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Learning Outcomes

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

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

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

Online Resources

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

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Notes

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CHAPTER 1 Form HUD-50059

LEARNING OUTCOMES

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

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

Section 1 Form HUD-50059

PURPOSE AND BACKGROUND OF FORM HUD-50059

202D MAT Users Guide

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

OWNER/AGENT RESPONSIBILITIES

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

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General Rules for Completing Form HUD-50059

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

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

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

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

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

Section A. Acknowledgements

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

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

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

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

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

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

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

Certification Summary from Page 2

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

Tenant Signatures

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

Owner/Agent Signature

Owner/Agent	Date

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

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

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

U. S. Department of Housing And Urban Development

Office of Housing
Federal Housing Commissioner

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

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

Section B. Summary Information

1. Project Name
2. Subsidy Type
3. Secondary Subsidy Type
4. Property ID
5. Project Number
6. Contract Number
7. Project iMAX ID
8. Plan of Action Code
9. HUD-Owned Project?
10. Previous Housing Code
11. Displacement Status Code
12. Effective Date
13. Anticipated Voucher Date
14. Next Recertification Date
15. Project Move-In Date
16. Certification Type
17. Action Processed
18. Correction Type
19. EIV Indicator
20. Prev. Subsidy Type
21. Unit Number
22. No. of Bedrooms
23. Building ID
24. Unit Transfer Code
25. Previous Unit No.
26. Security Deposit
27. 236 Basic/BMIR Rent
28. Market Rent
29. Contract Rent
30. Utility Allowance
31. Gross Rent
32. TTP at RAD Conversion

Section C. Household Information

33. No.	34. Last Name	35. First Name	36. MI	37. Rel.	38. Sex	39. Race	40. Eth	41. Birth Date	42. Special Status	43. Stdnt Stat.	44. ID Code (SSN)	45. SSN Excp	46. Ctzn Code	47. Alien Reg. Number	48. Age	49. Work Codes
01																
02																
03																
04																
05																
06																
07																
08																

50. Family has Mobility Disability?
51. Family has Hearing Disability?
52. Family has Visual Disability?
53. Number of Family Members
54. Number of Non-Family Members
55. Number of Dependents
56. Number of Eligible Members
57. Expected Family Addition - Adoption
58. Expected Family Addition - Pregnancy
59. Expected Family Addition - Foster Children
60. Previous Head Last Name
61. Previous Head First Name
62. Previous Head Middle Initial
63. Active Full Cert. Effective Date
64. Previous Head ID
65. Previous Head Birth Date

Section D. Income Information

66. Mbr. No.	67. Income Type Code	68. Amount	69. SSN Benefits Claim No.

70. Total Employment Income
71. Total Pension Income
72. Total Public Assistance Income
73. Total Other Income
74. Total Non-Asset Income

Section E. Asset Information

75. Mbr. No.	76. Description	77. Status	78. Cash Value	79. Actual Yearly Income	80. Date Divested

81. Total Cash Value of Assets
82. Actual Income from Assets
83. HUD Passbook Rate
84. Imputed Income from Assets
85. Asset Income

Section F. Allowances & Rent Calculations

86. Total Annual Income
87. Low Income Limit
88. Very Low Income Limit
89. Extremely Low Income Limit
90. Current Income Status
91. Eligibility Universe Code
92. Sec. 8 Assist. 1984 Indicator
93. Income Exception Code
94. Police / Security Tenant?
95. Survivor of Qualifier?
96. Household Citizenship Eligibility
97. Deduction for Dependents
98. Child Care Expense (work)
99. Child Care Expense (school)
100. 3% of Income
101. Disability Expense
102. Disability Deduction
103. Medical Expense
104. Medical Deduction
105. Elderly Family Deduction
106. Total Deductions
107. Adjusted Annual Income
108. Total Tenant Payment
109. TTP Before Override
110. Tenant Rent
111. Utility Reimbursement
112. Assistance Payment
113. Welfare Rent
114. Rent Override
115. Hardship Exemption
116. Waiver Type Code
117. Eligibility Check Not Required
118. Extenuating Circumstances Code

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

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

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

U. S. Department of Housing And Urban Development

Office of Housing
Federal Housing Commissioner

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

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

Name of Project	Unit Number	Effective Date	Certification Type
Head of Household	Total Tenant Payment	Assistance Payment	Tenant Rent

Continuation Page: Use only when household members, income or asset items exceed the space allowed on page 2

Section C. Household Information

33. No.	34. Last Name	35. First Name	36. MI	37. Rel.	38. Sex	39. Race	40. Eth	41. Birth Date	42. Special Status	43. Stdnt Stat.	44. ID Code (SSN)	45. SSN Excp	46. Ctzn Code	47. Alien Reg. Number	48. Age	49. Work Codes

Section D. Income Information

66. Mbr. No.	67. Income Type Code	68. Amount	69. SSN Benefits Claim No.

Section E. Asset Information

75. Mbr. No.	76. Description	77. Status	78. Cash Value	79. Actual Yearly Income	80. Date Divested

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

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

Notes

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

(Move-Ins, Initials, Annuals and Interims)

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

The following are some general notes regarding these instructions:

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

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

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

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

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

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

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

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

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

Helpful Web pages

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

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

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

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

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

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

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

Some <u>general</u> references in the HUD Handbook 4350.3 REV-1 to consider when completing the applicable Items on the form HUD-50059 are:
Glossary
Appendix 3
Chapter 5, Section 3 (Verification)
Chapters 4 (Operating Tips) & 5 (MAT Records) of the 2.0.2.D TRACS MAT Guide
TRACS 202D Final Industry Specification Documents

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

NOTE: For TRACS purposes, a Space = Blank

Section B. Summary Information:

Item 1 Project Name

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

(MAT TENHR Field 20)

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

Item 2 Subsidy Type

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

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

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

Valid codes are as follows:

1- Section 8	4- Section 236	7- Section 202 PRAC
2- Rent Supplement	5- BMIR	8- Section 811 PRAC
3- RAP	6- 811 PRA Demo	9- Section 202/162 PAC

0- Market Rent (Acceptable with <u>only</u> MAT15 Address records)

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

Item 3 Secondary Subsidy Type

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

(MAT 10 Section 2 Field 86)

Item 4 Property ID

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

(MAT TENHR Field 22 Future Field)

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

Item 5 Project Number

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

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

(MAT TENHR Field 23)

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

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

Item 6 Contract Number

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

(MAT TENHR Field 24)

Item 7 Project iMAX ID

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

(MAT TENHR Field 26)

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

Item 8 Plan of Action Code

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

(MAT 10 Section 2 Field 92)

Item 9 HUD-Owned Project?

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

(MAT 10 Section 2 Field 93)

Item 10 Previous Housing Code

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

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

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

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

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

(MAT 10 Section 2 Field 23)

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

Item 11 Displacement Status Code

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

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

(MAT 10 Section 2 Field 24)

Item 12 Effective Date

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

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

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

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

Item 13 Anticipated Voucher Date

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

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

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

Item 14 Next Recertification Date

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

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

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

Item 15 Project Move-In Date

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

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

Item 16 Certification Type

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

The following are valid codes for this Item:

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

Initial Certification (Code **IC**). Use this code:

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

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

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

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

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

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

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

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

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Item 17 Action Processed

The valid code for this Item is:
1 = for a Correction to a prior 50059
Otherwise, leave blank

(MAT 10 Section 2 Field 14)

Item 18 Correction Type

The valid codes for this Item are:
Blank = No Correction
1 = Administrative Resubmission
2 = Corrects Owner/Agent certification errors
3 = Corrects Tenant Misreporting

(MAT 10 Section 2 Field 15)

Note: If the Action Processed code (Item 17) is "1", the Correction Type code must be filled in. Otherwise, leave blank.

Item 19 EIV Indicator

If an EIV finding is the reason this (re)certification is being completed, enter "Y". If not, leave blank.

(MAT 10 Section 2 Field 18)

Item 20 Previous Subsidy Type

Fill this Item in for Initial Certifications only. If the subsidy type has changed from the previous (re)certification or the tenant has changed from receiving assistance to Market Rent or from Market Rent to receiving assistance, enter the code, choosing from the codes listed in Item 2, associated with the previous subsidy type.

(MAT 10 Section 2 Field 17)

Note: Leave blank if the tenant has no previous history in this project. This Item was formerly called "Subsidy Change Indicator"

Item 21 Unit Number

Enter the unit number in which the household is residing on the effective date of this HUD-50059. Note: If each unit number is used only once within a project, enter unit numbers (e.g., 201, 402). If a unit number is used more than once within a project, use a unique method to identify each unit. Assign a letter or on additional number before the unit number (e.g., A101, B101).

(MAT 10 Section 2 Field 73)

Note: It is recommended that unit numbers not be changed after they have been established. This can create difficulties at TRACS.

Item 22 No. of Bedrooms

Enter the number of bedrooms for the unit number listed in Item 21. For the guidelines on occupancy standards, see 4350.3 REV-1: Paragraph 3-23.

(MAT 10 Section 2 Field 71)

Item 23 Building ID

REAC-assigned Building Number. Leave this Item blank.

(MAT 10 Section 2 Field 72 Future Field)

Item 24 Unit Transfer Code

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

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

(MAT 10 Section 2 Field 94)

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

Item 25 Previous Unit No.

This Item is required if Item 24, Unit Transfer Code, is filled in with a "Y". Enter the unit from which the tenant transferred.

(MAT 10 Section 2 Field 95)

Item 26 Security Deposit

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

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

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

Item 27 236 Basic/BMIR Rent

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

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

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

Item 28 Market Rent

This Item is required to be filled in if Section 236 or BMIR is the primary or secondary subsidy. Enter the rent HUD or the Contract Administrator has approved for this unit type. If not applicable, leave blank.

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

(MAT 10 Section 2 Field 48) Approved HUD-92458 (Rent Schedule)

Item 29 Contract Rent

Enter the rent HUD or the Contract Administrator has approved for this unit type. The Contract Rent is the Section 8/RAP Contract Rent, the Section 236 Basic Rent, the Section 221 (d) (3) BMIR Contract Rent, or the Rent Supplement Unit Rent, as applicable. **Note: This amount cannot be zero.**

For the Section 202 PAC or PRAC and Section 811/PRAC projects enter the operating rent (operating cost). If all of the utilities are included in the rent, enter the operating rent (operating cost). It the tenant pays utilities separately, enter the gross rent minus the HUD approved utility allowance to arrive at the operating rent (operating cost).

(MAT 10 Section 2 Field 57) Approved HUD-92458 (Rent Schedule)

Item 30 Utility Allowance

If all of the utilities are included in the rent, enter zero. If not, enter the amount HUD or the Contract Administrator has approved for this unit type.

(MAT 10 Section 2 Field 58) Approved HUD-92458 (Rent Schedule)

Item 31 Gross Rent

Enter the amount HUD or the Contract Administrator has approved for this unit type**.**

(MAT 10 Section 2 Field 59) Approved HUD-92458 (Rent Schedule)

This Item is also known as PRAC Operating Rent and PAC Operating Cost.

Item 32 TTP at RAD Conversion

If Section 8 sub-type is not RAD or if not Section 8, leave blank.
If RAD and if no Rent Phase-in is involved, leave blank.
If RAD and Rent Phase-in is in process, enter the TTP (Total Tenant Payment) the tenant is/was paying at the time of conversion to RAD.

NOTE: This is not Tenant Rent. Tenant Rent = TTP less any Utility Allowance

(MAT10 Section 2 Field 101)

Section C. Household Information:

Item 33 Member Number

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

(MAT 10 Section 3 Field 3)

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

Item 34, 35 & 36 Names of Household Members

Enter the names (Last, First, Middle Initial) of each member who will be residing in this unit. The first member listed should be the Head of Household.

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

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

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

Item 37 Relationship Code

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

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

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

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

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

D - Dependent. See Paragraph 5-10.A of the 4350.3 REV-1. Count any member of the family currently living in the unit who is not the Head, Spouse or Co-Head and:

- Age 17 or younger
- 18 or older and disabled or a full-time student.
- Child temporarily absent due to placement in a foster home.
- Child who is subject to joint custody agreement (See explanation of Joint Custody Codes in Item 42 of these instructions)
- Full-time student (regardless of age) away at school but lives with family during school breaks.
- Child being adopted (or custody being sought) and living in unit.

O - Other adult member of the family who is not the head, spouse or co-head and whose income is counted in determining the family's annual income. See Paragraph 5-6 of the 4350.3 REV-1. This member's status cannot be used to justify the family's eligibility for the elderly or medical allowances.

F - Foster child under the age of 18 or the child of a Foster child or Foster adult. See Paragraph 5-6.A of the 4350.3 REV-1. The employment income of a child in this category is not counted in determining the family's annual income but other income is counted; the Foster child does not qualify for a dependent allowance **but** medical or disability assistance expenses are considered for Foster children and Foster adults. Child care expenses for Foster children who are under the age of 13 are also considered. All income of a Foster adult is counted in determining the family's annual income. Foster children or Foster adults **do count** for income limit purposes.

L - Live-In Attendant. See 4350.3 REV-1: Fig. 5-2 and Paragraph 3-6.E for guidance on live-in attendants. Persons in this category do not have rights under the lease. Persons in this category are not considered members of the family and their income is not counted in determining the family's annual income.

N - None of the Above. Others Living in the Unit Who are not Members of the Tenant Family. Persons in this category do not have rights under the lease. Persons in this category are not considered members of the family and their income is not counted in determining the family's annual income.

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

(MAT 10 Section 3 Field 7)

Item 38 Sex

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

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

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

Item 39 Race

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

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

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

(MAT 10 Section 3 Fields 18 through 24)

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

Item 40 Ethnicity

Enter one of these valid codes for each household member.

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

(MAT 10 Section 3 Field 17)

Item 41 Birth Date

Enter the Birth Date for each member of the household

(MAT 10 Section 3 Field 9)

Note: This Item must be entered in a MMDDYYYY format

Item 42 Special Status Code

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

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

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

Joint Custody Codes:

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

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

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

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

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

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

Item 43 Student Status

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

(MAT 10 Section 3 Field 25)

Item 44 ID Code (SSN)

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

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

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

Item 45 SSN Exception

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

C = Individual who does not contend eligible immigration status
E = Individual age 62 or older as of January 31, 2010, whose initial determination of eligibility in either a Multifamily or PIH Housing program was begun prior to January 31, 2010 (a break in assistance does not void the exemption)
M = New household member under the age of 6 where disclosure of SSN is delayed for 90-180 days

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

(MAT10 Section 3 Field 26)

Item 46 Citizen Code

Enter one of the following codes for each household member.
See 4350.3 REV-1: Paragraph 3-12. Leave blank for BMIR, 202/811 PRAC or 202/162 PAC. The valid codes for this Item are:

EC = individual is a citizen or national
EN = individual is a noncitizen with eligible immigration status
IC = Ineligible noncitizen child of a family head or spouse
IN = Member is an Ineligible Non-Citizen.
IP = Ineligible Parent of a Head of Household or Spouse
ND = No documentation submitted. For use when the family is receiving prorated assistance at admission. Member is treated as ineligible for proration purposes.
PV = Individual's eligibility status is pending verification—documents have been submitted For use when the family is receiving prorated assistance at admission. Member is treated as eligible for proration purposes.
XX = Individuals who are not counted as members of the family (Live-in aides or None of the above). Item 37 shows a relationship code of "L" or "N" for these individuals. Note, however, that if such a person does not have an SSN, an SSN exception code must be entered.

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

Item 47 Alien Registration Number

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

(MAT 10 Section 3 Field 13)

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

Item 48 Age

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

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

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

Item 49 Work Codes

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

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

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

CH = if both apply

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

Item 50 Family has Mobility Disability?

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

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

Item 51 Family has Hearing Disability?

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

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

Item 52 Family has Visual Disability?

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

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

Item 53 Number of Family Members

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

(MAT 10 Section 2 Field 26)

Item 54 Number of Non-Family Members

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

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

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

Item 55 Number of Dependents

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

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

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

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

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

Item 56 Number of Eligible Members

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

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

Item 57 Expected Family Addition-Adoption

Enter the number of adopted family members expected

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

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

Item 58 Expected Family Addition-Pregnancy

Enter the number of expected family additions by childbirth

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

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

Item 59 Expected Family Addition-Foster Children

Enter the number of expected Foster children as family additions.

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

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

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

Item 60 Previous Head Last Name

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

(MAT 10 Section 2 Field 6)

Item 61 Previous Head First Name

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

(MAT 10 Section 2 Field 7)

Item 62 Previous Head Middle Initial

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

(MAT 10 Section 2 Field 8)

Item 63 Active Full Cert. Effective Date

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

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

(MAT 10 Section 2 Field 5)

Item 64 Previous Head ID

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

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

(MAT 10 Section 2 Field 4)

Item 65 Previous Head Birth Date

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

(MAT 10 Section 2 Field 9)

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

Section D. Income Information:

Item 66 Member Number

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

(MAT 10 Section 4 Field 3)

Item 67 Income Type Code

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

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

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

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

(MAT 10 Section 4 Field 4)

Item 68 Amount

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

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

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

Item 69 SSN Benefits Claim No.

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

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

(MAT 10 Section 4 Field 8)

Item 70 Total Employment Income

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

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

(MAT 10 Section 2 Field 33)

Item 71 Total Pension Income

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

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

(MAT 10 Section 2 Field 34)

Item 72 Total Public Assistance Income

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

G = General Assistance/Welfare
T = TANF

(MAT 10 Section 2 Field 35)

Item 73 Total Other Income

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

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

(MAT 10 Section 2 Field 36)

Item 74 Total Non-Asset Income

Add all income amounts from Items 70 through 73.

(MAT 10 Section 2 Field 37)

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

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Section E. Asset Information:

Item 75 Member Number

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

(MAT 10 Section 5 Field 3)

Item 76 Description

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

(MAT 10 Section 5 Field 4)

Note: List each asset separately

Item 77 Status

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

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

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

Item 78 Cash Value

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

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

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

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

Item 79 Actual Yearly Income

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

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

Item 80 Date Divested

If the status of an asset in Item 77 is "I', enter the date the asset was disposed of for less than fair market value.

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

Item 81 Total Cash Value of Assets

Total the cash value of each asset amount listed in Item 78.

(MAT 10 Section 2 Field 29)

Item 82 Actual Income From Assets

Total the actual yearly income amount from assets listed in Item 79.

(MAT 10 Section 2 Field 30)

Item 83 HUD Passbook Rate

The HUD Passbook Rate is at 2.0% until further notice. Enter 2.0 in this Item if Item 81 is greater than $5000. If Item 81 in less than or equal to $5000, or this is a BMIR (re)certification, enter zero or leave blank.

(MAT 10 Section 2 Field 31 4350.3 REV-1: Paragraph 5-7.F.1.b)

Item 84 Imputed Income From Assets

If the Total Cash Value of Assets (Item 81) is less than or equal to $5000, enter zero. However, if the Total Cash Value of Assets is more than $5000, multiply the amount entered in Item 81 by the HUD Passbook Rate (Item 83) and enter the amount.

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

Note: For households only receiving BMIR assistance, it is not necessary to determine whether family assets exceed $5000. The rule for imputing income from assets does not apply to the BMIR program.

Item 85 Asset Income

Enter the greater of Item 82 or Item 84.

(MAT 10 Section 2 Field 38)

For Items 86 through 118, the following general references in the HUD Handbook 4350.3 REV-1 are applicable:
Chapter 3, Paragraph 3-6
Figures 3-2 & 3-3
Chapter 5, Sections 2, 3 & 4
Exhibits 5-3 & 5-8

Section F. Allowances & Rent Calculations:

Item 86 Total Annual Income

The sum of Item 74 plus Item 85.

(MAT 10 Section 2 Field 39)

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

Item 87 Low Income Limit

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

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

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

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

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

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

Item 88 Very Low Income Limit

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

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

Item 89 Extremely Low Income Limit

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

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

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

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

Item 90 Current Income Status

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

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

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

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

(MAT 10 Section 2 Field 44)

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

Item 91 Eligibility Universe Code

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

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

Item 92 Sec. 8 Assist.1984 Indicator

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

(MAT 10 Section 2 Field 45)

Item 93 Income Exception Code

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

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

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

EDT = HUD approved exception for an in-place tenant who would otherwise be displaced as described in the 4350.3 REV-1: Paragraph 3-7.D.
EIT = Do not use for new move-ins. Continue to use this code for tenants who previously received a HUD approved income exception.
EAT or AA = Do not use this code for new move-ins. Continue to use this code for tenants who previously received an exception based upon these codes.
EP = Tenant was admitted under one of the HUD-approved project-based exceptions as described in the 4350.3 REV-1: Paragraph 3-7.D.

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

Item 94 Police/Security Tenant?

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

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

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

Item 95 Survivor of Qualifier?

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

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

Item 96 Household Citizenship Eligibility

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

The valid codes for this Item are:

N = Subsidy Type is **not** subject to the Non-Citizen Rule
E = All members of the family are eligible under the Non-Citizen Rule. The family receives full assistance. No members have a PV status
C = Continued Assistance. The mixed family, resident on/before June 19, 1995 qualifies for continuation of full assistance under Non-Citizen Rule.

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

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

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

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

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

Item 97 Deduction for Dependents

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

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

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

Item 98 Child Care Expense (work)

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

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

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

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

Item 99 Child Care Expense (school)

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

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

Item 100 3% of Income

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

(MAT 10 Section 2 Field 49)

Item 101 Disability Expense

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

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

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

Item 102 Disability Deduction

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

(Item 101 – Item 100) **OR**
the employment income earned by the person with disabilities or employment income earned by other family members 18 years of age or older, because attendant care or auxiliary apparatus is provided. See Paragraph 5-10.C.6.

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

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

Item 103 Medical Expense

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

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

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

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

Item 104 Medical Deduction

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

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

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

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

OR

If Item 101 is less than Item 100, use the following calculation to determine the amount to be entered in this Item…
(Item 103 + Item 101) – Item 100 (See 4350.3 REV-1: Paragraph 5-10.D.9)

Note: If the result is negative, enter zero in this Item.
(MAT 10 Section 2 Field 53 4350.3 REV-1: Paragraph 5-10.D)

Item 105 Elderly Family Deduction

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

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

Item 106 Total Deductions

Add the following Items and enter the amount.

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

(MAT 10 Section 2 Field 55)

Item 107 Adjusted Annual Income

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

(MAT 10 Section 2 Field 56)

Item 108 Total Tenant Payment

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

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

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

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

For Rent Supplement:

The Total Tenant Payment (TTP) is the <u>greater</u> of:

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

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

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

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

Item 109 TTP Before Override

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

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

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

(MAT10 Section 2 Field 102)

Item 110 Tenant Rent

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

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

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

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

Item 111 Utility Reimbursement

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

(MAT 10 Section 2 Field 66 4350.3 REV-1: Paragraph 5-26.C)
Note: For RAP, Rent Supp. and Section 8 tenants, if the Household Assistance Status Code, Item 96, is "P", the Assistance Payment (AP), Total Tenant Payment (TTP), Tenant Rent (TR) and Utility Reimbursement (UR), if applicable, will be pro-rated amounts. See Pro-ration procedures.

Item 112 Assistance Payment

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

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

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

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

Item 113 Welfare Rent

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

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

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

Item 114 Rent Override

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

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

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

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

Item 115 Hardship Exemption

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

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

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

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

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

Item 116 Waiver Type Code

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

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

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

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

(MAT 10 Section 2 Field 88)

Item 117 Eligibility Check Not Required

Applies only to Move-in or Initial certifications.

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

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

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

These are <u>not</u> Eligibility Waivers, as indicated for Item 116.

(MAT10 Section 2 Field 100)

Item 118 Extenuating Circumstances Code

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

1 = Medical
2 = Late annual (re)certification due to accommodation or extenuating circumstances.
3 = Late annual (re)certification due to owner/agent delay
4 = Late annual (re)certification due to third party delay (For example a Guardian)
5 = Military Deployment
6 = Eviction In Progress. Must be for a valid HUD Handbook reason.
7 = Court order
8 = No Signature Required (Retroactive GR done after a MO or a GR correction to a previously transmitted 50059 where the only change is the GR modification of the contract rent and where none of the TTP, Tenant Rent, or Utility Allowance changes). See 202D MAT Guide: Chapter 7, Paragraph 9-8
9 = No signature required for 60 days (based on anticipated voucher reported on date). An example would be a retroactive GR causing a correction to a previously transmitted 50059 and where any of the TTP, Tenant Rent or Utility Allowance changes. A signature is required but the cert may be transmitted immediately and the signature collected within 60 days.
10 = Other

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

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

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

(MAT10 Section 2 Field 99)

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

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

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

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

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

A) Calculate TTP and resulting AP without pro-rations

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

2) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full (re)certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TTP, without pro-ration.

3) _____ Subtract TTP from GR and enter the amount. This is the AP the family would receive if no pro-ration was involved.

B) Calculate **prorated AP**

4) _____ Number of eligible Family members who are citizens or non-citizens with eligible immigration status

5) _____ Enter the fraction that represents the number of eligible family members and the number of family members in the tenant household. (e.g., 5 family members and only 3 family members eligible for assistance Fraction is 3/5

6) _____ Multiply Line 3 by the fraction in Line 5 and enter the amount in Item 112 of the HUD-50059.. This is the Prorated AP for the family.

C) Calculate **prorated TTP**

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

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

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

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

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

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

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

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Otherwise, leave blank

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

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

1) _____ Enter MR (Item 28 of the HUD-50059)

2) _____ Enter BR (Item 27 of the HUD-50059)

3) _____ Subtract Line 2 from Line 1 and enter difference

B) Calculate prorated difference between MR and BR

4) _____ Enter number of people in the family who are Ineligible Persons (i.e., not a citizen or not an eligible non-citizen)

5) _____ Enter the fraction that represents the number of Ineligible Persons and the number of family members in the tenant household, (e.g., 5 family members of which 2 are Ineligible Persons) Fraction is 2/5

6) _____ Multiply Line 3 by the fraction in Line 5. This amount is the prorated difference between MR and BR

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

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

8) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full (re)certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TTP, without pro-ration.

9) _____ Subtract Line 8 from Line 7. This amount is the AP the family would receive without being subject to pro-ration requirements.

10) _____ Multiply Line 9 by Line 5. This amount is the Assistance Adjustment for the family.

D) Calculate the **prorated TTP**

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

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E) Calculate the **prorated AP**

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

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

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

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

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

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

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

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

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

1) _____ Enter MR (Item 28 of the HUD-50059)

2) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full (re)certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TR, without pro-ration.

3) _____ Subtract Line 2 from Line 1 and enter the amount.

B) Calculate prorated difference between MR and TR

4) _____ Enter number of people in the family who are Ineligible Persons (i.e., not a citizen or not an eligible non-citizen)

5) _____ Enter the fraction that represents the number of Ineligible Persons and the number of family members in the tenant household. (e.g., 5 family members of which 2 are Ineligible Persons) Fraction is 2/5

6) _____ Multiply Line 3 by the fraction in Line 5. This amount is the prorated difference between MR and TR

C) Calculate the prorated TR

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

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

U. S. Department of Housing And Urban Development

Office of Housing
Federal Housing Commissioner

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

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

A. Acknowledgements

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

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

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

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

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

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

B. Partial Certification

1. Name of Project	2. Project Number	3. Subsidy Type	4. Contract Number	5. Transaction Type
6. Head of Household (Last, First, Initial)	7. Unit Number	8. No. of Bedrooms	9. Building ID	10. Effective Date

11. Head ID Code (SSN)	12. Head Birth Date	13. Correction Type	14. EIV Indicator	15. Transaction Date Being Corrected	16. Anticipated Voucher Date

C. Move Outs

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

D. Terminations

20. Termination Code _____
21. Description _____

E. Gross Rent Changes and Unit Transfers

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

F. Signatures

Head of Household	Date	Owner/Agent	Date

Previous versions of this form are obsolete

Page 1 of 1

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

Notes

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

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

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

The following are some general notes regarding these instructions:

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

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

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

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

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

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

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

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

Helpful Web pages

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

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

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

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

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

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

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

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

Also, for TRACS reporting purposes…
MAT 40 is a Move-Out (MO)
MAT 65 is a Termination of Assistance (TM)
MAT 70 is a Gross Rent Change (GR) or Unit Transfer (UT)

Partial Certification

Item 1 Name of Project

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

(MAT TENHR Field 20)

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

Item 2 Project Number

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

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

(MAT TENHR Field 23)

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

Item 3 Subsidy Type

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

1- Section 8	4- Section 236	7- Section 202/PRAC
2- Rent Supplement	5- BMIR	8- Section 811 PRAC
3- RAP	6- 811 PRA Demo	9- Section 202/162 PAC

0- Market Rent (Acceptable with <u>only</u> MAT15 Address records)

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

Item 4 Contract Number

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

(MAT TENHR Field 24)

Item 5 Transaction Type

Enter the code that best describes the main reason for preparing this form.

MO = Move-Out (MAT 40 Field 4)
TM = Termination (MAT 65 Field 4)
GR = Gross Rent (MAT 70 Field 4)
UT = Unit Transfer (MAT 70 Field 4)

Item 6 Head of Household (Last, First, Initial)

Enter the name (Last, First, Middle Initial) of the Head of Household.

(MAT 40 Fields 6, 7 and 8 for Move-Out)
(MAT 65 Fields 6, 7 and 8 for Termination)
(MAT 70 Fields 6, 7 and 8 for Gross Rent Change or Unit Transfer)

Item 7 Unit Number

For a Move-out, Termination or Gross Rent Change, enter the Unit Number in which the tenant is/was residing at the time of this Transaction. **For a Unit Transfer, enter the Unit Number into which the tenant is moving.**

(MAT 40 Field 11 for Move-Out)
(MAT 65 Field 14 for Termination)
(MAT 70 Field 11 for Gross Rent Change or Unit Transfer)

Item 8 No. of Bedrooms

Enter the number of bedrooms for the unit number listed in Item 7.

(MAT 10: Section 2 Field 71)

Item 9 Building ID

REAC-assigned Building Number. Leave this Item blank.

(MAT 40 Field 12 for Move-Out) Future Field
(MAT 65 Field 13 for Termination) Future Field
(MAT 70 Field 12 for Gross Rent Change or Unit Transfer) Future Field

Note: TRACS is not edit-checking information for this Field at this time.

Item 10 Effective Date

Enter the date this Transaction is to be effective. Enter the Transaction date as MMDDYYYY.

(MAT 40 Field 10 for Move-Out)
(MAT 65 Field 10 for Termination)
(MAT 70 Field 10 for Gross Rent Change or Unit Transfer)

Item 11 Head ID Code (SSN)

Enter the 9-digit Social Security Number (SSN) for the Head of Household.

Note: The SSN/TRACS ID of the Head of Household. Enter 999999999 if the head of household has no SSN/TRACS ID, along with entering the Head of Household's name (Item 6) and birth date (Item 12). Do not enter an ITIN (Individual Tax Identification Number) or a Social Security Benefits Claim Number.

(MAT 40 Field 5 for Move-Out)
(MAT 65 Field 5 for Termination)
(MAT 70 Field 5 for Gross Rent Change or Unit Transfer)

Item 12 Head Birth Date

Enter the Birth Date for the Head of Household. Enter date as MMDDYYYY.

(MAT 40 Field 9 for Move-Out)
(MAT 65 Field 9 for Termination)
(MAT 70 Field 9 for Gross Rent Change or Unit Transfer)

Item 13 Correction Type

Leave blank if this is not a correction. Otherwise, enter…

R = Correction/Retransmittal

(MAT 40 Field 16 for Move-Out)
(MAT 65 Field 16 for Termination)
(MAT 70 Field 27 for Gross Rent Change or Unit Transfer)

Important Note: When submitting a correction of an MO, TM, GR/UT to TRACS, in order to change the effective date of the transaction, you must first re-submit the most recent MAT10 (full certification) before you can submit the correction.

Refer to 2.0.2.D MAT Guide Chapter 4, Sections 4.2, 4.14 and 4.20 for more information regarding corrections.

