

HOTMA Update Day 1

January 2025

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HOTMA Update Day 1



Experience — Leadership — Collaboration

Agenda: Day 1

- Overview of HOTMA
- Income of various household members
- Earned income
- Income of students
- Periodic payments
- Other types of income
- Types of assets
- Calculating income from assets
- Asset limitations



Agenda: Day 2

- Adjusted income
- Consent forms
- Verification
- Calculating income at annual
- Interims

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Overview of HOTMA

Section 1

Introduction

- **Housing Opportunity Through Modernization Act of 2016 (HOTMA) signed into law 7/29/16**



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Introduction

- **Title I of HOTMA contains 14 sections that affect public housing and Section 8 programs**
- **Initial rulemaking dealt with Sections 101, 105, 106, and 112 mostly impacted PBV and HQS**
- **HOTMA Income Final Rule released 2/14/23**

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HOTMA Income Final Rule

Section 102

• Income reviews

Section 103

• Public housing over-income families

Section 104

• Limitation on eligibility based on assets

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Effected Programs

Public Housing	Section 8: HCV	Section 8: PBV (RAD and regular)
Section 8: Multifamily (RAD and regular)	HOME	HOPWA
Housing Trust Fund	202/811	CDBG

“The public should be aware that the effects of this rulemaking are not limited to the programs listed in this rule and preamble.”

✓ Example: LIHTC program follows the Section 8 definition of income

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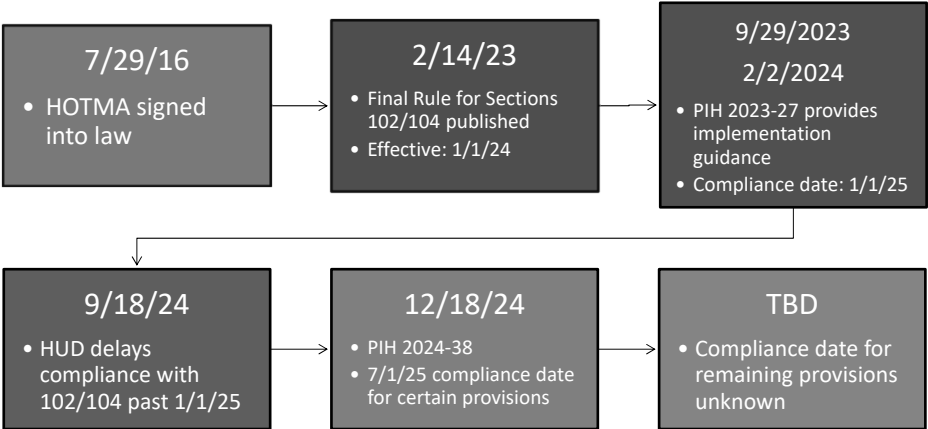
Purpose of this Training

- This training focuses on the HOTMA 102/104 changes to PIH programs
 - Public housing
 - HCV/PBV
- We will not discuss changes in Multifamily, LIHTC, HOME, etc.



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Timeline for HOTMA 102/104



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Transition to HIP

- HUD is in the process of replacing IMS/PIC with the Housing Information Portal (HIP)
- PHAs cannot implement certain provisions of HOTMA 102/104 until the HIP system is operational since HOTMA-compliant 50058s will not be accepted by PIC
- Provisions of HOTMA requiring HIP implementation are currently on hold



Partial Implementation of HOTMA 102/104

- Notice PIH 2024-38
 - Released 12/18/24
- Identifies provisions in HOTMA 102/104 that PHAs must comply with no later than 7/1/25



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20512-0001
OFFICE OF PUBLIC AND INDIAN HOUSING

SPECIAL ATTENTION OF:
Office Directors of Public Housing;
Regional Directors, Public Housing
Agencies

NOTICE PIH 2024-38
Issued: December 17, 2024
Expires: This notice remains in effect until
amended, superseded or rescinded.
Cross References: Notice PIH 2023-27, Notice H
2024-09

Subject: Housing Opportunity Through Modernization Act (HOTMA) Sections 102 and
104: Updated Guidance to Public Housing Agencies (PHAs) on Compliance

I. Purpose

The purpose of this Notice is to identify which income and assets provisions from Sections 102 and 104 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA) that Public Housing Agencies (PHAs) must comply with no later than July 1, 2025.

Section 6.1 of Notice PIH 2023-27 previously established a compliance deadline of January 1, 2025, by which PHAs had to fully comply with the HOTMA final rule. This Notice supersedes, in part, Section 6.1 of Notice PIH 2023-27. This Notice indicates that for the specific HOTMA provisions identified below, the new deadline for PHA compliance is July 1, 2025. For all other provisions that are not identified in this Notice, HUD will not enforce PHA compliance by January 1, 2025.

II. Background

HOTMA was signed into law on July 29, 2016 (Pub. L. 114-260). The final rule implementing Sections 102 and 104 of HOTMA (88 FR 9600) became effective January 1, 2024. HUD initially provided, in the HOTMA Section 102 and 104 Implementation



Compliance Deadline: 7/1/25

- **All transactions with an effective date on or after 7/1/25 must be processed using requirements in Notice PIH 2024-38**
 - **Since reexams start 90 to 120 days prior to the effective date, provisions are effective as soon as 3/3/25 depending on when the PHA starts reexams**

The logo for the National Medical Care Association (NMCA) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

PHA Implementation

- ***“PHAs may immediately begin complying with provisions in the notice once they have made any necessary updates to their materials and processes.”***
- **Notice does not mention updating PHA policies**


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Compliance Deadline Not Applicable

- **7/1/25 compliance deadline does not apply to other HOTMA 102/104 provisions not listed in the notice**
 - **Other provisions are dependent on HIP implementation**



HUD Enforcement Prior to 7/1/25

- **Earned Income Disallowance**
 - **PHAs must have stopped enrolling families into the EID as of 12/31/23**
 - **Form HUD-9886-A**
 - **The old Form HUD-9886 expires 1/31/25**
 - **Once it expires, Form HUD-9886-A will be the only approved version of the form**
-  ▪ **PHAs must transition to the new Form HUD-9886-A by 2/1/25**



Compliance Deadlines

Provision	Required Compliance Date
Stop enrolling families in the EID	1/1/24
Use of Form HUD-9886-A	No later than 2/1/25
Income exclusions	No later than 7/1/25
Definitions	No later than 7/1/25
De minimis errors	No later than 7/1/25



Income Exclusions

- PHAs may immediately implement income exclusions in 24 CFR 5.609(b) on all income examinations
 - New admissions, annual, or interims
- For all income examinations effective on or after 7/1/25 PHAs must apply HOTMA 102/104 income exclusions



Income Exclusions

- Full list of income exclusions is listed at 24 CFR 5.609(b)
- Notice also refers to exclusions listed in Notice PIH 2023-27, Attachment G and F

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Definitions

- PHAs may immediately begin to use the following definitions
- PHAs must use these definitions for all transactions effective on or after 1/1/25

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Definitions

- Earned income and unearned income
- Family
- Day laborer and independent contractor
- Dependent
- Foster child and foster adults
- Health and medical care expenses
- Minor

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Other Provisions

- Notice PIH 2024-38 also mentions two other HOTMA provisions that may be implemented immediately
 - PHAs may choose not to use EIV during interims
 - PHAs may, but are not required to, use Safe Harbor income determinations from means-tested federal assistance programs

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Safe Harbor Verification in PIC

- If a PHA chooses to adopt this policy while in IMS/PIC, they must list annual income from the other program’s determination in Section 7 under the HOH using the code *other nonwage sources* (N)

7. Income						
7a. Family member name	No.	7b. Income Code	7c. Calculation (PHA use)	7d. Dollars per year	7e. Income exclusions	7f. Income after exclusions (7d minus 7e)
HOH name	1	N		\$	\$	\$
				\$	\$	\$
				\$	\$	\$



2/22/24 FAQs

- In FAQs dated 2/22/24, HUD determined that certain HOTMA 102/104 changes are not dependent on transitioning to the HIP system and PHAs may implement them before HIP is in place
- This is optional



2/22/24 FAQs

- **Verification Hierarchy**
 - **Third-party verification dated within 120 days of the date received by the PHA**
 - **May accept a statement dated within the appropriate benefit year for fixed income sources**

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2/22/24 FAQs

- **Verification of SSNs**
 - **If the individual is not able to provide documentation of SSN, the PHA may accept a self-certification of SSN along with a third-party document as a last resort**

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PIH HOTMA 102/104 Resources

PIH HOTMA resources

- https://www.hud.gov/program_offices/public_indian_housing/hotmaresources

HUD Exchange HOTMA resources

- <https://www.hudexchange.info/programs/hotma/>

Dedicated HOTMA email address


- HOTMAquestions@HUD.gov

HIP webpage

- https://www.hud.gov/program_offices/public_indian_housing/hip

HOTMA resources

- www.nanmckay.com/HOTMA



Inflationary Adjustments



Inflationary Adjustments

- **Many factors impacting income are now tied to an inflationary index and are subject to change annually**
 - **Deduction for elderly and disabled families**
 - **Restriction on net family assets**
 - **Amount of net assets**
 - **Dependent deduction**
 - **Income exclusion for earned income of dependents and adoption assistance payments**



Inflationary Adjustments

- **HUD published inflationary adjustment for 2025 on 8/2/24**
- **Revised amounts effective 1/1/25**
- **But will not be applicable until HOTMA is applicable**

Note: If your agency/property/program administrator is not yet complying with Sections 102 and 104 of HOTMA, you will not utilize this table. Annual inflationary adjustments, the new thresholds (e.g., asset limitation), and the requirement to use this passbook rate are among the provisions of Sections 102 and 104 of HOTMA.



Inflationary Adjustments

HOTMA Provision	2024	2025
Asset limitation	\$100,000	\$103,200
Asset threshold	\$50,000	\$51,600
Passbook rate	0.40%	0.45%

- Elderly/disabled and dependent deduction amounts did not change
- This class uses 2025 numbers

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Annual Income
Overview

Section 2

New 50058

- On 10/2/2023, HUD released a new version of the Form HUD-50058 that is revised for HOTMA
- Corresponding 50058 Instruction Booklet is dated 1/1/24 but is still under revision

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New Definition: Annual Income

- Extensively revised definition of annual income
- Regulation lists income that is excluded
 - Previous version of the regulation listed both inclusions and exclusions
 - All income is included unless specifically excluded

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Old Definition

- (a) *Annual income* means all amounts, monetary or not, which:
- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
 - (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
 - (3) Which are not specifically excluded in paragraph (c) of this section.
 - (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.
- (b) *Annual income includes, but is not limited to*
- (c) *Annual income does not include the following:*



New Definition

§ 5.609 Annual income.

