep HAP payments flowing on time. In order to calculate the TRACS compliance percentage, HUD uses the number of active certifications in TRACS and divides that number by the number of units receiving subsidy on the last voucher. The goal of the TRACS percentage is for HUD to determine if it is reasonable to pay the voucher based on the owner's compliance, not to match information to the TRACS database.

Example: A property has 100 units:

- 10 of the units are currently vacant
- 10 are occupied by market renters
- The voucher will show:
 - Field 6b shows the number of units receiving subsidy, and
 - Field 9a shows the number of units in regular billing on the last voucher, which would show 80 units receiving subsidy
- To reach 90 percent there must be 72 active certifications in TRACS for this property

The most common issue that will lower the owner's compliance percentage is when there is no annual recertification in TRACS for a household within the last 15 months. TRACS automatically terminates those households, thus reducing the compliance percentage. These households are identified on the TRACS late recertification report.

Section 7: TRACS and RAD

To audit your TRACS files, print a copy of the submitted HAP voucher request and compare it to the detail information on the TRACS Certification Query. For each household, the owner should determine:

- If the household is in TRACS;
- If they are in the correct unit;
- If the last full 50059 certification (MAT 10) is correct;
- If the last action (if the last action was a partial certification) is correct;
- If the household is receiving the correct HAP payment;
- If they are active in TRACS (meaning they have had a completed full certification within the last 15 months, and there is no MO or TM recorded for this household); and
- If the household has any TRACS errors.

Section 8 Special Rents considerations

*HUD Handbook 4350.3
Chapter 5,
Section 5-26 through 5-30*

HUD has different methodologies for calculating rents for special circumstances such as:

- Welfare rent in as paid states (New York, New Hampshire, Vermont)
- Units authorized for police/security personnel
- Double occupancy in group homes (202 V. 811)
- Rents for 236/221 (d) (3)/BMIR
- Units with multiple forms of HUD subsidy (202/8, 236/8, BMIR/8)

For more information on these programs refer to Chapter 5 of the HUD Handbook 4350.3, Sections 5-26 through 5-30.

Multifamily Rent Calculation

Multifamily Project-Based Rental Assistance (PBRA) Rent Calculation

Section 8: Special Rents considerations

Notes

CHAPTER 7 Rent Calculation Quizzes

Quiz 1 Section 8 Rent Calculation

PART I: TRUE/FALSE

T/F

1. Earned income in excess of \$480 of full-time students 18 and older (who are not the head or spouse) is excluded from annual income. _____
2. The allowable income of a temporarily absent spouse must be included in the annual income. _____
3. The O/A must not count the reduced amount of income from Social Security if the reduction is due to a prior overpayment. _____
4. Student financial aid exceeding amounts received for tuition and required fees must be included in annual income, with two exceptions. _____
5. Lump-sum payments are always counted as assets. _____
6. Disability assistance expenses may be deducted if they enable a household member to work or attend school. _____
7. Earned income of a 17-year-old mother who has quit school to work but is still living with her parents is included in annual income. _____
8. The interest on the savings account of a 7-year-old boy is included in annual income. _____
9. Only disabled families may qualify for the disability assistance allowance. _____
10. Only disabled or elderly families are eligible for medical expenses. _____
11. Food stamp benefits are included in annual income. _____
12. When income from employment is annualized, the gross income is used. _____
13. A household can qualify for more than one allowance. _____

PART I: TRUE/FALSE

T/F

14. An O/A must count all awarded amounts for child support unless the applicant/resident has made all reasonable attempts to collect.. _____
15. When calculating income from pensions/annuities, the O/A must exclude any income that was paid in by the resident/applicant. _____

PART II: MULTIPLE CHOICE

16. When net household assets are greater than \$5,000, income from assets is based upon:
- a. Actual income from assets
 - b. Imputed income from assets
 - c. The greater of imputed or actual income from assets
17. The formula for converting equity in property to cash value of assets for calculation of rent is:
- a. Market value less current loan balance, if any, less anticipated expenses to sell
 - b. Cash value less 6% Realtor fee
 - c. Market value less annual taxes
18. Assets do not include:
- a. Checking accounts
 - b. The family car
 - c. Personal property held as an investment such as coin collections
 - d. The cash surrender value of a life insurance policy
19. Which of the following determines the cash value of a checking account?
- a. Current balance
 - b. Average monthly balance for prior six months
 - c. O/A policy
20. Who gets medical allowances?
- a. Every person who is disabled according to the HUD definition or who is 62 years of age or older
 - b. Only the head of a household and the spouse
 - c. Every household member in an elderly or disabled household
 - d. Everyone in a household that meets the definition of elderly person or person with disabilities

Quiz 1: Section 8 Rent Calculation

21. Income of minors to be included in annual income is:
 - a. \$100 birthday gift from grandpa
 - b. Interest on savings account
 - c. Social Security
 - d. Wages from job at Lowe's
 - e. b and c
22. If income will last for less than one year:
 - a. Treat as sporadic income.
 - b. Annualize and conduct interim if change
 - c. Use \$100 per household member for time no income is expected.
 - d. Calculate based on the months income is received
23. To convert bi-weekly income to annual income, multiply by:
 - a. 52
 - b. 24
 - c. 26
 - d. 12
24. The Davis family had been receiving \$400 monthly in TANF and recently reported that their TANF benefits have stopped. The O/A has verified with the local welfare department that the family lost their welfare entitlement due to fraud and was consequently sanctioned. The O/A must:
 - a. Reduce their rent because their welfare was reduced
 - b. Still include the \$400 in the household's annual income even though it's no longer being received
 - c. Follow internal policy
 - d. Contact the welfare agency to see if the sanction can be removed

Quiz 1: Section 8 Rent Calculation

25. Jennifer Smith (age 63) owns a home appraised at \$100,000 and there is no mortgage balance. She recently sold the house to her son for \$10,000. Her son paid all the realtor fees and transfer costs. The O/A should:
- a. Multiply \$100,000 times the O/A passbook rate to calculate the cash value of this imputed asset
 - b. Count \$90,000 in the total cash value of her assets for two years subsequent to the sale of the home
 - c. Not apply the imputed asset rule because she is elderly
 - d. Include the \$10,000 in her annual income
26. Nicole West recently won the lottery in the amount of \$4,000. She spent \$3,900 towards the purchase of a vehicle and she spent the remaining \$100 on clothes. At her next annual recertification, what is the total cash value of her lottery winnings that is to be treated as an asset?
- a. \$3,000
 - b. \$0
 - c. \$2,900
 - d. \$100

PART III: ALLOWANCES

Review the household below and answer the questions following.