Note: A GR or a date-corrected GR that is effective on the date of a UT must be reported as a UT, not a GR. See 2.0.2.D MAT Guide: Chapter 4 (TRACS Operating Tips), Sections 4.12 and 4.15.

Item 14 EIV Indicator

If an EIV finding is the reason this transaction is being completed, enter "Y". If not, leave blank.

(MAT 40 Field 19 for Move-Out)
(MAT 65 Field 18 for Termination)
(MAT 70 Field 29 for Gross Rent Change or Unit Transfer)

Item 15 Transaction Date Being Corrected

Leave this item blank. See Note below.

(MAT 40 Field 17 for Move-Out)
(MAT 65 Field 17 for Termination)

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

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

Item 16 Anticipated Voucher Date

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

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

(MAT 40 Field 15 for Move-Out)
(MAT 65 Field 15 for Termination)
(MAT 70 Field 21 for Gross Rent Change or Unit Transfer)

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

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

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

In other words:

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

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

Move-Outs

Item 17 Move Out Code

Enter the valid code which best describes the reason for the Move-Out.

1 = Owner initiated for nonpayment of rent (4350.3 REV 1: Paragraph 8-13.A.5)
2 = Owner initiated--other
3 = Tenant initiated--other
4 = Death of sole family member
5 = Unit Transfer between two projects. See 2.0.2.D MAT Guide: Section 4.1
6 = Reserved for TRACS use only (HQ Move Outs)
7 = Abandoned Unit (4350.3 REV 1: Paragraph 6-9.B.2 and 8-13.A.2) – PDD
8 = Failure to submit SSN
9 = Uninhabitable unit – Abated.
10 = Substantial Rehab or Repair – Tenant Expected to Return
11 = RAD to Housing Choice Voucher—Choice Mobility Option Exercised
Note for code 11: Used only for a RAD tenant accepting a Housing Choice Voucher (HCV)

(MAT 40 Field 13)

Item 18 Date of Death of Sole Member

Enter as MMDDYYYY. Required if the Move-Out Code in Item 17 is "4".

Note: The tenant's subsidy (assistance payment) must end no more than 14 days from the date of death of the sole family member. However, the actual Move-Out date may be after the 14-day period.

(MAT 40 Field 14 202D MAT Guide: Chapter 7, Paragraph 9.12.E.1)

Item 19 Description

Enter the text corresponding to the Move-Out code entered in Item 17.

1 = Owner initiated--Nonpayment of rent
2 = Owner initiated--Other
3 = Tenant initiated--Other
4 = Death of sole family member
5 = Unit Transfer between two projects
6 = TRACS use only (HQ Move Outs)
7 = Abandoned Unit
8 = Failure to submit SSN
9 = Uninhabitable unit - Abated
10 = Substantial Rehab or Repair - Tenant expected to return
11 = RAD to Housing Choice Voucher—Choice Mobility Option Exercised

(MAT 40 Field 18)

Terminations

Item 20 Termination

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

TI = TTP Equals/Exceeds Gross Rent or moving to market rent (Section 236 and BMIR) (4350.3 REV 1: Paragraph 8-5.C).
TC = Did not supply citizenship/eligible alien documentation.
TR = Did not re-certify on time. Tenant required to pay market rent. (4350.3 REV 1: Paragraph 8-5.A)
TF = Tenant refused to transfer as agreed or submitted false data. (4350.3 REV 1: Paragraph 8-5.D)
CE = Subsidy contract expired-not renewed. Do not use when renewal is delayed. Refer to 2.0.2.D MAT Guide: Chapter 4, Section 4.19 (Last HAP Vouchers)
ST = Ineligible Student. Not available for PRAC. Tenant must move out.
DS = Double subsidy at move-in. Use to terminate subsidy when a move-out from a former property is effective after the move-in or initial certification date for the new property. The code is intended to be used on a termination effective on the move-in or initial certification date. It will result in an adjustment on the voucher that gives back subsidy for the TM date . See **Note** below.
ND = Natural Disaster or Uninhabitable Unit or Presidentially Declared Disaster
AB = HUD abated unit.
RR = Substantial rehab or repair – Tenant expected to return.
NS = Resident did not qualify for subsidy at MI for reason other than Double Subsidy. Typically, this would be a situation where income at MI or IC is being corrected as a result of an EIV or other investigation and it is found that the tenant was not eligible. Just like the DS code, a TM/NS gives back subsidy for the TM date. Per the HUD 4350.3, you can only go back five years when investigating misreporting. Therefore a TM using the NS code cannot apply to a move-in (MI) more than five years old.
OT = Other. A reason not covered by any of the other codes. Note: Do not use a termination to end subsidy after the death of a sole member. Use the Move-Out transaction.

The following codes are reserved for HUD use only:
EN = Contract terminated for enforcement action.
HQ = TRACS generated termination for failure to recertify, submit termination or move-out. May be superseded by an Annual Recertification.

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

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

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

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

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Item 21 Description

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

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

(MAT 65 Field 12)

Gross Rent Changes and Unit Transfers

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

Item 22 Previous Unit No. (UT's only)

For a Unit Transfer (MAT70 TRACS record), enter the Unit from which the tenant transferred.

(MAT 70 Field 22)

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

Item 23 Secondary Subsidy Type

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

(MAT 70 Field 23)

Item 24 236 Basic/ BMIR Rent

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

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

Item 25 Market Rent

This Item is required to be filled in if Section 236 or BMIR is the primary or secondary subsidy. Enter the market rent HUD or the Contract Administrator has approved for this unit type. **For a Unit Transfer, enter the Market Rent for the Unit into which the tenant is moving.** If not applicable, leave blank.

(MAT 70 Field 25) Approved HUD-92458 (Rent Schedule)

Item 26 Contract Rent

For a Gross Rent Change, enter the rent HUD or the Contract Administrator has approved for this unit type**. For a Unit Transfer, enter the Contract Rent for the Unit into which the tenant is moving.**

The Contract Rent is the Section 8/RAP Contract Rent, the Section 236 Basic Rent, the Section 221(d)(3) BMIR Contract Rent, or the Rent Supplement Unit Rent, as applicable. **Note: This amount cannot be zero.**

For the Section 202 PAC or PRAC and Section 811/PRAC projects, if the tenant pays utilities separately, enter the operating rent (operating cost) minus the HUD-approved utility allowances. If all of the utilities are included in the rent, enter the operating rent.

(MAT 70 Field 14) Approved HUD-92458 (Rent Schedule)

Item 27 Utility Allowance

If all of the utilities are included in the rent, enter zero in this Item. If not, enter the amount HUD or the Contract Administrator has approved for this unit type. **For a Unit Transfer, enter the Utility Allowance for the Unit into which the tenant is moving.**

(MAT 70 Field 18) Approved HUD-92458 (Rent Schedule)

Item 28 Gross Rent

Enter the amount HUD or the Contract Administrator has approved for this unit type**. For a Unit Transfer, enter the Gross Rent for the Unit into which the tenant is moving.**

(MAT 70 Field 17) Approved HUD-92458 (Rent Schedule)

Note: Also known as the PRAC Operating Rent and the PAC Operating Cost.

Item 29 TTP at RAD Conversion

If Section 8 sub-type is not RAD or if not Section 8, leave blank. If RAD and if no Rent Phase-in is involved, leave blank. If RAD and Rent Phase-in is in process, enter the TTP (Total Tenant Payment) the tenant is/was paying at the time of conversion to RAD.

NOTE: This is not Tenant Rent. Tenant Rent = TTP less any Utility Allowance

(MAT10: Section 2 Field 101 & HUD-50059: Item 32)

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

Item 30 Total Tenant Payment

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

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

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

For Rent Supplement:

The Total Tenant Payment (TTP) is the <u>greater</u> of:

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

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

Item 31 TTP Before Override

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

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

(MAT70 Field 31)

Item 32 Tenant Rent

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

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

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

Item 33 Utility Reimbursement

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

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

Item 34 Assistance Payment

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

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

Item 35 Rent Override

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

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

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

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

Item 36 Security Deposit

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

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

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

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

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

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

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

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

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

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

A) Calculate TTP and resulting AP without pro-rations

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

2) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TTP, without pro-ration.

3) _____ Subtract TTP from GR and enter the amount. This is the AP that the family would receive if no pro-ration was involved.

B) Calculate **prorated AP**

4) _____ Number of eligible Family members who are citizens or non-citizens with eligible immigration status

5) _____ Enter the fraction that represents the number of eligible family members and the number of family members in the tenant household. (e.g., 5 family members and only 3 family members eligible for assistance Fraction is 3/5

6) _____ Multiply Line 3 by the fraction in Line 5 and enter the amount in Item 34 of the HUD-50059 A. This is the Prorated AP for the family.

C) Calculate **prorated TTP**

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

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

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

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

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

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

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

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

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

1) _____ Enter MR (Item 25 of the HUD-50059 A)

2) _____ Enter BR (Item 24 of the HUD-50059 A)

3) _____ Subtract Line 2 from Line 1 and enter difference

B) Calculate prorated difference between MR and BR

4) _____ Enter number of people in the family who are Ineligible Persons (i.e., not a citizen or not an eligible non-citizen)

5) _____ Enter the fraction that represents the number of Ineligible Persons and the number of family members in the tenant household, (e.g., 5 family members of which 2 are Ineligible Persons) Fraction is 2/5

6) _____ Multiply Line 3 by the fraction in Line 5. This amount is the prorated difference between MR and BR

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

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

8) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TTP, without pro-ration.

9) _____ Subtract Line 8 from Line 7. This amount is the AP the family would receive without being subject to pro-ration requirements.

10) _____ Multiply Line 9 by Line 5. This amount is the Assistance Adjustment for the family.

D) Calculate the **prorated TTP**

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

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E) Calculate the **prorated AP**

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

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

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

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

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

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

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

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

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

1) _____ Enter MR (Item 25 of the HUD-50059 A)

2) _____ From the income amounts (Total Annual Income and Adjusted Annual Income) calculated on the family's most recent full certification (MI, AR, IR, IC), use the appropriate rent formula, based on subsidy type, in Exhibit 5-8 to determine the TR, without pro-ration.

3) _____ Subtract Line 2 from Line 1 and enter the amount.

B) Calculate prorated difference between MR and TR

4) _____ Enter number of people in the family who are Ineligible Persons (i.e., not a citizen or not an eligible non-citizen)

5) _____ Enter the fraction that represents the number of Ineligible Persons and the number of family members in the tenant household. (e.g., 5 family members of which 2 are Ineligible Persons) Fraction is 2/5

6) _____ Multiply Line 3 by the fraction in Line 5. This amount is the prorated difference between MR and TR

C) Calculate the **prorated TR**

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

CHAPTER 2 Income

LEARNING OUTCOMES

Upon completion of this chapter, you should be able to calculate income using 24 CFR 5.609, including:

- Defining annual income.
- Differentiating how income is treated for different types of household members.
- Differentiating between what is included in determining annual income and what is excluded.
- Calculating income for students.
- Identifying how to calculate different types of earned income, including employment income, self-employment income, and income that is seasonal.

Section 1 Annual Income

24 CFR 5.609(a)

Annual income includes, with respect to the family:

- All amounts, not specifically excluded in 24 CFR 5.609(b), 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 or co-head, not the amount they may be entitled to under court order or award of any kind,
- Unearned income by or on behalf of each dependent who is under 18 years of age, and
- Imputed returns of an asset based on the current passbook savings rate, as determined by HUD, when the value of the net family assets exceeds $54,898 (adjusted annually for inflation) and the actual returns from a given asset cannot be calculated. If it is possible to calculate actual returns from an asset, the Owner should use that amount as income.

In addition to this general definition, the regulations at 24 CFR 5.609(b) provide a comprehensive listing of all sources of income that are excluded from annual income.

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Unlike the previous version of the regulations prior to HOTMA, the current regulations governing annual income do not list sources of income that are included in annual income. Instead, HUD relies on the definition of excluded income under 24 CFR 5.609(b) to provide the scope of what is included. To that end, all income is included unless it is specifically excluded by regulation.

24 CFR 5.609(c)

The methodology used for calculating annual income differs depending on whether income is being calculated at initial occupancy, interim recertification, or as part of an annual recertification.

For **initial occupancy/assistance** and **interim recertifications**, the Owner must estimate the family income for the upcoming 12-month period using current income.

For all **annual recertifications**, the Owner must determine the family income for the previous 12-month period, unless using a streamlined income determination. In determining the income for the previous 12-month period, the Owner must take into account any redetermination from an interim recertification and any income changes that are not yet accounted for.

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INCOME OF VARIOUS HOUSEHOLD MEMBERS

Income inclusions and exclusions vary depending on the status of each household member. As such, it is important that each household member be coded correctly in the owner's software and on the form HUD-50059.

SUMMARY OF INCOME INCLUDED AND EXCLUDED BY HOUSEHOLD MEMBER	
Live-in aides	Income from all sources (both earned and unearned) is excluded [24 CFR 5.609(b)(8)].
Foster child or foster adult	Income from all sources (both earned and unearned) is excluded [24 CFR 5.609(b)(8)].
Head, spouse, or cohead Other adult family members	All sources of income not specifically excluded by the regulations are included [24 CFR 5.609(a)].
Children under 18 years of age	Earned income is excluded [24 CFR 5.609(b)(3)]. All sources of unearned income, except those specifically excluded by the regulations, are included [24 CFR 5.609(a)].
Full-time students 18 years of age or older (not head, spouse, or cohead)	Earned income in excess of the dependent deduction is excluded [24 CFR 5.609(b)(14)]. All sources of unearned income, except those specifically excluded by the regulations, are included.

MINORS

24 CFR 5.609(a)(1)
24 CFR 5.609(b)(3)

Employment income earned by children under the age of 18 is not included in annual income.

All other sources of unearned income, except those specifically excluded by the regulations, are included.

- This includes all benefit and other non-earned income paid directly to minors.

The assets and asset income of minors are also included in net family assets

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EXAMPLE
Amanda Allen (age 16) is a high school student who lives with her parents who are head and spouse. She works part-time after school earning $15,000 a year in employment income and receives $3,500 in SSI annually. She has a non-interest-bearing checking account. • Since Amanda is a minor, the owner will exclude the full amount of her employment income. • The owner will include her unearned income from SSI. • Amanda's checking account is considered when determining net family assets.

FULL-TIME STUDENTS

24 CFR 5.603

A family member is considered a full time student if they are attending school or vocational training on a full-time basis.

Therefore, to be considered "full-time," a student must be considered "full-time" by an educational institution with a degree or certificate program.

The head of household, spouse, and cohead are never considered full-time students. If the head, spouse, or cohead is a full-time student and receives earned income, the full amount of their earned income is included in annual income.

24 CFR 5.609(a)(1)
24 CFR 5.609(b)(14)

Earned income of dependent full-time students in excess of the amount of the deduction for a dependent, as specified in 24 CFR 5.611, is not included as income.

- The amount of the dependent deduction will be adjusted annually for inflation.
- For 2026, the dependent deduction is $500. Therefore, the owner will include up to $500 of earned income of a dependent full-time student and will exclude any amounts in excess of that amount.

All sources of unearned income, except those specifically excluded by the regulations, are included.

- This includes all benefit and other unearned income paid directly to full-time students.

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The assets and asset income of full-time students is considered when determining net family assets.

EXAMPLE
Miriam Leslie (age 22) lives with her parents who are head of household and spouse. She is a full-time student. She earns $4,000 in employment income annually at a part-time job and receives $3,500 in SSI annually. Her SSI is deposited into her checking account. • Since Miriam is a dependent full-time student, the owner will only include the amount of her employment income up to the amount of the dependent deduction. • The owner will include all of her income from SSI since this is unearned income. • Miriam's checking account is considered when determining net family assets.

TEMPORARILY ABSENT FAMILY MEMBERS

Chapter 3 of the HUD Handbook 4350.3 defines different types of temporarily absent family members.

With the exception of children who are temporarily absent from the home as a result of placement in foster care (24 CFR 5.403), the regulations governing annual income do not specifically address temporarily absent family members.

- Once an individual is considered permanently absent, the individual is removed from the family composition and their income is no longer included.

Since the regulations state to count all income unless that income is specifically excluded, the income of all family members approved to live in the unit (including temporarily absent family members) is included.

Temporarily absent individuals on active military duty continue to count as family members and have income included, if:

- They are the head, spouse or co-head, or
- The spouse or dependent of the person on active military duty resides in the unit.

Otherwise, they are removed from the family and their income excluded.

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For family members who are permanently confined to a hospital or nursing home, the family decides whether to include that person as a household member. The permanently confined individual may not be head, spouse or cohead. If they are included, their income is included and they qualify for allowances and deductions.

EXAMPLE OF INDIVIDUALS WHO MAY BE DEFINED AS TEMPORARILY ABSENT
Chanda Smith is head of household. She lives with her spouse Kane. Chanda accepts temporary employment in another state for two months. Kane will continue to live in the unit while she is gone.
The full amount of her income she earns while working out of state will be included in the family's annual income.

LIVE-IN AIDES

24 CFR 5.609(b)(8)

The income of live-in aides, regardless of whether it is earned or unearned income, is fully excluded from annual income.

CFR 5.403

A live-in aide is a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:

- Is determined to be essential to the care and well-being of the persons;
- Is not obligated for the support of the persons; and
- Would not be living in the unit except to provide the necessary supportive services.

Live-in aides are considered members of the household, not family members.

Live-in aides are not eligible for any deductions when the family's adjusted income is calculated.

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Foster Children and Foster Adults

24 CFR 5.603 (b)

A *foster child* is defined as a member of the household who meets the definition of a foster child under state law. In general, a foster child is placed with the family by an authorized placement agency (e.g., public child welfare agency) or by judgment, decree, or other order of any court of competent jurisdiction.

A *foster adult* is defined as a member of the household who is 18 years of age or older and meets the definition of a foster adult under state law. In general, a foster adult is a person who is 18 years of age or older, is unable to live independently due to a debilitating physical or mental condition and is placed with the family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

24 CFR 5.609(b)(8)

The income of foster children and foster adults, regardless of whether it is earned or unearned, is fully excluded from annual income.

24 CFR 5.609(b)(4)

The owner excludes payments received for the care of foster children or foster adults.

State or tribal kinship or guardianship care payments are also excluded from annual income.

Foster children and foster adults are considered members of the household, not family members.

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Learning Activity 2-1: Income Inclusions and Exclusions for Different Household Members

Identify whether the following types of income would be included or excluded based on the household member.

1. The head of household's 16-year-old daughter works a part-time job at a fast-food restaurant and makes $300 per week.
   a. Include $300 per week
   b. Include $480 for the year
   c. Exclude $300 per week
2. The live-in aide works part-time at a hardware store and earns $250 per week.
   a. Include $250 per week
   b. Exclude $250 per week
3. A full-time student who is not head, spouse, or cohead works at a grocery store and earns $310 per week.
   a. Include $310 per week
   b. Include $500 for the year
   c. Include $500 per week
   d. Exclude $310 per week
4. The head of household is temporarily absent from the unit because they are working for a month in another state. They earn $500 per week.
   a. Include $500 per week
   b. Exclude $500 per week

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Section 2 Earned Income

24 CFR 5.100

Earned income is defined as income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment.

Earned income does not include any pension or annuity, transfer payments (meaning payments made or income received in which no goods or services are being paid for, such as welfare, Social Security, and governmental subsidies for certain benefits), or any cash or in-kind benefits.

24 CFR 5.609(a)

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/cohead regardless of age, is included in annual income.

The owner uses the full (gross) amount before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation.

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

The methodology used for calculating earned income differs depending on whether income is being calculated at initial occupancy, interim recertification, or as part of an annual recertification.

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SEASONAL EMPLOYMENT

24 CFR 5.609 (b)(24)
24 CFR 5.603 (b)

Some occupations regularly work less than 12 months per year. Family members may have temporary, variable, or seasonal schedules or may work sporadically throughout the year. Provided this income does not meet the definition of nonrecurring income, seasonal employment is included in annual income.

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

A seasonal worker is defined as an individual who is hired into a short-term position (e.g., for which the customary employment period for the position is six 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:.

- Examples include employment limited to holidays or agricultural seasons.
- Seasonal work may include employment as a lifeguard, ballpark vendor, or snowplow driver.

A *day laborer* is defined as 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.

PROJECTING INCOME FROM SEASONAL EMPLOYMENT

Annualizing income from seasonal employment at new admission or interim can be a challenge since it may not be possible to determine income for a 12-month period.

PH Occ GB, Income Determination, p. 23

The owner should gather income from all sources over a specific time frame (e.g., all pay from a one-month or three-month period, depending on frequency), average the amount over that time frame, and annualize it over a full year.

- If it is not feasible to anticipate a level of income over a 12-month period or the owner believes that past income is the best available indicator of expected future income, the owner may annualize the income anticipated for a shorter period, subject to redetermination at the end of the shorter period.

EXAMPLE 1: OF PROJECTING SEASONAL INCOME
Maggie Price is an applying to live in a unit. She is currently a tile setter earning $1,200/month. For the last 3 years, she worked this job for 8 months during the construction season. For the rest of the year (4 months) she worked part-time earning $500 per month.
Based on her current paystubs and her tax information, the Owner performs the following calculation: • $1,200 x 8 months = $9,600 • + $500 x 4 months = $2,000 • $11,600 annually

EXAMPLE OF PROJECTING SEASONAL INCOME
Derrick Jones is applying to live in a unit. He works as a house painter. He works from April through September. He does not work in rain or windstorms. He does not receive paystubs, but the owner contacts his employer who verifies that over the last 3 years he works on average 30 hours per week and his current rate of pay is $12 per hour.
• To calculate Derrick's income, the owner uses the average number of regular hours over the past three years (30 hours) multiplied by his current regular pay rate ($12).

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SELF-EMPLOYMENT

24 CFR 5.609(b)(28)

Annual income includes net income from the operation of a business or through self-employment.

- Net income equals gross income less expenses.

Families may treat as a business expense depreciation (straight-line), interest payments on loans, and all expenses other than those for expansion or capital improvements.

EXAMPLE
A self-employed house painter owns a truck he uses for his business as well as several ladders, buckets, and spray paint guns. He also purchases paint rollers and hand brushes each time he is hired to do a job.
• The painter may deduct as business expenses the depreciation on his truck and ladders (capital equipment) as well as the cost of the paint, paint thinner, disposable rollers and paint brushes he purchases throughout the year (business expenses).

24 CFR 5.609(b)(28)(ii)

Any withdrawal of cash or assets from a business is included as income except when the withdrawal is for reimbursement of amounts the family has invested in the business.

EXAMPLE
Donna Edwards is starting a new business as a dog walker. She is using $500 of her own money to purchase leashes, dog treats, to print fliers, and to advertise. After several months in business, Donna withdraws $500 from the business's checking account as a reimbursement of her initial investment.
• The $500 is not considered income as it is a reimbursement of her own investment.

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If the net income from a business is negative, no business income will be included in annual income; a negative amount will not be used to offset other family income.

EXAMPLE
Martin West is the head of household. He earns $35,000 in wages. His spouse Amanda is self-employed and has negative business income of $1,500.
• The family's annual income is $35.000. • Amanda's business loss of -$1,500 does not offset Martin's wages.

24 CFR 5.609(b)(24)

Income received as an independent contractor is included in annual income, even if the source, date, or amount of the income varies. Independent contractors are considered self-employed, and the net income is included in annual income.

24 CFR 5.603(b)

An independent contractor is defined as 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.

This includes "gig" workers such as contractors who work for companies such as Uber and Lyft. These employees may work varying amounts from week-to-week, which can present a challenge for the owner when calculating income. For individuals working for rideshare companies, the owner may request a summary of payments.

EXAMPLE: INDEPENDENT CONTRACTOR
Belinda Baker drives for Uber. When she pays her taxes, 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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Military Pay

Count all regular pay, special pay, and allowances of a member of the Armed Forces (whether temporarily absent or not).

24 CFR 5.609(b)(11)

Exclude the special pay for exposure to hostile fire.

Earned Income Disallowance

Notice H 2019-09

The earned income disallowance (EID) applies to the public housing, project-based (PBV), and tenant-based (HCV) voucher programs, and the HOME program. It typically does not apply to any programs covered by the HUD Handbook 4350.3.

However, when units are converting from public housing to project-based rental assistance (PBRA) under the Rental Assistance Demonstration (RAD) program, since the disallowance applies to adult family members in the public housing program, there are some instances where the EID will apply for a limited time to these conversions.

24 CFR 5.617(e) and (f)

HOTMA removed the statutory authority for the EID.

The EID is available only to families that are eligible for and participating in the program before January 1, 2024 (the effective date of the HOTMA Final Rule); no new families may qualify on or after January 1, 2024.

If a family is receiving the EID prior to January 1, 2024, they are entitled to the full amount of the benefit under the current regulations for a full 24 months.

The EID will fully sunset on January 1, 2026.

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

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Section 3 Income of Students

Educational Savings Accounts

24 CFR 5.609(b)(10)

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

Student Loans

24 CFR 5.609(b)(20)

- Student loans are excluded from annual income since the regulations exclude loan proceeds (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 (e.g., proceeds received by the family from a private loan to enable attendance at an educational institution or to finance the purchase of a car).

Student Financial Assistance

24 CFR 5.609(b)(9)

The regulations distinguish between two categories of student financial assistance paid to both full-time and part-time students.

Title IV HEA assistance: Any assistance to students under section 479B of the Higher Education Act of 1965 (Tile IV of the HEA) must be excluded from the family's annual income.

Examples of assistance under title IV of the HEA include:

- 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)

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- Bureau of Indian Affairs/Education student assistance programs
- The Higher Education Tribal Grant
- The Tribally Controlled Colleges or Universities Grant program
- **Note:** Income received under the GI Bill is not Title IV financial aid

Other student financial assistance: Any other grant-in-aid, scholarship, or other assistance amounts an individual receives for the actual covered costs charged by the institute of higher education not otherwise excluded by the Federally mandated income exclusions are excluded.

Actual covered costs are defined as the actual costs of:

- Tuition, books, and supplies;
  - Including supplies and equipment to support students with learning disabilities or other disabilities
- Room and board; and
- Other fees required and charged to a student by the education institution.

For a student who is not the head of household or spouse/cohead, actual covered costs also include the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit.

The educational institution must meet the definition of an institution of higher education (as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)).

To qualify, other student financial assistance must be expressly:

- For tuition, book, supplies, room and board, or other fees required and charged to the student by the education institution;
- To assist a student with the 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.

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The student financial assistance may be paid directly to the student or to the educational institution on the student's behalf. However, any student financial assistance paid to the student must be verified by the owner.

The financial assistance must be a grant or scholarship received from:

- The federal government;
- A state, tribal, or local government;
- A private foundation registered as a nonprofit;
- A business entity (such as corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, or nonprofit entity); or
- 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; or
- Any amount of the scholarship or grant that, either by itself or in combination with assistance excluded under the HEA, exceeds the actual covered costs of the student.

When the student is receiving assistance that is excluded under both categories, the Title IV HEA Assistance must be applied first. Student financial assistance is then applied to any remaining actual covered costs. Once actual costs are covered, any remaining student financial assistance would be considered income.

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EXAMPLE 1: HEA ASSISTANCE ONLY
If a student only receives financial assistance under Title IV of the HEA and does not receive any other student financial assistance, exclude the full amount of the assistance received under Title IV of the HEA.
• Student received $10,000 annually from a Pell Grant (which is assistance under Title IV of the HEA). • The owner excludes all $10,000 since this is assistance under Title IV of the HEA.

EXAMPLE 2: OTHER ASSISTANCE ONLY
If the student does not receive any assistance under Title IV of the HEA but does receive financial assistance from another source: • Calculate actual covered costs. • Subtract the total amount of the student's financial assistance from the student's actual covered costs. • Include any amount of financial assistance in excess of the student's actual covered costs.
- Actual covered costs: $20,000 - Title IV HEA assistance: $0 - Other student financial assistance: $25,000 - $25,000 in financial assistance - $20,000 in actual covered costs - Include in income: $5,000

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EXAMPLE
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:
• 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. - Actual covered costs: $25,000 - Title IV HEA assistance: $26,000 - Other student financial assistance: $5,000 - Exclude the entire Title IV HEA assistance. - Include in income: $5,000 of other financial assistance
• 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. - Actual covered costs: $18,000 - Title IV HEA assistance: $15,000 - $22,000 actual covered costs - $15,000 Title IV HEA assistance = $3,000 remaining - Other student financial assistance: $5,000 - $5,000 other financial assistance - $3,000 remaining - Include in income: $2,000
- Actual covered costs: $22,000 - Title IV HEA assistance: $15,000 - $18,000 actual covered costs - $15,000 Title IV HEA assistance = $7,000 remaining - Other student financial assistance: $5,000 - $5,000 other financial assistance - $7,000 remaining - Include in income: $0

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Learning Activity 2-2: Calculating Student Income

TASK

Answer the following questions about the income of various students based on the HOTMA student requirements.

SCENARIO 1:

Herschel Kratz (age 52) is head of household. He goes to school full-time at a community college. He receives a Pell Grant in the amount of $8,000 per school year. This is his only financial assistance. The owner verifies his actual covered costs to attend school are $1,200. Herschel also works part-time earning $20,000 per year. What is his annual income?

SCENARIO 2:

Marge Button (age 25) lives with her parents. She is a full-time student. She receives a scholarship from a local nonprofit group of $1,000 per school year. This is the only student financial assistance she receives. The Owner verifies her actual covered costs to attend school are $35,000 per year. She works part-time and earns $9,000 per year. What is her annual income?

SCENARIO 3:

Homer Samuels (age 21) lives with his parents. He attends school part-time. He works part-time earning $15,000 per year. He has a student loan for the school year of $25,000. He receives a scholarship from a business of $10,000 per school year. This is the only student financial assistance he receives. The owner verifies his actual covered costs to attend school are $8,000 per year. What is his annual income?

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SCENARIO 4:

Ned Flannigan (age 22) lives with his parents. He attends school full-time. He receives an athletic scholarship from his school of $50,000 per year. His actual covered costs to attend school are $30,000 per year. He is in a Federal Work-Study program where he earns $10,000 per school year working part-time. What is his annual income?

Apply the other student financial assistance second.

Section 4 Periodic Payments and Nonrecurring Income

Periodic Payments

Periodic payments are forms of income received on a regular, periodic basis.

HUD regulations specify which periodic payments are not included in annual income but do not specify which types of periodic payments are included.

- In general, periodic payments to be included in income include payments from Social Security, annuities, insurance policies, retirement funds, pensions, lotteries, disability benefits, and other similar types of periodic receipts and withdrawals from investments as income.

Notice H 2019-06

- Withdrawals from ABLE accounts (i.e., tax-advantaged savings accounts under the Achieving Better Life Experience Act) are an exception and are excluded from income.

Lump Sum Payments counted as Income

24 CFR 5.609(a)

Generally, lump sums received by the family such as lottery or contest winnings are not considered income since they are nonrecurring income.

However, lump-sum payments caused by delays in processing periodic payments (such as unemployment or welfare assistance benefits) are included as income since they are not explicitly excluded under the regulations.

Example: Lump Sums as Income
Beverly Boone is head of household. She loses her job on October 19 and applies for unemployment benefits. She receives a lump-sum payment of $900 in December to cover the period from 10/20 to 12/5 and begins to receive $200 a week effective 12/6.
• The lump sum for the delayed start of her unemployment benefits is included in annual income as well as her weekly unemployment benefit amount.

24 CFR 5.609(b)(16)

However, deferred periodic amounts (whether received as a lump sum or prospective monthly payments) from the following sources are excluded:

- Social Security and Supplemental Security Income (SSI)
- Department of Veterans Affairs (VA) disability benefits

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 the delayed start of $8,000. She also started receiving gross monthly SSI payments of $500.
• The owner includes the gross monthly SSI payment as income but excludes the full amount of the lump sum from her income.

SOCIAL SECURITY

Include the gross amount of Social Security prior to the Medicare deduction.

The monthly Medicare premium may be deducted as a health and medical care expense for qualifying families.