(a) Annual income includes, with respect to the family:

(1) All amounts, not specifically excluded in paragraph (b) of this section, received from all sources by each member of the family who is 18 years of age or older or is the head of household or spouse of the head of household, plus unearned income by or on behalf of each dependent who is under 18 years of age, and

(b) Annual income does not include the following:



Annual Income

- **Annual income includes “all amounts received,” not the amount that a family may be legally entitled to receive but did not receive**
 - **For example, a family’s child support or alimony income must be based on payments received, not the amounts to which the family is entitled by court or agency orders**

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Annual Income

- **Annual income also includes all actual anticipated income from assets (provided the income is not otherwise excluded) even if the asset itself is excluded from net family assets**
 - **We’ll discuss this more later in the asset section**

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Garnishments

- **When a family member's wages or benefits are garnished, levied, or withheld to pay restitution, child support, tax debt, student loan debt, or other applicable debts, the PHA must use the gross amount of the income, prior to the reduction, to determine a family's annual income**

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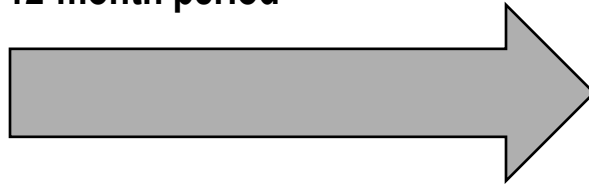
Calculating Income

- **The methodology used for calculating annual income differs depending on whether income is being calculated at:**
 - **Initial occupancy/assistance**
 - **Interim reexam**
 - **Annual reexam**

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Calculating Income

- When calculating income at the time of admission to the program or during interim reexams, PHAs must use anticipated income (current income)
 - Family's estimated income for the upcoming 12-month period



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Calculating Income

- When calculating income at an annual reexam, the PHA uses the family's income for the previous 12-month period, but must make adjustments to reflect current income
- More on how to calculate income tomorrow

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Full-Time Students

- **Exclude earned income of a dependent full-time student in excess of the dependent deduction**
 - Will adjust annually for inflation
 - Currently \$480
- **Include all unearned income**
 - Except those amounts specifically excluded by regulations
- **Include asset income in net family assets**

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Temporarily Absent Family Members

- Unlike the previous version of the regulations, the new regulations do not address temporarily absent family members
- Since the regulations state to count all income unless it's specifically excluded, the PHA would still include income of temporarily absent family members

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Temporarily Absent Family Members

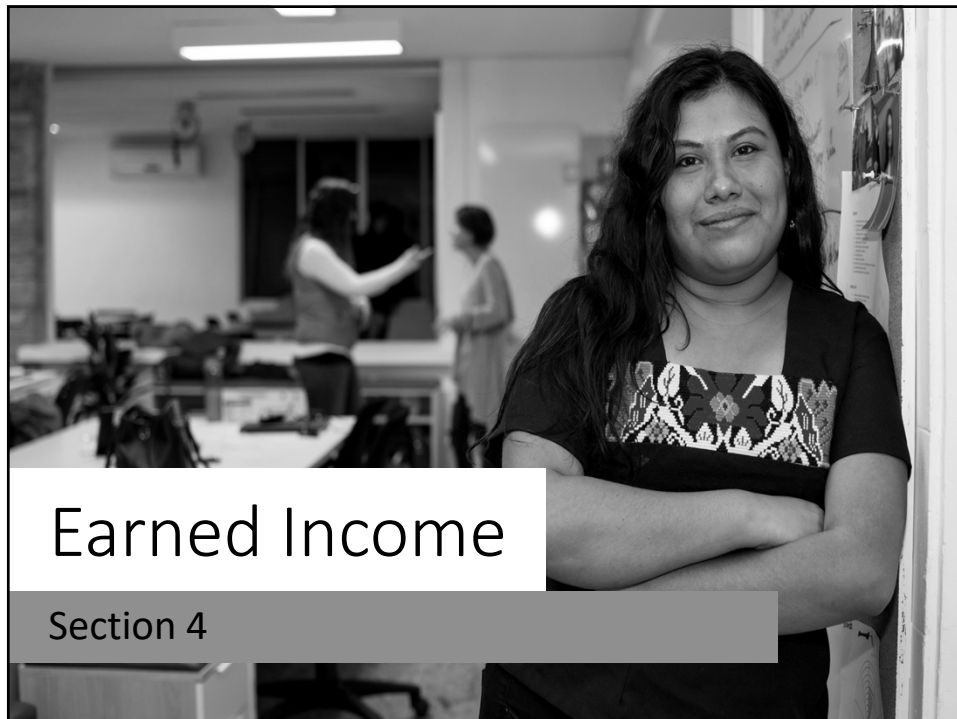
- Regulations do not specify a timeframe associated with a temporary vs permanent absence
- Once an individual is considered permanently absent, they are removed from the family composition and their income is not counted

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Foster Children and Foster Adults

- New HOTMA regulations define *foster child* and *foster adult*
- Foster care payments received by the family are excluded
- Income of foster children and adults is fully excluded
 - Both earned or unearned

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Definition: Earned Income

- ***Earned income*** means income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment

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Earned Income

- **Include in annual income the earned income of:**
 - Each member of the family who is 18 years of age or older
 - Or who is the head of household or spouse or cohead regardless of age

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Earned Income

- **Income received as a day laborer or seasonal worker is also included in annual income, even if the source, date, or amount of the income varies**

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Seasonal Employment

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Seasonal Employment

- Some occupations regularly work less than 12 months per year
 - School employees
 - Agricultural workers
 - Construction trades



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Seasonal Employment

- Earnings of seasonal workers or day laborers are included in annual income
- Even if the source, date, or amount of income varies



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Definition: Seasonal Worker

- An individual who is hired into a short-term position (e.g., for which the customary employment period for the position is 6 months or fewer); and
- The employment begins about the same time each year (such as summer or winter)
- Typically, the individual is hired to address seasonal demands that arise for the particular employer or industry



Seasonal Work

- Some examples of seasonal work include employment limited to holidays or agricultural seasons
- Seasonal work may include but is not limited to employment as a lifeguard, ballpark vendor, or snowplow driver



Definition: Day Laborer

- **An individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future**

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Self-Employment

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Self-Employment

- Annual income include net income from the operation of a business or through self-employment
 - *Net income* is gross income minus business expenses that allows the business to operate
 - May deduct depreciation (straight-line), interest payments on loans, and all expenses other than those for expansion or capital improvements

The logo for mma (McKay & Associates) is located in the bottom right corner of the Self-Employment box. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

Independent Contractors

- Income received as an independent contractor is included in annual income
 - Even if the source, date, or amount of the income varies
 - Considered self-employed

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Definition

- An individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code Federal income tax requirements and whose earnings are consequently subject to the Self-Employment Tax
- In general, an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done

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Example: Independent Contractor

- Amanda Allen drives for Uber
- She files a 1099
- She is considered self-employed
- Whether she works full-time or part-time, her net income is included in annual income, even if her hours and pay vary



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Earned Income Disallowance (EID)

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Earned Income Disallowance (EID)

- **HOTMA removed the statutory authority for the EID**
- **Families continued to qualify through 12/31/2023**
- **These families receive the EID under current regulations for the full 24 months of exclusion**

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Earned Income Disallowance (EID)

- As of 1/1/2024, no new families qualified
- The EID fully sunsets December 31, 2025



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Example: EID

- Brad Green got a new job on 11/12/23 and qualified for the EID
- Per PHA policy, the PHA started his EID clock on 12/1/23
- Brad is entitled to the full 24-months of EID
- His EID ends 12/1/25



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Educational Savings Accounts

- **Any amount in or from, or any benefits, income, or distributions from, any Coverdell educational savings account or any qualified tuition program under IRS sections 529 and 530 is excluded from income**

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Student Loans

- Exclude the net amount disbursed by a lender to or on behalf of a borrower under the terms of a loan agreement received by the family or a third party



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Student Financial Assistance

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Pre-HOTMA Section 8 Student Rule

- In 2005, Congress imposed restrictions on housing assistance to college students in Section 8 programs only (HCV, PBV, PBRA)
- Known as “Section 8 student rule”
- Language is in each years’ HUD appropriations
- Does not apply to public housing

The logo for mma (McKay, McKay & Associates) is located in the bottom right corner of the slide. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

Pre-HOTMA Section 8 Student Rule

- The Section 8 student rule had two parts:
 - Determining if the student is eligible for the program
 - This still applies to all Section 8 families under HOTMA
 - Calculating student financial assistance
 - This might apply to a Section 8 family under HOTMA

The logo for mma (McKay, McKay & Associates) is located in the bottom right corner of the slide. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

What did the Section 8 Student Rule require?

- Financial aid exceeding amounts received for tuition/required fees and charges is included in annual income
 - Exclude financial aid paid to a student over the age of 23 with dependent children
 - Exclude if student lives with their parents

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What's changed under HOTMA?

- The Higher Educating Act (HEA) requires that all assistance under Title IV of the HEA and Bureau of Indian Affairs student financial assistance be excluded
 - And it is under the new HOTMA student rule

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What's changed under HOTMA?

- However, for over 10 years, HUD appropriations have included Section 8 student rule language that does not require assistance under Title IV of the HEA be excluded
- For any funds from a year where HUD's appropriations acts include this limitation, the Section 8 student rule will apply to certain students



What rule applies?

All students in public housing

- HOTMA student rule

Section 8 student living with their parents

- HOTMA student rule

Section 8 student is HOH, spouse or cohead and over the age of 23 with a dependent child

- HOTMA student rule

Section 8 student is HOH, spouse or cohead and 23 or under or no dependent children

- Section 8 student rule



HOTMA Student Rule

- **Creates two categories of student financial assistance**



Assistance under section 479B of the Higher Education Act of 1965

- Title IV of the HEA



Other student financial assistance

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Assistance Under Title IV of the HEA



- **Must be excluded from the family's annual income**

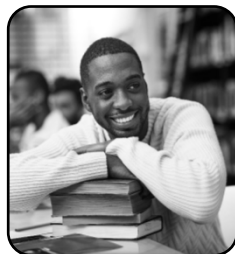
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Examples



- Pell Grants
- Teach Grants
- Federal Work Study Programs
- Federal Perkins Loans
- Income earned in employment and training programs under section 134 of the Workforce Innovation and Opportunity Act (WIOA) (starting 1/1/24)
- Bureau of Indian Affairs/Education student assistance programs

Other Student Financial Assistance



- Exclude:
 - Any other grant-in-aid, scholarship, or other assistance amounts
 - For the *actual covered costs* charged by the institute of higher education
 - Not otherwise excluded by the Federally mandated income exclusions (i.e., Title IV of the HEA)

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Definition: Actual Covered Costs

- **The actual costs of:**
 - **Tuition, books, and supplies**
 - Including supplies and equipment to support students with learning disabilities or other disabilities
 - **Room and board**
 - **Other fees required and charged to a student by the educational institution**

The logo for the National Merit College Assistance (nmca) is displayed in a stylized, lowercase font.

Definition: Actual Covered Costs

- **And, for a student who is not the head of household or spouse/cohead, include:**
 - **The reasonable and actual costs of housing**
 - **While attending the institution of higher education**
 - **And not residing in an assisted unit**

The logo for the National Merit College Assistance (nmca) is displayed in a stylized, lowercase font.

Student Financial Assistance

- **To qualify, assistance must be expressly:**
 - **For tuition, book, supplies, room and board, or other fees required and charged to the student by the educational institution;**
 - **To assist a student with costs of higher education; or**
 - **To assist a student who is not the head of household or spouse with the reasonable and actual costs of housing while attending the education institution and not residing in an assisted unit.**



Types of Student Financial Assistance

- **Must be a grant/scholarship received from:**
 - **The Federal government**
 - **A State, Tribal, or local government**
 - **A private foundation registered as a nonprofit**
 - **A business entity**
 - **An institution of higher education**



Student Financial Assistance

- **Does not include:**
 - **Financial support provided to the student in the form of a fee for services performed**
 - **Gifts, including gifts from family or friends**

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Student Financial Assistance

- **Applies to both full-time and part-time students**
- **May be paid directly to the student or to the educational institution on the student's behalf**

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What does this mean?

- **The amount of student financial assistance that helps the student with their actual educational expenses is not included in annual income**
- **Anything over that amount may be included**

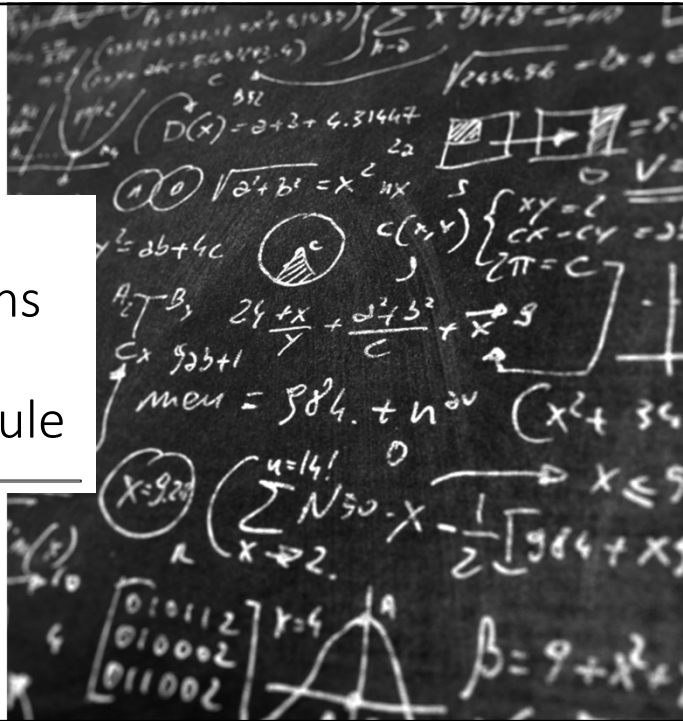
The logo for the National Minority College Administrators (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

What does this mean?