- a. Head, age 45
- b. Spouse, age 45
- c. Son age 19, who is a full-time student
- d. Daughter age 16, who has quit school
- e. Foster child (male), age 12
- f. Granddaughter, age 1
- g. Grandmother, age 70
- h. Disabled brother of head, age 39
- i. All of the above
- j. No one

27. Who qualifies this household for a \$400 allowance? Write letter of household member(s):

28. Who gets a \$480 allowance? Write letter of household member(s):

Multifamily Rent Calculation

Rent Calculation Quizzes

Quiz 1: Section 8 Rent Calculation

29. Who gets a medical allowance? Write letter of household member(s):

30. If the spouse was disabled, who gets a medical allowance?

PART IV: FILL IN THE BLANKS

31. Annual Income – HUD allowances = _____

32. There are _____ HUD allowances considered in calculating adjusted income. Please list all of them below.

Quiz 2 Rent Calculation**PART I: TRUE/FALSE****T/F**

1. Contract rents are approved by HUD and the O/A by bedroom size. _____
2. The TTP is the amount the owner bills HUD monthly on behalf of each tenant. _____
3. O/A can allow PBRA residents to pay flat rent. _____
4. The household will receive a utility reimbursement payment when the TTP is less than the utility allowance. _____
5. Contract rents can be adjusted on an annual basis. _____
6. The O/A must provide a financial hardship exemption, which waives the \$25 minimum rent requirement to resident if they qualify. _____
7. The financial hardship exemption is only for short term hardships. _____
8. Welfare rent only applies in a very limited amount of states. _____
9. Contract rent is the gross rent minus the utility allowance. _____
10. In order to qualify for a unit the household must only be under the income limit. _____
11. The PBRA program calculates rent using the form HUD-50059 or form HUD-50059A. _____
12. O/A's must submit tenant data using HUD's PIC system. _____

PART II: MULTIPLE CHOICE

13. Reagan Sievers has a contract rent of \$800 and a utility allowance of \$75. Her TTP is \$25. The O/A:
- a. Will collect \$800 a month in rent from the resident
 - b. Will issue the resident a Utility reimbursement payment of \$75 a month
 - c. Will issue the resident a utility reimbursement payment of \$50 a month
 - d. Will collect \$725 a month from the resident
14. Total tenant payment minus the utility allowance equals:
- a. Tenant rent
 - b. Ceiling rent
 - c. Flat rent
 - d. Minimum rent
15. Utility allowances are:
- a. Updated at least annually based on bedroom size
 - b. Approved by HUD or the CA
 - c. Based on an average of actual usage
 - d. All of the above
16. The TTP is the greater of:
- a. 30% of monthly adjusted income
 - b. 10% of monthly gross income
 - c. Welfare rent
 - d. \$25
 - e. All of the above

ANSWER KEY

QUIZ 1 - SECTION 8 RENT CALCULATION

1. True	9. False	17. a	25. b	31. Adjusted annual income
2. True	10. True	18. b	26. b	32. Five:
3. False	11. False	19. b	27. j	- Elderly/Disabled
4. True	12. True	20. c	28. c, f, d, h	- Dependent
5. False	13. True	21. e	29. j	- Child care
6. False	14. True	22. b	30. a, b, c, d, f, g, h	- Disability assistance expense
7. False	15. False	23. c		- Medical expense
8. True	16. c	24. a		

QUIZ 2 - RENT CALCULATION

1. True	9. True
2. False	10. False
3. False	11. True
4. True	12. False
5. True	13. c
6. True	14. a
7. False	15. d
8. True	16. e

CHAPTER 8 Case Studies

DIRECTIONS

Calculate annual income and the amount of rent for each family by completing the calculation worksheet for each family based on the information provided.

TIPS

- Read each case study carefully, keeping in mind what deductions the families might qualify for, based on the family information provided.
- When calculating medical and disability assistance deductions, remember to deduct three percent of the family's gross income, but only once.
- Remember that the minimum TTP is \$25.
- Remember that the HUD passbook rate is .06 percent.
- Always use the average six month balance for checking accounts.
- Always use the current balance for savings accounts, Direct Express cards, and other pre-paid cards.
- In Multifamily housing, there is no imputed welfare income.
- In Multifamily housing, there is no EID, unless a family was receiving it prior to a RAD PBRA conversion.

Case Study 1 The Davenport Family

SITUATION

The owner is processing an interim recertification for the Davenport family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Dawn Davenport	27	N	Eligible Citizen
Daughter	Taffy Davenport	3	N	Eligible Citizen
Son	Earl Davenport	1	N	Eligible Citizen

- At Dawn's last annual recertification, she was receiving \$500 monthly in TANF. Dawn has recently contacted the owner requesting a reduction in rent because she is no longer receiving TANF benefits. The owner contacted the welfare agency and received the enclosed form. Dawn also indicated that her mother is paying her \$80 utility bill each month. Dawn receives \$500 monthly in scholarships, all of which is allocated for tuition and fees.
- The Contract Rent is \$900
- The Utility Allowance is \$75

Fill in the information below for the Davenport family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	\$
Annual Income	\$
Total Allowances	\$
Total Tenant Payment	\$
Tenant Rent	\$
Utility Reimbursement	\$

Imputed Welfare Income Verification Form

Public Assistance Office

David Dasher
County Welfare

(date)

RE: Reason for Reduction in Public Assistance Benefits

Client Name: Dawn Davenport

Client Address: 222 Waters Way

Social Security Number: 222-333-4444

Dear Mr. Dasher :

The individual named above has reported a reduction in public assistance benefits and requested a reduction in rent. The Quality Housing and Work Responsibility Act of 1998 requires that we verify in writing whether the reduction in benefits is because of one of the reasons listed below. Please review these statements and check whichever is the case for this individual:

_____ Benefits have been reduced because the named individual committed welfare fraud; or

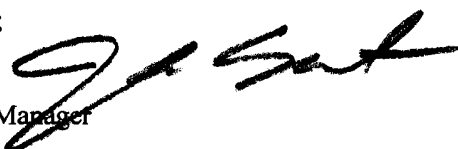
_____ Benefits have been reduced because the named individual has not participated in required economic self sufficiency activities; or

☒ Benefits have been reduced for some other reason. Please specify:
She exceeded the maximum time limit
for receipt of TANE benefits

The amount by which benefits will be cut is \$ 500 per month, resulting in a new monthly benefit of \$ 0. The number of months that this benefit reduction will apply is indefinitely months.

Thank you for your cooperation.

Sincerely;


Property Manager

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		\$	\$
		Annual Income	\$
		+ Asset Income	\$
		Gross Annual Income (GAI)	\$

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense			Amount
3% of GAI	Amount of Expense - 3% of GAI		Allowable Expense	
\$ x 3% = \$	\$ -\$ =			\$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction	\$
---	--------------------------	----

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	\$

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI	Amount of Expense - 3%	
\$ x 3% = \$	\$ - \$ =	Allowable Expense \$

Dependent Deduction

Number of Dependents	x \$480	=	Dependent Deduction \$
----------------------	---------	---	------------------------

Childcare Deduction

Mem.#	Calculation	Amount
Total		\$
Childcare Deduction		\$
Total Deductions =		\$

Gross Annual Income	\$
Minus Total Deductions	\$
Equals Adjusted Annual Income	\$
Divided by 12 Equals Adjusted Monthly Income	\$
Adjusted Monthly Income x 30%	\$
Gross Monthly Income x 10%	\$
Greater of 30% AMI, 10% GMI or \$25 Equals TTP	\$
Minus Utility Allowance	\$
Equals Tenant Rent	\$
Gross Rent	\$
Minus TTP	\$
Equals HAP	\$

Case Study 2 The Hazelton Family

SITUATION

An annual recertification is being processed for the Hazelton family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Joan Hazelton	33	N	Eligible Citizen
Brother	John Hazelton	24	N	Eligible Citizen
Son	Ryan Hazelton	4	N	Eligible Citizen
Son	Thomas Hazelton	3	N	Eligible Citizen

- Joan is receiving \$550 per month in TANF benefits for herself and her two children, Ryan and Thomas. She also receives food stamps in the amount of \$100 per month.
- John lives with his sister Joan. He is not the co-head. He is a full-time student. John works part-time at K-Mart, earning \$250 biweekly.
- Contract Rent: \$690
- Utility Allowance: \$50

Fill in the information below for the Hazelton family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	\$
Annual Income	\$
Total Allowances	\$
Total Tenant Payment	\$
Tenant Rent	\$
Utility Reimbursement	\$