EXAMPLE: SOCIAL SECURITY INCOME
Brian Bruce (age 68) is the head of household. His gross SS payment is $800 per month, however $174.70 is subtracted each month for his Medicare premium.
• Include the gross amount of Brian's SS payment prior to the Medicare deduction ($800 x 12 = $9,600).

If a Social Security recipient's benefits are reduced to make up for prior overpayments, the recipient's income should include the amount the Social Security agency will provide, not the amount that would have been provided if no error were made.

- Applies to other similar benefits as well as SS.

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If a recipient's Social Security income is reduced because of an IRS garnishment, or other similar garnishment, use the gross amount to calculate income.

EXAMPLE: SS REDUCTION
A family member received $1,200 per month for the past six months in SS income. SSA notifies the individual that they should have received only $1,100 per month. SSA adjusted their monthly payment to recoup overpayment. They will now receive $1,000 per month for the next six months and will then receive their regular payment of $1,100 per month after that.
• For the next six months, use the lower amount $1,000 x 12 = $12,000 • Then, conduct an interim when the reduction ends $1,100 x 12 = $13,200

RETIREMENT ACCOUNTS

24 CFR 5.609(b)(26)

Any distribution of periodic payments received from any account under a retirement plan recognized as such by the IRS, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals is included in annual income at the time it is received by the family.

ALIMONY AND CHILD SUPPORT

H Notice 2023-10

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

24 CFR 5.609(a)

Include periodic and determinable amounts such as alimony and child support since they are not specifically excluded under the regulation.

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HUD Handbook 4350.3

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

When no documentation of child support, divorce, or separation is available, the owner may require the family to sign a certification stating the amount of child support received.

NONRECURRING INCOME

H Notice 2023-10

Income that has a discrete end date and will not be repeated beyond the coming year during the family's upcoming annual recertification period is excluded from annual income as nonrecurring.

- This does not include unemployment income and other types of periodic payments received at regular intervals (such as weekly, monthly, or yearly) for a period of greater than one year that can be extended.
- Owners may accept a self-certification from the family stating that the income will not be repeated in the coming year.

EXAMPLE: NONRECURRING INCOME
• The Watts family is just moved into their unit. • 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.
• 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.

EXAMPLE: REGULAR INCOME
• In February 2024, the owner is conducting Lillian Gonzalez's annual recertification. It is effective 5/1/24. • She reports 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 owner includes this as income because the amounts will be received through the next annual effective 5/1/25.
• For the 5/1/25 annual recertification, Lillian provides a letter stating that the income will end on 9/30/25. • The Owner will exclude the income received after the 5/1/25 annual recertification.

Any unemployment income is always included, regardless of the frequency or length of the payments. As with other periodic payments, since they are not specifically excluded, they are included.

Any workers' compensation is always excluded from annual income, regardless of the frequency or length of the payments.

EXAMPLE: WORKERS COMP
Heather Cooper is a resident. She was injured in a work accident. At her 3/1 annual she states she is receiving worker's compensation equal to her salary paid in biweekly installments for a period of 18 months.
• Regardless of the amounts received or the length of the payments, worker’s compensation is always excluded.

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Notice H 2023-10

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.

24 CFR 5.609(b)(24)

Nonrecurring income includes:

- U.S. Census Bureau for employment income (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not resulting in permanent employment.
- Direct federal or state payments for economic stimulus or recovery.
- Amounts received directly by the family as a result of state or federal refundable tax credits or state or federal tax refunds at the time they are received.
- Gifts for significant life events or milestones (e.g., holidays, birthdays, wedding gifts, baby showers, anniversaries).
- Nonmonetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization.
- Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings.

EXAMPLE 1: LUMP SUMS
Trevor Lucky bought 10 lottery tickets and discovered that one of the tickets won $1,000. Trevor reported his winnings as part of an interim recertification. The Owner determined that the lottery winnings are a one-time, lump-sum addition to net family assets and should not be included in the annual income calculation.

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EXAMPLE 2: LUMP SUMS
• Logan fundraises $5,000 online to help pay for personal expenses (e.g., "Go Fund Me"). The owner 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. The $5,000 is a one-time, lump-sum addition to net family assets and should not be included in the annual income calculation. • At his next annual recertification, the owner determines that Logan solicited for donations online a second time and raised an additional $4,500. Again, Logan certified that he does not intend for this to be a recurring source of income, but, because the owner can establish a pattern, the $4,500 is not considered a lump-sum addition to net family assets and should be included in the annual income calculation.

Non-monetary in-kind donations, such as food or toiletries, received from a food bank or similar organization are excluded from annual income.

- When calculating annual income, owners are prohibited from assigning monetary value to non-monetary in-kind donations received by the family.
- Non-recurring, non-monetary in-kind donations from friends and family may be excluded as non-recurring income.

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 owner includes regular contributions (cash or noncash) provided on a regular basis.

- May include rent and utility payments paid on behalf of the family.

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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.

- The owner may accept a self-certification from the family stating that the income will not be repeated in the coming year.
- However, if a family repeatedly says that a payment is nonrecurring, but the owner can establish a pattern of the payments actually recurring year after year, the owner would no longer considered the payments nonrecurring.

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EXAMPLES
EXAMPLE 1 Jonas Crandall receives a basket weekly from the local food bank that includes both food and toiletries. Because this is an in-kind donation from the local food bank, the owner must not include the basket items in the calculation of annual income.
EXAMPLE 2 Holly Hawes (age 22) 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 two year and will continue to pay them for the upcoming year. The $100 per month is included as income.
EXAMPLE 3 Martha Allen (age 37) is a program participant. She 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. She certifies she will continue to receive them. The value of the groceries donated by a family member who lives outside of the household on a recurring basis is included income.
EXAMPLE 4 John Martin (age 42) lives alone. He states he is zero income. However, John is responsible for the electric bill for his unit. The owner 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. He signs a self-certification with this information. The owner is to exclude the payment of the utility bill as non-recurring income.

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ZERO INCOME FAMILIES

Notice H 2023-10

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

O/As 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.

O/As may only conduct interims in accordance with the regulations and O/A 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 50059.

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Learning Activity 2-3: Periodic Payments and Nonrecurring Income

TASK

Indicate how much income is included in annual income for the following types of families.

SCENARIO 1:

Stan Marshall (age 63) is head of household. He collects $900 per month in Social Security, although $178 is taken out for the Medicare premium. His daughter Wendy (age 32) and his grandson Eric (age 3) live with him. Wendy is entitled to collect $300 per month in child support for her son Eric. However, the owner verifies that she only collects an average of $150 per month. This is her only source of income. What is the family's annual income?

SCENARIO 2:

Paul Frink (age 42) is head household. He was recently injured on the job. At his 3/1 annual, he states he collects $1,500 per month workers' compensation. This will last for six months after the effective date of his annual. He also states that he receives food from a local food pantry every Friday. What is his annual income?

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SCENARIO 3:

Wayland Burns (age 39) is head of household. He claims that he is zero income. When the owner asks how he pays his expenses, he says he won the lottery last year and received a $10,000 lump sum. He is living off the money. What is his annual income?

SCENARIO 4:

Edna Kerr (age 63) and her husband Seymour (age 64) both receive Social Security benefits. She receives $900 per month, but she was just informed the SSA overpaid her benefits for the last two years so she will only be receiving $800 a month for the next year. Seymour's gross benefit amount is $1,000 but he has $200 per month taken out for a garnishment for back child support. What is their income?

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PUBLIC ASSISTANCE

Since the following public assistance is not specifically excluded under the regulation, it is included as income:

- Temporary Assistance to Needy Families (TANF)
- SSI
- General Assistance/General Relief

PUBLIC ASSISTANCE INCOME IN AS-PAID LOCALITIES ("WELFARE RENT")

The income regulations at 24 CFR 5.609 no longer include a reference to welfare assistance in as-paid states.

An "as-paid" system is one in which the welfare assistance payment includes a specifically designated amount for shelter and utilities that is subject to adjustment based upon the actual cost of shelter and utilities.

However, the definition of TTP at 24 CFR 5.628 still includes a reference to the welfare rent. Additional guidance from HUD is needed on this topic.

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Section 5 Other Types of Income

Health and Medical Care Reimbursements

24 CFR 5.609(b)(6)

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 are excluded.

Aid and Attendance for Veterans

24 CFR 5.609(b)(17)

Exclude payments related to aid and attendance to veterans in need to regular aid and attendance (38 USC 1521).

- Certain veterans are eligible for "aid and attendance" payments from the VA. These payments are distinct from payments made to veterans under other VA programs, including the Veterans Pension program. Owners should carefully review any income documentation provided by the family, because many types of VA income, including the Veterans Pension and the VA Survivors Pension, are included in annual income.

Home-Based Care Payments for a Family Member with Disabilities

24 CFR 5.609(b)(19)

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.

- Federal Medicaid rules allow states to cover a wide range of institutional and home and community-based long-term services and supports (LTSS), but the type of services, populations covered, and delivery models differ substantially across states based on their individual Medicaid program structure. Many states provide benefits to individuals with a variety of disabilities, which allow such individuals to remain at home rather than reside in institutional settings such as hospitals, nursing homes, or other institutional or segregated settings.
- The previous requirement that these payments offset the cost of services or equipment has been eliminated.

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- The exclusions applies to any family member with a disability, not just a developmental disability as in previous versions of the regulation.

Authorized payments may include payments to a member of the assisted family through the state Medicaid agency (including through a managed care entity) or other state or federal agency for caregiving services the family member provides to enable a family member who has a disability to reside in the family's assisted unit.

- For example, an adult providing personal care services for a parent or other family member with a disability could receive direct payments from the State agency for performing those services. Amounts paid directly to a member of the assisted family by the state Medicaid agency (including through a managed care entity) or other state or federal agency (or other entities authorized by the agencies to make such payments) to enable a family member who has a disability who wishes to remain living in the assisted unit, under the applicable terms and conditions for the family member to be eligible for such payments, are excluded from the family's income.
- This income exclusion applies only to payments to the family member for caregiving services for another member of the family residing in the assisted unit. For example, 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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- If the agency was making payments for caregiving services to the family member for not only another member of the assisted family but also for a person outside of the assisted family, only the payments attributable to the caregiving services for the caregiver's assisted family member would be excluded from income.

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. • Amounts paid directly to Sally by the state Medicaid agency to care for Barbara are excluded.

CIVIL ACTION SETTLEMENTS

24 CFR 5.609(b)(7)

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.

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 are excluded.

- While there is currently no federal baby bond program, many states and cities have such programs.

PLAN FOR ACHIEVING SELF-SUFFICIENCY (PASS)

24 CFR 5.609(b)(12)(i)

Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).

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PUBLICLY ASSISTED PROGRAMS

24 CFR 5.609(b)(12)(ii)

Exclude amounts received by a participant in publicly assisted programs which are specifically for reimbursement of out-of-pocket expenses incurred and are made solely to allow participation in a specific program.

- Clothing
- Special equipment
- Transportation
- Child care, etc.

RESIDENT SERVICE STIPENDS

24 CFR 5.609(b)(12)(iii)

Resident services stipends are generally modest amounts of money received by residents for performing services that enhance the quality of life in the development.

Exclude amounts received under a resident service stipend provided they do not exceed $200 per month.

- If the individual receives an amount that exceeds $200 per month, the owner must include the entire amount in annual income.
- Individual cannot receive more than one such stipend at a time.

TRAINING PROGRAMS

24 CFR 5.609(b)(12)(iv)

Exclude incremental earnings and benefits from training programs funded by HUD or qualifying federal, state, tribal, or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff.

- *Incremental earnings* means the increase between the total amount of welfare and earnings of a family member prior to enrollment in the training program, and welfare and earnings of the family member after enrollment in the training program.

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- Excluded amounts must be received under employment training programs with clearly defined goals and objectives and only excluded during participation in the program unless the amounts are excluded as federal financial aid under 24 CFR 5.609(b)(12)(iv)).

EXAMPLE:	
Horatio Smith receives $600 per month in TANF. He then enrolls in a qualified state employment training program and receives $750 per month in training income. His TANF benefits stop.	
1. What income is counted?	
2. How long will the income be excluded?	While he is in the program.

REPARATION PAYMENTS

24 CFR 5.609(b)(13)

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

REFUNDS AND REBATES FOR PROPERTY TAXES

24 CFR 5.609(b)(18)

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

ADOPTION ASSISTANCE PAYMENTS

24 CFR 5.609(b)(15)

Adoption assistance payments for a child in excess of the amount of the dependent deduction, specified in 24 CFR 5.611, are excluded.

- Note, the dependent deduction will be adjusted annually for inflation.

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Loan Proceeds

24 CFR 5.609(b)(20)

Exclude the net amount disbursed by a lender to or on behalf of a borrower under the terms of the loan agreement.

Funds may be received by the family or a third party.

- For example, funds may be received by an educational institution or by a car dealership to finance the purchase of a car.

Mismanagement of Assets Claims

24 CFR 5.609(b)(21)

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.

Housing Gap Payments

24 CFR 5.609(b)(23)

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 (49 CFR part 24).

If the gap is reduced or eliminated because of a subsequent move by the tenant or change in the 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.

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CIVIL RIGHTS SETTLEMENTS AND JUDGMENTS

24 CFR 5.609(b)(25)

Exclude income from civil rights settlements or judgments, including settlements or judgments for back pay regardless of how the settlement or judgment is structured (i.e., as a lump sum or structured payment).

- This may include amounts received as a result of litigation or other actions, such as conciliation agreements, voluntary compliance agreements, consent orders, other forms of settlement agreements, or administrative or judicial orders under the Fair Housing Act, Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act (Section 504), the Americans with Disabilities Act, or any other civil rights or fair housing statute or requirement.

While these civil rights settlement or judgment amounts are excluded from income, the settlement or judgment amounts will generally be counted toward the family's net family assets.

- For example, if the funds are deposited into the family's savings account or a revocable trust under the control of the family.

FAMILY SELF SUFFICIENCY ACCOUNT

24 CFR 5.609(b)(27)

Exclude income earned on amounts placed in a family's Family Self-Sufficiency (FSS) account.

- The exclusion does not address distributions from a family's FSS account, because such distributions (either as a final or interim distribution under the terms of the Contract of Participation) will be excluded from income under 24 CFR5.609(b)(24)(vii) as a lump-sum addition to net family assets.

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FEDERALLY MANDATED INCOME EXCLUSIONS

Federal Register 1/31/2024; 24 CFR 5.609 (b)(22)

Value of Food Stamps

- Value of allotment provided to an eligible household under the Food Stamp Act of 1977.
- This exclusion also applies to assets.

Benefits under Section 1780 of the Richard B. Russel School Lunch Act and Child Nutrition Act of 1966

- Includes WIC and reduced-price lunches.
- This exclusion also applies to assets.

Domestic Volunteer Services Act

- Payments, including for supportive services and reimbursement of out-of-pocket expenses under the Domestic Volunteer Services Act of 1973 are excluded.
- Except the exclusion does not apply when the Chief Executive Officer of the Corporation for National and Community Service determines that the value of all such payments, adjusted to reflect the number of hours such volunteers are serving, is equivalent to or greater than the minimum wage then in effect under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) or the minimum wage, under the laws of the State where such volunteers are serving, whichever is the greater (42U.S.C. 5044(f)(1)).
- This exclusion also applies to assets.
- These programs include:
  - VISTA - Volunteers in Service to America
  - RSVP - Retired Senior Volunteer Program
  - Foster Grandparents
  - Senior Companions Programs

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Heating assistance

- Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program(42 U.S.C. 8624(f)(1)).
- This exclusion also applies to assets.

Workforce Innovation and Opportunity Act of 2014

Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 reauthorized as the Workforce Innovation and Opportunity Act of 2014 (29 U.S.C. 3241(a)(2))Allowances, earning and payments to AmeriCorps participants under the National and Community Service Act of 1990

Any amounts in an “individual development account” as provided by the Assets for Independence Act, as amended in 2002

Deferred disability benefits from the Department of Veterans Affairs

- Received in a lump sum or in prospective monthly amounts

Indian Settlements/Trusts (these exclusions also apply to assets)

- Payments received under the Maine Indian Claim Settlement Act of 1980. (Pub. L. 96-420, 94 section 9(c)).
- Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c)).
- Income derived from certain submarginal land of the United States held in trust for particular Indian tribes (25 U.S.C. 5506).
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation section 9(c)).
- Income derived from the disposition of funds of the Grand River Band of Ottawa Indians (Pub. L. 94-540 section 6).

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- The first $2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first $2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands. This exclusion does not include proceeds of gaming operations regulated by the Commission (25 U.S.C. 1407-1408).
- Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b))
- Any amounts (i) not actually received by the family, (ii) that would be eligible for exclusion under 42 U.S.C. 1382b(a)(7), and (iii) received for service-connected disability under 38 U.S.C. chapter 11 or dependency and indemnity compensation under 38 U.S.C. chapter 13 (25 U.S.C. 4103(9)(C)) as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269 section 2) to the definition of income applicable to programs under the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4101 et seq.)
- A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the United States District Court case entitled Elouise Cobell et al. v. Ken Salazar et al., for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010

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- Per capita payments made from the proceeds of Indian Tribal Trust Settlements listed in IRS Notice 2013- 1 and 2013-55 must be excluded from annual income unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe's private bank account in which the Tribe has deposited the settlement proceeds. Such amounts received in excess of the Tribal Trust Settlement are included in the gross income of the members of the Tribe receiving the per capita payments as described in IRS Notice 2013-1. The first $2,000 of per capita payments are also excluded from assets unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe's private bank account in which the Tribe has deposited the settlement proceeds (25 U.S.C. 117b(a), 25 U.S.C. 1407)

Title IV of the Higher Education Act of 1965

- Amounts of student financial assistance funded under Title IV of the Higher Education Act of 1965, including awards under Federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu).
- For Section 8 programs only, any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)),shall be considered income if the individual is over the age of 23 with dependent children (Pub. L. 109-115, section 327 (as amended)).

Spina Bifida and Agent Orange settlements (these exclusions also apply to assets)

- Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.).

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- Payments received under 38 U.S.C. 1833 (c) to children of Vietnam veterans born with spina bifida, children of women Vietnam veterans born with certain birth defects, and children of certain Korean and Thailand service veterans born with spina bifida(42 U.S.C. 12637(d)).

Child Care and Development Block Grant Act of 1990

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

Earned Income Tax Credit (EITC) refund payments

Any amount in an Achieving Better Life Experience (ABLE) account, distributions from and certain contributions to an ABLE account established under the ABLE Act of 2014 (Pub. L. 113-295.), as described in Notice PIH 2019-09/H 2019-06 or subsequent or superseding notice is excluded from income and assets.

Major disaster and emergency assistance received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and comparable disaster assistance provided by states, local governments, and disaster assistance organizations.

- This exclusion also applies to assets.

Title V of the Older Americans Act of 1965

- Payments under Title V are excluded. This is the Senior Community Service in Employment Program (SCSEP) funded through the Department of Labor.
- This program is administered by national contractors such as:
  - Green Thumb
  - AARP - American Association of Retired Persons
  - NCOA - National Council on Aging
  - National Council of Senior Citizens (sometimes called Senior Aides)

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- US Forest Services
- NCBA - National Caucus for Black Aged
- Urban League
- National Association for the Spanish Elderly

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

Crime Victim Compensation

- Any amount of crime victim compensation that provides medical or other assistance (or payment or reimbursement of the cost of such assistance) under the Victims of Crime Act of 1984 received through a crime victim assistance program, unless the total amount of assistance that the applicant receives from all such programs is sufficient to fully compensate the applicant for losses suffered as a result of the crime (34 U.S.C. 20102(c)).
- This exclusion also applies to assets.

The amount of any refund (or advance payment with respect to a refundable credit) issued under the Internal Revenue Code is excluded from income and assets for a period of 12 months from receipt (26 U.S.C. 6409)

Assistance received by a household under the Emergency Rental Assistance Program pursuant to the Consolidated Appropriations Act, 2021 (Pub. L. 116-260, section 501(j)), and the American Rescue Plan Act of 2021.

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Notes

CHAPTER 3 Assets

LEARNING OUTCOMES

Upon completion of this chapter, you should be able to identify assets and calculate income from assets, including:

- Calculate the cash value and anticipated income of assets.
- Calculate imputed income when total cash value exceeds $54,898 (adjusted annually for inflation) and the rate of return is unknown.
- Distinguish between which assets are included and which are not.
- Understand the O/A may accept self-certification of assets.
- Identify assets disposed of for less than fair market value.

OVERVIEW

The regulation at 24 CFR 5.603(b)(3) provides a list of things that are excluded from the calculation of net family assets.

Unlike previous version of the regulations, the current regulations do not list types of assets that are included in annual income. Instead, HUD relies on the definition of items excluded from assets to provide the scope of what is included.

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Section 1 Types of Assets

Notice H 2023-10

All assets are categorized as either real property or personal property.

REAL PROPERTY

Notice H 2023-10; 24 CFR 5.603(b)(3)(iv)

Real property includes things like land or a home.

Equity in real property (land owned or bequeathed) or other capital investments is considered an asset.

The owner counts the net cash value of the real property after deducting reasonable costs that would be incurred in disposing of the family's real property, including repayment of any mortgage debt or other monetary liens on the real property.

- Expenses to convert to cash may include such costs as broker fees, sales commissions, settlement costs, and transfer taxes.
- Negative equity in real property or other investments does not prohibit the owner from selling the property or other investments, so negative equity alone would not justify an exclusion from family assets.

However, the value of real property that the family does not have the effective legal authority to sell in the jurisdiction in which the property is located is not considered an asset, including:

- 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; or
- Inherited property in dispute.

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EXAMPLE: REAL PROPERTY EXCLUSION
• Nancy is applying to Garden Grove Apartments to get 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 states that she cannot unilaterally sell the home since Paul is co-owner, and Paul will not be living in the unit with her and their children.
The home is not considered an asset since the home is co-owned and Nancy cannot unilaterally sell it.

PERSONAL PROPERTY

Personal property includes tangible items like boats as well as intangible items like bank accounts.

Personal property is categorized as either necessary or non-necessary.

Necessary personal property:

- Are items essential to the family for the maintenance, use, and occupancy of the premises as a home; or they are necessary for employment, education, or health and wellness.
- Includes more than merely items that are indispensable to the bare existence of the family. It may include personal effects (such as items that are ordinarily worn or utilized by the individual), items that are convenient or useful to a reasonable existence, and items that support and facilitate daily life within the family's home.
- Includes 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.

Necessary items of personal property are excluded from net family assets.

Non-necessary personal property includes bank accounts, other financial investments, and luxury items.

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

- Determining what is a necessary item of personal property is a highly fact-specific determination, and therefore it is incumbent on owners to gather enough facts to qualify whether an asset is necessary or non-necessary personal property.

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NECESSARY PERSONAL PROPERTY	NON-NECESSARY PERSONAL PROPERTY
Car(s)/vehicle(s) that a family relies on for transportation for personal or business use (e.g., bike, motorcycle, skateboard, scooter) Furniture, carpets, linens, kitchenware Common appliances Common electronics (e.g., radio, television, DVD player, gaming system) Clothing Personal effects that are not luxury items cultural value, or which does not hold family (e.g., toys, books) significance Wedding and engagement rings Jewelry used in religious/cultural celebrations and ceremonies 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, for example professional books Educational materials and equipment used by the family, including equipment to accommodate persons with disabilities Equipment used for exercising (e.g., treadmill, stationary bike, kayak, paddleboard, ski equipment)	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 (e.g., checking account, savings account, stocks/bonds) Recreational boat/watercraft Expensive jewelry without religious or cultural value, or which does not hold family significance Collectables (e.g., 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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Whether or not personal property is considered an asset depends on if it's considered necessary or non-necessary and the total cash value of the family's non-necessary personal property.

- Necessary items of personal property are excluded from net family assets.
- When the combined value of all non-necessary personal property does not exceed $54,898, (adjusted annually for inflation), all non-necessary personal property is excluded from net family assets.
- Non-necessary personal property with a combined value greater than $54,898, (adjusted annually for inflation), is considered part of net family assets.

EXAMPLE: NON-NECESSARY PERSONAL PROPERTY
• 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
• The watch and treadmill are necessary items of personal property and do not count toward net family assets. • The coin collection and RV are non-necessary personal property, but since their total value is $40,000, the owner will not count the cash value of Martin's non-necessary personal property toward his net family assets.

BANK ACCOUNTS

Notice H 2023-10

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

- When the combined value of all non-necessary personal property is greater than $54,898 (adjusted annually for inflation), checking and savings accounts are considered part of net family assets.
- When the combined value of all non-necessary personal property does not exceed $54,898 (adjusted annually for inflation), checking and savings accounts are excluded from net family assets.

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Actual income from checking and savings accounts is always included in a family's annual income.

Anticipated income must be recorded on the 50059 for every asset, regardless of the total value of net family assets.

When verification is required, the owner must obtain a minimum of one statement that reflects the current balance of banking/financial accounts.

EXAMPLE 1: BANK ACCOUNTS
• Kaitlin Mitchell has a non-interest-bearing checking account worth $2,300. • This is her only asset.
• The checking account is excluded from net family assets since her non-necessary personal property does not exceed $54,898. • Anticipated income recorded on the 50059: $0

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
• The checking and savings accounts are excluded from net family assets since his non-necessary personal property does not exceed $54,898. • Anticipated income recorded on the 50059: $1

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INVESTMENT ACCOUNTS

HUD considered financial investments like stocks, bonds, savings certificates, money market funds, and other investments as non-necessary personal property.

- When the combined value of all non-necessary personal property is greater than $54,898 (adjusted annually for inflation), financial investments are considered part of net family assets.
- When the combined value of all non-necessary personal property does not exceed $54,898 (adjusted annually for inflation), financial investments are excluded from net family assets.

Actual income from financial investments is always included in a family's annual income. Anticipated income must be recorded on the 50059 for every asset, regardless of the total value of net family assets.

- 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.

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.
• The cash values of the savings account and stocks are counted toward net family assets since her non-necessary personal property exceeds $54,898. • Anticipated income recorded on the 50059: $163

When the combined value of all non-necessary personal property does not exceed $54,898, all non-necessary personal property is excluded from net family assets. However, any real property is still included in net family assets regardless of its value.

- For example, a family could have non-necessary personal property with a combined value that does not exceed $54,898 but also own real property such as a parcel of land. Even though the non-necessary personal property would be excluded from net family assets, the real property would be included in net family assets regardless of its value.

EXAMPLE: REAL PROPERTY AND NON-NECESSARY PERSONAL PROPERTY
• Owen Howard has the following assets: - 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
• The total of Owen's non-necessary personal property is $3,000. Since his non-necessary personal property does not exceed $54,898, the cash values of the checking account and savings account are not counted toward net family assets. • The income from his savings account is counted as anticipated income on the 50059. • The net cash value of the vacant lot is included in net family assets since it is real property.

TRUSTS

HUD Handbook 4350.3

A trust is a legal arrangement generally regulated by state law in which one party (the creator or grantor) transfers property to a second party (the trustee) who holds the property for the benefit of one or more third parties (the beneficiaries).

There are two types of trust: revocable and irrevocable.

- The basis for determining how to treat trusts relies on information about who has access to either the principal in the account or the income from the account.

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A *revocable trust* is a trust that the creator of the trust may amend or end (revoke). When there is a revocable trust, the creator has access to the funds in the trust account.

When the creator sets up an irrevocable trust, the creator has no access to the funds in the account.

- The beneficiary frequently will be unable to touch any of the trust funds until a specified date or event (e.g., the beneficiary's 21st birthday or the grantor's death). In some instances, the beneficiary may receive the regular investment income from the trust but not be able to withdraw any of the principal.
- The beneficiary and the grantor may be members of the same family. A parent or grandparent may have placed funds in trust to a child. If the trust is revocable, the funds may be accessible to the parent or grandparent but not to the child.

FR 5.603(b)(4)

For **revocable** trusts:

- A revocable trust that is under the control of the household is included in net family assets when the grantor is a member of the assisted household.
- If a revocable trust is included in the calculation of net family assets, then the actual income earned by the revocable trust is also included in the family's income. For example, interest earned, rental income if property is held in the trust.
- When a member of the assisted family is the beneficiary of a revocable trust, but the grantor is not a member of the assisted family, the value of the trust is excluded from net family assets. For the revocable trust to be considered excluded, no household member may be the account's trustee.

For **irrevocable** trusts:

- Irrevocable trusts are not under the control of the household. They are excluded from net family assets.
- Where an irrevocable trust is excluded from net family assets, actual income earned by the trust is excluded for as long as the income from the trust is not distributed.

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For both irrevocable and revocable trusts, if the value of the trust is not considered part of the family's net assets, then:

- Distributions of the principal or corpus of the trust are excluded;
- Distributions of income earned by the trust (i.e. interest, dividends, realized gains, and other earnings on the trust's principal), are included;
- Except distributions of income from the trust when the distributions are used to pay the costs of health and medical care expenses for a minor are excluded.

EXAMPLE: REVOCABLE TRUST
Adam Chara lives alone. He has placed $100,000 in a revocable trust for his grandson to be available to the grandson upon his death. The trust is revocable, that is, Adam has control of the principal and interest in the account and can amend the trust or remove the funds at any time.
• The owner must count the $100,000 in Adam's net family assets. The owner will also count the interest earned on the trust as actual income from Adam's assets.

EXAMPLE: IRREVOCABLE TRUST
• 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.
• 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

Notice H 2023-10

Jointly owned assets are assets owned by the family and one or more individuals outside of the assisted family.

The owner must include the total value of the asset in the calculation of net family assets, unless the asset is otherwise excluded or unless the assisted family can demonstrate that the asset is inaccessible to them, or that they cannot dispose of any portion of the asset without the consent of another owner who refuses to comply.

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

- For example, if an inheritance stipulates that proceeds from the sale of a house are to be divided up between a member of the assisted family and two other individuals who do not live in the assisted unit, then only 1/3 of the net cash value of the house should be counted toward net family assets.

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

- For example, a member of the assisted family has a joint checking account with their mother, who is not on the program. Generally, the entire value of the account and all the actual income from the account is counted toward net family assets, unless the individual can demonstrate that the asset is inaccessible to them or that they cannot dispose of or withdraw any portion of the asset without the consent of the other person who refuses to comply.

If an individual is a beneficiary who is entitled to access the account's funds only upon the death of the account's owner, and may not otherwise withdraw funds from an account, then the account is not an asset to the assisted family, and the family should provide proper documentation demonstrating that they are only a beneficiary on the account.

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EXAMPLE: INACCESSIBLE JOINTLY OWNED ASSET
• Katie is head of household 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.
• The account is not an asset. • Katie should provide proper documentation demonstrating that she is only a beneficiary on the account.

EXAMPLE: ACCESSIBLE JOINTLY OWNED ASSET
Carl is head of household and lives alone. He has a joint, non-interest-bearing checking account with his mother who does not live with him. They can both access funds from the account and may withdraw the entire balance at any time.
• The account is considered when determining Carl's net family assets.

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LUMP SUMS

24 CFR 5.609(b)(24)

One time lump-sum payments such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlements for personal or property losses are considered in net family assets when these one-time payments are retained in an asset that is not excluded from the definition of *net family assets*.

- A lump sum for a deferred periodic payment (such as unemployment and disability compensation, workers compensation, child support and severance pay) is included in annual income.
- The exception to the deferred periodic payment rule is a lump sum for the delayed start of Social Security or SSI benefits, or a lump sum or prospective monthly amounts of deferred disability benefits from the Department of Veterans Affairs. Lump sums for the delayed start of these payments are not included in annual income and only become assets if the lump sum is retained in an asset that is not excluded from the definition of net family assets.

EXAMPLE: ONE-TIME LUMP SUM
• Mia LaRue won $10,000 in the lottery. • She is taking it as a one-time payment. • Mia uses $5,000 to buy a car that she will use to commute to work and spends the remainder taking her family on a vacation.
• The payment is not income since it is a one-time lump sum. • Since none of the lump sum is retained as an asset, the lump sum is not counted toward Mia's net family assets.