- **PHA needs to verify:**
 - **How much is the student's financial assistance?**
 - **Is any of the assistance coming from a source under Title IV of the HEA?**
 - **What are their actual covered costs to attend school?**

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Example
calculations
HOTMA
Student Rule



Example 1: HEA Assistance Only

- If a student only receives financial assistance under Title IV of the HEA, i.e. a \$10,000 Pell Grant, and does not receive any other student financial assistance
 - Exclude the full amount of the assistance received under Title IV
 - No need to calculate actual covered costs

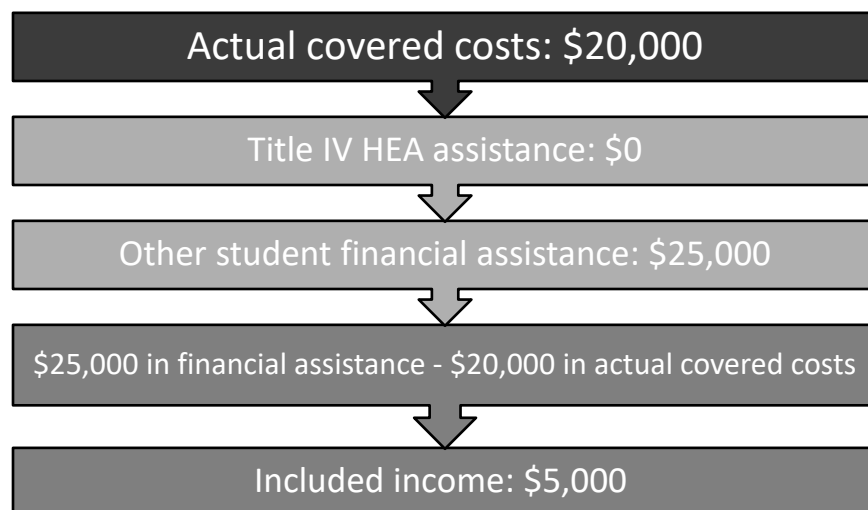
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Example 2: Other Assistance Only

- If the student does not receive any assistance under Title IV of the HEA but does receive assistance from another source:
 - 1) Calculate actual covered costs
 - 2) Subtract the total amount of the student's financial assistance from the student's actual covered costs
 - 3) Include any amount of financial assistance in excess of the student's actual covered costs

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Example 2: Other Assistance Only



Example 3: Both

- When a student receives assistance from both Title IV of the HEA and from other sources:
 - Calculate the actual covered costs
 - Assistance received under Title IV of the HEA is applied to the student's actual covered costs first
 - Then apply the other student financial assistance to any remaining actual covered costs

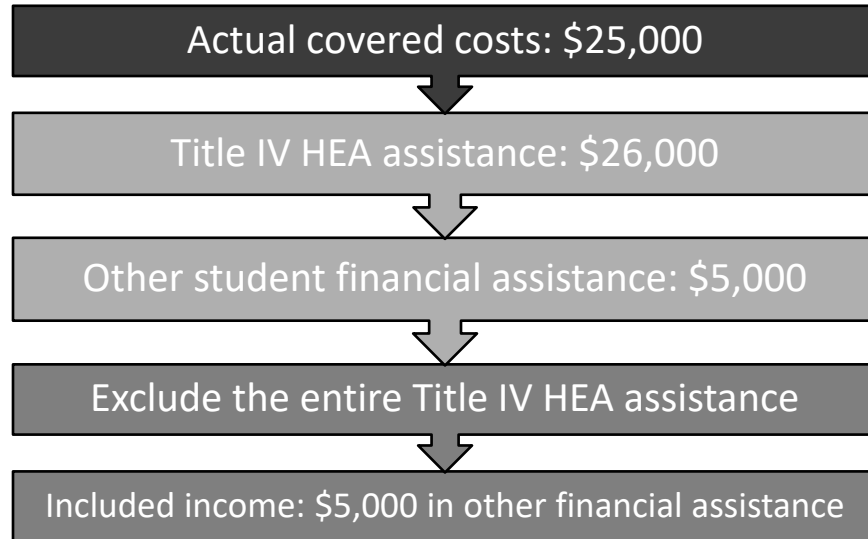
The logo for mma (McKay & Associates) is located in the bottom right corner of the slide. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

Example 3: Both

- If the amount of assistance excluded under Title IV of the HEA equals or exceeds the actual covered costs, none of the student financial assistance is excluded from income

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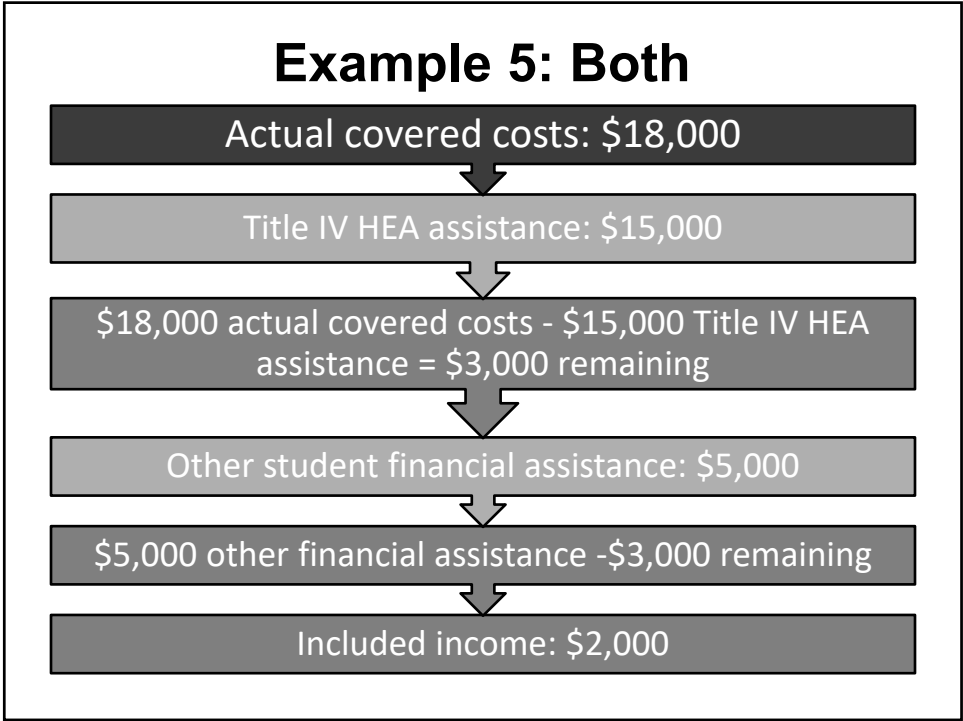
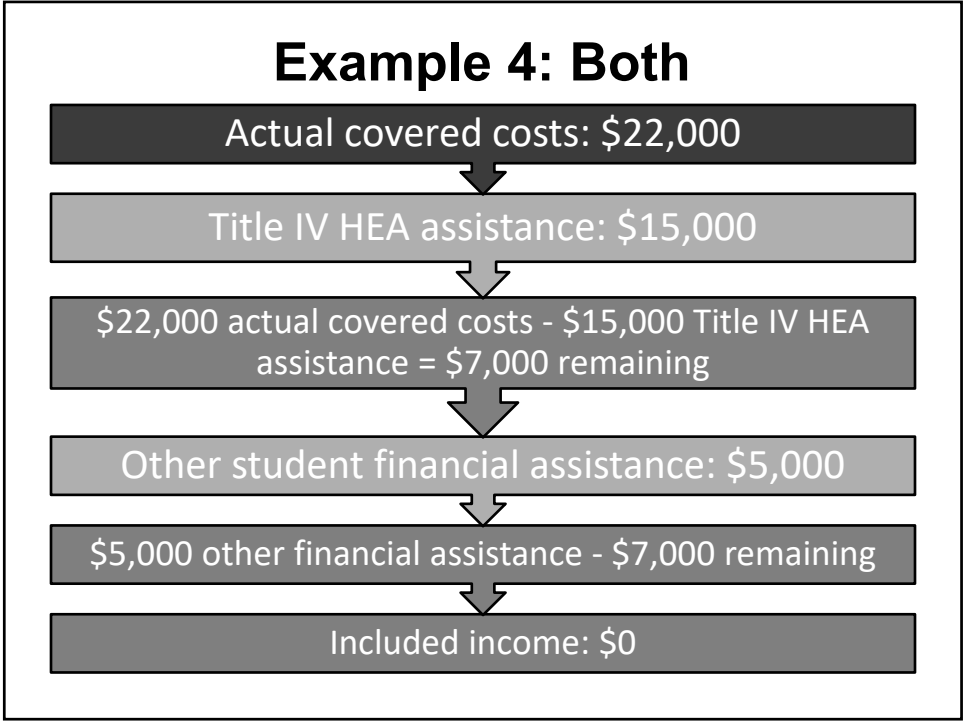
Example 3: Both



Example 4: Both

- If the amount of assistance excluded under Title IV of the HEA is less than the actual covered costs, exclude the amount of other student financial assistance up to the amount of the remaining actual covered costs

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Section 8 Student Rule

- **Applies when the student:**
 - **Receives Section 8; and**
 - **Does not live with parents; and**
 - **Is HOH, spouse, or cohead; and**
 - **Is 23 or younger or does not have dependent children**



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Section 8 Student Rule

- **Title IV HEA assistance is included when determining the student's total financial assistance**
- **Subtract tuition and fees/charges from the total student financial assistance from all sources**
- **If any financial aid in excess of tuition, include in annual income**

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Example

Tuition + required fees/charges: \$22,000

Title IV HEA assistance: \$15,000

Other student financial assistance: \$15,000

\$15,000 title IV HEA assistance + \$15,000 other assistance = \$30,000 total financial assistance

\$30,000 financial assistance - \$22,000 tuition and fees = \$8,000 included in annual income

Periodic Payments and Nonrecurring Income

Section 6

Periodic Payments

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Periodic Payments

- **Periodic payments are income sources received on a regular basis**
 - **Weekly, monthly, or yearly**
 - **For example, payments from Social Security, SSI, annuities, pensions, disability, death benefits**
- **They are typically included in annual income**

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Social Security

- **Include gross Social Security income prior to the Medicare deduction**
 - **Example:**
 - **SS payment is \$800 per month**
 - **\$174.70 subtracted for Medicare premium**
 - **Count \$800 per month as income**

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Reduction in Social Security Benefits

- **If benefits reduced to make up for prior overpayments by SSA, include amount provided**
 - **Not amount that would have been provided if no error had been made**

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Example: SS Reduction

- Social security overpaid benefits for the past 6 months
 - Should have received \$1,100 per month
 - Family instead received \$1,200 per month
- SSA adjusts payment to recoup overpayment
 - \$1,000 per month for the next 6 months
- For the next sixth months, use the lower amount

The logo for mma (McKay, McKay & Associates) is displayed in a stylized, lowercase font.

Lump Sum Payments Counted as Income

- Generally, lump sums received by the family are not considered income since they are nonrecurring
- However, lump sums caused by delays in processing periodic payments (such as welfare and unemployment) are included in annual income

The logo for mma (McKay, McKay & Associates) is displayed in a stylized, lowercase font.

Example: Lump Sum

- Beverly Boone lost her job on Oct 19th and applied for unemployment
- On 12/6 she begins receiving regular payments of \$200 per week from unemployment
- She also gets a \$900 lump sum to cover the period from 10/19 to 12/5



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Example: Lump Sum

- The lump sum for the delayed start of unemployment benefits is included in her annual income as well as her weekly unemployment benefit amount



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Exception: Certain Deferred Periodic Payments

- **Deferred periodic amounts from SSI and SS benefits or any deferred VA disability benefits that are received in a lump sum amount or in prospective monthly amounts are excluded from annual income**

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Example: Excluded Deferred Payment

- **Amanda Martinez applied for SSI two years ago**
- **When it was awarded, she received a one-time lump sum payment for \$8,000**
- **She also started receiving gross monthly SSI payments of \$500**



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Example: Excluded Deferred Payment

- Include the gross amount of Amanda's monthly SSI
 - $\$500 \times 12 = \$6,000$
- Exclude the full amount of the lump sum
 - The lump sum may be an asset
 - More on this later



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Retirement Accounts

- Any distribution of periodic payments from retirement accounts is income at the time it is received by the family



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Retirement Accounts

- Previous guidance from HUD stated that the PHA would not include amounts withdrawn that are a reimbursement of the family's own investment
- This is no longer the case
- The PHA does not consider the family's investment and counts all periodic payments from retirement accounts

The logo for the National Mortgage Care Association (nmca) is displayed in a stylized, lowercase font.