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		\$	\$
		\$	\$
		Annual Income	\$
		+ Asset Income	\$
		Gross Annual Income (GAI)	\$

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount
3% of GAI \$ x 3% = \$	Amount of Expense - 3% of GAI \$ - \$ =	Allowable Expense \$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction	\$
---	--------------------------	----

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	\$

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI	Amount of Expense - 3%	
\$ x 3% = \$	\$ - \$ =	Allowable Expense \$

Dependent Deduction

Number of Dependents	x \$480	=	Dependent Deduction \$
----------------------	---------	---	------------------------

Childcare Deduction

Mem.#	Calculation	Amount
Total		\$
Childcare Deduction		\$
Total Deductions =		\$

Gross Annual Income	\$
Minus Total Deductions	\$
Equals Adjusted Annual Income	\$
Divided by 12 Equals Adjusted Monthly Income	\$
Adjusted Monthly Income x 30%	\$
Gross Monthly Income x 10%	\$
Greater of 30% AMI, 10% GMI or \$25 Equals TTP	\$
Minus Utility Allowance	\$
Equals Tenant Rent	\$
Gross Rent	\$
Minus TTP	\$
Equals HAP	\$

Case Study 3 The Estrada Family

SITUATION

The annual recertification is being processed for the Estrada family

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Francisco Estrada	62	N	Eligible Citizen
Spouse	Juana Estrada	61	N	Eligible Citizen

- Francisco owned a home worth \$100,000. Several months ago, he sold the home to his son for \$1. His brother paid all of the transfer fees and there was no mortgage balance. Francisco has a certificate of deposit (CD) with a current balance of \$4,200. The CD's penalty for early withdrawal is \$400 and it earns 4% annually.
- Juana recently won the lottery in the amount of \$5,000. She spent \$4,500 on a car and put the remaining amount in a non-interest bearing checking account which has an average six-month balance of \$500, and a current balance of \$750.
- Francisco's gross Social Security benefit is \$680 per month, but \$80 is taken out to pay his Medicare premium. In addition, their anticipated annual medical expenses are \$1,000.
- Contract Rent: \$700
- Utility Allowance: \$65

Fill in the information below for the Estrada family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	\$
Annual Income	\$
Total Allowances	\$
Total Tenant Payment	\$
Tenant Rent	\$
Utility Reimbursement	\$

ASSETS

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
			Total Cash Value	Total Asset Income	
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income	\$
Greater of Total or Imputed Income					\$

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		Annual Income	
		+ Asset Income	
		Gross Annual Income (GAI)	

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense			Amount
3% of GAI	Amount of Expense - 3% of GAI		Allowable Expense	
\$ x 3% = \$	\$ -\$ =			\$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction	\$
---	--------------------------	----

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI	Amount of Expense - 3%	
\$ x 3% = \$	\$ - \$ =	Allowable Expense \$

Dependent Deduction

Number of Dependents	x \$480	=	Dependent Deduction \$
----------------------	---------	---	------------------------

Childcare Deduction

Mem.#	Calculation	Amount
	Total	\$
	Childcare Deduction	\$
	Total Deductions =	\$
	Gross Annual Income	\$
	Minus Total Deductions	\$
	Equals Adjusted Annual Income	\$
	Divided by 12 Equals Adjusted Monthly Income	\$
	Adjusted Monthly Income x 30%	\$
	Gross Monthly Income x 10%	\$
	Greater of 30% AMI, 10% GMI or \$25 Equals TTP	\$
	Minus Utility Allowance	\$
	Equals Tenant Rent	\$
	Gross Rent	\$
	Minus TTP	\$
	Equals HAP	\$

Case Study 4 The Patrillo Family

SITUATION

The owner is processing an interim recertification for the Patrillo family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Sal Patrillo	62	N	Eligible Citizen
Spouse	Sophia Patrillo	61	N	Eligible Citizen
Daughter	Dorothy Patrillo	45	Y	Eligible Citizen

- Sal and Sophia have a joint savings account with a current balance of \$2,000 and an average 6-month balance of \$1,600 that pays 1.5 percent interest annually. They also have a CD with a balance of \$4,000 with a penalty for early withdrawal in the amount of \$400. The CD pays 3 percent interest annually.
- Sal's gross Social Security benefit is \$500 per month and \$65 is taken out to pay his Medicare premium.
- Dorothy is not the cohead. She has just reported to the owner that she recently has obtained employment after not working at all for the past four years. She will be working 25 hours per week as a parking attendant earning \$8 per hour. Dorothy has been receiving Social Security disability benefits in the amount of \$400 per month and will continue to receive them while she works. The entire family's anticipated prescription drug costs are \$100 per month.
- Contract Rent: \$550
- Utility Allowance: \$45

Fill in the information below for the Patrillo family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	\$
Annual Income	\$
Total Allowances	\$
Total Tenant Payment	\$
Tenant Rent	\$
Utility Reimbursement	\$

ASSETS

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
			Total Cash Value	Total Asset Income	
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income	
Greater of Total or Imputed Income					

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		Annual Income	
		+ Asset Income	
		Gross Annual Income (GAI)	

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount
3% of GAI \$ x 3% = \$	Amount of Expense - 3% of GAI \$ - \$ =	Allowable Expense \$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction	\$
---	--------------------------	----

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI \$21,350	x 3% = \$	Amount of Expense - 3% \$ - \$ =	Allowable Expense \$
------------------------------	-----------	-------------------------------------	----------------------

Dependent Deduction

Number of Dependents	x \$480	=	Dependent Deduction \$
----------------------	---------	---	------------------------

Childcare Deduction

Mem.#	Calculation	Amount
	Total	\$
	Childcare Deduction	\$
	Total Deductions =	\$
	Gross Annual Income	\$
	Minus Total Deductions	\$
	Equals Adjusted Annual Income	\$
	Divided by 12 Equals Adjusted Monthly Income	\$
	Adjusted Monthly Income x 30%	\$
	Gross Monthly Income x 10%	\$
	Greater of 30% AMI, 10% GMI or \$25 Equals TTP	\$
	Minus Utility Allowance	\$
	Equals Tenant Rent	\$
	Gross Rent	\$
	Minus TTP	\$
	Equals HAP	\$

Case Study 5 The Jones Family

SITUATION

The owner is processing an annual recertification for the Jones family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Samantha Jones	33	N	Eligible Citizen
Son	Richard Jones	8	N	Eligible Citizen
Daughter	Carrie Jones	6	N	Eligible Citizen

- Samantha has a checking account with an average six-month balance of \$655 that pays 0.5 percent interest annually. The owner has obtained data through Enterprise Income Verification (EIV) that Samantha works at Fashion Fabrics. Samantha does not disagree with the EIV data and submits pay stubs showing she makes \$300 per month. While Samantha works, she pays \$25 per week for child care costs
- Contract Rent: \$850
- Utility Allowance: \$75

Fill in the information below for the Jones family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	\$
Annual Income	\$
Total Allowances	\$
Total Tenant Payment	\$
Tenant Rent	\$
Utility Reimbursement	\$

ASSETS

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
				\$655 x .5% = \$3	
			Total Cash Value	Total Asset Income	
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income	\$
Greater of Total or Imputed Income					\$

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		Annual Income	
		+ Asset Income	
		Gross Annual Income (GAI)	

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount
3% of GAI \$ x 3% = \$	Amount of Expense - 3% of GAI \$ - \$ =	Allowable Expense \$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction	\$
---	--------------------------	----

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI \$ x 3% =	Amount of Expense - 3% \$ -\$ =	Allowable Expense \$
-----------------------------------	--	----------------------