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FEDERAL TAX REFUNDS OR REFUNDABLE TAX CREDITS

24 CFR 5.603(b)(3)(xi)

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

Notice H 2023-10

If the federal tax refund was received during the 12 months preceding the effective date of the family's annual or interim recertification, then the amount of the refund that was received by the family is subtracted from the total value of net family assets.

- When the subtraction results in a negative number, then the balance of the asset is considered $0.

The owner is not required to verify the amount of the family's federal tax refund or refundable tax credit(s) if the family's net assets are equal to or below $54,898 (adjusted annually for inflation), even in years when full verification of assets is required or if the owner does not accept self-certification of assets.

The owner must verify the amount of the family's federal tax refund or refundable tax credits if the family's net assets are greater than $54,898.

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 Erickson received a $4,500 federal tax refund on 3/1. • He deposited the entire refund into his checking account. • The checking account is his only asset. • At his 8/1 annual recertification, he self-certifies that his account balance is $10,000. • He reports his actual income from the checking account is $100.
• The owner must subtract the $4,500 tax refund from the account's $10,000 balance. • The cash value of the checking account to be counted toward net family assets is $5,500. • Since his non-necessary personal property is less than $54,898, the owner excludes the entire checking account from his net family assets. • The owner includes $100 as anticipated income on the 50059.

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LIFE INSURANCE POLICIES

The cash value of life insurance policies available to the individual before death is included in net family assets.

- For example, the surrender value of a whole life policy or a universal life policy.
- The face value of the policy is not considered an asset.

Assets do not include the value of a term life insurance policy which has no cash value to the individual before death.

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.
• 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

24 CFR 5.603(b)(3)(iii)

Exclude from net family assets the value of any account under a retirement plan recognized as such by the Internal Revenue Service, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals.

24 CFR 5.609(b)(26)

Income received from any account under a retirement plan recognized as such by the IRS, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self employed individuals are excluded from annual income.

- In other words, any income earned on the funds while stored in a retirement account is not considered actual income from an asset.

However, any distribution of periodic payments from such accounts is included in annual income at the time they are received by the family.

EXAMPLE: RETIREMENT ACCOUNTS
• 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.
• 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

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.

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.

Family Self-Sufficiency accounts.

Federal tax refunds or refundable tax credits for a period of 12 months after receipt by the family.

Interest in Indian Trust lands.

The entire value of an Achieving a Better Life Experience (ABLE) account.

- Distributions from the account and actual or imputed income on the account is not counted as income.

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Section 2 Calculating Income from Assets

NET FAMILY ASSETS

24 CFR 5.603(b)(1)

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.

Reasonable costs that would be incurred when disposing of an asset include, but are not limited to, penalties for premature withdrawal, broker and legal fees, and settlement costs incurred in real estate transactions such as settlement costs and transfer taxes.

Market value – Reasonable costs to convert an asset to cash = Net cash value

CFR 5.603(b)

To determine net family assets, the owner must calculate the net cash value of each asset. Net cash value of an asset is the market value less reasonable expenses that would be incurred by the family to sell or convert the asset to cash.

- Market value is what an asset is worth.
- The cash value of an asset is the amount the family would actually receive if the asset were converted to cash.
- The family is not required to actually convert an asset to cash.

Net family assets is the net cash value of all assets added together.

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EXAMPLE: NET FAMILY ASSETS		
• Dave owns a $51,000 CD and a non-interest-bearing checking account worth $10,000. The penalty for early withdrawal is $400. • The CD and the checking account are non-necessary personal property. • The owner uses the current balance of the checking account as its net cash value. • For the CD, the owner performs the following calculation:		
Market Value		$51,000
Less reasonable costs to convert to cash		$400
Equals cash value	=	$50,600
Dave's net assets are:		
Checking account		$10,000
+CD		+$50,600
Equals net family assets		$60,600

INCOME FROM ASSETS

Income or returns from assets are generally considered to be interest, dividend payments, or other actual income earned on the asset.

Income from assets must be included in the family's income on the 50059.

Some assets generate no income, such as:

- Non-interest-bearing checking account
- Non-necessary items of personal property such as a recreational boat

Many assets do generate income, such as:

- Interest on savings accounts
- Dividends from stock

Notice H 2023-10

Unless the income is specifically excluded, actual income from assets is always included in the 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.

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

NET FAMILY ASSETS OF $54,898 OR LESS

When **net family assets are valued at or below $54,898** (adjusted annually for inflation), the owner may accept the family's self-certification that their assets do not exceed $54,898 without taking any additional steps to verify the accuracy of the declaration.

However, the owner is required to obtain third-party verification of all assets, regardless of the amount, at least once every three years.

This policy is optional. The owner may still verify all family assets regardless of the amount. The TSP policy must address whether families may self-certify assets.

If the owner allows for self-certification, the declaration must include the amount of income the family expects to receive from assets. The owner must include the amount on the family's declaration in the family's income on the 50059. The owner does not calculate income from assets in this case because the owner must use the amount on the family's self-certification.

Regardless of whether the owner uses self-certification or third-party verification, actual income from assets must be included on the 50059.

24 CFR 5.609(b)(1)

When net family assets are valued at or below $54,898 (adjusted annually for inflation), owners, may not calculate imputed returns as family income.

EXAMPLE: SELF-CERTIFICATION	
Jenny Jones has a savings account. This is her only asset. On her declaration form, she states the following:	
Current Value	$1,400
Actual income from the account	$1
The owner may accept self-certification of the value of the account provided the TSP allows for self-certification. The savings account is not an asset since her non-necessary personal property does not exceed $54,898. The owner does not calculate imputed income from her savings account since her assets do not exceed $54,898. The owner includes $1 as actual income from her savings account on the 50059.	

NET FAMILY ASSETS EXCEEDING $54,898

When **net family assets have a total value over $54,898** (adjusted annually for inflation), the owner may not rely on the family's self-certification. Instead, the owner must obtain third-party verification of all assets.

- If Safe Harbor verification is obtained from a means-tested Federal assistance program, however, this determination counts as “fully verifying” the family's assets, and no additional verification may be obtained.

The owner must calculate income using the following methods:

- If actual returns (income) can be calculated, the owner includes actual income for each asset, which is calculated by using the market value x interest rate or rate of return.
- If actual returns cannot be calculated, imputed returns are included based on the current passbook savings rate, as determined by HUD. Effective 1/1/27, the 2027 HUD-determined passbook rate is 0.38%. In this case, anticipated income is calculated by multiplying the cash value of the asset by the passbook rate.

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- If the owner can calculate actual returns from some assets and unable to calculate actual returns from others, the owner uses the actual returns from those assets where the rate of return is known and uses an imputed calculation for those assets where it is unknown. The owner then adds all asset income together to determine final asset 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).
- If the asset is a financial asset and there is no income generated (for example, a non-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 passbook rate is never applied when net family assets are $54,898 or less. The passbook rate is only applied when net family assets exceed $54,898 and only to those assets where the rate of return is unknown.

EXAMPLE 1: ASSETS OVER $54,898
Dave has a CD with a $51,000 market value and a non-interest-bearing checking account worth $10,000.
• The checking account earns no anticipated income. • For the CD, the owner verifies it pays 4% interest annually. • $51,000 market value x 4% interest = $2,040 income from the CD.

EXAMPLE 2: ASSETS OVER $54,898
Glenn and Jeri Jorgensen have the following assets: • Vacant land with a cash value of $25,000. • A savings account worth $55,000 that pays 1% interest.
• The family's total net assets are $80,000. • The actual income of the savings account is $55,000 x 1% = $550. • The owner is unable to calculate the actual income earned for the property, so imputed asset income is calculated as $25,000 x 0.038% = $95. • Final asset income is $645.

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Learning Activity 3-1: Asset Inclusions and Exclusions

TASK

Answer the following questions.

SCENARIO 1:

Sally Silverton (age 24) is head of household. She has a non-interest-bearing checking account worth $4,500. This is her only asset.

1. Is the cash value of the account included toward the total of net family assets?

2. How much anticipated income is included on the 50059?

SCENARIO 2:

Jack Gomez (age 39) is head of household. He has a savings account worth $4,500. It pays 1.5% interest annually. This is his only asset.

1. Is the cash value of the account included toward the total of net family assets?

2. How much anticipated income is included on the 50059?

SCENARIO 3:

Steven Saunders (age 28) is head of household. He has a savings account worth $14,500. It pays 1% interest annually. He has a retirement account worth $300,000 that pays 4% interest annually. These are his only assets.

1. Are the accounts considered when determining net family assets?

2. How much anticipated income is included on the 50059?

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Section 3 Assets Disposed of For Less Than Fair Market Value

4 CFR 5.603(b)(2)

In determining net family assets, the owner must include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value during the two years preceding the date of application for the program or recertification, as applicable, in excess of the consideration received therefor.

- Including a disposition in trust, but not in a foreclosure or bankruptcy sale.
- In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives consideration not measurable in dollar terms.
- Negative equity in real property or other investments does not prohibit the owner from selling the property or other investments, so negative equity alone would not justify excluding the property or other investments from family assets.

The cash value listed on the 50059 is the difference between the actual cash value of the asset and the amount received.

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EXAMPLE: ASSETS DISPOSED OF FOR LESS THAN MARKET VALUE
Angela Smith is a current resident. Last month she sold her home to her daughter for $5,000. She spent the $5,000 lump sum paying off credit card debt. The home was valued at $90,000 and had no loans secured against it. Ms. Smith paid broker's fees and settlement costs of $15,000. This was her only asset.
$90,000 - $15,000 in expenses to convert to cash $75,000 cash value - $5,000 received when disposed $70,000 imputed cash value
• The amount to be included in net family assets for 2 years from the date of sale is $70,000. • The actual anticipated income from the asset is $0 since Ms. Smith sold the home. Since actual income cannot be calculated, and the total net cash value of her assets is $54,898 or greater, the owner will use the HUD-determined passbook rate to calculate anticipated income. • The $5,000 she received from her daughter is a lump sum. It is not income. It is not an asset since it was not retained as an asset.

Notice H 2023-10

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.

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.

Section 4 Asset Limitation

24 CFR 5.618

There are two circumstances under which a family is ineligible for the program at application based on asset ownership.

- First, assistance may not be provided to any family if the family's net assets exceed $109,797 (adjusted annually for inflation).
- Second, 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 the real property;
  - A legal right to reside in the real property; and
  - The effective legal authority to sell (based on state or local laws of the jurisdiction where the property is located) the real property.

This requirement creates an asset restriction for purposes of the eligibility of a family to receive assistance.

However, the real property restriction does not apply in the following circumstances:

- Any property for which the family is receiving assistance for a manufactured home under 24 CFR 982.620 or under the HCV Homeownership program
- Any property that is jointly owned by a member of the family and at least one non-household member who does not live with the family, if the non-household member resides at the jointly owned property
- Any family that is offering the property for sale
- Any person who is a victim of domestic violence, dating violence, sexual assault, or stalking
  - When a family asks for an exception because a family member is a victim of domestic violence, dating violence, sexual assault, or stalking, the PHA must comply with all the confidentiality requirements under VAWA. The owner must accept a self-certification from the family member, and the restrictions on requesting documentation under VAWA apply.

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A property is considered suitable for occupancy unless the family demonstrates that it:

- Does not meet the disability-related needs for all members of the family (e.g., physical accessibility requirements, disability-related need for additional bedrooms, proximity to accessible transportation, etc.);
- Is not sufficient for the size of the family;
- Is located so as to be a hardship to the family (e.g., the location would be a hardship for the family's commute to work or school);
- Is unsafe because of physical condition; or
- Is not a property that a family may reside in per local and state laws (e.g., a storefront zoned for commercial use only).

The owner may determine compliance based on a certification by a family that the family does not have any present ownership interest in any real property at the time of the income determination or review.

O/As have discretion whether to enforce the asset limitation at annual and interim recertification. The O/A may adopt a policy of:

- Total non-enforcement
- Enforcement
- Limited non-enforcement
- Exceptions for some families

The O/A may choose not to enforce the asset limitation at all for any residents. If the O/A adopts a total non-enforcement policy, it must apply the same for all families.

If the O/A chooses to adopt a policy of enforcement, at every recertification, the O/A determines whether families are out of compliance with the asset limitation. If a family is out of compliance, the O/A must initiate termination of assistance within 6 months of the recert effective date. Families are not given an opportunity to cure noncompliance.

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If the O/A chooses to adopt a policy of limited enforcement, noncompliant families are given an option to cure. The O/A specifies a time period to cure in policy of up to but no longer than 6 months (except as a reasonable accommodation). If family remains out of compliance after cure period, the O/A must initiate termination of assistance within 6 months of the effective date of the recertification.

The O/A may also identify exception policies in policy. Families in a specified exception category (or categories) may be subject to total non-enforcement or limited enforcement. This may be combined with an enforcement policy for families not in an exception category or the O/A may give families in an exception category longer to cure noncompliance (though not more than 6 months except as a reasonable accommodation) than those who are not in an exception category.

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Notes

CHAPTER 4 Adjusted Income

LEARNING OUTCOMES

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

- Calculate adjusted income by correctly deducting HUD-defined allowances and expenses from annual income to enter on the form HUD-50059 using HUD Handbook 4350.3, Chapter 5, learning activities, and narrative instruction
- Identify who qualifies for the dependent and elderly/disabled allowances
- Calculate the childcare allowance, the income cap (when applicable), and identify who qualifies and what expenses qualify for the deduction
- Calculate the disability assistance expense, income cap, ten percent threshold, and identify who qualifies and what expenses qualify for the deduction
- Calculate the health and medical care expense deduction, ten percent threshold, and identify who qualifies for the deduction.
- Understand how families request and qualify for hardship exemptions for health and medical care/disability assistance expense and childcare expenses.
- Determine how family composition affects qualifications for deductions and calculate adjusted income using the five major HUD deductions

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Section 1 Overview

DEFINITION

HUD Handbook 4350.3, Chapter 5, Section 2

Each resident's monthly rent amount is based on their adjusted annual income, which is calculated by using the following formula:

Annual income - Total Allowable Deductions = Adjusted Annual Income

DEDUCTIONS

There are five possible deductions each household may qualify for, however, two of the deduction types are only allowable for elderly or disabled households. Elderly households are families in which the head, spouse, or cohead is 62 or older. Disabled households are families where the head, spouse, or cohead is a person with disabilities.

The following deductions are available to any assisted family:

- Dependent
- Child care
- Disability assistance expenses

The following deductions are only available to elderly or disabled families:

- Elderly/disabled
- Health and medical care expense

The owner/agent may also make permissive deductions for additional categories as established in the Tenant Selection Plan (TSP) and discussed later in this chapter.

While live-in aides and foster children and adults are not considered family members, the household includes everyone who lives in the unit, including any owner-approved live-in aides or foster children/adults.

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Section 2 Dependent Deduction

$525 for each family member who is:

- Under 18 years of age, or
- Over 18 and
  - A full-time student, or
  - A person with a disability

The amount will be adjusted annually for inflation, rounded to the next lowest multiple of $25. HUD will announce the adjustment no later than September 1 each year. Owner/agents must implement the adjusted deduction for all reexams effective January 1 or later of that year.

The head, spouse, cohead, foster child, foster adult, or live-in aide are never dependents. An unborn child or a child who has not yet joined the family are never dependents.

A family or family member is not required to have legal custody of a child in order to receive the dependent deduction.

A full-time student is a person who is attending an institution with a degree or a certificate program on a full-time basis. A full-time subject load is defined by the institution.

When more than one family shares custody of a child, and both families are receiving assistance, only one family may claim the dependent deduction. The parent with primary custody at the time of certification typically receives the deduction. If there is a 50/50 joint custody agreement, or a dispute about which family gets the deduction, the owner/agent should obtain copies of court orders or an IRS return showing who claimed the child on their taxes.

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Section 3 Elderly/Disabled Deduction

Effective January 1, 2027, the elderly/disabled allowance increased from $550 to $575. Each household where the head, spouse, or cohead is a person who is 62 years of age or older or a person with disabilities will receive a $575 annual deduction. If both the head of household and spouse or cohead are elderly or disabled, the deduction is not doubled. It is still $575, not $1,150.

The amount will be adjusted annually for inflation, rounded to the next lowest multiple of $25. HUD will announce the adjustment no later than September 1 each year. Owner/agents must implement the adjusted deduction for all reexams effective January 1 or later of that year.

EXAMPLE 1: ELDERLY FAMILY
The McKenzie family consists of head of household Miles (age 81) and his spouse Marta (age 79). Their adult son Manny (age 40), who is a person with disabilities, lives with them.
• Does the family qualify for the elderly/disabled deduction? - Yes, the head of household and spouse are elderly. • How much is the deduction? - $575

EXAMPLE 2: DISABLED FAMILY
The Miller family consists of head of household Maria (age 35), who is a person with disabilities, and her 3 year old daughter.
• Does the family qualify for the elderly/disabled deduction? - Yes, the head of household is disabled.

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EXAMPLE 3: NO DEDUCTION
The Martinez family consists of head of household Manny (age 30) and his spouse Gloria (age 29). They have a 7-year-old daughter, who is a person with disabilities.
• Does the family qualify for the elderly/disabled deduction? - No, neither the head of household or spouse is elderly or a person with disabilities.

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Section 4 Childcare Deduction

A childcare deduction is given for anticipated, unreimbursed expenses for the care of children under the age of 13 (including foster children) where the childcare is necessary to enable a family member to:

- Actively seek employment;
- Be gainfully employed; or
- Further his or her education (academic or vocational)

Childcare expenses must also meet the following criteria:

- The amounts must be reasonable
- The children must be living in the household
- The household has determined that there is no adult family member that is able to care for the child or children during the hours care is needed
  - *Note*: The household, not the owner/agent determines this
- Amounts paid for childcare are paid to a family member living outside of the unit
- The charges are not reimbursed by an outside agency or other person outside of the household

For childcare that enables a family member to work, the expenses paid may not exceed the earnings included in annual income of the family member who is working. In other words, the cap on childcare expenses for an employed family member is earnings included in annual income, not gross earnings.

If the child are expenses are incurred to enable a family member to attend school or look for work, there is no cap on the expense, other than that the expense be reasonable.

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When two assisted households have joint custody of a child or children, the childcare expense may be split between the two households. The custody and expenses must be documented and demonstrate that the total expense claimed by both households does not exceed the cost for the actual time the child spends in childcare.

EXAMPLE: NON-PRORATED CHILDCARE COSTS
Lola and Steve have two children. Both parents work, but Lola works only part-time and goes to school half-time. She pays $5.50 an hour for eight hours of childcare a day. For four of those hours, she is at work; for four of them she attends school. She receives no reimbursement for her childcare expense. Her annual expense for childcare during the hours she works is $5,720. Her annual expense for the hours she is at school is also $5,720. She earns $8,500 a year. Steve earns $22,000. The rule requires that Lola's childcare expense while she is working not exceed the amount she is earning while at work. In this case, that is not a problem. Lola earns $8,500 during the time she is paying $5,720. Therefore, her deduction for the hours while she is working is $5,720. Lola's expense while she is at school is not compared to her earnings. Her expense during those hours is $5,720, and her deduction for those hours will also be $5,720. Lola's total childcare deduction is $11,440 ($5,720 + $5,720). The total deduction exceeds the amount of Lola's total earnings, but the amount she pays during the hours she works does not exceed her earnings.

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EXAMPLE: PRORATED CHILDCARE COSTS
If Lola's childcare costs for the hours she is working were greater than her earnings, she would not be able to deduct all of her child care costs. Lola is paying a total of $11,440 in childcare expenses. Of that expense, payments of $5,720 cover the hours while she is in school; payments of $5,720 cover the hours she works. If Lola were earning $5,000, her total childcare deduction for the hours she works would be capped at the amount of money she earns. In this case, the total deduction would be $10,720 ($5,720 for expenses while she is in school plus $5,000 of the amount she pays while she is working.)

EXEMPTION TO CONTINUE THE CHILD CARE DEDUCTION

24 CFR 5.611(d)

A family whose eligibility for the child care expense deduction is ending may request a financial hardship exemption to continue receiving the deduction.

The owner/agent must recalculate the family's adjusted income and continue the childcare deduction if the family demonstrates to the owner/agent's satisfaction that the:

- Family is unable to pay their rent because of the loss of the childcare expense deduction; and
- Childcare expense is still necessary even though the family member is no longer employed or furthering their education.

The hardship exemption and the resulting alternative adjusted income calculation must remain in place for a period of up to 90 days. The owner/agent may, at its discretion, extend the hardship exemptions for additional 90-day periods based on family circumstances.

The owner/agent must promptly notify the family in writing of the change in the determination of adjusted income and the family's rent resulting from hardship exemptions.

The notice must inform the family of when the hardship exemption will begin and expire.

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The owner/agent may terminate the hardship exemption if they determine that the family no longer needs it.

The owner/agent must establish a policy on what constitutes a hardship.

EXAMPLE: CHILDCARE HARDSHIP
Ms. Branch had been paying $250 per week out-of-pocket for her child Violet to attend childcare while she worked at a local coffee shop. Ms. Branch became unemployed when the coffee shop permanently closed. She reports she will be going to school in two months.
Although Ms. Branch has the availability to watch Violet, the child-care center has a long waiting list, and if Ms. Branch pulls Violet out temporarily, she would likely be without reliable childcare when she starts college. Continuing to pay child-care expenses while not receiving earned income has made the family unable to pay their rent portion.
The owner/agent determined that Ms. Branch met the hardship exemption criteria and is unable to pay rent. The owner/agent will allow Ms. Branch to continue to receive the child-care expense deduction for 60 days as a hardship. Ms. Branch will qualify for the childcare expense deduction again when she starts college.

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Learning Activity 4-1: Dependent and Childcare Allowances

Susan Levitt's annual income is $14,621, all from employment.

Susan, age 35, has three children all under 13 years of age. She is paying a total of $180 per week for all three children for childcare while she works.

There is no utility allowance.

TASK

Complete the deductions section of the calculation sheet below to calculate the family's adjusted annual income.

DEDUCTIONS

Dependent Deduction

Number of Dependents	x $525	=	Dependent Deduction $

Childcare Deduction

Mem.#	Calculation	Amount
	$	$
	Total	$
	Childcare Deduction	$
	Total Deductions =	$

Gross Annual Income	$
Minus Total Deductions	$
Equals Adjusted Annual Income	$
Divided by 12 Equals Adjusted Monthly Income	$
Adjusted Monthly Income x 30%	$
Gross Monthly Income x 10%	$
Greater of Equals TTP	$
Minus Utility Allowance	$

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Section 5 Deduction for Disability Assistance Expense

Families may deduct reasonable anticipated expenses for attendant care and auxiliary apparatus for family members with disabilities if they allow an adult family member to be employed. In order to be counted as a disability assistance expense:

- This deduction may not exceed the earned income received by family members who are able to work because of such qualified expenses.
- If the disability assistance expense enables more than one person to be employed, the owner/agent must combine the income of those persons to determine the cap. The allowance cannot exceed the combined incomes of those two people.
- This allowance is equal to the amount by which the cost of the care attendant or auxiliary apparatus exceeds 10% of total annual income.

Example:

Head's earned income		$20,000	
Spouse's earned income	+	$17,300	
Total income		$37,300	
Care expenses for disabled 15-year-old		$15,250	
Calculation:		$15,250	
		- $3,730	(10% of annual income)
Allowable disability assistance expenses		$11,520	

$11,520 is not greater than amount earned by the spouse, who is enabled to work

Auxiliary apparatus are items such as wheelchairs, ramps, adaptations to vehicles, cost of maintenance and upkeep of an apparatus, or special equipment to enable a blind person to read and write, but only if these items are directly related to permitting the disabled person or other family member to work.

- If an auxiliary apparatus is not used exclusively by the disabled family member, its cost must be prorated.
- One-time, non-recurring expenses for a current resident for auxiliary apparatus can be included in the total disability assistance expense after the expense is incurred. These expenses can be added either with an interim, when the expense has occurred, or at the next annual recertification.

Attendant care includes, but is not limited to, reasonable expenses for medical or nursing care, housekeeping, running errands, interpreting for the hearing impaired, or reading for persons with visual disabilities.

If the same caregiver takes care of children and a person over 12 with a disability, the owner/agent must determine what portion of the expense is allocated to childcare, and what portion to count as attendant care. The total of both childcare and disability assistance cannot exceed the employment income earned by the person enabled to work.

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Learning Activity 4-2: Disability Assistance Allowance

- Family Name: Wates
- Head: 38 Earned Income: $31,000
- Spouse: 32 Earned Income: $19,000
- Son: 14 (with a disability)
- Disability assistance expense/year $ 8,900
  (attendant care, enables spouse to work)

TASK

Complete the deductions section of the calculation sheet below to determine adjusted annual income.

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount

% of GAI	Amount of Expense - 10%	Allowable Expense
$ x 10% = $	$ - $ =	$

Elderly Family Deduction

If head, spouse, or cohead is 62 or older or disabled deduct $575 once	Elderly Family Deduction $

Health and Medical Care Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	$

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Section 5: Deduction for Disability Assistance Expense

If 10% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

10% of GAI	Amount of Expense - 10%	Allowable Expense
$ x 10% = $	$ - $ =	$

Dependent Deduction

	Dependent Deduction
Number of Dependents x $525 =	$

Childcare Deduction

Mem.#	Calculation	Amount
	Total	**$**
	Childcare Deduction	**$**
	Total Deductions =	**$**

Gross Annual Income	$
Minus Total Deductions	$
Equals Adjusted Annual Income	$
Divided by 12 Equals Adjusted Monthly Income	$

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Section 6 Health and Medical Care Expense Deduction

Each family where the head, spouse, or cohead is a person who is at least 62 years of age or older or a person with disabilities is eligible to claim annual unreimbursed health and medical care expenses as a deduction.

If the household is eligible for a health and medical care expense deduction, the unreimbursed medical expenses of all family members may be counted, including non-elderly adults and children living in the household. The medical expenses of foster children, foster adults, and live-in aides do not qualify for this deduction as they are members of the household, not the family.

The deduction is equal to the amount by which the family's unreimbursed medical expenses exceed ten percent of total annual income.

EXAMPLE: MEDICAL EXPENSE DEDUCTION
Judy Hodge, age 68, lives alone. She has unreimbursed medical expenses of $2,500 annually. Her total annual income is $21,000. $21,000 x 10% = $2,100 $2,500 - $2,100 = $400 allowable medical expense

Eligible expenses are those that are paid or anticipated during the period for which annual income is computed.

HUD regulations define health and medical care expenses as any costs incurred in the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body. Health and medical care expenses include medical insurance premiums and long-term care premiums.

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Although HUD revised the definition of health and medical care expenses to reflect the Internal Revenue Service (IRS) general definition of medical expenses, HUD is not permitting owner/agents to specifically align their policies with the IRS Publication 502. Owner/agents must review each expense to determine whether it is eligible in accordance with HUD's definition of health and medical care expenses.

While the owner's policies may not specifically align with Publication 502, HUD recommends owners use it as a standard for determining allowable expenses. Owners may list examples of allowable expenses in policy provided they comply with HUD's definition. The owner may not define health and medical care expenses more narrowly than the regulation.

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Learning Activity 4-3: Health and Medical Care Deduction

- Family Name: Prescott
- Head: 67
- Spouse: 63
- Annual Income: $15,000
- Medical Expenses $ 2,050

TASK

Complete the deductions section of the calculation sheet below to determine adjusted annual income.

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount

10% of GAI	Amount of Expense - 10%	Allowable Expense
$ x 10% = $	$ - $ =	$

Elderly Family Deduction

If head, spouse, or cohead is 62 or older or disabled deduct $575 once	Elderly Family Deduction $

Health and Medical Care Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
			$
		Total	$

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Section 6: Health and Medical Care Expense Deduction

If 10% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

10% of GAI	Amount of Expense - 10%	Allowable Expense
$ x 10% = $	$ - $ =	$

Dependent Deduction

	Dependent Deduction
Number of Dependents x $525 =	$

Childcare Deduction

Mem.#	Calculation	Amount
	Total	$
	Childcare Deduction	$
	Total Deductions =	$

Gross Annual Income	$
Minus Total Deductions	$
Equals Adjusted Annual Income	$
Divided by 12 Equals Adjusted Monthly Income	$

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Households Eligible for Disability Assistance Expense and Health and Medical Care Expenses

If an elderly or disabled family has both health and medical care and disability assistance expenses, a special calculation is required to ensure that the family's ten percent of gross income expenditure is only applied once.

Because the disability assistance expense is limited by the amount earned by the person enabled to work, the disability allowance must be calculated before the health and medical care allowance, with the ten percent calculation applied.

When the family's disability assistance expense is less than ten percent of annual income, the family does not receive a deduction for that expense. However, the deduction for medical expenses will be the amount by which both the disability and the medical expenses exceed ten percent of annual income (Total disability assistance expense is added to the total health and medical care expenses, and then the ten percent threshold is subtracted to determine the medical/disability assistance deduction.).

When the family has disability assistance expenses greater than or equal to ten percent of annual income, the ten percent will not be applied to health and medical care expenses.

Hardship Exemptions

As discussed above, HOTMA increases the threshold for unreimbursed health and medical care expenses and/or the disability assistance expense deductions to 10 percent, up from three percent under the previous regulations.

As such, the new regulations provide for two types of hardship exemptions categories for families that qualify for unreimbursed health and medical care expenses and/or disability assistance expenses.

- Phased-in relief: Families already receiving the deduction
- General relief: Families who can demonstrate a financial hardship

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Phased-in relief is for families who qualified for and were taking one or both of the deductions prior to the date the PHA begins implementing the relief or the applicable HOTMA compliance dead-line established by notice, whichever occurs first (when the threshold amount was 3 percent rather than 10 percent). Eligible families begin receiving phased-in relief at their next annual or interim recertification, whichever occurs first, after that date.

For these families, the threshold amount of 10 percent must be phased in over a 24-month period:

- The family is eligible for a deduction totaling the sum of expenses that exceeds 5 percent of annual income for the first 12 months.
- At the conclusion of 12 months, the family is eligible for a deduction totaling the sum of their expenses that exceed 7.5 percent of annual income for another 12 months.
- At the conclusion of 24 months, the standard threshold amount of 10 percent must be used.
- **Note**: In instances where the first transaction for the family following full HOTMA compliance is a non-interim update, the applicable threshold for the family remains at 3 percent. The PHA applies the 5 percent threshold at the family's first interim or annual reexamination following the date the PHA begins compliance.

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EXAMPLE: MS BELL
O/A implements full HOTMA on 1/1/27. Ms. Bell's annual recertification is due on 6/1/27, which is her first reexam after the O/A's HOTMA compliance date. She was receiving a deduction for unreimbursed health and medical care expenses at her 6/1/26 annual. The O/A did not perform any interims for her after her annual in 2026. She qualifies for phased-in relief since she was receiving a health and medical care expenses deduction at her most recent income review prior to 1/1/27. At her 6/1/27 annual, Ms. Bell's annual income is $10,000. Her unreimbursed health and medical care expenses are $800.
The O/A applies a 5% threshold since she qualifies for phased-in relief. • $10,000 annual income x 5% = $500 threshold • $800 in expenses - $500 threshold = $300 deduction The O/A processes an interim for her on 9/1/27 based on a change in her unearned income. The O/A continues to use the 5% threshold since the 5% threshold is applied for 12 months from her 6/1/27 annual. At her 6/1/28 annual, the O/A applies the 7.5% threshold. At her 6/1/29 annual, the O/A applies the 10% threshold.

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EXAMPLE: CALCULATION OF PHASED-IN RELIEF
John and Heidi qualify for phased-in relief. Their annual income is $40,000. The O/A verifies their annual out-of-pocket health and medical care expenses are $5,000.
• The family is eligible for a deduction totaling the sum of expenses that exceeds 5% of annual income for the first 12 months. - $40,000 x 5% = $2,000 - $5,000 - $2,000 = $3,000 in annual health and medical care expenses for the first 12 months • At the conclusion of 12 months, the family is eligible for a deduction totaling the sum of their expenses that exceed 7.5 percent of annual income for another 12 months. - $$40,000 x 7.5% = $3,000 - $5,000 - $3,000 = $2,000 in annual health and medical care expenses for the second 12 months • At the conclusion of 24 months, the standard threshold amount of 10 percent would be used. - $40,000 x 10% = $4,000 - $5,000 - $4,000 = $1,000 in annual health and medical care expenses

Prior to the end of the 24-month period, the family may request a hardship exemption under the second category below. If the family is found eligible under the second category, the hardship exemption under the first category ends, and the family's hardship is administered in accordance with the requirements listed below.