Alimony and Child Support

- Annual income includes “all amounts received,” not the amount that a family may be legally entitled to receive but which they do not receive
 - For example, a family's child-support or alimony income must be based on payments received, not the amounts to which the family is entitled by court or agency orders

The logo for the National Mortgage Care Association (nmca) is displayed in a stylized, lowercase font.

Nonrecurring Income

The logo for Nan McKay & Associates, Inc. (nmca) is located in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Definition: Nonrecurring Income

- Exclude income as nonrecurring if:
 - It has discrete end date
 - And
 - Will not be repeated beyond the coming year
 - 12 months following the effective date of the certification

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Periodic Payments vs Nonrecurring Income

- **However, periodic payments are included if they are:**
 - **Received at regular intervals**
 - **Weekly, monthly, or yearly**
 - **For a period of greater than one year**
 - **And can be extended**



Example: Nonrecurring Income

- **The Watts family is a new admission**
- **They receive income from a guaranteed income program in their city**
- **The payments will end 6 months after the family is admitted to the program**



Example: Nonrecurring Income

- While the guaranteed income will be repeated in the coming year, it will end before the family's next annual
- The income is fully excluded



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Example: Regular Income

- In February, the PHA is conducting an annual for Lillian Gonzalez, effective 5/1/24
- She states she receives monthly payments for participation in a research project that is expected to last for 18 months and will end on 9/30/25 the following year



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Example: Recurring Income

- The PHA includes this as income because the amounts will be received through the next annual reexam



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Example: Recurring Income

- For the 5/1/25 annual reexam, Lilian provides a letter stating that the income will end on 9/30/25
- The PHA will exclude the income received after the 5/1/25 annual reexam



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Unemployment Income

- **Unemployment benefits are not considered nonrecurring and are included in annual income**
 - **This is a change from previous HUD guidance**

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Workers' Compensation

- **Workers' compensation income is always excluded, regardless of the frequency or length of the payments**

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Example: Workers' Comp

- Heather Cooper was injured in a work accident
- At her annual she states she is receiving worker's compensation equal to her salary paid in biweekly installments for a period of 18 months
- The amount is excluded



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Self-Certification of Nonrecurring Income

- The PHA may accept a self-certification from the family stating that income will not be repeated in the coming year

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Nonrecurring Income

- **Income excluded as nonrecurring includes:**
 - **Nonrecurring payments made to the family or to a third-party on behalf of the family to assist with utilities;**
 - **Payments for eviction prevention;**
 - **Security deposits to secure housing;**
 - **Payments for participation in research studies (depending on the duration); and**
 - **General one-time payments received by or on behalf of the family**

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Nonrecurring Income

- **Income excluded as nonrecurring includes:**
 - **Payments from the U.S. Census Bureau for employment lasting no longer than 180 days**
 - **Direct federal or state payments for economic stimulus or recovery**
 - **State or federal refundable tax credits or tax refunds**
 - **Gifts for holidays, birthdays, or other significant life events or milestones**

The logo for mma (McKay, McKay & Associates) is displayed in a stylized, lowercase font.

Nonrecurring Income

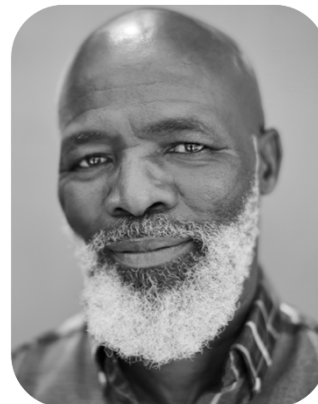
- Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings
 - May be counted as an asset



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Example: Lottery Winnings

- Trevor Lucky bought 10 lottery tickets
- One of the tickets won him \$1,000
- The winnings are a one-time, lump-sum and are not included in annual income



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Example: One-Time Lump Sum

- Logan fundraises \$5,000 online to help pay for personal expenses
- The PHA verified with Logan that this was a one-time solicitation for donations of cash and that Logan does not intend for this to be a recurring source of income



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Example: One-Time Lump Sum

- The \$5,000 is a one-time, lump sum and should not be included in his annual income calculation



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Example: One-Time Lump Sum

- At his next annual, the PHA verifies Logan solicited for donations online a second time and raised an additional \$4,500
- Logan certified that he does not intend for this to be a recurring source of income, but, because the PHA can establish a pattern, the \$4,500 is not considered a lump-sum and should be included in the annual income calculation

The logo for the National Medical Care Association (NMCA) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Regular Income

- Provided they do not meet the definition of non-recurring, the PHA includes regular contributions (cash or noncash) provided on a regular basis (recurring)
 - May include rent and utility payments paid on behalf of the family

The logo for the National Medical Care Association (NMCA) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Non-Recurring Income

- Nonrecurring payments made to the family or to a third-party on behalf of the family to assist with utilities are excluded from annual income
- However, if a family repeatedly says that a payment is nonrecurring, but the PHA can establish a pattern of the payments actually recurring year after year, the PHA would no longer consider the payments nonrecurring.



Example: Non-Recurring Income

- John Martin (age 42) lives alone
- He states he is zero income
- However, John is responsible for the electric bill for his unit
- The PHA asks him how he pays the bill
- He says his mother (who does not live in the unit) pays the bill, but she will only be paying it for the next 6 months and then John is uncertain how he will pay his electric bill



Example: Non-Recurring Income

- He signs a self-certification with this information
- The PHA is to exclude the payment of the utility bill as non-recurring income

The logo for Nan McKay & Associates, Inc. (nma) is located in the bottom right corner of the slide. It consists of the lowercase letters 'nma' in a bold, sans-serif font.

Example: Regular Income

- Holly Hawes lives alone
- Her father does not live in her unit
- On average, he gives her \$100 each month to pay her utility bills
- Holly self-certifies that he has been paying her utility bills for the last 2 years and will continue to pay them in the upcoming year
- The \$100 per month is income

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In-Kind Donations

- **Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization are excluded**
 - **Whether they are recurring or non-recurring**
- **Non-recurring, non-monetary in-kind donations from friends and family are excluded**
 - **Because they are non-recurring income**

The logo for the National Multiple Sclerosis Center for Advancing Research and Education (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

In-Kind Donations

- **The exclusion of non-monetary in-kind donations applies only to donations from a food bank or similar organization, not from family members outside of the household**

The logo for the National Multiple Sclerosis Center for Advancing Research and Education (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Example: Non-Monetary Donations

- Martha Allen receives a bag of groceries every Friday from her mother who does not live with her
- She has been receiving this for the last year and certifies she will continue to receive them



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Example: Non-Monetary Donations

- The value of the groceries donated by a family member who lives outside of the household on a recurring basis are included income



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Example: Non-Monetary, In-Kind Donation

- Jonas Crandall receives a basket weekly from the local food bank that includes both food and toiletries
- This is an in-kind donation from the local food bank
- The PHA must not include the basket items in annual income



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Zero Income Families

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Zero Income Procedures

- **May accept a self-certification of zero income from the family at admission and reexam without taking any additional steps to verify zero reported income**
 - **HUD does not require they be notarized**

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Zero Income Procedures

- **PHAs may, but are not required to, establish reasonable procedures to manage the risk of unreported income, such as asking families to complete a zero income worksheet**

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Zero Income Procedures

- PHAs may only conduct interims in accordance with the regulations and PHA policies
- Families who begin receiving income which does not trigger an interim should not be considered zero income
 - Even though the family's income is not reflected on 50058

The logo for mma (McKay, McKay & Associates) is displayed in a stylized, lowercase font.A white handheld calculator with a numeric keypad and function buttons is centered in the background of the slide.

Other Types of Income

Section 7

Health and Medical Care Reimbursements

- **Exclude amounts received by the family that are specifically for, or in reimbursement of, the cost of health and medical care expenses for any family member**

The logo for the National Military Care Association (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Aid and Attendance to Veterans

- **Payments related to aid and attendance to veterans in need of regular aid and attendance are excluded**
 - **Program through the VA used to offset the cost of long-term care**
- **Exclusion applies only to veterans and not to other beneficiaries of the payments, such as a surviving spouse**

The logo for the National Military Care Association (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Home-Based Care Payments

- **Exclude payments made by or authorized by a state Medicaid agency (including through a managed care entity) or other state or federal agency**
- **To a family to enable a family member who has a disability to reside in the family's assisted unit**

The logo for mma, consisting of the lowercase letters 'mma' in a bold, sans-serif font.

Home-Based Care Payments

- **The old 24 CFR 5.609(c)(16) excluded:**
 - **Amounts paid by a State agency to a family with a member who had 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**

The logo for mma, consisting of the lowercase letters 'mma' in a bold, sans-serif font.

What's different?

- **Payments no longer need to offset the cost of services or equipment**
- **Covers all payments by state Medicaid-managed care system, other state agency, or authorized entity not just a state agency**
- **Applies to any family member with a disability, not just a developmental disability**

The logo for mma (McKay, McKay & Associates) is located in the bottom right corner of the slide. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

Home-Based Care Payments

- **Exclusion only applies to payments to the family member for caregiving services for another member of the assisted family residing in the unit**
- **Payments to the family member for caregiving services for someone who is not a member of the assisted family (such as for a relative that resides elsewhere) are not excluded from income**

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Example: Home-Based Care Payments

- Sally lives in a unit with her mother Barbara who is disabled and needs care services
- Barbara wishes to remain in the unit
- Sally is providing care services for her mom and gets direct payments from the state Medicaid agency



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Example: Home-Based Care Payments

- Amounts paid directly to Sally by the state Medicaid agency are excluded



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Civil Action Settlements

- **Exclude any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, which resulted in a member of the family becoming disabled**

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“Baby Bond” Accounts

- **Income earned by government contributions to, and distributions from “baby bond” accounts created, authorized, or funded by federal, state, or local government is excluded**
 - **Currently no federal program**
 - **Some states have programs**



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Training Programs

- Exclude all *incremental* earnings and benefits from training programs funded by HUD or qualifying federal, state, tribal, or local employment training programs and training of a family member as resident management staff
 - Includes programs not affiliated with a local government
 - No specific programs cited

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Training Programs

- Incremental earnings:
 - Increase in total amount of benefits (TANF) and earnings of family member prior to enrollment in training program versus after enrollment

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Training Programs

- Exclude incremental earnings and benefits only while the family member participates in the employment training program
- Definition of training program:
 - Clearly defined goals and objectives

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Example: Training Program

- Horatio Smith receives \$600 per month in TANF.
- He enrolls in a state employment training program
- He begins receiving \$750 per month in training income
- His TANF benefits stop



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Example: Training Program

- **What income is included?**
 - **\$600**
 - **\$150 increase is excluded**
- **How long will it be excluded?**
 - **While he is in the program**



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Loan Proceeds

- **Exclude the net amount disbursed by a lender to or on behalf of a borrower under the terms of a loan agreement**
 - **Received by the family or a third party**
 - **Examples include a private loan to enable a family member to go to school or to buy a car**

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Mismanagement of Assets Claims

- **Exclude payments received by tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States**
 - **To the extent such payments are also excluded from gross income under the Internal Revenue Code or other federal law**
- **See Notice PIH 2023-27 for more information**



Housing Gap Payments

- **Exclude replacement housing “gap” payments that offset increased rent and utility costs to families that are displaced from one federally subsidized housing unit and move into another federally subsidized housing unit**



Housing Gap Payments

- **If the gap is reduced or eliminated because of a subsequent move by the tenant or change in subsidy, and the tenant continues to receive the payment, the payment that is no longer needed to close the gap should be counted as income**

The logo for the National Multicultural Council of America (nmca) is displayed in a stylized, lowercase font.

Civil Rights Settlements

- **Exclude income from civil rights settlements or judgments**
 - **Including settlements or judgments for back pay regardless of how the settlement or judgement is structures**
 - **(i.e., as a lump sum or structured payment)**
- **May be counted toward net family assets**

The logo for the National Multicultural Council of America (nmca) is displayed in a stylized, lowercase font.