Dependent Deduction

Number of Dependents x \$480	=	Dependent Deduction \$
---------------------------------	---	------------------------

Childcare Deduction

Mem.#	Calculation	Amount
		\$
	Total	\$
	Childcare Deduction	\$
	Total Deductions =	\$
	Gross Annual Income	\$
	Minus Total Deductions	\$
	Equals Adjusted Annual Income	\$
	Divided by 12 Equals Adjusted Monthly Income	\$
	Adjusted Monthly Income x 30%	\$
	Gross Monthly Income x 10%	\$
	Greater of 30% AMI, 10% GMI or \$25 Equals TTP	\$
	Minus Utility Allowance	\$
	Equals Tenant Rent	\$
	Gross Rent	\$
	Minus TTP	\$
	Equals HAP	\$

Case Study 6 The Marks Family

SITUATION

The owner is processing an annual recertification for the Marks family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Maureen Marks	35	N	Eligible Citizen
Daughter	Ellen Marks	18	N	Eligible Citizen
Son	Christopher Marks	13	N	Eligible Citizen
Son	Michael Marks	11	N	Eligible Citizen

- Use the following forms and the information below to complete the calculation sheet.
- Contract Rent: \$640
- Utility Allowance: \$55

Fill in the information below for the Marks family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	\$
Annual Income	\$
Total Allowances	\$
Total Tenant Payment	\$
Tenant Rent	\$
Utility Reimbursement	\$

Verification of Income from Employment

Re. Maureen Marks

Social Security # 999-99-9999

Dear Sir/Madam;

We are required to verify the incomes of all family members living in or applying for public housing or Section 8 housing. We ask your cooperation by supplying the information requested below about the referenced person. We will use any information you provide only to determine the family's eligibility and rent, and pledge to keep the data in strict confidence.

We would greatly appreciate your prompt return of this letter. A self-addressed, stamped return envelope is enclosed. Note that the person referenced has authorized your release of the information. If you have any questions, please call John Smith.

Sincerely:

John Smith

1. Employed Since: 99/99/9999 2. Job Title: Receptionist
3. Salary, Base Pay Rate: \$ 6.25 per hour \$ _____ per week \$ _____ per month
4. Average hours worked at Base Pay Rate: 40 hrs/week, or _____ hrs/month in year.
5. Is this person likely to get Overtime? ☐ Yes ☒ No If yes, Overtime Pay Rate \$ _____ Hr
6. Average number of Overtime hours expected during the next 12 months: 0 Hrs/Month
7. Any other compensation not listed above? Please specify for commissions, bonuses, tips, etc.?
For _____ \$ _____ per _____
8. Is pay received for vacation? ☒ Yes ☐ No If yes, number of days/year: 10
9. Total Base Pay Earnings for last 12 months: \$ 13,000
10. Total Overtime Earnings for the last 12 months: & 0

Firm Name: John Doe Inc. Address: 111 Working Drive

Name of Person Completing this Form: John Doe Date: 99/99

Title: President Signature: John Doe

Applicant/Tenant Release

I Maureen Marks hereby authorize the release of the requested information.

Maureen Marks

99/99

Signature

Date

Verification of Income from Employment

Re. Ellen Marks

Social Security # 888-88-8888

Dear Sir/Madam;

We are required to verify the incomes of all family members living in or applying for public housing or Section 8 housing. We ask your cooperation by supplying the information requested below about the referenced person. We will use any information you provide only to determine the family's eligibility and rent, and pledge to keep the data in strict confidence.

We would greatly appreciate your prompt return of this letter. A self-addressed, stamped return envelope is enclosed. Note that the person referenced has authorized your release of the information. If you have any questions, please call John Smith.

Sincerely: John Smith

1. Employed Since: 99/99/9999 2. Job Title: Hostess
3. Salary, Base Pay Rate: \$ 5.15 per hour \$ _____ per week \$ _____ per month
4. Average hours worked at Base Pay Rate: 15 hrs/week, or _____ hrs/month in year.
5. Is this person likely to get Overtime? ☐ Yes ☒ No If yes, Overtime Pay Rate \$ _____ Hr
6. Average number of Overtime hours expected during the next 12 months: 0 Hrs/Month
7. Any other compensation not listed above? Please specify for commissions, bonuses, tips, etc.?
For _____ \$ _____ per _____
8. Is pay received for vacation? ☐ Yes ☒ No If yes, number of days/year: _____
9. Total Base Pay Earnings for last 12 months: \$ 4,017
10. Total Overtime Earnings for the last 12 months: & 0

Firm Name: Mario's Pizza Address: 222 Dining Drive
Name of Person Completing this Form: Mario Soprano Date: 99/99
Title: Owner Signature: Mario Soprano

Applicant/Tenant Release

I Ellen Marks hereby authorize the release of the requested information.

Ellen Marks 99/99
Signature Date

Housing Authority
FULL-TIME STUDENT VERIFICATION

Re: Ellen Marks

Dear Sir/Madam:

We are required to verify the full-time student status of individuals applying for admission to or living in federally assisted housing. To comply with this requirement, we ask your cooperation in supplying the information requested below regarding the referenced individual. This information will be used only to determine eligibility or rent.

Your prompt return of this letter will be appreciated. A self-addressed return envelope is enclosed. If you have any questions, please call John Smith

Sincerely, J. Smith

Name of Educational Institution: Mission Hills High School
Address: 333 Education Drive

Check Applicable Space:

Referenced individual ☒ is ☐ is not a full-time student in good standing at this institution.

Years Remaining to Complete Degree or Program: 1 year

Remarks: _____

TENANT/APPLICANT RELEASE

I, Ellen Mark, hereby authorize the release of the requested information.
Ellen Marks 07/99/99
Signature Date

Verification of Child Care or Attendant Care Costs (Provider)

To: Helen's Child Care

Date: 99/99/99

RE: Child Care

Address: 333 Caring Way

The housing agency is a federally funded agency assisting qualified families with rent subsidies. The above-named person has authorized the housing agency to verify information regarding child care provided for his/her children. Please complete this form and return it to us as soon as possible. Thank you for your assistance.

Housing Agency Representative John Smith Phone# (999) 999-9999

I do hereby authorize you to release the information requested below directly to the housing agency.

Signature: _____

Date: _____

Name of Child	Age	Circle days cared for	Hours
			From: To:
<u>Christopher Marks</u>	<u>13</u>	<u>M T W Th F S Su</u>	<u>3:00</u> AM/PM <u>6:30</u> AM/PM
<u>Michael Marks</u>	<u>11</u>	<u>M T W Th F S Su</u>	<u>3:00</u> AM/PM <u>6:30</u> AM/PM
_____	_____	<u>M T W Th F S Su</u>	_____ AM/PM _____ AM/PM
_____	_____	<u>M T W Th F S Su</u>	_____ AM/PM _____ AM/PM
_____	_____	<u>M T W Th F S Su</u>	_____ AM/PM _____ AM/PM

Hours per week for: Work ☒ Seeking employment _____ Attending school _____

Total hours: 17.5 per week _____ per month

Cost of care to the family: \$ 25 ☒ per week [] per month

Amount paid by the family: \$ 25 ☒ per week [] per month

Estimated cost of care for the upcoming 12 months: \$ 1,300
(include full-time summer care of school children, if applicable.)

Signed this, the 99 day of 99, 20 99

Helen Smith

Signature of Care Provider

None

Relationship to parent (if any)

Important: This form must be executed whenever a deduction from income is made.

WARNING! Title 18, Section 1001 of the United States Code, states that a person who knowingly and willingly makes false or fraudulent statements to any department or agency of the United States is guilty of a felony. Also, amounts received from providing child care and attendant care are reportable to the Internal Revenue Service (IRS).