The general relief hardship is for families that can demonstrate:

- Their health and medical care and/or disability assistance expenses increased; or
- The family's financial hardship is a result of a change in circumstances (as defined in owner/agent policy) that would not otherwise trigger an interim reexamination.

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The family may request a hardship exemption under the second category regardless of whether the family previously received the health and medical care and/or disability assistance deductions or are currently or were previously receiving relief under the first category.

If the family qualifies under the second category, the family will receive a deduction for the sum of eligible expenses that exceed five percent of annual income.

The family's hardship relief ends when the circumstances that made the family eligible for the relief are no longer applicable or after 90 days, whichever is earlier.

However, the owner/agent may, at its discretion, extend the relief for one or more additional 90-day periods while the family's hardship condition continues.

EXAMPLE: GENERAL RELIEF
Tara and Maurice qualify for the health and medical care expenses deduction. They recently had an increase in their health and medical care expenses and are requesting a general relief hardship exemption. The owner/agent grants the exemption. Their annual income is $30,000. The owner/agent verifies their annual out-of-pocket health and medical care expenses are $8,000.
• The family is eligible for a deduction totaling the sum of expenses that exceeds 5% of annual income. - $30,000 x 5% = $1,500 - $8,000 - $1,500 = $6,500 in annual health and medical care expenses for 90 days • At the conclusion of 90 days, the family no longer requires the hardship exemption. - $30,000 x 10% = $3,000 - $8,000 - $3,000 = $5,000 in annual health and medical care expenses

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REQUIREMENTS FOR HARDSHIPS

Notice PIH 2023-27

For both the childcare and health and medical care/disability assistance hardship categories, owner/agents must establish policies:

- Regarding the types of circumstances that will allow a family to qualify for hardship exemptions
- When the deductions may be eligible for 90-day extensions
- Requiring families to report if the circumstances that made the family eligible for the hardship exemption are no longer applicable.

The owner/agent may not conduct an interim to add, remove, or to extend a hardship exemption unless another change triggers an interim. Instead, the owner/agent will submit a non-interim reexamination transaction.

Owner/agents must promptly notify families in writing if they are denied either an initial hardship exemption or an additional 90-day extension of the exemption. The notification must specifically state the reason for the denial.

If the hardship is approved, owner/agents must promptly notify families in writing of the change in the determination of adjusted income and the family's rent resulting from the hardship exemption. The written notice must inform the family of the dates that the hardship exemption will begin and expire and the requirement for the family to report to the owner/agent if the circumstances that made the family eligible for relief are no longer applicable. The notice must also state that the family's adjusted income and tenant rent will be recalculated upon expiration of the hardship exemption. owner/agents must provide families 30 days' notice of any increase in rent.

Owner/agent must notify the family if the hardship exemption is no longer necessary and will be terminated because the circumstances that made the family eligible for the exemption are no longer applicable. The notice must state the termination date and provide 30 days' notice of rent increase, if applicable.

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Learning Activity 4-4: Calculating Adjusted Income

The Willis family is applying to live at Happy Valley Apartments. The property manager has verified the household's income, assets, and deductions.

Relationship	Name	Age	Disability
Head	Dan	41	N
Spouse	Helen	37	Y
Child	Warren	16	N
Child	Chrissie	12	N

- Dan is a manager at a bakery and earns $10.25 an hour. He works an average 38 hours per week. He is paid weekly. He has no other income. Helen is a full-time student who also works at the bakery 20 hours per week making $8.75 per hour. Their son Warren also has a part-time job at a comic bookstore where he makes $200 per week.
- Mr. and Mrs. Willis share a joint checking account and a savings account. The checking account is worth $1,245 and is non-interest bearing. The savings account is worth $8,789 and pays 0.025 percent interest annually. Chrissie has an irrevocable trust with a value of $10,150 which she may not access until she turns 18.
- The family has anticipated annual health and medical care expenses of $1,500 per year for Helen, $1,200 for Dan, and $800 for Chrissie. All of the family's health and medical care expenses are eligible under HUD's definition. While Dan works, Chrissie is enrolled in an after-school program for eight hours per week, which costs the family $8,000 per year.

1. What is the family's annual income before asset income is included?

_____

2. What is the family’s final asset income?

_____

3. What is the family’s total annual income?

_____

4. Does the family qualify for the child care deduction? If so, how much?

_____

5. Does the family qualify for the dependent deduction? If so, how much?

_____

6. Does the family qualify for the Elderly/Disabled Deduction?

_____

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7. Does the family qualify for the health and medical care expense deduction? If so, how much?

8. What is the family's adjusted income?

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		$	$
		$	$
		Annual Income	$
		+ Asset Income	$
		Gross Annual Income (GAI)	$

DEDUCTIONS

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount
10% of GAI $ x 10% = $	Amount of Expense - 10% of GAI $ -$ =	Allowable Expense $

Elderly Family Deduction

If head, spouse, or cohead is 62 or older or disabled deduct $575 once	Elderly Family Deduction $

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Health and Medical Care Expense Deduction

Mem. #	Type of Expense	Calculation (if any)		Amount
				$
				$
				$
			Total	$

If 10% GAI was taken from Disability Expense do not subtract here, allowable expense will be total medical expenses.

10% of GAI	Amount of Expense - 10%	Allowable Expense
$ x 10% = $	$ - $ =	$

Dependent Deduction

Number of Dependents x $525 =	Dependent Deduction $

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Childcare Deduction

Mem.#	Calculation	Amount
		$
	Total	$
	Childcare Deduction	$
	Total Deductions =	$

Gross Annual Income	$
Minus Total Deductions	$
Equals Adjusted Annual Income	$
Divided by 12 Equals Adjusted Monthly Income	$
Adjusted Monthly Income x 30%	$
Gross Monthly Income x 10%	$
Greater of Equals TTP	$
Minus Utility Allowance	$
Equals Tenant Rent	$
Gross Rent	$
Minus TTP	$
Equals HAP	$

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CHAPTER 5 Verifications and Enterprise Income Verification (EIV)

LEARNING OUTCOMES

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

- Identify the requirements for verification of income, assets, and allowances
- Recognize the basic requirements of EIV system use
- Identify the types of resident data available in the EIV system and the sources from which the data is derived
- Recall the policy and procedures that owners/agents must establish governing the use of EIV
- Recognize the various reports available in EIV and apply them in effective EIV system use

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Section 1 Consent Forms

AUTHORIZATION FOR RELEASE OF INFORMATION/PRIVACY ACT STATEMENT (FORMS HUD-9887 AND 9887-A)

Forms HUD-9887 and 9887-A comprise the Multifamily program's document package for household consent to release of information. This package is used to provide consent for HUD, PHAs, and the owner/agents to verify income information kept by certain public agencies through computer matching with:

- The Social Security Administration
- The state agency that keeps wage and unemployment compensation information
- The National New Hires database

All household members 18 years and older (including the head and spouse/cohead regardless of age) must sign and date forms HUD-9887 and 9887-A at the time of initial certification.

24 CFR 5.230(b)(2)

HOTMA removes the requirement for participants to sign and submit the form HUD-9887/9887A at every annual recertification. On or after January 1, 2024, current program participants must sign the Form HUD- 9887/9887A at the next interim or regularly scheduled recertification. After all applicants or participants over the age of 18 in a family have signed a consent form once on or after January 1, 2024, family members do not need to sign and submit subsequent consent forms at the next annual or interim recertification except:

- When any person 18 or older becomes a member of the family
- When a family member turns 18 years of age
- As required by HUD or in the owner/agent's administrative instructions

The executed form remains effective until:

- The family is denied assistance, or
- Assistance is terminated, or
- The family provides written notification to the owner/agent to revoke consent

EIV income reports may not be accessed until required household members have signed current forms HUD-9887 and 9887-A. However, a current form does not have to be on file for the owner/agent to use EIV verification reports such as the Existing Tenant Search. Owner/agents may not use EIV income reports for a household member who has turned 18 between recertifications until the household member has signed the forms.

The owner/agent has the discretion to establish policies around when family members must sign consent forms when they turn 18. Owner/agents must establish these policies stating when family members will be required to sign consent forms at intervals other than at recertification.

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VERIFICATION RELEASE FORMS

Although forms HUD- 9887and 9887-A are releases for several types of income information, owners/agents must create and use their own verification forms for all items that require verification. Each verification form must be signed and dated by the household member whose information needs to be verified.

All individual verification forms must include the following information:

> Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government. HUD and any owner/agent (or any employee of HUD or the owner/agent) may be subject to penalties for unauthorized disclosures or improper use of information collected based on the consent form. Use of the information collected based on this verification form is restricted to the purposes cited above. Any person who knowingly or willingly requests, obtains, or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than $5,000. Any applicant or participant affected by negligent disclosure of information may bring civil action for damages, and seek other relief, as may be appropriate, against the officer or employee of HUD or the owner/agent responsible for the unauthorized disclosure or improper use. Penalty provisions for misusing the Social Security number are contained in the Social Security Act at 208 (a)(6), (7), and (8). Violation of these provisions are cited as violations of 42 U.S.C. 408 (a)(6), (7), and (8).

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Before requesting any verifications, the owner/agent must obtain signed consent forms from family members authorizing the release of information. The form must clearly state, in a prominent place that the applicant/resident does not have to sign the form unless it clearly indicates who will be providing the information and who is requesting the information. Owners/agents should use specific rather than generic consent forms for verification needs. Verification forms should let the family know who the owner/agent will contact to provide information and who will receive it. Request forms sent to third-party sources should contain the family member's original signature and a copy should be maintained in the file.

24 CFR 5.323(c)

While the family is obligated to release information to the owner/agent, this does not apply if the applicant or participant, or any member of the assistance applicant's or participant's family revokes their consent with respect to the ability of the owner/agent to access financial records from financial institutions, unless the owner/agent establishes a policy that revocation of consent to access financial records will result in denial or termination of assistance or admission.

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Section 2 E-signatures, Transmission, and Storage

Notice H 2020-04, issued May 26, 2020, permits but does not require Multifamily owners to use electronic signatures (e-signatures), and electronic transmission and storage of files or documents.

- The notice does not change the nature or use of HUD-required documents.
- If adopted, these policies should be added to the Tenant Selection Plan, and possibly the EIV Policies and House Rules.

Notice H 2020-04 pertains to all HUD forms and all owner-created documents and forms related to:

- Asset Management
- Section 8 contract renewals
- Occupancy policies

While not required by HUD, some state and local laws may require that owners obtain wet signatures on certain forms.

Owners adopting the notice must provide applicants and tenants the option to use “wet” signatures and paper documents upon request. If an owner chooses electronic communication, applicants and tenants may also choose to communicate electronically with the owner.

- Their choice must be made affirmatively
- Not assumed with an opt-out procedure

If the owner adopts the provisions of Notice H 2020-04, applicants and tenants must have the opportunity to provide their information and documents in paper copy, including both before and after they have provided any information electronically, or after they have done so and wish to discontinue.

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Owners may provide documents and notices electronically or make such documents available in an electronic format when state and local laws permit. If an owner chooses to provide documents electronically, the owner should inform applicants or tenants of their option to receive documents in paper form.

- Owners must comply with all requirements pertaining to effective communication with individuals with disabilities and prohibit Electronic and Information Technology (EIT) imposed barriers to accessing information, programs, and activities by persons with disabilities, including providing reasonable accommodations as needed.

When state, local, or federal laws, guidance in the 4350.3, or H notices require that specific documents be provided by first class mail, delivered in person, or other specified means, those documents must be provided using the required procedures and not solely transmitted electronically. When the tenant is provided a notice in paper form, if the O/A maintains electronic tenant files, they must scan and store an electronic file of the tenant notification in the tenant's file.

Owners should have a document or records retention policy to establish a protocol for retaining electronic data information for compliance needs. Owners must comply with program-specific document retention requirements, which are the same for both paper and electronic documents and records.

Further details on the requirements for adopting these provisions can be found in the notice.

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Section 3 Use of Other Programs' Determination of Income

24 CFR 5.609(c)(3)
Notice H 2023-10

Owners/agents may, but are not required to, determine a family's annual income, including income from assets, prior to the application of any deductions, based on income determinations made within the previous 12-month period, using income determinations from means-tested federal public assistance programs.

Owners/agents are not required to accept or use determinations of in-come from other federal means-tested forms of assistance.

If the owner/agent adopts a policy to accept this type of verification, the owner/agent must establish in policy:

- When they will accept Safe Harbor income determinations
- From which programs the owner/agent will accept Safe Harbor determinations
- The course of action when families present multiple verifications from the same or different acceptable Safe Harbor programs.

Means-tested federal public assistance programs include:

- Temporary Assistance for Needy Families (TANF) (42 U.S.C. 601, et seq.);
- Medicaid (42 U.S.C. 1396 et seq);
- Supplemental Nutrition Assistance Program (SNAP) (42 U.S.C. 2011 et seq.);
- Earned Income Tax Credit (EITC) (26 U.S.C. 32);
- Low-Income Housing Credit (LIHTC) program (26 U.S.C. 42);
- Special Supplemental Nutrition Program for Woman, Infants, and Children (WIC) (42 U.S.C. 1786);
- Supplemental Security Income (SSI) (42 U.S.C. 1381 et seq.);
- Other programs administered by the HUD Secretary;
- Other means-tested forms of federal public assistance for which HUD has established a memorandum of understanding; and
- Other federal benefit determinations made in other forms of means-tested federal public assistance that the Secretary determines to have comparable reliability and announces through the Federal Register.

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If the owner/agent elects to use the annual income determination from one of the above-listed forms of means-tested federal public assistance, then they must obtain the income information by means of a third-party verification.

- The third-party verification must state the family size, must be for the en-tire family, and must state the amount of the family's annual income.
- The annual income need not be broken down by family member or income type.
- Annual income includes income earned from assets, therefore when using Safe Harbor to verify a family's income, owner/agents will neither further inquire about a family's net family assets, nor about the income earned from those assets, except with respect to whether or not the family owns assets that exceed the asset limitation in 24 CFR 5.618.

The Safe Harbor documentation will be considered acceptable if any of the following dates fall into the 12-month period prior to the receipt of the documentation by the owner/agent:

- Income determination effective date;
- Program administrator's signature date;
- Family's signature date;
- Report effective date; or
- Other report-specific dates that verify the income determination date.

The only information that owner/agents are permitted to use to deter-mine income under this method is the total income determination made by the federal means-tested program administrator. Other federal pro-grams may provide additional information about income inclusions and exclusions in their award letters; however, these determinations and any other information must not be considered by the owner/agent. Owners/agents are not permitted to mix and match Safe Harbor income determinations and other income verifications.

If the owner/agent is unable to obtain Safe Harbor documentation or if the family disputes the other program's income determination, the own-er/agent must calculate the family's annual income using traditional methods as outlined in Notice H 2023-10.

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If the owner/agent uses a Safe Harbor determination to determine the family's income, the family is obligated to report changes in income that meet the owner/agent's reporting requirement and occur after the effective date of the transaction.

The amounts of unreimbursed reasonable attendant care expenses and child-care expenses deducted from a family's annual income, except for when a family is approved for a child-care expense hardship exemption, must still be capped by the amount earned by any family member who is enabled to work as a result of the expense. owner/agents are therefore required to obtain third-party verification of the applicable employment income and cap the respective expense deductions accordingly.

The owner/agent is not required to use the EIV Income or New Hires reports at annual recertification if a Safe Harbor income determination is used.

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EXAMPLE: THE SMITH FAMILY
• An owner/agent implements the Safe Harbor provision for annuals only. Owner/agent policy says they will accept determinations from SNAP. At the Smith family's annual, the family provides the owner/agent with an original print out from the agency that administers SNAP. • The printout from SNAP: - Shows the correct family size of 4 - Shows the current household composition - Shows the family's annual income is $1,625 per month - Is dated 30 days prior to the owner/agent's request - Shows the income was determined 6 months ago • The owner/agent lists $19,500 as the family's annual income - $1,625 earned income + $0 unearned income x 12 months - The owner/agent does not need to take any additional steps to verify or calculate annual income, including comparing the income to EIV data or verifying the amount of the family's assets. The owner/agent must verify any applicable deductions to calculate the family's adjusted income.

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Section 4 Streamlining Verification of Fixed Income

24 CFR 982.516(b)
Notice H 2023-10

Owners/agents may adopt policies for streamlining the annual recertification verification process for fixed sources of income. Further, upon request of the family, the owner/agent must perform third-party verification of all income sources.

While third-party documentation must be obtained during the intake process and at least once every three years thereafter, in the intervening years, the owner/agent may determine income from fixed sources by applying a verified cost of living adjustment (COLA) or other inflationary adjustment factor.

Streamlining policies are optional. owner/agents may choose to obtain third-party verification for every annual recertification.

The owner/agent may choose to verify income from fixed sources at admission and once every three years thereafter.

Fixed income sources include periodic payments such as Social Security, SSI, government and private pensions, annuities and other retirement programs, and other income sources subject to a verifiable COLA or rate of interest. The determination of fixed income may be streamlined even if the family also receives income from other non-fixed sources.

Two streamlining options are available, depending upon the percentage of the family's income that is received from fixed sources.

- When 90 percent or more of a family's unadjusted income is from fixed sources, the owner/agent may apply the inflationary adjustment factor to the family's fixed-income sources, provided that the family certifies both that 90 percent or more of their unadjusted income is fixed and that their sources of fixed income have not changed from the previous year. Sources of non-fixed income are not required to be adjusted and must not be adjusted by a COLA, but owner/agents may choose to adjust sources of non-fixed income based on third-party verification. owner/agents have the discretion to either adjust the non-fixed income or carry over the calculation of non-fixed income from the first year to years two and three.

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- **Example:** Manual receives $1,000 a month in Social Security and a $50 regular contribution from his mother who does not live with him. The owner/agent must third-party verify all income at admission. In years two and three, the owner/agent may apply the COLA (if any) to his Social Security income and is not required to verify the regular contribution from his mother.

- When less than 90 percent of a family's unadjusted income is fixed, owner/agents must apply a COLA to each of the family's sources of fixed income. All non-fixed income must be verified annually.
  - **Example:** Marla receives $500 from SSI and a $500 regular contribution from her father each month. The owner/agent must third party verify all income at admission. In years two and three, the owner/agent may apply any adjustment to the pension and must verify the regular contribution from her father.

The owner/agent must use the COLA that applies to each specific source of fixed income.

The COLA or interest rate must be verified through a public source or tenant-provided third-party documentation. If no public verification or tenant-provided documentation of the COLA is available, then the PHA must obtain third-party verification of the income amounts in order to calculate the change in income for the source.

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Section 5 Verification Hierarchy

Notice H 2023-10

- When the owner/agent does not use a streamlined determination of income or an income determination from a means-tested federal assistance program, HUD requires the owner/agent to obtain third-party verification of:
- Reported family annual income;
- The value of net family assets when the net value exceeds $50,000 (as adjusted annually);
- Expenses related to deductions from annual income; and
- Other factors that affect the determination of adjusted income.

HUD mandates the use of the EIV system and offers administrative guidance on the use of other methods to verify family information, in addition to specifying the circumstances in which each method will be used. In general HUD requires the owner/agent to use the most reliable form of verification that is available and to document the reasons when the owner/agent uses a lesser form of verification.

HUD developed a hierarchy that described verification documentation from most acceptable to least acceptable. The owner/agent must demonstrate efforts to obtain third party verification prior to accepting self-certification except instances when self-certification is explicitly allowed.

HUD has established a hierarchy of six verification levels:

- Highest: Level 6: Up-front Income Verification (UIV) using HUD's Enterprise Income Verification (EIV) system
- Highest: Level 5: Up-front Income Verification (UIV) using a non-EIV system
- High: Level 4: Written third-party verification from the source, also known as “family-provided verification”
- Or EIV plus self-certification
- Medium: Level 3: Written third-party verification form
- Medium: Level 2: Oral third-party verification
- Low: Level 1: Self-certification (not third-party verification)

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LEVEL 5 AND 6: UP-FRONT INCOME VERIFICATION (UIV)

UIV is the verification of income, before or during a recertification, through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals. HUD's EIV system is considered upfront income verification. EIV is mandatory and must be used as the system to verify employment and income.

5.233(a)(2)(i)

The EIV Income Report is mandatory at annual and streamlined recertifications of family income and composition.

The owner/agent may, but is not required to, use EIV as a third party source during interim recertifications.

The EIV Income Report is not available for applicant families or new members added to a currently assisted household.

Owners/agents are required to obtain an EIV Income Report for each family any time the owner/agent conducts an annual recertification. However, owner/agents are not required to use the EIV Income Report:

- At annual recertification if the owner/agent used Safe Harbor verification from another means-test federal assistance program to determine the family's income; or
- During any interim recertifications.

When required to use the EIV Income Report, in order for the report to be considered current, the owner/agent must pull the report within 120 days of the effective date of the annual recertification.

The EIV Income Report may be used to verify and calculate income at annual recertification if the family self-certifies that the amount is accurate and representative of current income. The family must be provided with the information in EIV.

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In addition to the EIV system, HUD recommends that owners/agents use other UIV sources to verify applicant/resident income. HUD maintains a website devoted to UIV and links to many current UIV resources:

- www.hud.gov/offices/pih/programs/ph/rhiip/uiv.cfm

UIV resources may include:

- State systems for the Temporary Assistance for Needy Families (TANF) program
- Credit Bureau Association (CBA) credit reports
- Internal Revenue Service (IRS) tax transcript (request with IRS form 4506-T)
- Private sector databases (e.g., The Work Number)

Owners/agents may execute UIV agreements, such as agreements with TANF agencies independent of HUD.

UIV meets the regulatory requirement for third-party verification. Additional third-party verification (such as employer statements) is not required in many cases. Use of UIV sources enables owners/agents to streamline the verification process in many cases.

Level 4 Verification

HUD identifies two types of Level 4 verification: written-third party verification from the source and EIV + self-certification.

Written Third-Party Verification from the Source

Written third-party verification consists of an original or authentic document generated by a third-party source within 120 days of the date the documentation is received by the owner/agent, not the effective date of the form HUD-50059. For fixed sources of income, a statement dated within the appropriate benefit year is acceptable documentation. Tenant-provided documents are considered third-party verification when they originated from a third-party source.

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Examples of acceptable tenant-provided documents include, but are not limited to:

- Pay stubs, payroll summary reports, employer notice of hire/termination
- SSA benefit verification letters
- Bank statements
- Child support payment stubs
- Welfare benefit letters and/or printouts
- Unemployment monetary benefit notices
- Income tax returns with corresponding official tax forms and schedules attached and including third-party receipt of transmission for income tax return filed (i.e., tax preparer's transmittal receipt, summary of transmittal from online source, etc.) are an acceptable form of written, third-party verification.

HUD requires the owner/agent collect at a minimum two consecutive pay stubs to determine income from wages. Resident-provided documents must be dated within 120 days of the date the documentation is received by the owner/agent.

For alimony and child support, the owner/agent may accept printouts from the court or agency responsible for enforcing support payments, or other evidence indicating the frequency and amount of support payments actually received. When no documentation of child support, divorce, or separation is available, either because there was no marriage or for another reason, the owner/agent may require the family to sign a certification stating the amount of child support received.

For pensions reduced due to divorce, annulment, or legal separation owners/agents should require that tenants/applicants provide any copies of statements from OPM verifying pension benefits (including any reductions pursuant to a court order, decree or court-approved property settlement agreement), and any evidence of survivor benefits, pensions or annuities received from retired Federal government employees including, but not limited to, a Form-1099.

The owner/agent may reject documentation provided by the family if the document is not an original, is not current, is incomplete, appears to be forged, or is altered, mutilated, or illegible.

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EIV + Self Certification

EIV may be used as written third-party verification and may be used to calculate income if the family agrees with the information in EIV and self-certifies that the amount is accurate and representative of current income. This practice is known as EIV + self-certification.

When calculating income using this method, the owner/agent may use its discretion to determine which method of calculation is reasonable: the last four quarters combined or an average of any number of quarters.

The family must be provided with the information from EIV.

Level 3: Written Third-Party Verification Forms

The next acceptable level of verification is known as traditional third-party verification. A written third-party verification form is a standardized form used to collect information from a third-party source.

Written verification from a third-party source may be received electronically by fax, email, or internet. Owners/agents should consider the following when using electronic documents as third-party verification:

- Faxes are most reliable when the owner/agent and the source first agree to use the method over the phone. The fax should include the company name and fax number.
- Email is also reliable when preceded by a phone conversation and should include the name of the individual and the business name.
- Internet information is considered third-party verification when the owner/agent views web-based information form a reputable source on the computer screen. A printout may also be adequate verification in many cases.

The owner/agent may use this method when higher forms are unavailable or are rejected by the owner/agent or when the family is unable to provide acceptable verification.

The owner/agent may skip this level of verification and may instead substitute oral third-party verification before moving to self-certification.

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LEVEL 2: ORAL THIRD-PARTY VERIFICATION

The next acceptable level of verification is oral third-party verification. For third-party oral verification, owners/agents should contact sources identified by UIV techniques or by the family by telephone or in person. Third-party oral verification may be used when requests for written third-party verification forms have not been returned within a reasonable time. The file must be documented with:

- The date and time of the telephone call or visit
- The name and position of the person contacted
- The telephone number
- The information confirmed
- The name of the person who conducted the interview

The owner/agent may skip this level of verification if they attempted written third-party verification via a form and the source did not respond and move directly to self-certification.

LEVEL 1: SELF-CERTIFICATION

Non-third-party verification consists of a signed statement of reported income and/or expenses. This verification method should be used as a last resort when the owner/agent has not been successful in obtaining information via all other required verification techniques.

When the owner/agent was required to obtain third-party verification but instead relies self-certification, the family's file must be documented to explain why third-party verification was not available.

HUD does not require that a self-certification be notarized; however, HUD recommends including language on any self-certification to ensure the certifier understands the consequences of knowingly providing false information.

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Self-certification, however, is an acceptable form of verification when:

- A source of income is fully excluded
- Net family assets equal to or less than $54,898 or less and the owner/agent has adopted a policy to accept self-certification
- The family declares that they do not have any present ownership in any real property
- A family states that they have non-recurring income that will not be repeated in the coming year; and/or
- The owner/agent has adopted a policy to implement streamlined annual recertifications for fixed sources of income
- A family reports zero income

Verifying Income Exclusions

For fully excluded income, the owner/agent is not required to:

- Follow the verification hierarchy
- Document why third-party verification is not available
- Report the income on the 50059

Fully excluded income is defined as income that is entirely excluded from the annual income determination, such as food stamps.

Owners/agents may accept a family's signed application or recertification form as self-certification of fully excluded income. They do not have to require additional documentation. However, if there is any doubt that a source of income qualifies for full exclusion, owner/agents have the option of requiring additional verification.

For partially excluded income, the owner/agent is required to:

- Follow the verification hierarchy and all applicable regulations
- Report the income on the 50059

Partially excluded income is defined as income where only a certain portion of what is reported by the family qualifies to be excluded and the remainder is included in annual income, such as the income of an adult full-time student.

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Section 6 Enterprise Income Verification (EIV)

OVERVIEW

HUD Handbook 4350.3, Chapter 9, Section 1

Enterprise Income Verification (EIV) is a module located in HUD's Web Access Security System (WASS). WASS provides secure access to HUD systems for internal HUD users and trusted external users. Other WASS modules include the PIH Information Center (PIC) Housing Information Portal (HIP) and Tenant Rental Assistance Certification System (TRACS). EIV is a web-based system that provides owners/agents with employment, unemployment, and Social Security benefit information for residents that participate in HUD-assisted housing programs through Multifamily housing, public housing, and the tenant-based and project-based voucher programs.

Owners/agents of Multifamily housing projects must use EIV in its entirety and must develop policies and procedures for staff to follow when using EIV reports. HUD mandates that owners/agents use EIV as level one verification of income information during annual recertifications for each resident. Owners may, but are not required to, use EIV as third-party verification during interims. Specific EIV reports are used at each recertification to verify income and reduce errors in subsidy payments. EIV income reports are not available for applicants.

RAD PBRA: EIV

The EIV system for Multifamily is different than the EIV system for PIH programs. Owners/agents of properties converting under RAD must remove PIH EIV access effective on the execution date of the HAP contract by contacting the EIV coordinator at the HUD regional center/program center. Owners/agents must obtain access to the Multifamily EIV system within 90 days from the date the HAP contract is signed.

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DATA SOURCES

Resident data in EIV is derived from current information submitted to TRACS through the form HUD-50059. All employment and income information comes from the Department of Health and Human Services (HHS), National Directory of New Hires (NDNH), and the Social Security Administration (SSA).

HUD cannot correct data in the EIV system; only the originator of the data can correct information. If the form HUD-50059 is incorrect due to inaccuracies in the owner/agent's software, the owner/agent must correct the data in their software and transmit the corrected form HUD-50059 to TRACS. If the resident disputes employment and wage information, unemployment benefit information, or Social Security benefit information, the resident should contact the employer, local state workforce agency, or Social Security Administration directly and provide the owner/agent a copy of the written correspondence to maintain in the resident file. In the interim, the owner/agent must use resident-provided documentation to verify resident income.

An EIV pre-screening test is conducted for each resident to verify each resident's personal identifiers (last name, DOB, and SSN) before the information is sent to the SSA for the identity matching process. Information for residents who do not pass the pre-screening test is not sent to the SSA, and the SSA matching process cannot be completed until personal identifiers are corrected in the TRACS system. Likewise, owners/agents are unable to receive any resident information from EIV until this information is corrected.

It is important that all personal identifiers on the form HUD-50059 are correct and able to be matched to the SSA database. Personal identifiers are located on page 2, Section C the form HUD-50059. The fields that must be correct for SSA matching are:

- Field 34 (Last Name)
- Field 41 (Birth Date)
- Field 44 (ID Code (SSN))

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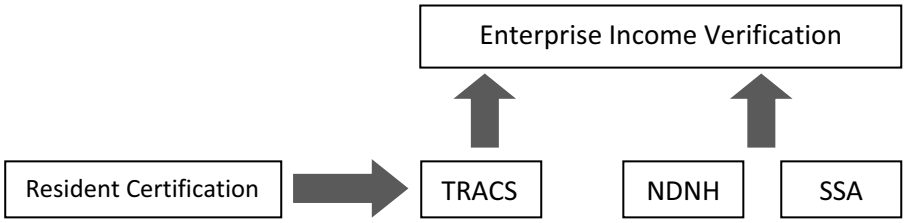
The SSA match process takes place at the beginning of each month. As part of the process, all SSA data is loaded into the EIV system, and all residents are matched between the SSA and EIV system. This ensures that all personal identifiers for each resident are correct and that SSA and NDNH are able to report the correct information to the EIV system.

Matching is done on a quarterly basis for the entire resident population, however, all new records or records that have been significantly updated are matched in the next monthly cycle.



Residents must pass the SSA identity test and be matched between the SSA and EIV before the SSA or the NDNH can report income information to the EIV system.

The NDNH reports all new hires, quarterly wages for federal and non-federal employees, and quarterly unemployment compensation to the EIV system. There are two NDNH matches performed on a monthly basis:

- Matching the entire eligible resident base with the new hires (W4) data
- Matching newly admitted residents with wage and unemployment benefit data

A match of the entire resident database with the new hires (W4) wage and unemployment benefit data is completed on a quarterly basis.

The SSA reports Social Security benefits, supplemental security income (SSI), dual entitlement benefits, Medicare premium information, and disability status to the EIV system.

Note: In some cases, dual entitlement benefits may not be reflected in EIV. In these cases, third party verification is required.