FSS Accounts

- **Exclude income earned on amounts placed in a family's Family Self-Sufficiency (FSS) account**
 - **Interim or final distributions from the account are also excluded**

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Public Assistance in As-Paid States

- **Income regulations no longer include a reference to welfare assistance in as-paid states**
 - **New York, New Hampshire, and Vermont**
- **However, TTP regulations still state to consider welfare rent when calculating family's TTP**

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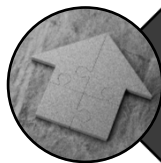


Types of Assets

Section 8

Real Property vs Personal Property

- HUD categorizes all assets as either:



Real Property



Personal Property

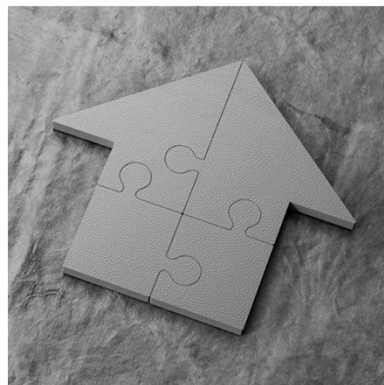
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Is the asset **real property** or
personal property?

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Real Property

- Examples of real property are a home or a piece of land
- Equity in real property or other capital investments is considered an asset



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Real Property

- The PHA includes the net cash value of real property
- Net cash value is the market value minus reasonable costs that would be incurred in disposing of the real property
 - Including any mortgage debt or other monetary liens

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Real Property

- However, real property is not an asset if the family does not have *effective legal authority* to sell it
 - Co-ownership situations (including situations where one owner is a victim of domestic violence), where one party cannot unilaterally sell the real property
 - Property that is tied up in litigation
 - Inherited property in dispute

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Example

- Nancy is applying for assistance for herself and her two children
- She owns a home with her husband Paul
- Nancy self-certifies she is a victim of domestic violence, and Paul is the perpetrator
- She certifies she cannot sell the home since Paul is co-owner



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Example

- Since Nancy does not have effective legal authority to sell the home, it is not considered an asset



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Personal Property

- Items that are not real property are considered personal property
- Includes tangible items like boats and intangible items like bank accounts



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Personal Property

- HUD categorizes personal property as either:

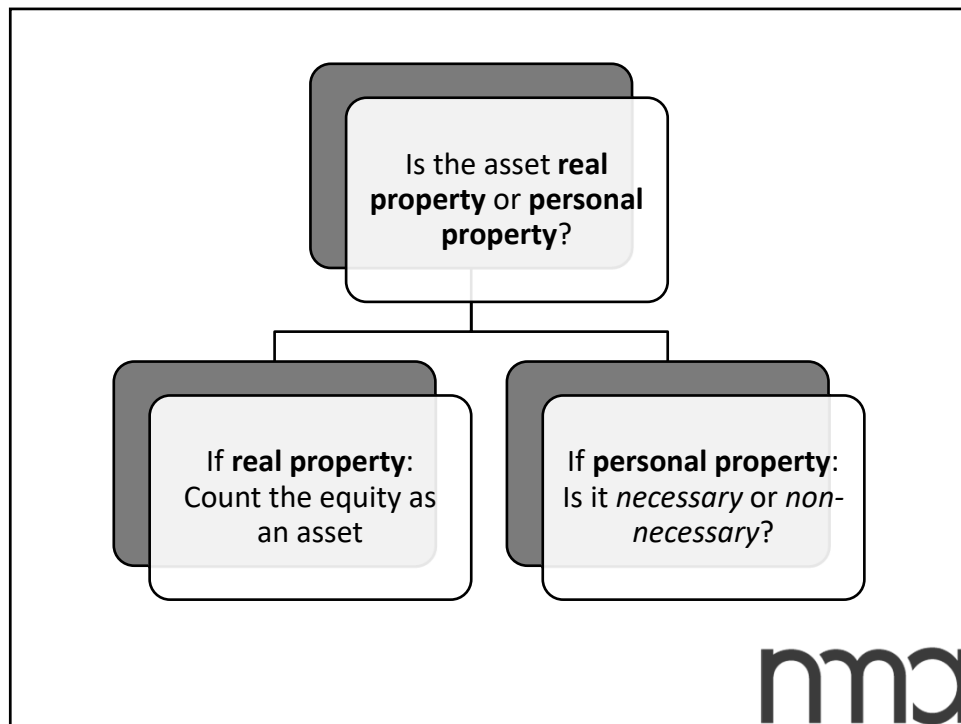


Necessary



Non-necessary

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Definition: Necessary Personal Property

- Items essential to the family for the maintenance, use, and occupancy of the premises as a home;
- Items necessary for employment, education, or health and wellness

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Definition:
Necessary Personal Property


- Personal effects
- Items that are convenient or useful to a reasonable existence
- Items that support and facilitate daily life within the family's home

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Definition:
Necessary Personal Property

- Items that assist a household member with a disability
 - Including any items related to disability-related needs
 - Or that may be required for a reasonable accommodation for a person with a disability


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Examples




- **Car(s)/vehicle(s) that a family relies on for transportation for personal or business use**
 - Bike, motorcycle, skateboard, scooter
- **Furniture, carpets, linens, kitchenware**
- **Common appliances**
- **Common electronics**
 - Radio, television, DVD player, gaming system




Examples





- **Clothing**
- **Personal effects that are not luxury items**
 - Toys and books
- **Wedding and engagement rings**
- **Jewelry used in religious/cultural celebrations and ceremonies**






Examples

- Religious and cultural items
- Medical equipment and supplies
- Health care–related supplies
- Musical instruments used by the family
- Personal computers, phones, tablets, and related equipment
- Professional tools of trade of the family



Examples

- Equipment used for exercising
 - Treadmill, stationary bike, kayak, paddleboard, ski equipment
- Educational materials and equipment used by the family
 - Including equipment to accommodate persons with disabilities



Necessary Personal Property

- Necessary personal property is excluded from assets



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Non-Necessary Personal Property

- Items of personal property that do not qualify as *necessary* are classified as *non-necessary*



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Examples



- Recreational car/vehicle not needed for day-to-day transportation for personal or business use
 - Campers, motorhomes, traveling trailers, all-terrain vehicles (ATVs)
- Bank accounts or other financial investments
 - Checking account, savings account, stocks/bonds
- Recreational boat/watercraft

nmca



Examples



- Expensive jewelry without religious or cultural value or which does not hold family significance
- Collectibles
 - Coins/stamps
- Equipment/machinery that is not used to generate income for a business
- Items such as gems/precious metals, antique cars, artwork, etc.

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Is it an asset?

- Whether or not an item is considered an asset depends on:
 - Whether it is necessary or non-necessary
 - The total cash value of the family's non-necessary personal property

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Asset Exclusion

- Non-necessary personal property where the combined net cash value does not exceed HUD-defined amount, cash value is not considered part of net family assets
- 2025: \$51,600



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Asset Inclusion

- Non-necessary personal property where the combined net cash value is greater than HUD-defined amount cash value of each asset is considered part of net family assets
 - 2025: \$51,600

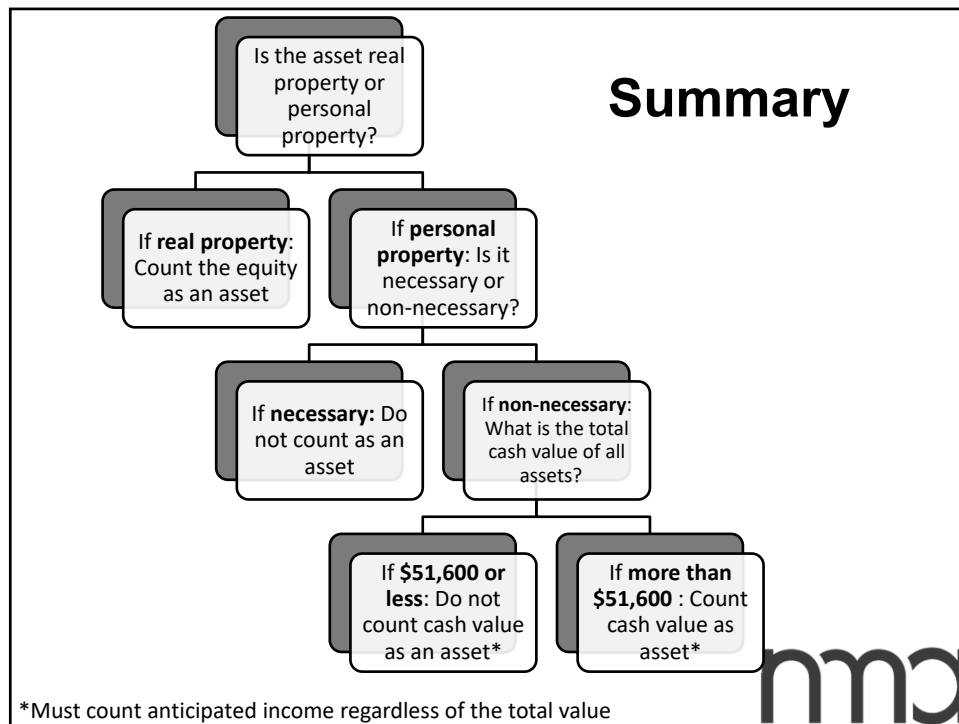


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Summary

- If the combined total cash value does not exceed HUD-defined amount, cash value of each item of non-necessary personal property is not counted toward net family assets
- If the combined net cash value exceeds that amount, each item of non-necessary personal property is counted toward net family assets
- 2025 HUD-defined amount is \$51,600

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Example

- **Martin Prince owns the following:**
 - **A coin collection worth \$10,000**
 - **An RV he uses for recreation worth \$30,000**
 - **A watch he inherited from his father worth \$20,000**
 - **A treadmill worth \$1,000**



Example

- The watch and treadmill are necessary items of personal property
 - Excluded from net family assets
- The coin collection and RV are non-necessary personal property
 - Since their total value is only \$40,000, the PHA will exclude the cash values of Martin's non-necessary personal property from net family assets



Bank Accounts

- HUD considers bank accounts non-necessary items of personal property

When the combined value of all non-necessary personal property does not exceed \$51,600



Bank account cash values are excluded from net family assets

When the combined value of all non-necessary personal property is greater than \$51,600



Bank account cash values are counted toward net family assets



Bank Accounts

- **Actual income from checking and savings accounts is always included**
 - **Anticipated income must be recorded on the 50058 for every asset, regardless of the total value of net family assets**

The logo for the National Medical Care Association (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Bank Accounts

- **PHA policy establishes how many checking and savings account statements to use to calculate account cash value**
- **When verification is required, the PHA must obtain a minimum of one statement that reflects the current balance of banking/financial accounts**

The logo for the National Medical Care Association (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Example 1: Bank Accounts

- Kaitlin has a non-interest-bearing checking account worth \$2,300
- This is her only asset



nmca

Example 1: Bank Accounts

- The checking account cash value is excluded from net family assets since her non-necessary personal property does not exceed \$51,600
- Anticipated income recorded on the 50058: \$0



nmca

Example 2: Bank Accounts

- Brett Dawes has the following:
 - A savings account worth \$8,000 that earns \$1 in interest annually
 - A non-interest-bearing checking account worth \$100



nmca

Example 2: Bank Accounts

- The cash values of the checking and savings accounts are excluded from net family assets since his non-necessary personal property does not exceed \$51,600
- Anticipated income recorded on the 50058: \$1



nmca

6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Brett	1	svgs	N	\$	\$ 1	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				\$ 6g.	\$ 1 6h.	\$ 6i.
6j. Passbook rate (written as decimal)						.004 6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						1 6k.

nmca

Investment Accounts

▪ HUD considers financial investments such as stocks and bonds non-necessary items of personal property

▪ The same rule applies to financial investments as for bank accounts

nmca

Investment Accounts

- Like with bank accounts, actual income from financial investments is always included in a family's annual income
 - When a stock issues dividends in some years but not others, the dividend is counted as the actual return when it is issued, but when no dividend is issued, the actual return is \$0
 - When the stock never issues dividends, the actual return is \$0

nm

Example: Investment Accounts

- Diane Dutton has the following:
 - A savings account worth \$40,000 that earns \$13 in interest annually
 - Stocks with a cash value of \$15,000 that pay \$150 in dividends annually



nm

Example: Investment Accounts

- The cash values of the savings account and stock are counted toward net family assets since her non-necessary personal property exceeds \$51,600
- Anticipated income recorded on the 50058: \$163



nmca

6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Diane	1	svgs	Y	\$ 40,000	\$ 13	\$
Diane	1	stock	Y	\$ 15,000	\$ 150	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				\$ 55,000 6g.	\$ 163 6h.	\$ 6i.
6j. Passbook rate (written as decimal)						.004 6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						163 6k.

nmca

Real Property and Non-Necessary Property

- A family could have non-necessary personal property with a combined value that does not exceed \$51,600 but also own real property such as a parcel of land
 - The cash value of the non-necessary personal property is excluded from net family assets
 - The real property is included in net family assets regardless of its value

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Example

- Owen Howard has:
 - A vacant lot with a net cash value of \$40,000
 - A non-interest-bearing checking account worth \$1,000
 - A savings account worth \$2,000 that pays \$2 in interest annually

**nmca**

Example

- The total of Owen’s non-necessary personal property is \$3,000
 - Since his non-necessary personal property does not exceed \$51,600, the cash values of the checking account and savings account are not counted toward net family assets
- The net cash value of the vacant lot is included in net family assets since it is real property
- The \$2 in interest paid by his checking account is included as anticipated income



6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Owen	1	svgs	N	\$	\$ 2	\$
Owen	1	lot	Y	\$ 40,000	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				\$ 40,000 6g.	\$ 2 6h.	\$ 6i.
6j. Passbook rate (written as decimal)						.004 6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						2 6k.