Return to:

PHA

ASSETS

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
			Total Cash Value	Total Asset Income	
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income	\$
Greater of Total or Imputed Income					\$

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		Annual Income	
		+ Asset Income	
		Gross Annual Income (GAI)	

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense			Amount
3% of GAI	Amount of Expense - 3% of GAI			
\$ x 3% = \$	\$ - \$	=	Allowable Expense	\$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction	\$
---	--------------------------	----

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI	Amount of Expense - 3% of GAI	
\$ x 3% =	\$ -\$ =	Allowable Expense \$

Dependent Deduction

Number of Dependents	x \$480	=	Dependent Deduction \$
----------------------	---------	---	------------------------

Childcare Deduction

Mem.#	Calculation	Amount
		\$
	Total	\$
	Childcare Deduction	\$
	Total Deductions =	\$
	Gross Annual Income	\$
	Minus Total Deductions	\$
	Equals Adjusted Annual Income	\$
	Divided by 12 Equals Adjusted Monthly Income	\$
	Adjusted Monthly Income x 30%	\$
	Gross Monthly Income x 10%	\$
	Greater of 30% AMI, 10% GMI or \$25 Equals TTP	\$
	Minus Utility Allowance	\$
	Equals Tenant Rent	\$
	Gross Rent	\$
	Minus TTP	\$
	Equals HAP	\$

Case Study 7 The Fisher Family

SITUATION

The owner is processing an annual recertification for the Fisher family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Nate Fisher	38	N	Eligible Citizen
Spouse	Ruth Fisher	35	N	Eligible Citizen
Daughter	Claire Fisher	13	N	Eligible Citizen
Son	David Fisher	12	N	Eligible Citizen
Mother	Brenda Fisher	65	Y	Eligible Citizen

- Use the following forms and the information below to complete the calculation sheet.
- Contract Rent: \$750
- Utility Allowance: \$50

Fill in the information below for the Fisher family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	\$
Annual Income	\$
Total Allowances	\$
Total Tenant Payment	\$
Tenant Rent	\$
Utility Reimbursement	\$



"Where we treat your money like it's your own"

Statement of Account

Nate Fisher
111 Main Street
Springfield, AS 44444

Savings	Bank of USA	FDIC Insured
---------	-------------	--------------

Nate Fisher

Account Number: 4232352

Interest Rate: 1%

Statement Period: 99/99-99/99

Previous Balance: 1,344

Date	Withdrawal	Deposit	Check	Balance
1/01/04	\$300			\$1,044
1/05/04		\$150		\$1,194
1/17/04		\$125		\$1,319
1/21/05	\$20			\$1,299
1/31/05	\$40			\$1,259

Current Balance: \$1,259

Verification of Bank AccountsTo: Bank U.S.ADate: 99/99/99RE: Brenda FisherAddress: 111 Main Street
Springfield, AS 44444SS #: 222-22-2222

The housing agency is a federally funded agency assisting qualified families with rent subsidies. The above-named person has authorized the housing agency to verify information regarding his/her accounts. Please complete this form and return it to us as soon as possible. Thank you for your assistance.

Housing Agency Representative John Smith Phone# (222) 222-2222**I do hereby authorize you to release the information requested below directly to the housing agency.**Signature: Brenda Fisher Date: 99/99**Verification**

	Account Number	Current Balance	Average 6-mo Balance	Current Interest rate
Checking	<u>222-333-444</u>	<u>\$ 1,400</u>	<u>\$ 1,775</u>	<u>0</u> %
		\$	\$	%
		\$	\$	%
Savings	<u>444-222-666</u>	<u>\$ 7,000</u>	<u>\$ 6,980</u>	<u>1.5</u> %
	<u>333-222-777</u>	<u>\$ 9,334</u>	<u>\$ 9,298</u>	<u>1.5</u> %
		\$	\$	%
Certificates		\$		%
		\$		%
		\$		%
Other		\$	\$	%
		\$	\$	%

By Barbara SmithTitle Banking SpecialistDate 99/99/99

Return to:

PHA

Verification of Income from Employment

Re. Nate Fisher

Social Security # 999-99-999

Dear Sir/Madam;

We are required to verify the incomes of all family members living in or applying for public housing or Section 8 housing. We ask your cooperation by supplying the information requested below about the referenced person. We will use any information you provide only to determine the family's eligibility and rent, and pledge to keep the data in strict confidence.

We would greatly appreciate your prompt return of this letter. A self-addressed, stamped return envelope is enclosed. Note that the person referenced has authorized your release of the information. If you have any questions, please call John Smith.

Sincerely, John Smith

1. Employed Since: 01/04 2. Job Title: Tile Seller
3. Salary, Base Pay Rate: \$ 6.50 per hour \$ _____ per week \$ _____ per month
4. Average hours worked at Base Pay Rate: 40 hrs/week, or _____ hrs/month in year.
5. Is this person likely to get Overtime? ☒ Yes ☐ No If yes, Overtime Pay Rate \$ 9.75 Hr
6. Average number of Overtime hours expected during the next 12 months: 0 Hrs/Month
7. Any other compensation not listed above? Please specify for commissions, bonuses, tips, etc.?
For Bonus \$ 500 per year
8. Is pay received for vacation? ☐ Yes ☒ No If yes, number of days/year: _____
9. Total Base Pay Earnings for last 12 months: \$ 13,520
10. Total Overtime Earnings for the last 12 months: & 762

Firm Name: John Doe Inc. Address: 111 Working Ave
Name of Person Completing this Form: John Doe Date: 99/99
Title: President Signature: _____

Applicant/Tenant Release

I Nate Fisher hereby authorize the release of the requested information.

Nate

Signature

99/99/99

Date

Verification of Income from Employment

Re. Ruth Fisher

Social Security # 333-33-3333

Dear Sir/Madam;

We are required to verify the incomes of all family members living in or applying for public housing or Section 8 housing. We ask your cooperation by supplying the information requested below about the referenced person. We will use any information you provide only to determine the family's eligibility and rent, and pledge to keep the data in strict confidence.

We would greatly appreciate your prompt return of this letter. A self-addressed, stamped return envelope is enclosed. Note that the person referenced has authorized your release of the information. If you have any questions, please call John Smith.

Sincerely,

[Signature]

1. Employed Since: 1/03
2. Job Title: waitress
3. Salary, Base Pay Rate: \$ 2.00 per hour \$ _____ per week \$ _____ per month
4. Average hours worked at Base Pay Rate: 40 hrs/week, or _____ hrs/month in year.
5. Is this person likely to get Overtime? ☒ Yes ☐ No If yes, Overtime Pay Rate \$ 3 Hr
6. Average number of Overtime hours expected during the next 12 months: 4 Hrs/Month
7. Any other compensation not listed above? Please specify for commissions, bonuses, tips, etc.? For TIPS \$ 600 per month
8. Is pay received for vacation? ☐ Yes ☒ No If yes, number of days/year: _____
9. Total Base Pay Earnings for last 12 months: \$ 4,160
10. Total Overtime Earnings for the last 12 months: & 144

Firm Name: Denny's Address: 222 Dining Drive
Name of Person Completing this Form: Betty White Date: _____
Title: Manager Signature: Betty White

Applicant/Tenant Release

I Ruth Fisher hereby authorize the release of the requested information.