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Section 7 General Administration

HUD Handbook 4350.3, Chapter 9, Section 3

Various EIV reports are produced and reviewed by on-site staff as part of:

- Eligibility determinations
- Annual and interim recertifications
- Discrepancy analysis
- Compliance monitoring

Existing residents and applicants must be notified of the use of EIV through HUD's EIV & You brochure. Applicants must be provided the EIV & You brochure with their initial application for housing at the owner/agent's property.

EIV Master File

Each property should keep two EIV files, binders, or books; one for permanent records and one for master reports. This ensures that EIV information is kept in one place, is easily secured, and is easily audited. This also ensures that there is clear evidence of annual security awareness training and that reports are being pulled according to schedule, stored properly, and discrepancies are investigated and corrected.

Suggested items to be kept in the permanent records file include:

- EIV Use and Security Policy
- Original EIV authorization forms for users and coordinator
- Security awareness questionnaire
- Annual security awareness training certificate
- Signed rules of behavior for non-users
- Expired or terminated EIV coordinator and user documents
- Any other training or EIV use information
- Log of when each monthly and quarterly report was pulled
- Log of income discrepancies
- EIV destruction logs

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The EIV master file is a binder, folder, or book that is used to track all HUD-mandated reports that are run monthly or quarterly. The required reports to be included in the file are:

- Identity Verification Reports (failed pre-screening/failed verification)
- Multiple Subsidy Summary
- New Hires Summary
- Deceased Tenant Report

These master reports must be maintained for three years from the date of the report and then must destroyed in accordance with the methods outlined in the owner/agent's EIV security policy.

AUTHORIZED USERS

All EIV users must sign and adhere to the EIV Rules of Behavior (ROB). All signed ROBs must be kept on file by the signing staff member and by the owner/agent's TRACS/EIV security officer. Staff members who do not have access to the EIV system but view or use EIV data or reports in order to perform their job functions, as well as owner/agent-hired independent public auditors (IPAs), must also sign and adhere to the ROB.

Only those whose job duties specifically relate to EIV are granted access to the system and related documents. There are two different types of roles in the system: users and coordinators. EIV users and coordinators have different responsibilities and system access levels.

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Coordinators:

- Assign access, roles, and contracts to users
- Approve user recertifications in the system on a biannual basis
- Must obtain a letter of approval from the owner/agent upon initial certification
- Must be recertified on an annual basis
- Sign a Coordinator Access Authorization Form (CAAF) annually within 30 days of expiration (electronically after initial approval)
- Sign an EIV Rules of Behavior form annually
- Must complete the online Cyber Awareness Challenge for Department of Defense and Federal Personnel training program and print and maintain the certificate of completion

Users:

- Must complete online security training annually.
- Must complete the online Cyber-Awareness Challenge for Department of Defense and Federal Personnel training program and print and maintain the certificate of completion
  - It is best practice for the original certificate of completion to be maintained by the user, with a copy kept in the master file, and a copy sent to the coordinator for recertification purposes.
- Are provided with appropriate approval and authorization from the coordinator who determines what level of access is needed based on their job duties and how they use the system and reports
  - The level of access granted determines the functionalities, features, and amounts of data that a specified user can see.
- Sign a User Access Authorization Form (UAAF) semi-annually within 30 days of expiration (electronically after initial approval)
- Sign an EIV Rules of Behavior form annually

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EIV Security and Use Policy

Owners/agents are required to establish an EIV security policy and procedure governing the use of EIV. All reports must be produced, secured, and maintained in accordance with this policy and procedure. The policy and procedure must include the following topics:

- Authorized use of EIV
- How to handle security breaches
- Destruction of EIV data

Other suggested topics include:

- When each report will be pulled
- How EIV reports will be reviewed and used for resident compliance
- How discrepancies will be resolved
- Owner/agent's policy for applying the annual COLA
- Owner/agent's policy for reverification of zero-income residents
- Process for resident meetings to discuss discrepancies
- Procedures for making corrections to completed certifications

The owner/agent’s EIV use policy must include language to ensure that:

- Security measures are in place to limit access
- Procedures are in place to review all EIV User IDs periodically
- Access is terminated within 30 days for users who no longer need access
- Procedures are in place for improper disclosure and to report unauthorized access or security breaches
- Employment and income information is used correctly
- EIV reports are used on schedule

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Penalties for Failure to Comply

Contract administrators and HUD will use EIV to monitor the owner/agent's compliance with access and use of the EIV system. Owners/agents who don't have access to or are not using the EIV system in its entirety:

- Will receive an MOR finding if the violation was discovered during an MOR
- Will incur a penalty of five percent decrease in the voucher payment for the month following the date the violation was found and each subsequent voucher payment until the violation is cured

The owner/agent will have 30 days to cure the violation by obtaining access to and/or using the EIV system. The owner/agent is required to make an adjustment to the next scheduled voucher to collect the funds previously returned to HUD even if the owner/agent takes longer than 30 days to cure the finding. If the violation is not cured during the 30-day period, both the owner/agent and the management agent, if applicable, will be flagged in HUD's Active Partners Performance System (APPS). Once the violation is cured, the flag will be removed.

When there is a change in ownership or management at a property, the new owner or management agent must obtain access to and begin using the EIV system within 90 days from the date the owner/agent takes possession of the property or the effective date of the management agreement with the owner. Owners and/or management agents who fail to obtain access and begin using the EIV system within this timeframe may be subject to the penalties described above.

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Section 8 Using EIV Reports

EIV Report Schedule

Notice H 2023-10

Report Title	Report Description	Frequency of Use
Deceased Tenants Report	Identifies tenants reported by Social Security Administration (SSA) as being deceased.	At least quarterly
Existing Tenant Search	Identifies applicants who may be receiving assistance at another Multifamily project or PIH location.	At the time of processing an applicant family for move-in
Failed EIV Prescreening Report	Identifies tenants who have missing or invalid personal identifiers (last name, date of birth, SSN) in TRACS. These tenants will not be sent to SSA from EIV for the SSA identity test.	Monthly
Failed Verification Report (Failed SSA Identity Test)	Identifies tenants whose personal identifiers (last name, date of birth, SSN) do not match the SSA database.	Monthly
	* Owners that admit families using a self-certification of SSN must review the Failed SSN Verification Report monthly to identify and follow up on new issues.	
Identity Verification Report	Identifies tenants that, failed SSA verification, and failed EIV pre-screening.	Monthly

Income Discrepancy Report	HUD intends to update the discrepancy logic for the MFH Income Discrepancy Reports to conform to the requirements of the final rule. O/As are not required to investigate discrepancies resulting from the Income Discrepancy Reports until HUD updates the discrepancy logic. HUD will notify O/As when the new reports are ready for use.	Must be used at annual recertification. Owners may use the report at other intervals, in accordance with the Owner's written EIV policies and procedures. Owners **are not** required to use the report at annual recertification if they used Safe Harbor verification to determine the family's income at the last recertification. *See note under Summary above about updates to the Income Discrepancy Report.
Income Report	Provides employment and income reported by HHS and SSA for each household member that passes the SSA identity test. • Identifies tenants who: • May not have reported complete and accurate income information; and/or • May be receiving multiple subsidies.	Must be used at annual recertification, must be pulled within 120 days of eff. date of recertification; not required at interim recertifications. Owners may use, if desired. Owners **are not** required to use at annual recertification if they use Safe Harbor verification to determine the family's income.
Multiple Subsidy Report	Identifies tenants who may be receiving rental assistance at more than one location.	At least quarterly

New Hires Report	Identifies tenants who have new employment within the last six months. Report is updated monthly.	Owners must review this information at annual recertification except when the Owner uses Safe Harbor verification to determine the family's income. Owners that do not require families to undergo interim recertifications (IRs) for income increases after an IR decrease do not need to review this report at all between a family's annual recertification. If the Owner's policy is to require an IR for increases in income after an IR decrease, then the Owner must review the report quarterly after the family's IR decrease.
No Income Reported by HHS or SSA	Identifies tenants who passed the SSA identity test but where no income was reported by HHS or SSA. This scenario does not mean that the tenant does not have any income. PHAs/MFH Owners must obtain written, third-party verification of any income reported by the tenant.	As identified in an Owner's written EIV policies and procedures.
No Income Reported on 50059	Identifies households where there is no income listed on the HUD–50059.	As identified in Owner's written EIV policies and procedures.

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Summary Report	Summary of household information from the current, active certification in the TRACS file at the time of the income match.	Must be used at annual recertification; not required at interim recertifications. Owners may use the report at other intervals, if desired, as described in the Owner's written EIV policies.

EXISTING TENANT SEARCH

The only EIV report that provides information on applicants is the Existing Tenant Search. This report allows the owner/agent to determine whether any household member is currently being assisted by any PIH or multifamily housing program. Owner/agents must run the Existing Tenant Search before the final eligibility determination. Information about how this report will be used during the screening process must be described in the Tenant Selection Plan (TSP).

The application must ask whether anyone in the household is currently receiving HUD assistance. Duplicative housing assistance is not allowed, even for one day. Families currently receiving housing assistance through a HUD program are not prohibited from applying for assistance to other HUD properties or programs, however, applicants must first move out of their current assisted unit or forfeit their tenant-based voucher before assistance may begin in the new unit.

The Existing Tenant Search gives the owner/agent the ability to coordinate move-out and move-in dates with the resident and the owner/agent of other PHA or HUD-assisted properties. When a family is identified on the report, the owner/agent should follow up with the PHA or other property to confirm the individual's program status prior to admitting them to the program. In addition, applicants should be notified that assistance will not be provided in the new unit until the day after assistance stops in the residence currently identified in EIV in order to prevent overlapping subsidy.

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If the applicant or any member of the applicant household fails to fully and accurately disclose receipt of HUD assistance or rental history on the application, the owner/agent may deny the applicant based on misrepresentation of information, provided the property's TSP allows for such denials.

Print

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

PIH Tenant Match Results : 0 match found.

No match found in PIH programs for SSN: ***-**-2483

MF Tenant Match Results : 1 match found.

SSN:	[redacted]
HOH SSN:	***-**-2483
HOH First Name	[redacted]
HOH Last Name	
Contract Number	[redacted]
Project Number	
Subsidy Type	Section 8
Owner/Management Agent name	[redacted]
50059 Type Of Action	Annual Recertification
50059 Effective Date	01/01/2017
Unit Address	-

ALERT! This individual *may be* currently assisted.

Follow-up with respective PHA/Owner/Agent to confirm individual's program participation status before admission into program.

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

Report Generated By - H20XXX[redacted]

Failed EIV Pre-Screening Report

The Failed EIV Pre-Screening Report must be generated and reviewed by owners/agents on a monthly basis, as well as during all annual and interim recertifications. Owners/agents must address all discrepancies within 30 days of the date of the report. The failed pre-screening report indicates that SSA personal identifiers provided on the form HUD-50059 failed some level of the matching process. The most common reasons the failed pre-screening report will be returned are:

- Owner/agent data entry error on the form HUD-50059, such as incorrect SSN, DOB, or last name
- The applicant has provided the owner/agent with incorrect personal identifier information
- All discrepancies must be investigated, corrected, and documented in the file

1 - 1 of 1 Households

Failed Pre-Screening Report for Contract: [redacted]

HOH SSN: [redacted] | **HOH Name:** [redacted] | **Contract Number:** **ID05H020016**

Member SSN	Member Name	Error Description
[redacted]	[redacted]	Failed SSN check.

1 - 1 of 1 Households

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

Report Generated By - H20XXX [redacted]

Failed Verification Reports

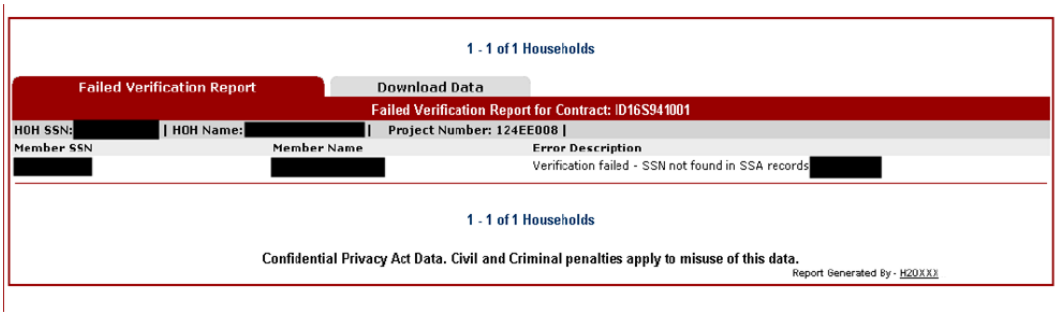
The Failed Verification Report must also be generated monthly. It is used to identify household members who failed the SSA identity match due to invalid personal identifiers such as incorrect Social Security number, incorrect date of birth, or incorrect last name.

In most cases, Failed Verification Reports occur when there have been data entry errors in the owner/agent's software. If the owner/agent discovers a data entry error in the resident's file, the incorrect form HUD-50059 must be corrected within 30 days. The corrected certification must be signed by all adult household members, and the owner/agent must then transmit the corrected form HUD-50059 to TRACS. If the reason for the failed pre-screening or verification report cannot be identified and corrected after a file review, the owner/agent must follow up with the resident.

If the owner/agent discovers that the resident purposefully provided a fraudulent or inaccurate Social Security number, the owner/agent is required to attempt to recover all subsidy paid in error. The owner/agent must create and/or correct the appropriate certifications and request all assistance paid in error is returned to HUD in one lump sum or through a repayment agreement.

If the resident claims that the information provided by EIV is incorrect, the owner/agent must obtain verification and documentation to support the resident's personal identifiers and the accuracy of the form HUD-50059 and TRACS information. The owner/agent should encourage the resident to contact the SSA to correct any inaccurate data in their databases.

Because Social Security number identification discrepancies impact program eligibility, the owner/agent should maintain detailed information concerning discrepancy investigation and resolution. This information should be maintained in the resident file with the move-in information in order to ensure that the documentation is not archived anytime resident files are purged. Unresolved discrepancies must also be documented in the EIV master file.


1 - 1 of 1 Households

Failed Verification Report | Download Data

Failed Verification Report for Contract: ID16S941001

HOH SSN: [redacted] | HOH Name: [redacted] | Project Number: 124EE008 |

Member SSN	Member Name	Error Description
[redacted]	[redacted]	Verification failed - SSN not found in SSA records [redacted]

1 - 1 of 1 Households

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

Report Generated By - H20XX3

SUMMARY REPORT

The EIV Summary Report is a summary of household information drawn from the current certification in TRACS at the time of the income match between EIV and the SSA database. It provides the status of residents' identity verification by identifying those residents whose personal identifiers:

- Match the SSA data base (verified)
- Do not match the SSA database (failed)
- Have not been sent to the SSA for verification or have not been matched by the SSA (not verified)

EIV summary reports must be run at all interim and annual recertifications and must be retained in the resident file.

If the status of all household members is verified, the owner/agent is not required to print this report again unless there is a change in the household composition or in a household member's identity verification status.

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The summary report is also a tool to review and resolve the status of any household members with a failed or deceased status. If the verification status for a household member is failed or deceased, the owner/agent must review and resolve discrepancies per the methods listed under the owner/agent's failed pre-screening policy and in accordance with HUD Handbook 4350.3.

Example 1:

Error Description - No benefits reported by SSA MM/DD/YYYY

Explanation - No benefits reported by SSA. The date of birth (DOB) recorded on line 42 of the form HUD-50059 is not the same DOB reflected in SSA's records.

Corrective Action - Request the tenant provide documentation (i.e. birth certificate or state issued identification card) to verify DOB. Update line 42 of form HUD-50059 with the SSA provided DOB.

Example 2:

Error Description - Failed SSN check

Explanation - The SSN is not numeric or all 9s or LIKE (000%) or LIKE (__00%) or LIKE (%0000).

Corrective Action - Enter valid SSN on line 45 of form HUD-50059. Do not use repetitive numbers if tenant has not disclosed a SSN. An alternate ID will be generated by TRACS for household members without a SSN.

O/A should follow-up with those households who have members with a TRACS generated ID to obtain documentation of the members SSN, if applicable.

Example 3:

Error Description - Verification failed - SSN not found in SSA records XXXXXXXXX

Explanation - Tenant SSN recorded on line 45 of form HUD-50059 is not a valid number issued by SSA. However, the SSN reflected in SSA records is listed at the end of the error message.

Corrective Action - Update line 45 of form HUD-50059 with the SSA provided SSN.

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Deceased Tenants Report

The Deceased Tenants Report identifies residents who are currently listed in TRACS as existing/active residents but who have been identified by the SSA as deceased. This report must be reviewed quarterly. The owner/agent must confirm in writing with the head of household, next of kin, or emergency contact person whether the resident has passed away. If the person is deceased, the owner/agent must update the household composition and conduct an interim recertification. If the deceased individual was the sole member of the household, the owner/agent must process a move out with an effective date of either 14 days after the resident's death or the date the unit was vacated, whichever is earlier.

All discrepancies must be corrected in TRACS within 30 days of the date of the report, and a copy of the report must be kept in the EIV master file. Documentation of any action taken to resolve the discrepancy must also be retained in the resident file. If the owner/agent verifies that the resident is not deceased, the owner/agent should encourage the resident to contact the SSA to resolve the discrepancy.

The deceased tenants report is updated each weekend. Any changes made by the SSA or owner/agent will not be immediately reflected in the report.

Example:

Mr. Paterson was listed on the deceased tenants report dated April 18 with a deceased date of March 18. On April 19, the owner/agent confirmed in writing with Mr. Paterson that he was alive and advised Mr. Paterson to visit his local SSA office to have the error corrected.

The SSA corrected the error on April 19. When HUD conducted computer matching with SSA in the second week of May, HUD obtained new SSA data that indicated Mr. Paterson was not deceased. The deceased tenants report was updated the next weekend. When the owner/agent accessed the deceased tenants report on May 15th, Mr. Paterson was no longer listed on the report.

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Deceased Tenants Report By Contract ID05H020036

HOH SSN: ***-**-[redacted] | HOH Name: [redacted] | HOH DOB: XX/XX/[redacted] |

Member SSN	Member Name	Member DOB	Member Deceased Date	Date Received by EIV
***-**-[redacted]	[redacted]	XX/XX/[redacted]		02/14/2017

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.
Report Generated By - H20XXX

NEW HIRES REPORT

The New Hires Report provides employment information for residents who may have started new jobs within the last six months. The information in this report is updated monthly. Because most employers report information on new hires to their state within 30 days of the hire date, an owner/agent may know within 60 days if a resident has started a new job. Owner/agents must review this information at annual recertification except when the owner/agent uses Safe Harbor verification to determine the family's income. Owner/agents that do not require families to undergo interim recertifications (IRs) for income increases after an IR decrease do not need to review this report at all between a family's annual recertification. If the owner/agent's policy is to require an IR for increases in income after an IR decrease, then the owner/agent must review the report quarterly after the family's IR decrease.

If a resident is listed on the New Hires Report and has not reported new employment to the owner/agent in accordance with HUD requirements, the owner/agent must not deny, suspend, or reduce any benefits until the owner/agent has taken appropriate steps to independently verify the information with a third-party. The owner/agent should verify:

- The amount of the wages, other earnings or income, or unemployment compensation involved
- Whether the resident actually has or had access to such wages, earnings or income, or benefits for their own use
- The period or periods in which the resident actually received such wages, earnings, income, or benefits

If there is undisclosed new employment, the owner/agent must investigate whether the resident violated reporting requirements. In some cases, the owner/agent is not required to contact residents identified on the report.

If a resident has failed to report as required, however, the owner/agent must contact the resident. The resident must confirm whether the employment information in EIV is correct. If the resident confirms that the information is correct, the owner/agent must request resident-provided verification of the new employment or third-party verification from the employer. Based on the information provided, an interim recertification must be conducted, and the resident must repay any assistance paid in error.

In addition to retaining a copy of the New Hires Report in the EIV master file, owners/agents must note the outcome of contact with residents. All correspondence with the resident, third-party verifications, etc. must be retained in the resident file as well.

If the resident disputes the information in the EIV system, the owner must obtain third-party verification from the employer. There can be several valid causes for errors that would not require any action by the owner/agent:

- Human error
- System errors in one of the databases
- Identity theft

There may be cases where attempts to verify the EIV data are unsuccessful. In these cases, the resident must certify that the employer and employment information displayed in EIV is invalid and has been wrongly attributed to the resident's personal identifiers.

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The owner/agent should advise the resident to contact the third-party income source(s), and if unsuccessful, contact the state workforce agency (SWA) to have that employer or agency remove the invalid income information from his or her records. In the interim, the owner/agent must use resident-provided documentation to verify resident income.

Income Information >> By Contract Number >> Report Summary >> New Hires Report Summary

New Hires Report Summary	
Contracts :	[redacted]
Re-certification Month:	All
Period Reviewed:	11/15/2016 - 05/15/2017
Households with New Hires:	2
Members With New Hires:	2

Download in Excel

1 - 2 of 2 Households

Printer-Friendly Version

Summary Reports | Detail Reports

HOH SSN	HOH Last Name	HOH First Name	HOH DOB	Member First Name	Member Last Name	Contract Number	Project Number	Unit Address
***-**-[redacted]	[redacted]	[redacted]	XX/XX/1990	[redacted]	[redacted]	[redacted]		
***-**-[redacted]	[redacted]	[redacted]	XX/XX/1973	[redacted]	[redacted]R	[redacted]		

Print

Summary Report | Income Report | Income Discrepancy Report | Certification Page

Wage and Benefit Report for Household of [redacted]

Contract Number	ID05H020029	**Subsidy Type**	Section 8
Project:	BRISTLECONE APARTMENTS	**Project Number**	
Next Re-certification Date	07/01/2018	**Form 50059 as of:**	08/05/2017
Address:			
Most Recent Type of Action:	AR-Annual Recertification	**Effective Date:**	07/01/2017

Head of Household: [redacted]

Social Security Number: ***-**-[redacted] **Date of Birth:** XX/XX/[redacted]

Print Member Information

Print

Household Member: [redacted] SSN: ***-**-[redacted]

Date of Birth: XX/XX/[redacted] Relationship: Head of Household

Employment Information

Hire Date	Hire State	FEIN	Employer Name and Address	Date Received by EIV
02/23/2017		95-2698708	JACK IN THE BOX RESTAURANTS PO BOX 23020, OAKLAND CA 94623-2302	03/29/2017
07/12/2015	ID	82-0439518	MANITO SUPER 1 FOOD INC SUPER 1 FOODS C/O N 5588 WALL, SPOKANE WA 99205-0000	09/22/2015
08/26/2015		95-2698708	JACK IN THE BOX RESTAURANTS 9330 BALBOA AVE, SAN DIEGO CA 92123-1516	09/22/2015
12/17/2014	ID	82-0408601	VALLEY VISTA CARE CORPORATION VALLEY VISTA CA 820 ELM ST, ST MARIES ID 83861-2119	09/22/2015

Wages

Pay Period	Amount	FEIN	Employer Name and Address	Date Received by EIV
Q4 of 2016	$2,814.00	95-2698708	JACK IN THE BOX INC PO BOX 173860, DENVER CO 80217-3860	03/23/2017
Q3 of 2016	$730.00	95-2698708	JACK IN THE BOX INC PO BOX 173860, DENVER CO 80217-3860	03/23/2017
Q2 of 2016	$2,348.00	82-0408601	VALLEY VISTA CARE CORPORATION 820 ELM ST, ST MARIES ID 83861-2119	09/22/2016
Q1 of 2016	$2,399.00	82-0408601	VALLEY VISTA CARE CORPORATION 820 ELM ST, ST MARIES ID 83861-2119	09/22/2016
Q1 of 2016	$329.00	90-0209045	THE HYDRA S O S INC PO BOX 773, SANDPOINT ID 83864-0773	09/22/2016
Q4 of 2015	$1,515.00	90-0209045	THE HYDRA S O S INC PO BOX 773, SANDPOINT ID 83864-0773	09/22/2016
Q3 of 2015	$1,969.00	90-0209045	THE HYDRA S O S INC PO BOX 773, SANDPOINT ID 83864-0773	09/22/2016

Unemployment Benefits

Pay Period	Amount	Date Received by EIV
Q4 of 2016	$0.00	04/01/2017

MULTIPLE SUBSIDY REPORT

The Multiple Subsidy Report identifies households or household members that may be receiving multiple HUD subsidies and must be generated at least quarterly. If any household member received assistance at another HUD-assisted property while receiving assistance at the owner/agent's property, the household will be required to reimburse HUD for assistance paid in error. This is considered a material lease violation and may result in penalties up to and including eviction and pursuit of fraud charges.

There are some situations where overlapping assistance is permissible. A minor may reside in two different HUD-assisted units if two parents live in separate units and share 50 percent custody of the minor. While the child may reside in both households, only one household is eligible to claim the dependent deduction for the child. In addition, a resident receiving housing assistance that does not include subsidy, such as the case in 236 properties, may also benefit from HUD's tenant-based voucher program. While these will likely appear on the Multiple Subsidy Report, the discrepancy is easily resolved.

If a resident appears on the multiple subsidy report and the resident seems to be receiving dual subsidy, the owner/agent must meet with the resident and give the resident an opportunity to explain the matter. The owner/agent must also follow up with the PHA or owner/agent where the resident has been reported as receiving assistance.

The owner/agent must distinguish whether the violation was due to resident error or fraud, and determine the extent of the violation and appropriate action, including termination of assistance, termination of tenancy, and/or requiring the resident to return assistance paid in error after the verification is complete.

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Owners/agents must maintain detailed information about multiple subsidy discrepancy investigations and resolutions. This information must be maintained in the resident file. Unresolved discrepancies must also be documented in the EIV master file.

No match found in PIH programs for SSN: *-**-5402**

MF Tenant Match Results : 2 match found.

SSN:	[redacted]5402
HOH SSN:	***-**-5402
HOH First Name	S[redacted]
HOH Last Name	[redacted]DERS
Contract Number	[redacted]
Project Number	12644018
Subsidy Type	Section 8
Owner/Management Agent name	[redacted]
50059 Type Of Action	Interim Recertification
50059 Effective Date	02/01/2017
Unit Address	203[redacted]7TH ST APT 203 [redacted]

ALERT! This individual *may be* currently assisted.

Follow-up with respective PHA/Owner/Agent to confirm individual's program participation status before admission into program.

SSN:	[redacted]5402
HOH SSN:	***-**-6570
HOH First Name	C[redacted]
HOH Last Name	[redacted],[redacted]DERS
Contract Number	[redacted]
Project Number	12644018
Subsidy Type	Section 8
Owner/Management Agent name	[redacted]
50059 Type Of Action	Interim Recertification
50059 Effective Date	05/01/2017
Unit Address	124 [redacted]7TH ST [redacted]

ALERT! This individual *may be* currently assisted.

Follow-up with respective PHA/Owner/Agent to confirm individual's program participation status before admission into program.

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

Report Ger

INCOME REPORTS

There are three income reports that owners/agents must use at all recertifications:

- The Summary Report, until all household members are "verified"
- The Income Report
- The Income Discrepancy Report

If a discrepancy is noted, the following documentation is required to be part of the resident file:

- If the resident does not dispute the EIV information
  - EIV income report, resident-provided documentation, and third-party verification from the source (if necessary)
  - EIV plus self-certification
- If the resident disputes the EIV information
  - EIV income report and third-party verification from the source

Summary Report

The O/A does not have to print the Summary Report after all household members required to have an SSN are shown as “Verified”, unless there is a change in household composition or a change in a household member's verification status.

Income Report

The EIV Income Report must be used to verify employment information for each resident at annual recertification unless the owner/agent uses Safe Harbor for income determination. The owner/agent may, but is not required to, use EIV as a third-party source during interim recertification.

For new admissions, the owner/agent must:

- Pull and review the Income Report within 90 days of the move-in certification or initial certification being transmitted to the TRACS system
  - This is to confirm the income reported by the household
- Resolve any income discrepancies within 30 days of the income report date
- Retain the Income Report in the resident file with any documentation pertaining to income discrepancies

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Social Security Income Report

If the resident agrees with the Social Security benefit information in EIV, the owner/agent must use the EIV printout as third-party verification of Social Security income and Medicare Part B expenses. No additional verification is required. The report is only available for residents. The owner/agent should use a benefit letter dated within 120 days from the date of receipt by the owner/agent to verify Social Security income of applicants.

Medicare Part B Deduction

For residents who qualify for medical expenses, the Medicare Part B premium must be used as part of the medical expense deduction calculation only when an "N" is indicated in the "Buy-in" column of the income report. The "N" indicates that the resident is paying the premium amount.

Premium		Buy-in	Buy-in Start	Buy-in Stop
Hospital Insurance	$0.00	N	Not Available	Not Available
Supp. Med. Insurance	$110.50	N	Not Available	Not Available

When the Medicare Part B premium is being paid by the state or another entity, there will be a "Y" in the "Buy-in" column with a corresponding "Buy-in Date." In these cases, the Medicare Part B amount must not be used to calculate medical expenses.

Premium		Buy-in	Buy-in Start	Buy-in Stop
Hospital Insurance	$0.00	N	Not Available	Not Available
Supp. Med. Insurance	$110.50	Y	10/10/09	Not Available

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When the state or entity no longer pays the Medicare premium, there will be a "Buy-in" stop date:

Premium		Buy-in	Buy-in Start	Buy-in Stop
Hospital Insurance	$0.00	N	Not Available	Not Available
Supp. Med. Insurance	$110.50	Y	10/10/09	03/01/10

Notice H 08-03; Notice H 09-20

While SSA provides information on Medicare premiums, it does not provide information on additional deductions such as Medicare Part D (prescription drug) premiums, repayment agreement information, or garnishments.

If there is an unexplained difference between the gross benefit and the net payment, the owner/agent should ask the resident to disclose any deductions they may have from their SSA benefits, and when necessary, should request that the resident obtain a current award letter from the SSA to verify these amounts. The owner/agent should determine whether additional verification is necessary.

If the information in EIV does not agree with the amount the resident reports, if the resident disputes the EIV data, or there is no resident data in EIV, the owner/agent must request that the resident obtain a current award letter from the SSA. If the owner/agent finds it necessary to use some other form of verification such as the benefit letter or oral verification, the owner/agent must document this in the resident file and explain why third-party verification could not be used.

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NDNH Wage and Unemployment Compensation Information

EIV provides wage and unemployment benefit data received from the National Directory of New Hires (NDNH) for current residents who have been verified in the system. EIV retains NDNH employment and income information for a resident for two years. EIV identifies all adult household members and provides wage and unemployment benefits for all active adults who are at least 18 years of age, have passed the SSA/EIV verification, or are not listed on the form HUD-50059 as a live-in aide.

The NDNH wage information provided in EIV can be used to verify a resident's employment, but the owner/agent must not use the quarterly income reported in EIV to calculate the resident's income. If the resident confirms that the information contained in EIV is correct, the owner/agent must retain the report as third-party verification of employment and use resident-provided documentation to determine annual income. This is because the income information in EIV is not as current as the resident-provided documents. EIV serves as third-party verification of employment while the resident-provided documents provide the source for annualizing income.

In instances where the owner/agent has reason to reject resident provided documentation, there is no or incomplete employment/income information, or the information in EIV is inconsistent with information provided by the resident, the owner/agent must obtain third-party verification.

If the resident disputes the employment information in EIV, the owner/agent must obtain third-party verification and encourage the resident to directly contact the employer in writing and provide the owner/agent with a copy of all correspondence for the resident's file.

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Unemployment Income

Unemployment income is typically reported in EIV after unemployment benefits have stopped.

Using EIV to calculate unemployment income requires the resident sign a self-certification the information in EIV is correct.

If the resident disputes the unemployment information in EIV, the owner/agent must obtain third-party verification and encourage the resident to directly contact the local state workforce agency (SWA) in writing and provide the owner/agent with a copy of all correspondence for the resident file.

Income Discrepancy Report

The Income Discrepancy Report identifies residents who may have under or over reported their income from wages, unemployment, or Social Security benefits. Negative numbers on the report represent potential resident under reporting of income, and a positive number represents potential over reporting. Income sources such as welfare benefits, child support, and most pensions are not included on the Income Discrepancy Report. Income discrepancy reports must be reviewed monthly until resolved or clarified and at every interim and annual recertification.