Trusts

The logo for Nan McKay & Associates, Inc. (nmca) is located in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Trusts

- Two types of trusts:
 - *Revocable trust* is a trust that the creator of the trust may amend or end (revoke) and has access to the funds
 - *Irrevocable trust* is a trust where the creator has no access to the funds in the account
 - Typically, special needs trusts are considered irrevocable

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Trusts

- The PHA needs to determine:
 - Is the trust under the control of a member of the household?
 - Is the trust counted toward net family assets?
 - Will the PHA count actual income (interest earned, rental income, etc.) from a trust?
 - Are distributions from the trust counted as income?



Trusts Not Under the Control of the Family	
Types of trust	Irrevocable or revocable
	Grantor is not a member of the household
Is it an asset?	Excluded from net family assets
Actual interest earned	Actual income earned by the trust (e.g., interest) is excluded
Distributions	Counted, unless the distributions are principal or used to pay for the health and medical expenses of a minor

6. Assets						
6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual income	6f. Imputed Income
				\$		\$
				\$		\$
				\$		\$
				\$		\$
				\$		\$
				\$		\$
				\$		\$
				\$		\$
				\$		\$
				\$		\$
				\$		\$
6g. 6h. 6i. Total net family assets, total actual income, total imputed income:				\$	og.	\$
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

7. Income						
7a. Family Member Name	No.	7b. Income Code	7c. Calculation (PHA use)	7d. Dollars per year	7e. Income exclusions	7f. Income after exclusions (7d minus 7e)
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
7g. Column total						\$
7h. Reserved						
7i. Total annual income: 6k + 7g						7i.

Trusts Under the Control of the Family	
Types of trust	Revocable
	Grantor is a member of the household
Is it an asset?	Included in net family assets
Actual interest earned	Actual income earned by the trust (e.g., interest) is included
Distributions	Not considered income to the family

Example

- The PHA counts \$60,000 in Adam's net family assets
- The PHA counts actual returns (interest) earned on the trust
- The PHA does not count any distributions from the trust



nma

Example

- Candy Kim has an irrevocable trust established by her parents for her care
- Last year she received \$18,000 payable in \$1,500 monthly increments
- The attorney managing the trust reported that \$3,500 of the funds were interest and \$14,500 was principal



nma

Example

- Since the trust is irrevocable, it is not counted as an asset
- The \$3,500 in interest payments each year are counted as income
- The \$14,500 in principal is not counted as income



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Jointly Owned Assets

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Jointly Owned Assets

- Jointly owned assets are assets owned jointly by a member of the assisted family and one or more individuals outside of the assisted family



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Jointly Owned Assets

- Include the total value of jointly owned assets in the calculation of net family assets unless:
 - The asset is otherwise excluded;
 - The family can demonstrate that the asset is inaccessible to them; or
 - The family cannot dispose of any portion of the asset without the consent of another owner who refuses to comply

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Jointly Owned Assets

- **If the family demonstrates that they can only access a portion of an asset, then only that portion's value is included in the calculation of net family assets for the family**

The logo for the National Multiple Sclerosis Center for Advocacy (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Jointly Owned Assets

- **Any income from a jointly owned asset must be included in annual income, unless:**
 - **The income is specifically excluded;**
 - **The family demonstrates that they do not have access to income from that asset; or**
 - **The family only has access to a portion of the income from that asset**

The logo for the National Multiple Sclerosis Center for Advocacy (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Example: Jointly Owned Asset

- Katie is HOH and lives alone
- She is listed as a beneficiary on her mother's savings account
- She is only entitled to access the funds in the account on the death of her mother (the account's owner), and may not otherwise withdraw funds



nm

Example Jointly Owned Asset

- The account is not an asset
- Katie should provide proper documentation demonstrating that she is only a beneficiary on the account



nm

Example Jointly Owned Asset

- Carl lives alone.
- He has a joint, non-interest-bearing checking account with his mother. They can both access funds from the account.
- The account is considered when determining Carl's net family assets



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Lump Sums

nmca

Lump Sums

- One time lump-sum payments are considered part of net family assets when the payments are retained in the form of an asset that is not excluded from the definition of net family assets

nmca

Example: Lump Sum

- Mia LaRue won a \$10,000 lump sum in the lottery
- She uses \$5,000 to buy a car and \$5,000 taking her family on vacation



nmca

Example: Lump Sum

- The payment is not income since it is a one-time lump sum
- Since none of the lump sum is retained as an asset, it is not counted toward Mia's net family assets



nma

Federal Tax Refunds

nma

Federal Tax Refunds

- All amounts received in the form of federal tax refunds or refundable tax credits are excluded from net family assets for a period of 12 months after receipt by the family



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Federal Tax Refunds

- At an annual or interim, if the federal tax refund was received during the 12 months preceding the effective date of the reexam, then the amount of the refund that was received by the family must be subtracted from the total value of net family assets

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Federal Tax Refunds

- **When the subtraction results in a negative number, net family assets are considered \$0**

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Verification

- **The PHA is not required to verify the amount of the tax refund if the family's net assets are \$51,600 or less**
 - **Even in years where full verification is required or if the PHA does not accept self-certification of assets**
- **The PHA must verify the amount of the family's tax refund if the family's net assets are greater than \$51,600**

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Anticipated Income

- The anticipated income earned by the assets in which a family has deposited their federal tax refund or refundable tax credits must be included in the family's annual income
 - Unless the income is specifically excluded

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Example: Tax Refunds

- Chris received a \$4,500 federal tax refund on 3/1
- He deposited the entire refund into his checking account
- This is his only asset
- At his 8/1 annual, he self-certifies that his account balance is \$10,000
- He reports his actual income from the checking account is \$100



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Example: Tax Refunds

- The PHA must subtract the \$4,500 tax refund from the account’s \$10,000 balance
- Cash value of the checking account is \$5,500
 - Since his non-necessary personal property does not exceed \$51,600, the PHA excludes the cash value of the checking account
- The PHA includes \$100 as anticipated income



6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Chris	1	chkg	N	\$	\$ 100	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				\$ 6g.	\$ 100 6h.	\$ 6i.
6j. Passbook rate (written as decimal)						.004 6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						100 6k.



Life Insurance Policies

The logo for Nan McKay & Associates, Inc. (mma) is located in the bottom right corner of the slide. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

Life Insurance Policies

- **The cash value of life insurance policies that are available to the participant before death are included in net family assets**
 - **Surrender value of a whole life or universal life policy**
- **Net family assets do not include the value of term life insurance**
 - **No cash value to the individual before death**

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Example: Whole Life Insurance

- James May has a whole life insurance policy with a face value of \$100,000 and a surrender value of \$30,000
- It pays a \$100 annual dividend



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Example: Whole Life Insurance

- Net family assets will include \$30,000 for the life insurance policy
- The annual dividend of \$100 is included as actual income from the asset



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Retirement Accounts

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Retirement Accounts

- **IRS-recognized retirement accounts are excluded from net family assets**
 - IRAs
 - Employer retirement plans
 - Retirement plans for self-employed individuals
- **Retirement accounts are not considered for the asset cap since they are excluded from net family assets**

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Retirement Accounts

- Any income earned on the funds stored in a retirement account is not considered actual income from an asset
- Distributions of periodic payments are considered income when they are received



Summary

Is it an asset?	IRS-recognized retirement accounts are not assets and are not recorded in Section 6 of the 50058
Actual interest earned	Interest generated by a retirement account is not income and is not recorded in Section 6 of the 50058
Periodic payments	Periodic payments received by the family from a retirement account are income and are recorded in Section 7 of the 50058



Example: Retirement Account

- Hannah Hall (age 72) has an IRA
- Current balance is \$200,000
- The account pays approximately 2% interest annually
- She receives monthly payments from the account of \$800



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Example

- The account is not an asset
- The 2% interest earned on the account is not anticipated income since the account is not an asset
- However, the monthly payments are considered income



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Other Asset Exclusions



Other Asset Exclusions

- **Any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, which resulted in a family member being a person with a disability is excluded**



Other Asset Exclusions

- The value of certain education savings accounts such as Coverdell, 529, ABLE, or “baby bond” account created, authorized, or funded by federal, state, or local government is excluded

The logo for mma (McKay, McKay & Associates) is located in the bottom right corner of the slide. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

Other Asset Exclusions

- **Exclude:**
 - Equity in a manufactured home where the family receives HCV assistance
 - Equity in property under the HCV Homeownership Option for which the family receives HCV assistance
 - Family Self-Sufficiency (FSS) accounts
 - Interest in Indian Trust Lands

The logo for mma (McKay, McKay & Associates) is located in the bottom right corner of the slide. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

ABLE Accounts

- The entire value of the individual's ABLE account is excluded from assets
- Actual or imputed interest on the account balance is not counted as income
- Distributions from the ABLE account are also not income
- See Notice PIH 2019-09

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Calculating Income from Assets

Section 9

Net Family Assets

The logo for Nan McKay & Associates, Inc. (nmca) is located in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

New Definition: Net Family Assets

- ***Net family assets* is the *net cash value* of all assets owned by the family, after deducting reasonable costs that would be incurred in disposing real property, savings, stocks, bonds, and other forms of capital investment**

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What are reasonable costs?

- Reasonable costs to convert an asset to cash may include:
 - Real property
 - Broker fees, closing costs
 - Certificates of deposit
 - Penalty for early withdrawal
 - Stocks
 - Broker fees



Net Family Assets

- To determine net family assets, the PHA calculates the net cash value of each asset



- **Market value** is what an asset is worth
- **Net family assets** is the **net cash value** of all assets added together

Example: Net Family Assets

- Dave has a CD with a \$51,000 market value and a non-interest-bearing checking account worth \$10,000



nm

Example: Net Family Assets

- The PHA uses the current balance of the checking account as its net cash value
- For the CD, the PHA verifies the early withdrawal penalty is \$400

Market value	\$ 51,000
<u>– Expenses</u>	<u>– \$ 400</u>
Cash value	\$ 50,600

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Example: Net Family Assets

- Dave’s net family assets are:

Checking account

\$ 10,000

+ CD

Net family assets

\$ 60,600

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Dave	1	CD	Y	\$ 50,600	\$	\$
Dave	1	chkg	Y	\$ 10,000	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				\$ 60,600 6g.	\$ 6h.	\$ 6i.
6j. Passbook rate (written as decimal)						6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						6k.