Ruth Fisher

Signature

99/99/99

Date

Verification of Receipt of Social Security/SSI Income

Re. Brenda Fisher

Social Security # 222-33-4949

Dear Sir/Madam;

We are required to verify the incomes of all family members living in or applying for public housing or Section 8 housing. We ask your cooperation by supplying the information requested below about the referenced person. We will use any information you provide only to determine the family's eligibility and rent, and pledge to keep the data in strict confidence.

We would greatly appreciate your prompt return of this letter. A self-addressed, stamped return envelope is enclosed. Note that the person referenced has authorized your release of the information. If you have any questions, please call John Smith.

Sincerely:

John Smith

1. Gross Monthly Payment \$ 500

2. Please check Type of Benefits Received by this family

(a) Social Security Retirement

☒

Disability ☐

Widow(er) ☐

Child(ren) ☐

(B) Supplemental Security Income (Including State Supplement)

Old Age ☐

Disability ☐

Blind ☐

3. Monthly Medicare/Medicaid Deduction \$ 65

Agency Name: Social Security Address: 222 Social Circle

Name of Person Completing this Form: Tomi Finck Date: 99/99

Title: Benefits Specialist Signature: Tomi Finck

Applicant/Tenant Release

I Brenda Fisher hereby authorize the release of the requested information.

Brenda Fisher

Signature

Date

ASSETS

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
			Total Cash Value	Total Asset Income	
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income	
Greater of Total or Imputed Income					

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		Annual Income	
		+ Asset Income	
		Gross Annual Income (GAI)	

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount
3% of GAI \$ x 3% = \$	Amount of Expense - 3% of GAI \$ - \$	= Allowable Expense \$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction	\$
---	--------------------------	----

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI \$ x 3% =	Amount of Expense - 3% \$ - \$ =	Allowable Expense \$
-----------------------------------	---	----------------------

Dependent Deduction

Number of Dependents x \$480	=	Dependent Deduction \$
---------------------------------	---	------------------------

Childcare Deduction

Mem.#	Calculation	Amount
	Total	
	Childcare Deduction	
	Total Deductions = \$	
	Gross Annual Income	\$
	Minus Total Deductions	\$
	Equals Adjusted Annual Income	\$
	Divided by 12 Equals Adjusted Monthly Income	\$
	Adjusted Monthly Income x 30%	\$
	Gross Monthly Income x 10%	\$
	Greater of 30% AMI, 10% GMI or \$25 Equals TTP	\$
	Minus Utility Allowance	\$
	Equals Tenant Rent	\$
	Gross Rent	\$
	Minus TTP	\$
	Equals HAP	\$

Case Study 8 The Massey Family

SITUATION

The owner is processing an annual recertification for the Massey family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Edith Massey	61	N	Eligible Citizen
Co-Head	Ida Nelson	63	Y	Eligible Citizen

- Edith receives \$350 per month from her former husband's pension. She has the following assets:
 - A savings account earning 1.5 percent interest, with a current balance of \$3,500
 - A checking account paying 1.1 percent interest that has an average six-month balance of \$890
 - Stocks valued at \$4,122, paying dividends of \$12 per month, and which require payment of a 3 percent broker fee if cashed in
 - CD currently valued at \$6,700 which pays 5.5 percent interest and carries a \$400 penalty for early withdrawal
 - A rental home, valued at \$225,000, with a mortgage of \$18,000. If sold, Edith would pay a 3 percent broker's fee and \$350 closing costs. She receives rent of \$500 per month.
- Edith's anticipated out of pocket medical expenses for the year are \$600 for insurance premiums, \$100 for doctor's visits, and \$250 for prescriptions.
- Ida Nelson receives \$550 per month in Social Security benefits and \$65 is taken out each month to pay her Medicare premium. She has the following assets:
 - A savings account earning 1.2 percent interest, with a current balance of \$5,500
 - A non-interest bearing checking account that has an average six-month balance of \$567
 - A life insurance policy with a cash surrender value of \$4,000 that pays \$50 in dividends annually.
- Ida's anticipated out of pocket medical expenses for the year are \$40 for doctor's visits, and \$180 for prescriptions.
- Contract Rent: \$650
- Utility Allowance: \$65

Multifamily Rent Calculation

Case Studies

Case Study 8: The Massey Family

Fill in the information below for the Massey family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	\$
Annual Income	\$
Total Allowances	\$
Total Tenant Payment	\$
Tenant Rent	\$
Utility Reimbursement	\$

ASSETS

Mem. #	Type of Asset	Market Value	Calculate Cash Value	Calculate Income	Asset Income
					0
			Total Cash Value	Total Asset Income	
Imputed Income if Cash Value is over \$5,000: Cash Value x .06% (passbook rate)			Calculate Imputed Income \$ x .06%	Imputed Asset Income	
Greater of Total or Imputed Income					

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		Annual Income	
		+ Asset Income	
		Gross Annual Income (GAI)	

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount
3% of GAI \$ x 3% = \$	Amount of Expense - 3% of GAI \$ - \$	= Allowable Expense \$

Elderly Family Deduction

If Head, Spouse, or Cohead is 62 or older or disabled deduct \$400 once	Elderly Family Deduction	\$
---	--------------------------	----

Medical Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
	Insurance Premium		
	Doctor Visits		
	Prescriptions		
	Medicare		
	Doctor Visits		
	Prescriptions		
		Total	

If 3% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

3% of GAI \$ x 3% =	Amount of Expense - 3% of GAI \$ - \$ =	Allowable Expense \$
-----------------------------------	--	----------------------

Dependent Deduction

Number of Dependents x \$480	=	Dependent Deduction \$
-----------------------------------	---	------------------------

Childcare Deduction

Mem.#	Calculation	Amount
	Total	
	Childcare Deduction	
	Total Deductions = \$	

	Gross Annual Income	\$
	Minus Total Deductions	\$
	Equals Adjusted Annual Income	\$
	Divided by 12 Equals Adjusted Monthly Income	\$
	Adjusted Monthly Income x 30%	\$
	Gross Monthly Income x 10%	\$
	Greater of 30% AMI, 10% GMI or \$25 Equals TTP	\$
	Minus Utility Allowance	\$
	Equals Tenant Rent	\$
	Gross Rent	\$
	Minus TTP	\$
	Equals HAP	\$

CASE STUDY ANSWERS

THE DAVENPORT FAMILY

Rent Calculation Totals	
Final Asset Income	\$0
Annual Income	\$960
Total Allowances	\$960
Total Tenant Payment	\$25
Tenant Rent	\$0
Utility Reimbursement	\$50

THE HAZELTON FAMILY

Rent Calculation Totals	
Final Asset Income	\$0
Annual Income	\$7,080
Total Allowances	\$1,440
Total Tenant Payment	\$141
Tenant Rent	\$91
Utility Reimbursement	\$0

THE ESTRADA FAMILY

Rent Calculation Totals	
Final Asset Income	\$168
Annual Income	\$8,328
Total Allowances	\$2,110
Total Tenant Payment	\$155
Tenant Rent	\$90
Utility Reimbursement	\$0

THE PATRILLO FAMILY

Rent Calculation Totals	
Final Asset Income	\$150
Annual Income	\$21,350
Total Allowances	\$2,219
Total Tenant Payment	\$478
Tenant Rent	\$433
Utility Reimbursement	\$0

THE JONES FAMILY

Rent Calculation Totals	
Final Asset Income	\$3
Annual Income	\$3,603
Total Allowances	\$2,260
Total Tenant Payment	\$34
Tenant Rent	\$0
Utility Reimbursement	\$41

THE MARKS FAMILY

Rent Calculation Totals	
Final Asset Income	\$0
Annual Income	\$13,480
Total Allowances	\$2,090
Total Tenant Payment	\$285
Tenant Rent	\$230
Utility Reimbursement	\$0