HUD is updating the EIV Discrepancy logic sometime in 2024, until that is done, owner/agents are not to investigate discrepancies. Once the logic is updated, owners/agents must investigate all discrepancies regardless of whether there has been possible under-reporting or over-reporting of income. Owners/agents must resolve all discrepancies at the time of recertification or within 30 days of the date of the report.

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Owners/agents should compare the SSA benefits, wage, and unemployment income information reported on the form HUD-50059 and third-party verifications (if applicable) with the income information reported in EIV to determine whether there is a valid discrepancy. Income discrepancy reports and detailed information pertaining to the resolution of discrepancies must be kept in the resident file regardless of the discrepancy's validity.

Income Information >> By Contract Number >> Report Summary >> Income Discrepancy Report Detail

Income Discrepancy Report Detail	
Contracts:	ID16R000018
Re-certification Month:	All
Households that Exceed Threshold:	1

1 - 1 of 1 Households

Summary Reports | Detail Reports

Head of Household Information		
Name:	SU[redacted]KER	
Social Security Number:	***-*[redacted]	
Subsidy Type	Section 8	
Project Number		
Contract Number	[redacted]	
Effective Date of Action:	10/11/2016	
Next Re-certification Date:	10/01/2017	
Projected Annual Wages and Benefits from Form HUD-50059:	$12,649.00	
Period of Income for Discrepancy Analysis	07/11/2015 - 07/10/2016	
Discrepancy Analysis	**Actuals**	**Annualized Last Quarter**
Reported Annual Wages and Benefits from EIV Data:	$16,132.00	$25,120.53
Amount of Annual Income Discrepancy:	($3,483.05)	($12,471.53)
Amount of Monthly Income Discrepancy:	($290.25)	($1,039.29)
Percentage of Income Discrepancy:	21.59%	49.65%

Confidential. Privacy Act Data. Civil and criminal penalties apply to misuse of this data.

No Income Reported on form HUD-50059 and No Income Report by HHS or SSA Reports

The No Income on form HUD-50059 Report provides a list of residents whose identity was verified by the SSA's records but had zero income reported to the TRACS system. The no income reported by HHS or SSA report identifies residents who passed the SSA identity test but no employment or income information was received from the match process with the SSA or HHS.

HUD does not require zero income reviews. Owners/agents must use these report only as described in their policies. The owner/agent is not required to retain copies of these report.

For properties in HUD's Office of Multifamily West Region (Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Washington, and Wyoming), HUD issued a memo that nullifies the requirement to review the status of residents reporting zero or nominal (less than $100) income every 90 days. Instead, owners should have a set of written policies and procedures to review the status of residents reporting zero income or nominal income on a regular basis. The new notice, dated April 29, 2019, replaces the previous notice from January 14, 2018.

Incorrect information in the EIV system may be a sign of identity theft. Sometimes someone else may use an individual's SSN, either on purpose or by accident. SSA does not require an individual to report a lost or stolen Social Security card, and reporting a lost or stolen Social Security card to SSA will not prevent the misuse of an individual's SSN. A person using another individual's SSN can get other personal information about that individual and apply for credit in that individual's name.

Income Information >> By Contract Number >> Report Summary >> No Income Report

No Income Report by Contract	
Contracts	[redacted]
Re-certification Month	All
Households With No Income	5

1 - 5 of 5 Households

No Income Reports for Contract: OR16H029122

HOH SSN	HOH Name	Project Number
***-**-[redacted]	[redacted]	-
***-**-[redacted]	[redacted]	-
***-**-[redacted]	[redacted]	-
***-**-[redacted]	[redacted]	-
***-**-[redacted]	[redacted]	-

1 - 5 of 5 Households

Confidential Privacy Act Data. Civil and Criminal penalties apply to misuse of this data.

Report Generated By - H2OXXX [redacted]

HUD 4350.3 Chapter 9 Exhibit 9-5, Use of EIV Reports, is a chart that outlines each report in EIV, which document is required to describe its use, what it is used for, how to document the files to show resolution of any discrepancies, and where the O/A is required to store the documents once the O/A has completed its investigation. This chart is included in this workbook at the end of Chapter 5 for reference.

Disclosure and Record Keeping

HUD Handbook 4350.3, Paragraph 9-17

EIV information for any adult household member may not be disclosed, displayed, shared, or a copy provided to any other adult household members, or to any other person assisting the resident with the recertification process unless the resident has provided written consent allowing the owner/agent to disclose such information. Residents can provide written consent to service coordinators (only if present at and assisting the resident with the recertification process), translators, family members, guardians, power of attorney, or to the person assisting an elderly or disabled person. Although service coordinators may assist residents with the recertification process, they are not allowed to have access to the resident's file, except during the interview while assisting the resident with their annual recertification. Exhibit 9-4 of HUD Handbook 4350.3 provides a sample form for tenant consent to disclose EIV income information.

Owners/agents may disclose EIV information to certain entities only for official purposes. Owners/agents may disclose information to contract administrators and HUD staff for monitoring purposes, independent public auditors (IPAs) when hired by an owner/agent to perform internal audits, OIG investigators, and individuals assisting residents with the recertification process, as explained above. Owners/agents may only disclose hard copies of EIV information to IPAs. IPAs may not transport EIV information in any form, cannot access any EIV income information on portable media, must sign the ROB for non-users, and cannot duplicate or re-disclose any EIV income information to any unauthorized user.

Owners/agents may not disclose EIV income information to state officials monitoring the Low-Income Housing Tax Credit (LIHTC) program, HOME, or Rural Housing Section 515 program.

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PHYSICAL SAFEGUARDS

The owner/agent must put physical safeguards in place to ensure that EIV data is safe when stored electronically, as well as in hard copy, and when transmitted electronically.

Any EIV data stored electronically must be in a restricted access directory or, if placed on portable media, labeled and encrypted using a NIST-compliant vendor. The National Institute of Standards and Technology (NIST) develops and issues standards, guidelines, and other publications to assist federal agencies in implementing the Federal Information Security Management Act (FISMA) and in managing cost-effective programs to protect their information and information systems. All emails containing EIV data must be encrypted using a NIST-compliant vendor as well. Emails or other electronic communications must not contain the full Social Security number of any resident. EIV data may not be downloaded to mobile devices.

All individuals who use the EIV system should use a password-protected screen saver and lock their computer any time they leave their workspace. Users should not leave their workspace unattended with EIV data displayed on the screen. HUD also recommends that the EIV system be exited using the “X” at the top of the screen, which removes the user from the WASS system entirely.

Printed EIV data:

- Must not be left unattended
- Should be retrieved as soon as it is printed
  - If possible, a restricted printer, copier, or fax machine should be used
- When faxed, someone should be waiting and ready to retrieve the fax as soon as it is printed.
- When mailed, must be mailed to an office of the owner/agent and cannot be mailed to IPA offices

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RECORD KEEPING

HUD Handbook 4350.3, Paragraph 9-14

Each type of EIV report has specific requirements pertaining to document storage.

The income report, the summary report showing identity verification status as "verified," and the Income Discrepancy Report, as well as supporting documentation, must be retained in the resident file for the term of tenancy plus three years.

Any resident provided documentation, or other third-party verification of income received to supplement the SSA or NDNH data must be retained in the resident file for the term of tenancy plus three years.

Results of the existing tenant search must be retained with the application:

- If the applicant is not admitted, the application and search results must be retained for three years.
- If the applicant is admitted, the application and search results must be retained in the tenant file for the term of tenancy plus three years.

The master files for the New Hires Report, Identity Verification Reports, Multiple Subsidy Report, and Deceased Tenants Report must be retained for three years.

Once the retention period has expired, owners/agents must dispose of the data in a manner that will prevent any unauthorized access to personal information (e.g., burn, pulverize, shred, etc.).

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Section 9 Discrepancies and Errors

HUD handbook 4350.3, Chapter 8, Section 4

The first step is to identify any errors or discrepancies that involve a resident. The owner must determine whether the error is a program violation or a resident error.

- P**rogram violations** are any actions or inactions by the resident that breach the lease, regulations, or any other program requirements.
- **Resident errors** are unintentional program violations where the resident may have misunderstood or forgotten the rules.

If an owner suspects that a resident has misrepresented income or eligibility information, the owner is required to investigate the situation before making any determinations that affect assistance. The investigation may include:

- Asking the resident to clarify discrepancies between resident-provided information and conflicting information received by the owner.
- Requesting additional pertinent information from other persons, agencies, or third-party sources that will help determine the facts of the case.
- Taking any other fact-finding actions that will verify the resident-provided information or the conflicting information.

Owners must fully document the investigation, all resident statements, and any pertinent information received. Owners may not terminate assistance or make any final denial of benefits until the investigation has been completed and the resident's information or conflicting information has been verified. If the error cannot be substantiated as intentional through verification, it must be treated as an unintentional resident error.

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RESIDENT MEETING

As soon as the investigation has been completed and the owner has verified all necessary information, the owner must notify the resident in writing of the error. The resident must be informed that:

- There is information believed to be incorrect;
- They may meet with the owner within 10 days to discuss the information; and
- Their failure to meet with the owner may result in a termination of tenancy

The resident meeting must be with a designated owner representative that has not been involved with the investigation or any other matter concerning the resident. It is also recommended that the representative not be someone who is supervised by the person who discovered the information and completed the investigation. Within 10 days of the meeting, the owner must provide a written final decision stating the basis for the decision.

There are three outcomes that may arise if the resident appears for the owner meeting:

1. The resident meets with the owner and the owner determines that the information the resident provided was accurate and correct. In this case, the owner should properly document the resident file and close the investigation.
2. The resident meets with the owner and the owner determines that the information provided by the resident was incorrect and an unintentional program violation was made. In this case, the owner should correct the certification(s), notify the resident of any rent change, and make payment arrangements for any assistance the resident owes.
3. The resident meets with the owner and the owner determines that the resident intentionally provided incorrect information. If the owner can substantiate this through documentation, then the incident must be pursued as fraud.

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FRAUD

In some cases, owners may determine that a resident has intentionally mislead them and received assistance for which they are not eligible. Fraud is a criminal violation, an intentional deception that cannot be committed accidentally. Resident errors should not be mistaken for fraud; owners must first review and assess all information before labeling a violation as fraud.

EXAMPLE
Caitlin is a new resident of the Happy Valley Apartments who is Section 8-assisted. She moved in on July 1. At the time of move-in, she reported zero income which made her tenant rent portion zero. Ninety days after move-in, the manager of the Happy Valley Apartments reviewed Caitlin's EIV income report, which shows Caitlin has consistent earnings from employment starting in the first quarter of the prior year. The manager begins an investigation, verifies the information through an independent verification source, and notifies Caitlin that she has 10 days to meet with a representative of the owner. During the meeting, Caitlin admits that she has been employed and received earned income since before she moved in. She also admits that she intentionally did not provide this information. Based on Caitlin's admission and the independent information gathered by the manager, the owner's representative determines Caitlin committed fraud.

DOCUMENTATION OF FRAUD

If, after investigation and meeting with the resident, the owner finds that the resident has committed fraud, the resident's file must contain specific documentation to support this determination, including:

- Move-in and recertification paperwork with the resident's signature showing that the resident was made aware of all program requirements - (HUD Fraud Handout, Tenant Rights and Responsibilities brochure, signed lease, etc.

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- Documentation showing that the resident intentionally gave false information or withheld important information such as:
  - Resident provided incorrect names or SSNs
  - Resident supplied documents that were falsified, fraudulent, or altered
  - Resident did not inform the owner of income received
  - Resident admitted the illegal action to another person
  - Information showing the action was committed repeatedly or a pattern is shown

It is critical that owners ensure there is enough documentation to support the claim of fraud and that the documentation presents clearly not a resident error.

If fraud is discovered, the owner must begin the eviction process and file a civil action against the resident to attempt to recover the improper subsidy payments. The owner is not required to file a criminal case against the resident, however, owners may consider forwarding the case for criminal prosecution on a local, state, or federal level.

EIV Discrepancies

Throughout the year, owners are required to pull EIV reports and ensure that all discrepancies are resolved. Discrepancies may be found on several EIV reports including the Income Discrepancy report, Income Report, the Multiple Subsidy report, and the Deceased Tenants report. Any EIV discrepancies must be handled through the same process as in any other circumstance. Residents have the right to contest EIV information. Owners may not terminate assistance or make any final denial of benefits until the investigation has been completed and the information has been independently verified.

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Section 10 Reimbursement of HAP, Overpaid Rent, and Repayment Agreements (RPA)

HUD Handbook 4350.3, Section 8-21

Any amount of HAP overpayment must be repaid to HUD no matter if the resident or the owner was at fault. Both owners and residents have several repayment options and must adhere to HUD regulations concerning repayment.

Resident Reimbursement To Owner

The resident must reimburse the owner if the resident was charged a lower rent amount than they would have because they:

- Failed to provide the owner with interim changes in income or other factors that would have affected the resident's rent portion
- Submitted incorrect information on any application or certification
- Failed to report any income received

In these cases, the resident must repay the owner the difference between the rent the household should have paid and the rent the household was charged. However, if the underpayment of rent was because of an owner-caused error, the resident is not required to reimburse the owner. Resident reimbursements to the owner may go back as far as five years. Since the HUD-9887 and HUD-9887-A explain this in detail, it is a best practice for owners to explain this information when residents sign the 9887 and 9887-A at move in, and annual reexamination.

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EXAMPLE
Nick and Nate live at Happy Valley Apartments and receive Section 8 assistance. Nick is employed full time. His employment was fully disclosed and documented during the household's last recertification effective January 1. Nate has a part-time job where he is on call and his hours are not consistent. Because his earnings are uncertain, small in amount, and infrequent, Nate misunderstood the requirement to report income and did not report his earnings from the part-time job. The owner became aware of Nate's part-time job on July 1. Before the owner discovered Nate had a part-time job, the household's rent amount of $300 was based solely on Nick's employment. After verifying Nate's income, the owner determines that the household's rent amount should have been $410. Nick and Nate must pay back the difference in rent, a total reimbursement amount of $770.

RESIDENT REPAYMENT OPTIONS

Residents may repay any amounts due in one of three ways:

- One lump sum payment of the total amount due
- Enter into a repayment agreement (RPA) with the owner to pay the total in installments over a specific period
- A combination of a lump sum and RPA

EXAMPLE
In the case of Nick and Nate, the household and the owner have agreed to a combination repayment. Nick and Nate will pay a lump sum of $300 and then sign an RPA with the owner to pay off the remaining $470 in installments over the next eight months.

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The terms of any repayment agreement must be mutually agreed upon by the owner and the resident. HUD requires that the monthly payment be affordable. The monthly payment amount plus the resident's TTP at the time the RPA is executed should not exceed 40 percent of the household's monthly adjusted income. To ensure the payment amount is affordable, the owner may have to extend the repayment period. It is very common for RPAs to last for more than a year.

EXAMPLE
The Sullivans are an assisted household at Happy Valley Apartments. They received an overpayment of HAP of $1,325. The overpayment was the household's fault due to an unintentional program violation. The household's adjusted monthly income is $1,600, and their TTP is $480. $1,600 X 40% = $640 $640 - $480(TTP) = $160Monthly RPA amount $1,325 (Total RPA amount) / $160 (Monthly RPA amount) = 8.3-month repayment agreement The Sullivans and Happy Valley have come to an agreement that the household will pay off the amount owed over the next 12 months.

In any case, the resident must agree to pay back the amounts owed or be subject to termination of tenancy. Residents may also be required to pay back amounts due because of civil action by the owner or by court action due to an OIG audit. The owner may not apply monthly RPA payments toward monthly rent payments. All RPAs must:

- Include all retroactive amounts due, any lump sum paid at the time of the RPA was signed, and the mutually agreed upon monthly payment amount
- Include references to the applicable paragraphs in the lease, and state the resident may be subject to lease termination for noncompliance
- Include a clause stating the terms of the RPA may be renegotiated if the household has an income increase or decrease of $200 or more per month

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- Include language stating the monthly RPA amount is due in addition to, not in lieu of, the monthly rent amount
- Include language stating that late and/or missed payments constitute a default of the RPA and may result in termination of assistance and/or tenancy
- Be signed and dated by both the resident and the owner

OWNER REIMBURSEMENT TO HUD

Owners are not required to immediately reimburse HUD for HAP overpayments that are resident-caused. If the owner signs a repayment agreement with the resident, the owner may reimburse HUD as they receive payments from the resident.

To ensure owners are compensated for the cost of investigating and pursuing cases of resident-caused overpayments, HUD allows owners to retain a portion of the repayment amount. This applies to all cases of improper reporting by the resident, not just in cases of fraud. The owner may retain the lesser of:

- Actual costs; or
- 20 percent of the amount received from the resident.

All amounts retained by the owner must be deposited in the property's operating account and must be thoroughly documented. The owner must keep a record of:

- Date and amount received
- All expenses incurred such as staff time, creating and sending monthly invoices to the resident, creating manual voucher adjustments, and collection agency fees
- The amount the owner retained
- The voucher date and amount of reimbursement made to HUD

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All overpayments of assistance that were caused by owner error or owner failure to follow HUD procedures, must be repaid to HUD by the property. Depending on the financial circumstances of the property, HUD or the contract administrator (CA) may require monies to be repaid in one lump sum or in a reduction of normal HAP payments over several months. In any case, HUD or the CA will analyze the financial circumstances of the property to ensure a full repayment would not jeopardize the financial health of the property.

De Minimis Errors and Reimbursement To Resident Of Overpaid Rent

If after the discrepancy has been investigated it is determined that the owner has made an income calculation error and the resident's income was over-reported, the owner must correct all affected certifications.

Owners will not be considered out of compliance solely due to de minimis errors in calculating family income. De minimis errors occur when an owner's determination of a family's income deviates from the correct income determination by no more than $30 per month in monthly adjusted income (or $360 in annual adjusted income). HUD may revise the threshold amount that constitutes a “de minimis error” through rulemaking. Owners will not be issued a finding by HUD or the Contract Administrator for de minimis errors in income calculation.

As owners become aware of the existence of an income calculation error, they are obligated to correct the error(s) retroactive to the effective date of the action the error was made regardless of the dollar amount associated with the error. Owners must take corrective action to credit or repay a family if the family was overcharged tenant rent, including when owners make de minimis errors in the income determination. Families will not be required to repay the owner in instances where the owner miscalculated income resulting in a family being undercharged for rent.

Owners must revise their TSPs to reflect how they will repay or credit a family the amount they were overcharged as a result of the owner's error in income determination.

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After all affected certifications are corrected, the owner must determine the amount of the resident overpayment and inform the resident of the findings. The notice must be in writing and must:

- Inform the resident of the rent change, the date the new rent amount is effective, and the date to which rent will be retroactively corrected
- Inform the resident of the amount owed to them
- Include the language in the owner's TSP regarding how the owner will repay or credit the amount they were overcharged.

Reimbursement To Resident Of Overpaid Rent

Occasionally, it may be discovered that an owner or management agent has made a calculation error that impacts the resident's rent. If after the discrepancy has been investigated it is determined that the owner has made an income calculation error and the resident's income was over-reported, the owner must correct all affected certifications. This includes completing retroactive corrections if necessary.

After certifications are corrected, the owner must determine the amount of the resident overpayment and inform the resident of the findings. The notice must be in writing and must:

- Inform the resident of the rent change, the date the new rent amount is effective, and the date to which rent will be retroactively corrected
- Inform the resident of the amount owed to them
- Include a form for the resident to complete and return to the owner indicating whether the resident would prefer a full and immediate refund, or a rent credit applied to future monthly payments

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Disposal of EIV Information

All income data (SSA, NDNH) from EIV must be retained in the resident's file for the term of tenancy plus three years from the end of participation date. All EIV reports stored in the EIV master file must be maintained for three years and must be destroyed as prescribed by HUD thereafter. Owners/agents must maintain a destruction log and keep a detailed record of the destruction of all EIV reports. Shredding, burning, or pulverizing are all examples of acceptable ways to destroy EIV data.

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Notes

CHAPTER 6 Calculating Income at Annual Recertification

LEARNING OUTCOMES

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

- List the steps to calculate income at annual recertification
- Understand how to calculate various types of income at annual recertification
- Apply the COLA to income from Social Security

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Section 1 Calculating Income at Annual Recertification

When calculating a household's income at the time of admission to the program or during interim recertifications, the owner must use anticipated income (i.e., the family's estimated income for the upcoming 12-month period).

24 CFR 5.609(c)(2)

Unlike for new admissions or at an interim recertification, the owner must determine the income of the family for the previous 12-month period and use this amount as the family income for annual recertifications, except where the owner uses a streamlined income determination or Safe Harbor income determination dated within the last 12 months from a means-tested federal public assistance program.

In determining income for the previous 12-month period, adjustments must be made for any change in income since the family's last annual recertification, including those that did not meet the threshold to process an interim recertification.

- A change in income may be a loss of income or the addition of a new source of income.
- Changing to a different employer in the prior year does not necessarily constitute a change if the income earned from either employer is substantially the same.
- The owner should look at the entirety of the family's unearned income and earned income from the prior year in which earned income may have been one constant job or many different jobs that start and stop.

Income from assets, however, is always anticipated, irrespective of the income examination type.

Applying the COLA

The Social Security Administration announces the cost-of-living adjustment (COLA) for Social Security benefits each October.

In some years, there is no COLA for Social Security (SS) benefits

Notice H 2023-10

Effective the day after the SSA has announced the COLA, the owner is required to factor in the COLA when determining SS and Supplemental Security Income (SSI) income for all annual recertifications and interim recertifications that have not yet been completed and will be effective January 1 or later of the following year.

- When a COLA is applied, the owner should document the calculation on the EIV report or case narrative in order to leave a clear audit trail.

EXAMPLE: APPLYING THE COLA
• The owner is processing an annual recertification in November for participant Edward Prescott. The recertification is effective February 1 of the following year. • The COLA was announced in October as 3.6% for the following year. • EIV shows Edward currently receives $500 a month in SS income. • Provided Edward self-certifies he agrees with the amount in EIV, how should his SS income be annualized? - First calculate the COLA - $500 x 3.6% = $18 - His new benefit amount for the following year is $518 per month - Effective for his February 1 recertification the following year: $518 x 12 = $6,216

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Section 2 Steps to Calculate Income at Annual Recertification

Notice H 2023-10 lists the following steps to calculate both earned and unearned income at annual recertification.

Step 1: The owner determines annual income for the previous 12-month period by reviewing the following information:

- The EIV Income Report pulled within 120 days of the effective date of the annual recertification (note, EIV Income Reports pulled outside of the 120-day window are not considered valid);
- The income reported on the family's most recent HUD-50059; and
- The amount of prior-year income reported by the family on the owner's annual recertification paperwork.

Step 2: The owner takes into consideration any interim recertification of family income completed since the last annual recertification.

- If there was an interim recertification performed, the owner must use the annual income from the interim to determine the family's total annual income, provided there are no additional changes.
  - The O/A may use verification obtained at the interim for this step
- If the owner did not perform an interim or there have been changes since the last recertification, the owner moves to Step 3.

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Step 3: If there were changes in annual income not processed by the owner since the last recertification, the owner must use current income. The family will be required to report their income for the prior year and whether there have been any permanent changes.

The owner examines each income source to see if there have been any changes.

- If there are no reported changes to an income source, the owner may use documentation of prior-year income to calculate the annual income. For example, the owner may use:
  - EIV + self-certification (wages, SSI, SS, and unemployment)
    - **Note:** The owner is required to obtain a self-certification when using EIV as verification of unemployment, SSI, and Social Security. This was optional under previous HUD guidance.
  - Current written third-party verification from the source verifying prior-year income that is dated within 120 days of receipt by the owner: for example, year-end statements, paycheck with year-to-date amounts, and tax forms (Form 1040, W2, 1099, etc.)
- If there are reported changes by the family or the owner notes discrepancies between EIV and what the family reports, the Owner must follow the verification hierarchy to document and verify income.

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EXAMPLE 1: RUBY MYERS

- The owner is processing a 3/1/24 annual for Ruby Myers and her minor daughter, Georgia.
- Since her 3/1/23 annual:
  - No interims have been processed.
  - Ruby has not reported any changes to their income.
  - SS announced in Oct 2023 that the 2024 COLA is 7%.
- At their last annual reexam effective 3/1/23, the owner entered the following information on the family's Form HUD-50059:
  - Ruby: Wages: $30,000
  - Georgia: SSI: $10,980 ($915/month)
- On her 2024 annual reexam paperwork, Ruby reported the following information:
  - Ruby: Wages at City Public School: $32,000. She switched jobs from City to County Public Schools but no permanent change in amount.
  - Georgia: SSI benefit: $10,980. No change.
- The owner pulled the EIV report within 120 days of 3/1/24.
  - For Ruby, the owner performs the following calculation:
  - Step 1: Determine prior year income from EIV: Q4 2022 to Q3 2023: $33,651
  - Step 2: Take into consideration any interims: None.
  - Step 3: Ruby self-certifies that $33,651 in wages from EIV is accurate.
  - The owner lists $33,651 on the family's 2024 Form HUD-5005850059.
  - If Ruby did not agree with the annual wages reported in EIV, the owner is required to verify her current income in accordance with the verification hierarchy.
- For Georgia, the owner performs the following calculation:
  - Step 1: Determine the prior year's SS income from EIV: $915 per month
  - Step 2: Take into consideration any interims: None.
  - Step 3: Ruby certifies that the SSI amount in EIV is accurate.
  - The owner must adjust the prior-year income (2023 SSI benefit) by the 7% COLA and will use this amount to calculate annual SSI income for the 3/1/2024 annual.
  - $915 x 0.07 = $64.05. New gross SS benefit: $979.05 x 12 = $11,748.60.
  - The owner lists $11,749 on the family's 2024 Form HUD-50059.

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EXAMPLE 2: PAUL HEWSON

- The owner is processing a 5/1/24 annual for Paul Hewson.
- Since his 5/1/23 annual:
  - Paul reported a decrease in income of more than 10% when he transferred from a full-time job at Sasha's Sweets to a part-time job at Viking Bakery.
  - The owner performed an interim effective 7/1/23 and reduced his income from $28,000 to $7,500.
  - After the 7/1/23 interim, Paul worked briefly at two other jobs but now says he is no longer working or planning to work.
- On his annual reexam paperwork, Paul reported the following information:
  - Wages: $0
  - SS disability benefit: $14,400 (1,200 monthly)
- The owner pulled the EIV report within 120 days of 5/1/24.
- Paul certifies he does not agree with wages in EIV. He reports he is currently unemployed. He provides a copy of an award letter from the SSA to document that he will begin receiving a monthly disability benefit of $14,400 ($1,200 x 12) effective 3/1/2024.
- The owner performs the following calculation:
  - Step 1: Determine prior year income: EIV wages reflected: $18,271.
  - Step 2: Take into consideration any interims: Interim performed 7/1/23 to reduce wages to $7,500.
  - Step 3: The owner obtains documentation to verify current income and confirm Paul is no longer employed at Viking Bakery or Sasha's Sweets (the employers reported in the most recent quarter of EIV).
  - Provided verification states he is no longer working, the Owner lists $14,400 from SS disability on Paul's 2024 Form HUD-50059.

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EXAMPLE 3: SAMANTHA AND FERGUS

- The owner is processing an 11/1/24 annual for HOH and spouse Samantha and Fergus.
- Since their 11/1/23 annual, Samantha reported her child support was reduced from $200 to $100 per month, but no interim was processed. No additional changes were reported.
- At their last annual effective 11/1/23, the owner entered the following information on the Form HUD-50059:
  - Samantha: Business income: $28,000; VA disability benefits: $12,000; Child support $2,400
  - Fergus: Wages: $8,250 and other non-wage income: $3,000 (GoFundMe)
- On their annual paperwork, Samantha and Fergus reported income received in the last year and noted permanent changes, where applicable, for each source of income. Fergus only reported wages and his current employment at Ian's Fish 'n' Chips. No information was reported concerning other non-wage income.
- On their annual paperwork, Samantha and Fergus listed the following information:
  - Samantha: Business income: $28,000 last year decreased to $18,000; VA disability benefits: $12,000 increased to $12,300; Child support: $2,400 decreased to $1,200.
  - Fergus: Wages: $8,250 decreased to $6,000.
- The owner pulled the EIV report within 120 days of 11/1/24.
- For Samantha's Net Business Income, the Owner performs the following calculation:
  - Step 1: Determine prior annual net business income (i.e., $28,000 on last HUD-50059).
  - Step 2: Take into consideration any interim recertification of family income completed since the last annual recertification. In this case, there have been no interim recertifications processed since the last annual recertification.
  - Step 3: Adjust to reflect current net business income. Samantha reported on the annual recertification application that business income permanently decreased to $18,000. The Owner must obtain supporting documentation from Samantha that demonstrates current net business income. Samantha provided documentation that supported the current annual net business income is $18,000.
  - Process the annual recertification effective 11/1/2024 using annual net business income of $18,000 determined in Step 3.

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- For Samantha's VA pension, the owner performs the following calculation:
  - Step 1: Determine prior year income: $12,000 reported on the 2023 Form HUD-50059
  - Step 2: Take into consideration any interims: None.
  - Step 3: The owner must adjust to reflect current VA pension income. Samantha supplies a VA award letter showing a monthly pension of $1,025. $1,025 x 12 = $12,300 annually. The owner lists $12,300 on the family's 2024 Form HUD-50059.
- For Samantha's child support, the owner performs the following calculation:
  - Step 1: Determine prior year income: $2,400 on most recent Form HUD-50059.
  - Step 2: Take into consideration any interims: The family reported a decrease, but no interim was processed.
  - Step 3: The family reported changes, so the owner must adjust to reflect current child support. The family submitted a child support history from the local child support office that documents regular $100 monthly child support payments starting 3/1/2024 through the current month. $100 x 12 = $1,200 annually. The owner lists $1,200 on the family's 2024 Form HUD-50059.
- For Fergus's wages, the owner performs the following calculation:
  - Step 1: Determine prior year income: EIV Q2 2023 through Q1 of 2024: $8,600.
  - Step 2: Take into consideration any interim: None.
  - Step 3: There is a discrepancy between what the family reported and EIV, so the owner must verify and adjust to reflect current income. On his annual paperwork, Fergus reported $6,000 from a single employer, Ian's Fish'n'Chips. The owner must verify Fergus is no longer employed at Claire's Healthcare Supplies as listed in EIV. The owner verifies Fergus is no longer employed at Claire's Healthcare Supplies. For his wages from Ian's Fish'n'Chips, the owner projects income from paystubs rather than EIV since only one quarter of wages is listed. Based on paystubs, the owner projects annual income of $7,800. The owner lists $7,800 on the family's 2024 Form HUD-50059.
- For Fergus's non-wage income, the owner performs the following calculation:
  - Step 1: Determine prior year income: $3,000 in non-wage income was listed on the 2023 Form HUD-50059.
  - Step 2: Take into consideration any interims: None.
  - Step 3: The family did not report any non-wage income on their 2024 annual paperwork. The owner must verify and adjust to reflect current income. Fergus provides a self-certification he hasn't solicited funds online and doesn't plan to in the coming year; he also provides records from the account showing no fundraising activity in the last 12 months. The owner includes $0 on the family's 2024 Form HUD-50059.

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Notes

CHAPTER 7 Multifamily Project-Based Rental Assistance (PBRA) Rent Calculation

LEARNING OUTCOMES

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

- Calculate TTP using total monthly income, minimum rent, and adjusted monthly income
- Describe the regulations governing the minimum rent and the process for minimum rent hardship exemptions
- Determine the role of the utility allowance and when a family would receive a utility reimbursement payment
- Calculate rent using annual and adjusted income
- Calculate gross rent
- Calculate the HAP and tenant rent for a household using the contract rent, utility allowance, and gross rent
- Calculate prorated rent for mixed families

Section 1 Definitions

- **Contract Rent:** The amount of rent an owner/agent is entitled to collect to operate and maintain the property. This rent amount is approved by HUD or the Contract Administrator (CA) at the time of contract renewal or annual rent increase. *Not*e: In the Section 236 programs this is known as the basic rent.
- **Gross Rent:** The contract rent plus the utility allowance. (Note: In Section 202 and 811 PRACS, this is the same as the operating rent.)
- **Housing Assistance Payment (HAP):** The payment made by HUD or the CA to the owner/agent of an assisted unit that equals the gross rent minus the TTP.
- **Market Rent:** The amount HUD allows the owner/agent to collect from families who are ineligible for assistance.
- **Section 8 Minimum Rent:** The lowest TTP permitted for residents receiving assistance. Tenants in Section 8-subsidized units must pay a minimum TTP of $25.