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Income from Assets

The logo for the National Money Credit Association (nmca) is located in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Income from Assets

- **Income or returns from assets are generally considered to be:**
 - Interest
 - Dividend payments
 - Other actual income earned on the asset
- **Some assets generate no income such as non-interest-bearing checking accounts**

The logo for the National Money Credit Association (nmca) is located in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

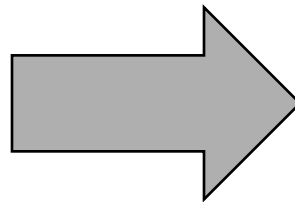
Income from Assets

- **Unless the income is specifically excluded, actual income from assets is always included in a family's annual income**
 - **Regardless of the total value of net family assets**
 - **Regardless of whether the asset itself is included or excluded from net family assets**

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Income from Assets

- **Income from assets is always anticipated, regardless of the certification type**



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Net Family Assets of \$51,600 or Less

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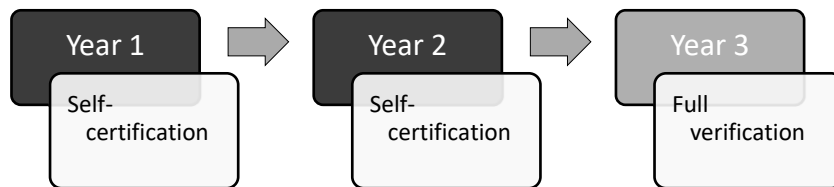
\$51,600 or Less

- **When combined net family assets total \$51,600 or less:**
 - **The PHA may rely on self-certification from the family**
 - **Except the PHA must obtain 3rd party verification of all family assets every 3 years**
 - **Optional policy. The PHA may still third-party verify all assets**

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Self-Certification

- PHA must follow a pattern of relying on self-certification for two years in a row and then fully verify assets in the third year



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\$51,600 or Less

- When combined net family assets total \$51,600 or less, the actual income from assets must be included on the 50058
 - The PHA may not calculate any imputed income from assets in this case

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Self-certification

- If using self-certification, the family's certification must:
 - State the family's assets are equal to or less than \$51,600
 - Declare the amount of income the family anticipates receiving from assets
- Family not required to declare each asset individually
- Sample form in Appendix of Notice PIH 2023-27

nmca

Example

- Jenny Jones states her only asset is a savings account
- She declares:
 - The value of the account is \$1,400
 - The income earned is \$1



nmca

Example

- Is self-certification an acceptable?
 - Yes, provided PHA policy allows for self-certification
- Is the cash value of her savings account included in net family assets?
 - No, her non-necessary personal property does not exceed \$51,600
- How much income does the PHA include on her 50058?
 - \$1 in actual income

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Jenny	1	svgs	N	\$	\$ 1	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				\$ 6g.	\$ 1 6h.	\$ 6i.
6j. Passbook rate (written as decimal)						.004 6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						1 6k.

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Net Family Assets Exceeding \$51,600

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Assets Exceeding \$51,600

- **When net family assets exceed \$51,600:**
 - **The PHA may not rely on self-certification**
 - **Third-party verification of assets is required**

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Assets Exceeding \$51,600

- However, when net family assets exceed \$51,600, and the PHA obtains Safe Harbor verification from a means-test Federal assistance program of the family's annual income, the PHA may not obtain additional verification of assets
 - The Safe Harbor determination counts as fully verifying assets

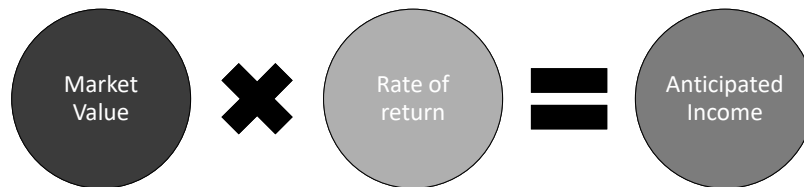
The logo for Nan McKay & Associates, Inc. (nmca) is displayed in a stylized, lowercase font.

Income from Assets

- If actual returns can be calculated, the PHA must include actual income on the 50058
 - For example, a savings account, stocks, or CDs with a verifiable rate of return

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Actual Income



- For example, a savings account worth \$60,000 that pays 2% interest
 - $\$60,000 \times 2\% = \$1,200$

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Income from Assets

- If actual returns cannot be calculated, the PHA must calculate imputed returns using the HUD-determined passbook rate
 - For example, real property

nmca

Passbook Rates

- Since 2012, the passbook rate was established by the PHA
- HUD will publish a new passbook rate each year no later than September 1
- For 2024, passbook rate was 0.40%
- For 2025, passbook rate is 0.45%

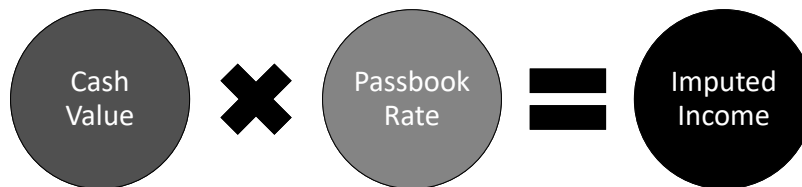
The logo for Nan McKay & Associates, Inc. (nmca) is displayed in a stylized, lowercase font.

Passbook Rates

- For reexams that occur after 1/1/24 but before the PHA implements HOTMA, PHAs may:
 - Continue to use their current passbook rate
 - Choose to implement the 2024 HUD passbook rate (since PHAs currently have flexibility to establish their passbook rate)

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Imputed Income



- For example, a house with a cash value of \$45,000 which is not rented out
 - $\$45,000 \times 0.45\% = \202.50

nmca

Imputed Income

- An asset with an actual return of \$0 (such as a non-interest-bearing checking account), is not the same as an asset for which an actual return cannot be computed (such as non-necessary personal property)

nmca

Imputed Income

- If the asset is a financial asset and there is no income generated (for example, a no-interest-bearing bank account or a stock that does not issue cash dividends), then the asset generates zero actual asset income, and imputed income is not calculated

The logo for the National Multidisciplinary Child Abuse Center (nmca) is located in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Income from Assets

- What if the PHA can compute actual income from some, but not all assets?
 - Compute actual income where possible
 - Use the HUD-determined passbook rate for assets where actual income cannot be calculated
 - Add the two together to determine final asset income

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Applying the Passbook Rate

- The passbook rate is never applied when net family assets are \$51,600 or less
- The passbook rate is only applied when net family assets exceed \$51,600 and only to those assets where the rate of return is unknown

nm

Example 1: Assets Over \$51,600

- Dave has a CD with a \$51,000 market value and a non-interest-bearing checking account worth \$10,000



nm

Example 1: Assets Over \$51,600

- Checking account: \$0
- For the CD, the PHA verifies it pays 4% interest annually

Market value	\$ 51,000
X Interest rate	x 4%
Income from CD	\$ 2,040

- Since the rate of return is known for all assets, the passbook rate is not used



6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Dave	1	CD	Y	\$ 50,600	\$ 2,040	\$
Dave	1	checking	Y	\$ 10,000	\$ 0	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				\$ 60,600 6g.	\$ 2,040 6h.	\$ 6i.
6j. Passbook rate (written as decimal)						0.0045 6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						\$2,040 6k.



Example 2: Assets Over \$51,600

- The Jorgensen family owns vacant land with a cash value of \$25,000 and a savings account worth \$55,000 that pays 1% interest



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Example 2: Assets Over \$51,600

- Net family assets: $\$25,000 + \$55,000 = \$80,000$
- Actual income from savings account:
 - $\$55,000 \times 1\% = \550
- Imputed income from vacant land:
 - $\$25,000 \times 0.0045 = \$112.50 = \$113$
- Final Asset Income: \$650

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Glenn	1	land	Y	\$ 25,000	\$	\$ 113
Glenn	1	svgs	Y	\$ 55,000	\$ 550	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				\$ 80,000 6g.	\$ 550 6h.	\$ 113 6i.
6j. Passbook rate (written as decimal)						0.0045 6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						\$650 6k.

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Assets Disposed of for Less than Fair Market Value

Section 3.3

Assets Disposed of for Less Than Fair Market Value

- In determining net family assets, the PHA must include the value of any business or family assets disposed of by an applicant or participant for less than fair market value during the two years preceding the date of application or reexam

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Assets Disposed of for Less than Fair Market Value

- Cash value listed on the 50058 is the *difference* between the actual cash value of the asset and the amount received

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Example

- Home had a market value of \$90,000 but was sold for \$5,000
- Broker fees and closing costs: \$15,000

Market value	\$90,000
- Fees	- \$15,000
= Cash value	\$75,000
- Amount received	- \$5,000
= Imputed cash value	\$70,000

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6. Assets

6a. Family Member Name	No.	6b. Type of asset	6c. Is this asset included in net family assets?	6d. Cash value of asset	6e. Actual Income	6f. Imputed Income
Angela	1	home	Y	\$70,000	\$10	\$315
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
6g, 6h, 6i. Total net family assets, total actual income, total imputed income				\$70,000 6g.	\$0 6h.	\$315 6i.
6j. Passbook rate (written as decimal)						0.0045 6j.
6k. Final asset income: 6h + 6i (see instruction booklet)						315 6k.

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Assets Disposed of for Less than Fair Market Value

- **Not considered disposed of for less than fair market value if the reason for the disposition is:**
 - **Bankruptcy**
 - **Foreclosure**
 - **Divorce or separation**
 - **Disposition not considered less than fair market value if the individual receives consideration not measurable in dollar terms**

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Trusts

- **A disposition in trust when the family creates a trust for the benefit of someone outside of the assisted family is considered an asset disposed of for less than fair market value**
- **If the family establishes a nonrevocable trust for the benefit of someone in the assisted family, this is not considered disposed of for less than fair market value**

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Retirement Accounts

- An asset moved to a retirement account held by a member of the family is not considered an asset disposed of for less than fair market value

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Three white piggy banks of increasing size are arranged in a row on a light gray surface. The piggy banks are simple in design with small ears and a coin slot on top.

Asset Limitation

Section 10

Asset Limitation

- **The asset limitation is mandatory at admission**
 - **The PHA must deny program assistance for failure to meet asset restrictions by applicants**
- **PHAs have discretion whether to enforce the asset limit for program participants**



Asset Restriction

- 1. A present ownership interest in, a legal right to reside in, and the effective legal authority to sell, real property that is suitable for occupancy by the family as a residence**
- 2. Net family assets exceeding HUD-defined limit (adjusted annually for inflation)**
 - **2025: \$103,200**



Ownership in Real Property



Exceptions

- **The real property restriction does not apply to families:**
 - **Receiving assistance for a manufactured home**
 - **Participating in the HCV Homeownership program**



Asset Restriction

- Assistance may not be provided if the family has real property that is *suitable for occupancy* by the family as a residence and the family has:
 - A present ownership interest in; and
 - A legal right to reside in; and
 - The effective legal authority to sell

The logo for mma (McKay, McKay & Associates) is located in the bottom right corner of the slide. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

Real Property Definition

- What is real property?
 - HUD defines *real property* as having the same meaning as that provided under the law of the State in which the property is located
- What is effective legal authority to sell?
 - Defined under state or local law as well

The logo for mma (McKay, McKay & Associates) is located in the bottom right corner of the slide. It consists of the lowercase letters 'mma' in a bold, sans-serif font.

Suitable for Occupancy Definition

- A property is not *suitable for occupancy* if it:
 - Does not meet the disability-related needs of all members of the family
 - Is not sufficient for the size of the family
 - Is located so as to be a hardship to the family
 - Is unsafe because of physical condition
 - Is not a property that a family may reside in per local and state laws

The logo for mma (McKay & Associates) is displayed in a stylized, lowercase font.

Examples

- Properties that are not suitable for occupancy include:
 - A storefront zoned for commercial use only
 - A location that would be a hardship for the family's commute to work or school
 - A home that does not meet the family's physical accessibility requirements or need for additional bedrooms or proximity to accessible transportation

The logo for mma (McKay & Associates) is displayed in a stylized, lowercase font.

Asset Restriction

- If the PHA verifies the family has:
 - A present ownership interest in the property;
 - And they have a legal right to reside in the property;
 - And they have effective legal authority to sell the property
- Then the PHA determines if the family meets one of the exceptions to the restriction



Exceptions

- The real property restriction does not apply:
 - If the family is offering the property for sale
 - To any person who is a victim of domestic violence, dating violence, sexual assault, or stalking



Exceptions

- **Real property restriction does not apply:**
 - **If the property is jointly owned by a member of the assisted family and at least one person who is not a member of the assisted family and who does not live with the family and the non-household member resides at the jointly owned property**

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Verification

- **The PHA must ask each applicant and participant family whether or not they own real property that is suitable for occupancy**
 - **PHA should update intake and annual reexam forms with this question**

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Verification

- **If the family declares they do not own real property that is suitable for occupancy:**
 - **The PHA may accept self-certification**
 - **The certification states the family does not have any present ownership interest in any real property at the time of the income determination or review**

The logo for the National Model Continuum of Care Association (nmca) is displayed in the bottom right corner of the slide. It consists of the lowercase letters 'nmca' in a bold, sans-serif font.