THE FISHER FAMILY

Rent Calculation Totals	
Final Asset Income	\$258
Annual Income	\$32,484
Total Allowances	\$1,440
Total Tenant Payment	\$776
Tenant Rent	\$726
Utility Reimbursement	\$0

THE MASSEY FAMILY

Rent Calculation Totals	
Final Asset Income	\$6,692
Annual Income	\$17,492
Total Allowances	\$1,825
Total Tenant Payment	\$392
Tenant Rent	\$327
Utility Reimbursement	\$0

Notes

CHAPTER 9 Study Guide

TERMINOLOGY: DEFINE THE FOLLOWING TERMS

1. Annual income:

2. Adjusted income:

3. Total tenant payment:

4. Tenant rent:

5. Monthly adjusted income:

6. Utility allowance:

7. Imputed asset income:

8. Elderly family

9. Disabled family:

ANNUAL INCOME

10. How do you calculate income that you know will last for part of the year (i.e. unemployment)?

11. Income received during which time period is used in calculating annual income?

12. To convert income to annual amounts, multiply:

- a. Monthly income x _____
- b. Weekly income x _____
- c. Bi-weekly x _____
- d. Semi-monthly x _____
- e. Hourly full-time x _____

13. If someone is paid on the 1st and 15th of the month, which calculation would be used?

14. Who is considered a dependent?

15. Describe the two methods for annualizing seasonal income:

16. What income of a minor is counted? Assets

17. What is the difference in what income is counted if the minor is a foster child?

18. What income is counted for a person 18 years of age or older who is not the head, spouse, or co-head:

- a. If the person is a full-time student? _____
- b. If the person is a part-time student? _____
- c. If the person is not a student? _____

19. Is employment income before taxes (gross) or after taxes (net) counted?

20. When an individual receives Social Security benefits, is the amount with or without Medicare premiums included in annual income?

21. If Social Security benefits are reduced to make up for a prior overpayment by Social Security, what amount is included in annual income?

22. If a family receives foster child care payments, are they counted in annual income?
Explain your answer:

23. What is counted as income if a spouse is in the military and stationed out of the home?

24. How do you treat income received from persons outside the household?

25. Describe the differences in how the income is treated if the outside person is a family member.

26. If a person is receiving alimony or child support payments on an irregular basis, what is used as income?

27. What expenses may be deducted from income from a business?

28. What expenses may not be deducted from income from a business?

29. How is the income the family takes out of the business treated?

30. Give two examples of lump-sum payments that are counted as income.

31. What part of grants and scholarships is treated as income in Section 8 Housing?

32. How are student loans treated?

33. If a family member is enrolled in a state or local employment training program, what part of their earnings is excluded?

34. Is a live-in aide's income included in or excluded from annual income?

35. List nine examples of income that is counted for HUD purposes:

36. List eleven examples of income that is not counted for HUD purposes:

37. How is rental income from a property treated?

ASSETS

38. What is the income calculation formula when the family's total cash value of assets is less than or equal to \$5,000?

39. What is the income calculation formula when the family's total cash value of assets is greater than \$5,000?

40. How is imputed income from assets calculated?

41. List ten examples of assets counted for HUD purposes:

42. List four examples of assets not counted for HUD purposes:

43. How is the cash value of a checking or savings account determined?

44. What is the formula for finding the cash value of a property?

45. Are trusts always considered an asset? If not, what is the exception?

46. Are lump sums always considered an asset?

47. What amount is used when an asset is owned jointly by a family member and a person outside the household?

48. When is personal property counted as an asset?

49. How are life insurance policies treated?

50. What happens if a family member has “given away” an asset for less than fair market value?

51. How long is the asset counted in that situation?

52. What are the three exceptions to assets being disposed of for less than fair value?

HUD ALLOWANCES

53. List the four categories of people who are never considered a dependent.

54. What is a full-time student?

55. How much is the dependent allowance?

56. What age of children are eligible for child care?

57. In what situations is a family eligible for child care?

58. What are three restrictions on the use of child care?

59. Can child support payments be counted as child care?

60. What two expenses are eligible as a disability assistance expense?

61. What two conditions qualify a family for the disability assistance allowance?

62. What is the maximum amount of disability assistance?

63. Give three examples of auxiliary apparatus.

64. What type of family qualifies for a medical allowance?

65. Who in the family qualifies for a medical allowance if the head is disabled?

66. List nine examples of medical expenses.

RENT CALCULATION

67. What is the formula for determining tenant rent?

68. What is the formula for determining utility reimbursement payments?

69. What is the formula for determining total tenant payment?

70. When a family qualifies for a temporary hardship exemption from the minimum rent, the owner must:

71. For mixed families, how is rent calculated?

VERIFICATIONS

72. Verifications are valid for how many days?

73. May the owner charge an applicant or tenant for obtaining verifications?

74. What are the six levels of the verification hierarchy?

75. What does the owner do when a family member disputes EIV employer data?

Notes

CHAPTER 10 Study Guide Answers

TERMINOLOGY: DEFINE THE FOLLOWING TERMS

1. Annual income:

Anticipated total gross income of all household members for 12 months following certification or recertification, minus exclusions from income

2. Adjusted income:

Annual income, less the HUD-allowed deductions

3. Total tenant payment:

The total amount the HUD rent formula requires the tenant to pay toward rent and utilities

4. Tenant rent:

Total tenant payment less utility allowance equals the amount tenant pays towards rent

5. Monthly adjusted income:

Adjusted annual income divided by 12

6. Utility allowance:

Estimate calculated from schedule of utility costs for utilities not included in rent; an allowance for families toward payment of utilities

7. Imputed asset income:

HUD passbook rate times total cash value of assets. Calculated when cash value of assets exceeds \$5,000.

8. Elderly family

Head, spouse, or cohead is 62 or older

9. Disabled family:

Head, spouse, or cohead is person with disabilities

ANNUAL INCOME

10. How do you calculate income that you know will last for part of the year (i.e. unemployment)?

Project for a full 12 months, even if income is not expected to continue

11. Income received during which time period is used in calculating annual income?

Twelve months following certification or recertification

12. To convert income to annual amounts, multiply:

- a. Monthly income x **12**
- b. Weekly income x **52**
- c. Bi-weekly x **26**
- d. Semi-monthly x **24**
- e. Hourly full-time x **2080**

13. If someone is paid on the 1st and 15th of the month, which calculation would be used?

Semi-monthly

14. Who is considered a dependent?

A member of the family (excluding foster children/adults) other than the family head spouse, or cohead who is under 18 years of age, or who is 18 years of age or over and is a disabled person, or is a full-time student

15. Describe the two methods for annualizing seasonal income:

Method 1: Annualize current income and conduct an interim reexam when income changes. Method 2: Calculate anticipated income from all known sources for the entire year. No interim reexam is needed.

16. What income of a minor is counted?

All income except employment

17. What is the difference in what income is counted if the minor is a foster child?

Income of a foster child is counted the same way the income of any minor is counted

18. What income is counted for a person 18 years of age or older who is not the head, spouse, or co-head:
- a. If the person is a full-time student? **Earned income up to \$480**
 - b. If the person is a part-time student? **All**
 - c. If the person is not a student? **All**
19. Is employment income before taxes (gross) or after taxes (net) counted?

Gross

20. When an individual receives Social Security benefits, is the amount with or without Medicare premiums included in annual income?

The amount should include Medicare when computing annual income

21. If Social Security benefits are reduced to make up for a prior overpayment by Social Security, what amount is included in annual income?

Include the amount provided, not the amount that would have been provided if no error has been made

22. If a family receives foster child care payments, are they counted in annual income?
Explain your answer:

No. As long as the child is a qualified foster child with payment coming from the agency responsible for making foster child care payments

23. What is counted as income if a spouse is in the military and stationed out of the home?

All except special pay for exposure to hostile fire.

24. How do you treat income received from persons outside the household?

Count regular, not sporadic, contributions as income

25. Describe the differences in how the income is treated if the outside person is a family member.

There is no difference

26. If a person is receiving alimony or child support payments on an irregular basis, what is used as income?

Count amounts awarded unless applicant/tenant certifies they have made all reasonable efforts to collect (i.e. filing a claim with the appropriate court/agency)

27. What expenses may be deducted from income from a business?

Straight-line depreciation, interest, and all other operating expenses except those listed in answer to question 28

28. What expenses may not be deducted from income from a business?

Business expansion and capital improvements

29. How is the income the family takes out of the business treated?

As income except for reimbursement of investment

30. Give two examples of lump-sum payments that are counted as income.

1. Delayed start of unemployment benefits

2. Delayed start of TANF benefits

31. What part of grants and scholarships is treated as income?

Amount exceeding tuition and required fees unless student is over 23 and has dependent children or lives with parents in Section 8 Housing

32. How are student loans treated?

Student loans are not considered income

33. If a family member is enrolled in a state or local employment training program, what part of their earnings is excluded?

Incremental earnings and benefits from state or local employment training programs are excluded

34. Is a live-in aide's income included in or excluded from annual income?

Excluded

35. List nine examples of income that is counted for HUD purposes:

1. Wages

2. Net business income

3. Interest, dividends, and other income from assets

4. Social Security, including Medicare if applicable

5. Unemployment

6. Welfare assistance

7. Alimony and child support

8. Military pay

9. Retirement, pensions, etc.

36. List eleven examples of income that is not counted for HUD purposes:

1. Employment income of children under 18

2. Payments for care of foster children or adults

3. Agent Orange settlements

4. Amounts specifically for or in reimbursement of medical expenses

5. Income of a live-in aide

6. Special military pay for exposure to hostile fire

7. Income from training programs such as Workforce, HUD-funded training programs, PASS

8. Sporadic income

9. Wages earned from the U.S. Census Bureau as a temporary census taker

10. Student loans

11. Earned income tax credit

37. How is rental income from a property treated?

Rent amount is counted as income

ASSETS

38. What is the income calculation formula when the family's total cash value of assets is less than or equal to \$5,000?

Use actual income from assets

39. What is the income calculation formula when the family's total cash value of assets is greater than \$5,000?

Use the greater of actual income or imputed asset income

40. How is imputed income from assets calculated?

HUD passbook rate x total cash value of assets. Use calculation when cash value of assets exceeds \$5,000

41. List ten examples of assets counted for HUD purposes:

1. Savings and checking accounts

2. Stocks/bonds

3. Equity in property

4. Cash value of some trusts

5. IRA, Keogh funds

6. Money market funds

7. Certificates of deposit

8. Personal property as investments

9. Cash value of whole life insurance

10. Assets disposed of for less than fair market value within the past two years

42. List four examples of assets not counted for HUD purposes:

1. Personal property

2. Interest in Indian trust lands

3. Assets not accessible by applicant

4. Assets that are part of an active business or farming operation

43. How is the cash value of a checking or savings account determined?

Current balance of savings accounts; six month average for checking accounts

44. What is the formula for finding the cash value of a property?

Market value less current loan balance, if any, less anticipated expenses to sell

45. Are trusts always considered an asset? If not, what is the exception?

Revocable/accessible trusts are counted; irrevocable trusts are not counted if no family member has access

46. Are lump sums always considered an asset?

No. Processing delays of periodic payments, such as welfare and unemployment are considered income, with the exception of deferred Social Security, SSI, and veterans' disability lump sums. For all other lump sums, the amount must be retained and verifiable in order to be counted as an asset.

47. What amount is used when an asset is owned jointly by a family member and a person outside the household?

The amount the family member effectively owns

48. When is personal property counted as an asset?

When it is kept as an investment

49. How are life insurance policies treated?

Cash surrender value treated as an asset

50. What happens if a family member has "given away" an asset for less than fair market value?

Count the amount "given away," which is the market value less expenses, less what was received

51. How long is the asset counted in that situation?

Two years from the date of disposition

52. What are the three exceptions to assets being disposed of for less than fair value?

1. When the result of foreclosure

2. When the result of bankruptcy

3. When the result of divorce or separation agreement

HUD ALLOWANCES

53. List the four categories of people who are never considered a dependent.

1. Head

2. Spouse or cohead

3. Foster children/adults

4. Live-in aides and their family members

54. What is a full-time student?

A person other than the head, spouse, or cohead who is attending school or vocational training on a full-time basis, as defined by the institution

55. How much is the dependent allowance?

\$480

56. What age of children are eligible for child care?

12 and younger

57. In what three situations is a family eligible for child care?

1. Adult working

2. Adult attending school

3. Adult looking for work

58. What are three restrictions on the use of child care?

1. It must be reasonable

2. Not paid or reimbursed by someone else

3. Expense does not exceed money earned of person enabled to work

59. Can child support payments be counted as child care?

Payments paid directly to the care provider in lieu of child support are counted

60. What two expenses are eligible as a disability assistance expense?

1. Care attendants

2. Auxiliary apparatus

61. What two conditions qualify a family for the disability assistance allowance?

1. Enable a family member to work

2. Must be a disabled person in household

62. What is the maximum amount of disability assistance?

Earned income of household member(s) enabled to work

63. Give three examples of auxiliary apparatus.

1. Wheelchairs

2. Ramps

3. Adaptations to vehicles

64. What type of family qualifies for a medical allowance?

Head, spouse, or cohead is 62 or older, or disabled

65. Who in the family qualifies for a medical allowance if the head is disabled?

Everyone except live-in aides or their family members

66. List nine examples of medical expenses.

1. Doctors

2. Health-care facilities

3. Medical insurance premiums

4. Prescription drugs and non-prescription drugs

5. Transportation

6. Dental

7. Live-in and periodic assistance

8. Monthly payment on accumulated medical bills

9. Eyeglasses, hearing aids

RENT CALCULATION

67. What is the formula for determining tenant rent?

Total tenant payment minus utility allowance

68. What is the formula for determining utility reimbursement payments?

Total tenant payment minus utility allowance

69. What is the formula for determining total tenant payment?

Greater of: 30% of monthly adjusted income, 10% of monthly income, welfare rent (if applicable), or \$25 minimum rent

70. When a family qualifies for a temporary hardship exemption from the minimum rent, the owner must:

Protect the family from eviction due to inability to pay the minimum rent for 90 days from the date of the exemption request, reinstate the minimum rent retroactively to the beginning of the suspension, and offer a reasonable repayment agreement.

71. For mixed families, how is rent calculated?

Mixed families will have their rent prorated by the number of eligible and ineligible family members, which means they will pay more in rent than they would if everyone in the household was eligible under the noncitizens rule.

VERIFICATIONS

72. Verifications are valid for how many days?

120 days from the date the owner receives them

73. May the owner charge an applicant or tenant for obtaining verifications?

No, the owner must not pass verification costs along to the applicant or tenant

74. What are the six levels of the verification hierarchy?

1. UIV using EIV

2. UIV using other sources

3. Written third-party documents provided by the family

4. Written third-party verification form

5. Third-party oral

6. Tenant self-certification

75. What does the owner do when a family member disputes EIV employer data?

The owner must obtain additional third-party verification

Notes