Verification

- **If the family declares they have a present ownership in real property, the PHA verifies if:**
 - **The family has the legal right to reside in the property; and**
 - **The family has effective legal authority to sell the property; and**
 - **The property is suitable for occupancy as a residence; or**
 - **The family meets one of the exceptions**

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Verification

- However, when a family asks for or about an exception to the real property restriction because of VAWA, the PHA must comply with the confidentiality requirements under § 5.2007
 - The PHA must accept self-certification from the family member, and the restrictions on requesting documentation under § 5.2007 apply

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Net Family Assets Exceed HUD-Defined Limit

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Asset Restriction

- Assistance may not be provided initially if the family has net family assets that exceed a HUD-defined limit
 - This amount will be adjusted annually for inflation around January 1 of each year
 - PHA policy at reexam
 - 2025: \$103,200

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PHA Discretion at Annual/Interim Reexam

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PHA Discretion

- PHAs have discretion whether to apply the asset limitation to program participants at annual and interim reexam
- May adopt a written policy of:
 - Total non-enforcement
 - Enforcement
 - Limited non-enforcement
 - Exceptions for some families

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Total Non-Enforcement

- The PHA may choose not to enforce the asset limitation at all for any program participants
- If the PHA adopts a total non-enforcement policy, it must apply the same for all families within a program

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Enforcement

- **At every reexam, the PHA determines whether families are out of compliance with the asset limitation**
- **If a family is out of compliance, the PHA must initiate termination within 6 months of the reexam effective date**
- **Families are not given an opportunity to cure noncompliance**

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Limited Enforcement

- **Noncompliant families are given an option to cure**
- **PHA specifies a time period to cure in PHA policy**
 - **Up to but no longer than 6 months**
 - **Except as a reasonable accommodation**
- **If family remains out of compliance after cure period, PHA must initiate termination within 6 months of the effective date of the reexam**

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Exception Policies

- Families in specified exception category (or categories) subject to total non-enforcement or limited enforcement
 - May be combined with an enforcement policy for families not in an exception category
 - May give families in an exception category longer to cure (not more than 6 months) than those who are not in an exception category

nmca

End of Day 1



nmca



STUDENT FINANCIAL ASSISTANCE CHECKLIST

This worksheet is used to determine what income, if any, is included for family members who attend an institution of higher education and receive student financial assistance.

Part I: Determination of Applicability

Instructions: Determine whether to apply the Section 8 student rule or the HOTMA student rule.

1. Is the student's only source of financial assistance student loans?
 - ☐ Yes: **STOP. Exclude all student loans. DO NOT APPLY EITHER STUDENT RULE.**
 - ☐ No: Go to question 2.
2. If the student receives financial assistance other than student loans, what type of housing assistance will/does the student receive?
 - ☐ Public housing: **STOP. APPLY HOTMA STUDENT RULE.** See Part II.
 - ☐ Section 8 (HCV, PBV, PBRA): Go to question 3.
3. Does the student live with their parent(s) who receives or is applying for Section 8 assistance? (*Parent* means the biological or adoptive parents, or guardians (e.g., grandparents, aunt/uncle, godparents, etc.), or such other definition as may be adopted by the PHA.)
 - ☐ Yes: **STOP. APPLY HOTMA STUDENT RULE.** See Part II.
 - ☐ No: Go to question 4.
4. Is the student over the age of 23 with at least 1 dependent child?
 - ☐ Yes: **STOP. APPLY HOTMA STUDENT RULE.** See Part II.
 - ☐ No: Go to question 5.
5. Is the student over the age of 23 but without at least 1 dependent child or under the age of 23 (with or without dependent children)?
 - ☐ Yes: **STOP. APPLY SECTION 8 STUDENT RULE.** See Part III.



Part II: HOTMA Student Rule

Instructions: *If the HOTMA Student Rule applies, use the information listed here. If the Section 8 Student Rule applies, skip Part II and go to Part III.*

Under the HOTMA Student Rule, there are two types of student financial assistance. The following must be excluded from annual income [24 CFR 5.609(b)]:

- Assistance under section 479B of the Higher Education Act of 1965, as amended (Title IV HEA assistance) and Bureau of Indian Affairs student financial assistance
- Any other grant-in-aid, scholarship or other assistance amounts for the actual covered costs charged by the institution of higher education

Note: Student loans are always excluded and are not considered in the below calculations.

1. Is the student **ONLY** receiving Title IV HEA assistance?
☐ Yes: **STOP. SEE RESULT A.**
☐ No: Go to question 2.
2. Is the student **ONLY** receiving other student financial assistance from sources other than Title IV HEA assistance?
☐ Yes: **SEE RESULT B.**
☐ No: Go to question 3.
3. Is the student receiving both assistance under Title IV of the Higher Education Act (HEA) **AND** other student financial assistance?
☐ Yes: **SEE RESULT C.**

RESULT A

- **Step 1:** Exclude student loans (if any).
- **Step 2:** Exclude Title IV HEA assistance. This includes:
 - Bureau of Indian Affairs/Education student assistance programs:
 - The Higher Education Tribal Grant
 - The Tribally Controlled Colleges or Universities Grant Program
 - Student assistance received under Title IV of HEA currently includes:
 - Federal Pell Grants
 - Teach Grants
 - Federal Work-Study Programs
 - Federal Perkins Loans
 - Income earned in employment and training programs under Section 134 of the Workforce Innovation and Opportunity Act (WIOA),
- Do not verify actual covered costs. No further action is required.

Example: Title IV HEA Assistance Only

Title IV HEA assistance	\$26,000
Student loans	\$15,000
Other financial assistance	\$0

- Exclude \$15,000 student loans.
- Exclude \$26,000 Title IV HEA assistance.

RESULT B

- **Step 1:** Exclude student loans (if any).
- **Step 2:** Determine the *actual covered costs* of tuition, books, and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, and any other fees required and charged to a student by the educational institution.
 - For a student who is not the head of household or spouse/cohead, include the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit.
 - Do NOT include financial support provided to the student in the form of a fee for services performed (e.g., work study or teaching fellowship that is not excluded as Title IV HEA assistance) or gifts from family or friends.
- **Step 3:** Determine the total amount of any grant-in-aid, scholarship, or other assistance amounts from sources other than Title IV HEA assistance or student loans.
- **Step 4:** Subtract the amount from Step 3 from the actual covered costs determined in Step 2.
 - If the student's financial assistance in Step 3 exceeds the student's actual covered costs in Step 2, include the amount by which the financial assistance exceeds covered costs.
 - See **Example 1** below.
 - If the student's financial assistance in Step 3 does not exceed the student's actual covered costs in Step 2, exclude the entire amount of student financial assistance.
 - See **Example 2** below.

Example 1: Other Financial Assistance Only

Title IV HEA assistance	\$0
Student loans	\$15,000
Other financial assistance	\$26,000
Actual covered costs	\$22,000

- Exclude \$15,000 student loans.

\$22,000 (actual covered costs) - \$26,000 (other student financial assistance) = \$4,000 amount by which student financial assistance exceeds actual covered costs

- Include \$4,000 of the \$26,000 other financial assistance.

Example 2: Other Financial Assistance Only

Title IV HEA assistance	\$0
Student loans	\$15,000
Other financial assistance	\$6,000
Actual covered costs	\$22,000

- Exclude \$15,000 student loans.

\$22,000 (actual covered costs) - \$6,000 (other student financial assistance) = \$16,000 of actual covered costs remaining

- Exclude \$6,000 other financial assistance.

RESULT C

- **Step 1:** Exclude student loans (if any).
- **Step 2:** Determine the amount of Title IV HEA assistance.
- **Step 3:** Determine the total amount of any grant-in-aid, scholarship, or other assistance amounts from sources other than Title IV HEA assistance or student loans.
- **Step 4:** Determine the *actual covered costs* of tuition, books, and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, and any other fees required and charged to a student by the educational institution.
 - For a student who is not the head of household or spouse/cohead, include the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit.
 - Do NOT include financial support provided to the student in the form of a fee for services performed (e.g., work study or teaching fellowship that is not excluded as Title IV HEA assistance) or gifts from family or friends.
- **Step 5:** Subtract the Title IV HEA assistance in Step 2 from the actual covered costs in Step 4.
 - If the Title IV HEA assistance is equal to or exceeds the actual covered costs:
 - Exclude all Title IV HEA assistance.
 - Include all other student financial assistance.
 - See **Example 1** below.
 - If the amount of Title IV HEA assistance in Step 2 is less than the actual covered costs in Step 4, after subtracting the Title IV HEA assistance from the actual covered costs, subtract the other financial assistance determined in Step 3 from the remaining actual covered costs.
 - If other financial assistance exceeds the remaining actual covered costs:
 - Exclude all Title IV HEA assistance.
 - Include the amount by which other financial assistance exceeds remaining covered costs.
 - See **Example 2** below.
 - If other financial assistance does not exceed remaining covered costs:
 - Exclude all Title IV HEA assistance.
 - Exclude all other financial assistance.
 - See **Example 3** below.

Example 1: Title IV of HEA and Other Financial Assistance

Title IV HEA assistance	\$25,000
Student loans	\$15,000
Other financial assistance	\$16,000
Actual covered costs	\$22,000

- Exclude \$15,000 student loans.

\$22,000 (actual covered costs) - \$25,000 (Title IV HEA assistance) = Title IV HEA assistance exceeds actual covered costs

- Exclude \$25,000 Title IV HEA assistance.

Since all actual covered costs were covered by the Title IV HEA assistance, other financial assistance exceeds actual covered costs by \$16,000.

- Include \$16,000 of other student financial assistance.

Example 2: Title IV and Other Financial Assistance

Title IV HEA assistance	\$10,000
Student loans	\$15,000
Other financial assistance	\$16,000
Actual covered costs	\$22,000

- Exclude \$15,000 student loans.

\$22,000 (actual covered costs) - \$10,000 (Title IV HEA assistance) = \$12,000
remaining actual covered costs

- Exclude \$10,000 Title IV HEA assistance.

\$12,000 (remaining actual covered costs) - \$16,000 (other financial assistance) =
\$4,000

Other financial assistance exceeds remaining actual covered costs by \$4,000.

- Include \$4,000 of the \$16,000 student financial assistance.

Example 3: Title IV and Other Financial Assistance

Title IV HEA assistance	\$10,000
Student loans	\$15,000
Other financial assistance	\$3,000
Actual covered costs	\$22,000

- Exclude \$15,000 student loans.

\$22,000 (actual covered costs) - \$10,000 (Title IV HEA assistance) = \$12,000
remaining actual covered costs

- Exclude \$10,000 Title IV HEA assistance.

\$12,000 (remaining actual covered costs) - \$3,000 (other financial assistance) =
\$7,000

Other student financial assistance does not exceed remaining actual covered costs.

- Exclude all \$3,000 of other financial assistance.

Part III: Section 8 Student Rule

Instructions: *If the Section 8 Student Rule applies, use the information listed here.*

Under the Section 8 Student Rule, all financial assistance a student receives (1) under Title IV of the Higher Education Act of 1965, (2) from private sources, or (3) from an institution of higher education that is in excess of amounts received for tuition and other required fees and charges is included in annual income except if the student is over the age of 23 with dependent children or the student is living with his or her parents who are receiving Section 8 assistance.

Note: Student loans are always excluded and are not considered in the below calculations.

- **Step 1:** Exclude student loans (if any).
- **Step 2:** Determine the total amount of student financial assistance received by the student from all sources.
- **Step 2:** Determine the amount of tuition and required fees and charges.
 - Fees often include, but are not limited to, student service fees, student association fees, student activities fees, and laboratory fees.
 - See Notice PIH 2015-21/H 2015-12 for a full definition.
- **Step 3:** Subtract the amount of tuition and required fees in Step 3 from the amount the student receives in financial assistance in Step 2.
 - If financial assistance does not exceed tuition, exclude the entire amount of financial assistance.
 - See **Example 1**.
 - If financial assistance exceeds tuition, include the amount by which financial assistance exceeds tuition.
 - See **Example 2**.

Example 1: Section 8 Student Rule

Financial assistance	\$10,000
Student loans	\$15,000
Tuition and required fees	\$22,000

- Exclude \$15,000 student loans.

\$22,000 (tuition and required fees) - \$10,000 (financial assistance) = \$12,000

Financial assistance does not exceed tuition.

- Exclude \$10,000

Example 2: Section 8 Student Rule

Financial assistance	\$30,000
Student loans	\$15,000
Tuition and required fees	\$22,000

- Exclude \$15,000 student loans.

\$22,000 (tuition and required fees) - \$30,000 (financial assistance) = financial assistance exceeds tuition by \$8,000

- Include \$8,000