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- **Tenant Rent (TR):** The amount payable each month by the family as rent to the owner/agent.
- **Total Tenant Payment (TTP):** The amount the tenant pays toward rent and utilities. The TTP for Section 8, PAC, PRAC, RAP, and Rent Supplement properties is based on the family's income.
- **Utility Allowance (UA):** HUD or the CA's estimate of the average monthly amount tenants will pay for utilities assuming normal consumption. If all utilities are included, there is not a utility allowance.
- **Utility Reimbursement Payment (URP):** The amount, if any, by which the utility allowance for a unit, if applicable, exceeds the TTP for the family occupying the unit. The tenant will pay no rent if they receive a URP.

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Section 2 Total Tenant Payment in PBRA

HUD Handbook 4350.3 Chapter 5, Section 4

In PBRA, total tenant payment (TTP) is the amount a tenant is expected to contribute toward rent and utilities. In PBRA, TTP is the highest of the following numbers:

- 30 percent of monthly adjusted income
- 10 percent of family's monthly gross income
- Welfare rent (in as-paid localities only)
- The $25 minimum rent

The owner may only admit an applicant if their TTP is less than the gross rent. In other words, the applicant must initially qualify for assistance in the PBRA unit.

Example: Calculating TTP in PBRA

The Gibsons are a Section 8-assisted household that lives at Happy Valley Apartments. Their income and TTP calculation is as follows:

- Annual income: $20,000
- Monthly income: $20,000/12 = $1,667
- 10 percent of monthly gross income: $167
- Adjusted income: $18,620
- Monthly adjusted income: $18,620/12 = $1,552
- 30 percent of adjusted monthly income: $466
- Minimum rent: $25
- Welfare rent: n/a

The family's TTP is $466

Example: Calculating TTP in Other Programs

In PAC, PRAC, and RAP, TTP is calculated the same way as in PBRA, except that the minimum rent only applies to Section 8.

In the RAP and PAC programs, the owner/agent may admit an applicant only if their TTP is less than the gross rent. In PRAC properties, the TTP may exceed the PRAC operating rent.

In Rent Supplement properties, TTP is the greater of:

- 30 percent of monthly adjusted income; or
- 30 percent of gross rent

At move-in or initial certification, the amount of Rent Supplement assistance may be no less than 10 percent of the gross rent or the tenant is not eligible.

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Learning Activity 7-1: Calculation of TTP

Using the information below, calculate the family's TTP for the PBRA program.

- Total annual income $15,780
- Adjusted annual income $11,392
- Minimum Rent $25

Gross Annual Income	$
Adjusted Annual Income	$
Adjusted Monthly Income	$
Adjusted Monthly Income x 30%	$
Gross Monthly Income x 10%	$
Greater of 30% AMI, 10% GMI or $25 = TTP	$

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Section 3 Minimum Rent

Applying Minimum Rents

HUD Handbook 4350.3
Chapter 5, Paragraph 5-26 D

Tenants in PBRA properties must pay a minimum TTP of $25

Minimum rents are only used when 30 percent of adjusted income and 10 percent of gross income are below $25

Minimum rent includes the tenant portion for rent and utilities

Example: Minimum Rent in PBRA
The Walkers are a Section 8-assisted household that lives at Happy Valley Apartments. Their income and TTP calculation is as follows: • Annual income: $1,200 • Monthly income: $1,200/12 = $100 • 10 percent of monthly gross income: $10 • Adjusted income: $720 • Monthly adjusted income: $720/12 = $60 • 30 percent of adjusted monthly income: $18 • Minimum rent: $25 • Welfare rent: n/a The family's TTP is the minimum rent of $25

Exemptions to Minimum Rent

HUD Handbook 4350.3
Chapter 5, Paragraph 5-26 D

Owners/agents must waive the minimum rent for any family unable to pay due to a financial hardship, including:

- Loss of assistance or waiting for eligibility determination
- Imminent eviction if the minimum rent was imposed
- Income decrease due to change in circumstances (i.e. lost job etc.)
- Death in the family
- Other acceptable situations (as determined by HUD)

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IMPLEMENTING AN EXEMPTION REQUEST

When a tenant requests an exemption, the owner/agent must waive the $25 minimum rent beginning the month immediately following the request.

Rent is adjusted to the highest of 30 percent of adjusted income or 10 percent of gross income. TTP will not automatically drop to zero. TTP will only be zero if the individual has no income.

The owner/agent may request reasonable documentation in order to determine if the hardship is temporary or long term. Determinations should be made within one week of receipt of the request.

NO qualifying financial hardship

If the owner/agent determines there is no hardship covered by the statute, the minimum rent must be immediately reinstated, and the tenant must pay any minimum rent that was not paid.

The owner/agent may not evict for the tenant for nonpayment of rent during the time the owner/agent was making the determination.

The owner/agent and tenant should enter into a reasonable repayment agreement if needed.

Temporary qualifying financial hardship

If the owner/agent determines a qualifying financial hardship is temporary, the minimum rent may not be imposed for a period of 90 days from the date of the suspension. At the end of the 90-day suspension period, the tenant is responsible for paying the minimum rent back to the date of the initial suspension.

The owner/agent cannot evict the tenant for nonpayment of rent during the time the owner/agent was making the determination, and the owner/agent and tenant should enter into a reasonable repayment agreement if needed.

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Long Term Qualifying Financial Hardship

If the owner/agent determines a qualifying financial hardship is long term, the owner/agent must exempt the family from the minimum rent requirements for as long as the hardship continues. The exemption applies from the beginning of the month following the family's request for a hardship exemption until the end of the qualifying financial hardship.

- The owner/agent must recertify the tenant every 90 days while the exemption is in place.
- The owner/agent must process an non-interim recertification to implement the long-term exemption.

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Learning Activity 7-2: Temporary Hardship

Using the information below, fill in the blanks

Due to an illness resulting in surgery, Brooks Davis took a six week leave of absence from his part-time job. He has no income during this time. He requests a financial hardship exemption. The owner/agent reviews his request and determines that the hardship is not long-term. The following schedule is implemented:

Current TTP	$25
Hardship request received	May 10
Owner/agent approves request	June 1
June TTP:	$ _____
July TTP:	$ _____
August TTP:	$ _____
90-day period ends	August 10
Total balance due from tenant	$ _____

Tenant agrees to repay $20 per month for three months and $15 on the fourth month.

Monthly payments:

September-November:	$ _____
December:	$ _____
January:	$ _____

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Section 4 Tenant Rent and Utility Allowances

TENANT RENT

After the TTP has been determined, the owner/agent must determine tenant rent which is the amount payable by the family each month to the owner/agent. The tenant rent is calculated by subtracting the utility allowance, if any, from the family's TTP.

TTP - UA = Tenant Rent

EXAMPLE: TENANT RENT CALCULATION
Total Tenant Payment: $466
Utility Allowance: $65
Tenant Rent: $466 - $65 = $401

UTILITY ALLOWANCES

HUD Handbook 4350.3 Chapter 5, Paragraph 5-26 C; Notice H 2015-04; 24 CFR 5.632

Projects in which the tenant pays all or some of the utilities have a HUD-approved utility allowance that reflects an estimated average amount tenants will pay for utilities. assuming normal consumption. Each owner/agent is responsible for calculating the utility allowance based on requirements set forth in Notice H 2015-04.

- Note that the O/A has the option of making utility reimbursement payments not less than once per calendar year quarter when reimbursements total $45 or less.

When the TTP is less than the utility allowance, the tenant receives a utility reimbursement to assist in meeting utility costs. In this case, the tenant pays no rent.

After the TTP is determined, the owner must calculate rent by subtracting the UA from the TTP.

EXAMPLE: UTILITY REIMBURSEMENT CALCULATION
Total Tenant Payment: $35
Utility Allowance: $65
Tenant Reimbursement: $35- $65 = ($30)

Section 5 Housing Assistance Payment (HAP)

Gross Rent

The contract rent is the amount of rent the owner/agent is entitled to collect to operate and maintain the property. The gross rent for the unit is calculated by adding the utility allowance for the unit to the contract rent.

HAP

HUD Handbook 4350.3 Chapter 4, Paragraph 5-26

In the PBRA program, the housing assistance payment (HAP) is the assistance payment made by HUD/CA to owner/agents with units receiving Section 8 program assistance. Each month the owner/agent bills HUD for HAP for each unit under contract. HAP is calculated by subtracting the family's TTP from the gross rent for the unit (contract rent plus utility allowance).

Gross rent - TTP = HAP

Example: Calculation of HAP
Gross Rent: $750 TTP: $230 HAP: $750 - $230 = $520

Learning Activity 7-3: Calculating HAP

Using the information below, calculate the household's HAP:

Annual Income	$20,100
Adjusted Income	$19,140
Contract Rent	$850
Utility Allowance	$50

Adjusted Monthly Income x 30%	$
Monthly Income x 10%	$
Greater of 30% AMI, 10% GMI or $25 Equals TTP	$
Minus Utility Allowance	$
Equals Tenant Rent	$
Gross Rent	$
Minus TTP	$
Equals HAP	$

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Section 6 Proration of Assistance

HUD Handbook 4350.3 Chapter 3

A mixed family is one that includes those with citizenship or eligible immigration status and those without citizenship or eligible immigration status. An eligible family who requests assistance must be provided with prorated assistance.

Mixed families that were in occupancy and received full assistance prior to the verification of citizenship/immigration status may be eligible for one of three types of assistance.

- Continued assistance if the family was receiving prior to June 19, 1995
- Prorated assistance
- Temporary deferral of termination of assistance

To calculate prorated assistance, adjust the amount of assistance received based on the number of family members who are eligible compared with the total number of family members. Assistance is calculated by multiplying a family's full assistance by this fraction.

- The number of eligible people in the family divided by the total number of persons in the family determines the fraction.
- This fraction is then multiplied by the full assistance payment
- The reduced payment results in a revised tenant rent for the family

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Note: The rules for calculating prorated assistance differ in other programs.

EXAMPLE: SECTION 8 OR RENT SUPPLEMENT PRORATED RENT
A family has three persons. Two are citizens and one is an ineligible non-citizen (non-contending). The gross rent for the unit is $750. The family's Total Tenant Payment (TTP) is $230. Gross rent: $750 TTP: $230 Section 8 assistance: $750- $230 = $520 Fraction is: Number of eligible family members: 2 Total number of family members: 3 Prorated assistance: $520 x 2/3 (66.67%) = $347 Tenant rent increase: $520 - $347 = $173 (HAP minus prorated HAP) New family rent: $230 + $173=$403 (TTP plus tenant rent increase)

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EXAMPLE: SECTION 8 PRORATED RENT (WITH UTILITY ALLOWANCE)

A family has five persons. Three are citizens, and two are ineligible non-citizens (non-contending). The contract rent for the unit is $600. The utility allowance is $40. The family's TTP is $200.

Contract rent: $600

Utility allowance: $40

Gross rent: $600 + $40 = $640

TTP: $200

HAP: $640 - $200 = $440

Fraction is:

Number of eligible family members: 3

Total number of family members: 5

Prorated assistance: $440 x 3/5 (60%) = $264

Tenant rent increase: $440 - $264 = $176
(HAP minus prorated HAP)

New family rent: $200 + $176 - $40 = $336 (TTP plus rent increase minus UA)

RAD PBRA: Rent Phase-In

If a resident's rent increases by the greater of 10 percent or $25 purely as a result of the conversion, the rent increase will be phased in over 3 years, 5 years, or a combination depending on circumstances. The PHA must set the length of the phase-in policy that must be in place at the time of the conversion and may not be modified thereafter. Once the Multifamily housing TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay their full TTP from that point forward. See Notice H-2019-09 for examples of phase-ins.

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Section 7 TRACS and RAD

SYSTEM OVERVIEW

The Multifamily Housing arm of HUD uses the Tenant Rental Assistance Certification System (TRACS) to house resident data for each property. The current version is 202.D. The release of 203.A has been delayed. The most recent delay is due to the need to include HOTMA regulations, and the lack of approval from the Office of Management and Budget (OMB) for changes to forms as a result of the update, for example:

- 50059 (certification)
- 52670 (monthly HAP voucher)
- Race and Ethnic Data (27061H)
  - List is not all inclusive

With the implementation of HOTMA effective January 1, 2027, HUD has announced that 203.A will be released as early as possible. As soon as TRACS 203.A is released, the owner/agent's software must be updated and new forms and updated policies implemented.

Owners must have a WASS username and password to access TRACS. You must access TRACS at least every 90 days or your access will be terminated. If your access gets terminated, call 1-888-245-4860 to reinstate access. This is not a general help line; it is for access only.

TRACS coordinators are responsible for certifying TRACS users annually. Annually, users and coordinators must complete the TRACS Rules of Behavior (ROB) certification, which is separate from EIV, and the cyber awareness training, which is the same as EIV. The Rules of Behavior can be found by logging into HUD's secure systems and choosing either TRACS or iMAX, then printing and signing the certification form, which should be kept in your EIV permanent records file. The TRACS ROB and cyber awareness certificate are subject to review during an MOR, the same as the EIV ROB and other EIV documents.

Each owner must have a TRACSMail ID. The link to submit the TRACSMail ID Request and Registration Form is at NMAReferences.com.

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For every 50059 and 50059-A created, a corresponding TRACS file is also created to be sent to HUD. Tenant data MUST be submitted before the HAP voucher request monthly. Data should be submitted throughout the month as 50059 and 50059A certifications are completed. TRACS data and voucher requests must be submitted no later than the tenth of the month before the voucher month but cannot be sent earlier than the first of the month.

Example: Requests for April voucher payments are sent after March 1 but no later than March 10.

The Integrated Multifamily Access Exchange System (iMAX) is a web interface and a system-to-system interface to allow the owner's software to communicate with HUD systems. The owner's software has the capability to create TRACS files, send them to TRACS, and receive messages from TRACS, using the TRACSMail ID created during the owner's setup phase. If the TRACSMail ID and password are unknown, check in the owner's software, or with the software provider. As data is submitted to TRACS, the software will prompt the owner to enter their WASS username and password. For system-to-system data the send and receive is done automatically. For web transmission of data, instructions will be given to the owner by the software provider.

RAD PBRA Voucher Payments

RAD properties will not begin to receive voucher payments through the multifamily TRACS system until January 1 of the year following the conversion. The time period from the conversion date through December 31 is called the year of conversion.

Example: If the HAP contract is effective 11/1/2023, the property will not receive HAP voucher payments until 1/1/2024.

During the year of conversion, the owner must submit vouchers with a $0 payment request (a zero-sum voucher). In order to make the amount zero, a miscellaneous accounting request is created. All vouchers submitted during the year of conversion must be zero sum. TRACS will not accept a voucher unless it is zero sum during this time period.

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THE 50059 AND 50059-A

The following 50059s are full certifications: Move in (MI), Initial (IC), Annual (AR), and Interim (IR). These are monthly activity transmission (MAT) 10 records in TRACS and are the most important data files submitted to TRACS. Any time an error needs to be corrected on a 50059 certification, the owner must start with the last MAT 10 file accepted by TRACS and work from there to complete the correction. A resubmission of the last full certification acts as the new baseline for the family. All 50059s must be signed and dated by the owner and all household members who are 18 or older. All required parties must sign and date the 50059 on or before the certification effective date, but they do not all have to be on the same date. The owner must not submit a 50059 to TRACS until all required members have signed and dated the form. If any required party does not sign the 50059, the family is ineligible for subsidy. System-generated signature dates are not acceptable, each required party must physically date the form when it is signed. There are a few exceptions for extenuating circumstances under which a household member is unable to sign. There are specific reason codes that are listed in the MAT User Guide, Chapter 5, page 5-47, that the owner must use when submitting the 50059 to TRACS. When the household member is able to sign, a corrected 50059 must be submitted, with the signature dates.

Examples include:

- Hospitalization
- Deployment
- Nursing care
- Students away at college
- Other reasonable accommodations

The following 50059-As are referred to as partial certifications: Move-Outs (MO MAT 40), Gross Rent Changes (GR MAT 70), Unit Transfers (UT MAT 70), Terminations (TM MAT 65), and Non-Interim transactions (MAT number TBD).

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RAD Conversions

When converting existing household to RAD an Initial Certification (IC) must be created and submitted to TRACS. The total tenant payment (TTP) that was in place on the last 50058 before conversion must match the TTP on the IC 50059. In-place residents at the time of conversion retain the recertification date listed on the last 50058. The information used for the IC is the information taken from the last 50058. However, some information that is required to be submitted on the IC 50059 is not collected and included on the 50058. These fields must be completed by the owner when creating the IC 50059. The information that is not included on the 50058 but must be entered on the IC 50059, includes:

- Subsidy type
- Imax ID
- Previous household code
- Displacement status code
- Effective date
- Anticipated voucher date
- Project move-in date
- Certification type
- EIV indicator
- Household citizenship
- TTP
- Extenuating circumstances code
- Previous subsidy type
- Unit transfer code
- Security deposit
- TTP at RAD conversion
- Family has mobility disability
- Family has a hearing disability
- Family has a visual disability
- Number of non-members
- Expected family addition
- TTP override
- Rent override
- Eligibility check not required

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In order to move a family from PIH and PIC, the owner must:

- Send an end of participation (EOP) for each household to PIC
- Create a new IC 50059 and send to TRACS
- Move required documents from PIH file to multifamily (MF) file

The owner must not enter any information under Debts Owed in EIV at EOP.

When creating the conversion IC 50059 for each household, the owner must set the "do not check eligibility" code. Families are not rescreened at conversion, and over-income families continue to qualify.

In-place tenants at the time of conversion are protected from rent increases on the date of conversion. If their TTP would be different from the 50058 on the IC 50059, the owner must use the rent override option to enter an alternate TTP and TRACS will accept it. The owner must check to make sure the override flag is set only for the IC conversion process, and the default PBRA calculation rules will apply after conversion.

In-place tenants at the time of conversion are eligible to have rents phased in if, purely as a result of the conversion, the amount the tenant would pay for rent and utilities (TTP) would increase by more than the greater of 10 percent or $25. If that is the case, the tenant rent increase is phased in over a three or five-year phase-in period. The PHA must have a written policy in place at the time of conversion for the length of the phase-in. The PHA may choose either a three or five-year period, or a combination of the two.

- Example: The PHA may choose a three-year phase-in for smaller increases, and a five-year phase-in for larger increases.

The policy may not be modified after conversion.

If rent phase-in applies, the O/A must override the regular rent calculation by noting Y in the rent override field of the 50059.

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The phase-in percentages of a three-year term are:

- At conversion- match 50058 TTP
- Year 1: 33 percent of the difference in the most recent TTP and the new TTP (any AR or IR)
- Year 2: 66 percent of the difference in the most recent TTP and the new TTP (any AR or IR)
- Year 3: Total calculated Multifamily TTP

The phase-in ends when the multifamily housing TTP is equal to or less than the previous TTP, or at the end of the three or five-year phase-in period.

EXAMPLE OF A THREE-YEAR PHASE-IN:

Adam East is a former PH resident paying the $500 flat rent at the time of conversion, but his TTP should be $1,000 based on PBRA calculation rules, so the owner must follow the steps below:

- At conversion:
  - Rent override: Y
  - Total tenant payment: $500
  - TTP before override: $1000
  - TTP at RAD conversion: $500
    - No change on the date of conversion
- At the first AR, let's say that the resident's rent has increased to $1,100
  - TTP at AR: $1,100 – TTP at RAD conversion: $500 = difference of $600
    - $600 x 33% = $198
  - TTP at conversion: $500
  - Amount to phase in: $198
  - Year 1 TTP: $698

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- TRACS will be as follows:
  - Rent override: Y
  - TTP: $698
  - TTP before override: $1100
  - TTP at conversion: $500
- Year 2
  - Let's say that two months later the resident loses a job and their rent has now dropped to $600
    - More than it was at conversion but less than the last TTP the resident was paying
  - O/A will conduct the IR and submit the 50059 data to TRACS
- This is the end of the phase-in for this household
- TRACS will be as follows:
  - Rent override: blank
  - TTP: $600
  - TTP before override: $600
  - TTP at conversion: $500

At all IR or AR recertifications after this, the rent override will be left blank, and the TTP before override and TTP at conversion lines will also be left blank.

The percentages used in the example above are from the Notice PIH 2012-32 (REV-2) and are to be used in TRACS 202D. When TRACS 203A is released, the phase-in percentages will change to the amounts used in Notice H 2019-09. Owners are not to use these new percentage calculations until HUD publishes the new 203.A version of TRACS.

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AR/IR Corresponding to Conversion Date

There may be an AR or an IR that is supposed to be effective on the same date as the conversion IC. Recertifications must still be completed, so the owner must:

- Create the IC using the most recent 50058.
- Determine if the phase-in applies.
- Obtain signatures and dates for all required parties and send to TRACS.
- After TRACS has accepted the IC and it shows as current, correct the conversion IC using the new income or family composition data from the AR or IR.

The certification must be done as a correction (CR) to the IC, not as an IR or AR. If the phase-in is applicable, the phase-in rules apply to the CR. The owner must check the next AR certification date to ensure it is the correct date due for the next year.

- Example: A November 1, 2023 conversion IC correction CR for a corresponding November 1, 2023 AR would show the next AR as due November 1, 2024.

Noncitizen Rules in RAD

HUD has stated that the prorated rent rules for mixed families only apply to a household that is receiving assistance. For households not qualifying for assistance, the regular calculation rules apply.

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RAD Over-Income Residents

The rule for over-income residents is unique to RAD properties. For both applicants and residents whose income make their TTP equal or exceed gross rent, these families will pay an alternative rent. The alternative rent is the lower of:

- TTP minus UA, subject to any required phase-in; or
- The Zero-HAP Rent Cap; which is the lower of:
  - FMR minus UA; or
  - If the unit is subject to a more restrictive rent (LIHTC, HOME…) to comply with that rent.

The family retains all rights, and all requirements for Multifamily Section 8 tenants. The owner/agent is not required to process these families through TRACS, but probably will be when 203.A is released. And the family is still subject to OCAF increases.

Combining Certifications

When a full certification and a partial certification are effective on the same day, the certifications are combined on the full certification. This is common when gross rent changes or unit transfers are effective on the same day as an AR or an IR.

Example: A resident's AR is due April 1:

- Resident reports timely and the AR is sent to TRACS on March 10
- On May 9, the owner completes a requested GR and enters it into site software with an April 1 retroactive effective date
- A Correction (CR) to the AR must be completed and sent to TRACS
- The full, corrected AR 50059 will be the only certification submitted to TRACS
- With the new, correct assistance payment amount
- The correction to the AR must be submitted as a CR to the AR as a MAT 10 file

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MONITORING TRACS FOR COMPLIANCE

Owners must keep in mind that a full 50059 certification must always be signed by the owner and all adult household members, but the 50059-A must only be signed by the head of household, and only if the resident's portion of the rent or the resident's utility reimbursement payment will change. Because of this rule, if the gross rent change caused a correction to a previously submitted 50059, you must get the signatures of all adult household members on that corrected 50059 certification, even if the resident portion does not change, because it is a full certification, not a partial certification.

It is the responsibility of the owner to ensure continual TRACS compliance. Owners are required to address TRACS errors and TRACS messages. The MAT User Guide provides information and instruction on this process. During an MOR, the owner will be asked about any open or unresolved errors.

Fatal errors let the owner know that TRACS has rejected the certification or voucher request. The rejected certification or voucher will not be visible in TRACS. These errors must be addressed immediately and could affect the payment of the owner's subsidy if left unaddressed.

Discrepancy messages will include a code that will tell you what type of error occurred. This happens when TRACS has accepted the transaction, but there is an issue that needs to be resolved.

- Code 1: Must be corrected within 45 days
- Code 2: Must be corrected on the next submission (the next full certification for the household)
- Code 3: Just a note to check the certification
- Code 4: HUD needs to review
  - Typically a Code 4 is because the household is over or under housed

TRACS will also send information messages, either to confirm that it was processed successfully or, for instance, when TRACS terminates (TM) a household because no certification was processed for the household in the last 15 months.

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TRACS also stores discrepancies. The owner can access them in TRACS for more information. There are two reports to view discrepancies in TRACS:

- Certification query (the owner can look for anything noted as a discrepancy)
- Certifications with discrepancies query

The certifications with discrepancies query is normally run for a one-year period and allows the owner to focus first on the Code 1 errors.

Note: TRACS cannot store fatal errors or information messages, the owner must get those from the property's TRACSMail box.

- A TRACS compliance percentage of less than 90 percent will automatically stop monthly HAP payments until the owner is back in compliance. The owner must resolve errors in order to keep HAP payments flowing on time. In order to calculate the TRACS compliance percentage, HUD uses the number of active certifications in TRACS and divides that number by the number of units receiving subsidy on the last voucher. The goal of the TRACS percentage is for HUD to determine if it is reasonable to pay the voucher based on the owner’s compliance, not to match information to the TRACS database.

Example: A property has 100 units:

- 10 of the units are currently vacant
- 10 are occupied by market renters
- The voucher will show:
  - Field 6b shows the number of units receiving subsidy, and
  - Field 9a shows the number of units in regular billing on the last voucher, which would show 80 units receiving subsidy
- To reach 90 percent there must be 72 active certifications in TRACS for this property

The most common issue that will lower the owner's compliance percentage is when there is no annual recertification in TRACS for a household within the last 15 months. TRACS automatically terminates those households, thus reducing the compliance percentage. These households are identified on the TRACS late recertification report.

To audit your TRACS files, print a copy of the submitted HAP voucher request and compare it to the detail information on the TRACS Certification Query. For each household, the owner should determine:

- If the household is in TRACS;
- If they are in the correct unit;
- If the last full 50059 certification (MAT 10) is correct;
- If the last action (if the last action was a partial certification) is correct;
- If the household is receiving the correct HAP payment;
- If they are active in TRACS (meaning they have had a completed full certification within the last 15 months, and there is no MO or TM recorded for this household); and
- If the household has any TRACS errors.

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Section 8 Special Rents considerations

HUD Handbook 4350.3 Chapter 5, Section 5-26 through 5-30

HUD has different methodologies for calculating rents for special circumstances such as:

- Welfare rent in as paid states (New York, New Hampshire, Vermont)
- Units authorized for police/security personnel
- Double occupancy in group homes (202 V. 811)
- Rents for 236/221 (d) (3)/BMIR
- Units with multiple forms of HUD subsidy (202/8, 236/8, BMIR/8)

For more information on these programs refer to Chapter 5 of the HUD Handbook 4350.3, Sections 5-26 through 5-30.

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CHAPTER 8 Rent Calculation Quizzes

Quiz 1 Section 8 Rent Calculation

PART I: TRUE/FALSE

T/F

1. When the Owner uses bank statements as verification, the Owner must, at a minimum, collect one statement. . . . . _____

2. The income of a temporarily absent family member is included in annual income. . . . . _____

3. When calculating income from Social Security, income after the Medicare premium is deducted is used to calculate income. . . . . _____

4. Both student loans and student financial aid received under Title IV of the Higher Education Act (HEA) are excluded. . . . . _____

5. Lump-sum payments are always counted as assets. . . . . _____

6. EIV reports are never used for applicants. . . . . _____

7. Documents generated by a third-party source must be dated within 60 days of receipt by the Owner. . . . . _____

8. When the family has a jointly owned asset with someone who lives outside of the unit, but they can demonstrate the asset is inaccessible to them, the asset is excluded. . . . . _____

9. Only a HUD-defined disabled family may qualify for the disability assistance allowance. . . . . _____

10. When childcare expenses enable a family member to work, the deduction is capped by the family member's earnings that are included in annual income. _____

11. The gross income from self-employment is used when calculating annual income. . . . . _____

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PART I: TRUE/FALSE

T/F

12. The amount the Owner includes when the family has income from child support is based on the payments received, not the amounts to which the family might be entitled by a court order. _____

13. The wages of an adult full-time student who is not the head, spouse, or cohead are fully excluded. . . . . _____

14. When income is calculated at an annual recertification, anticipated income is always used. . . . . _____

15. Retirement plans, including IRAs and employer retirement plans, are included when determining net family assets. . . . . _____

16. EIV data for an adult family member may be disclosed to another family member when written consent is provided. . . . . _____

PART II: MULTIPLE CHOICE

17. When is the HUD passbook rate applied to an asset?
    a. When net family assets exceed $54,898, the passbook rate is applied to each asset
    b. When an asset is disposed of for less than fair market value, regardless of the cash value of the asset
    c. When net family assets exceed $54,898, the passbook rate is applied when the rate of return for an asset is unknown

18. At their annual recertification, a family member reports they were receiving $1,200 per month in Social Security. However, the SSA just reduced their benefits to make up for an overpayment. The reduction is expected to last for the next 12 months. The family member will now receive $1,000 per month. How much Social Security income is included each month?
    a. $1,000 per month
    b. $1,200 per month
    c. $0 per month

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19. Assets do not include (check all that apply):
    a. An irrevocable trust that is inaccessible to the family
    b. Necessary personal property
    c. Non-necessary personal property with a cash value over $54,898
    d. The cash surrender value of a life insurance policy

20. At their annual, a family member reports that they receive workers' compensation payments of $950 per month. The payments will last for 8 months. What should the owner do?
    a. Multiply $950 by 12 and include this amount as income. At the family's next annual, do not include any income from workers' compensation
    b. Multiply $950 by 8 and include this amount as income. At the family's next annual, do not include any income from workers' compensation
    c. Exclude the payments
    d. Multiply $950 by 12 and include this amount as income. Perform an interim recertification 8 months later when the workers' compensation payment ends.

21. Carla is 15 years old. She lives with her mother who is head of household. Carla works a part-time job and earns $20,000 per year. She deposits the wages from her job into a savings account worth $3,000 that earns $3 in income annually. What should the owner do? (Check all that apply.)
    a. Fully exclude Carla's wages
    b. Count $500 of Carla's wages
    c. Not count the interest from her savings account since she is a minor
    d. Count the interest from the savings account toward the family's income from assets

22. When does the Form HUD-9887/9887-A have to be signed? (Check all that apply.)
    a. By all adult family members each year at annual
    b. By all adult family members when eligibility is being determined
    c. When a family member turns 18
    d. When a family member switches jobs

23. What is the document retention period for EIV master reports?
    a. Three years from the date they are generated
    b. Three years after a family moves in
    c. Follow internal policy
    d. Two years from the date of the last certification

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24. When an asset is disposed of for less than fair market value, the O/A must:
    a. Terminate the family's assistance if the amount disposed of exceeds $54,898
    b. Consider the amount the family gave away when determining net family assets for two years from the date of sale
    c. Include any lump sums received by the family as income for two years from the date of sale

25. Nicole West recently won the lottery in the amount of $4,000. She spent $3,900 towards the purchase of a vehicle and the spent the remaining $100 on clothes. At her next annual recertification, what is the total cash value of her lottery winnings that is to be considered when determining net family assets?
    a. $3,000
    b. $0
    c. $2,900
    d. $100

PART III: ALLOWANCES

Review the household below and answer the questions following.

a. Head, age 45
b. Spouse, age 45
c. Son age 19, who is a full-time student
d. Daughter age 16
e. Foster child (male), age 12
f. Granddaughter, age 1
g. Grandmother, age 70
h. Disabled brother of head, age 39
i. All of the above
j. No one

26. Who qualifies this household for an elderly/disabled allowance?
    Write letter of household member(s):

_____ _____ _____ _____ _____ _____ _____

27. Who gets a dependent allowance? Write letter of household member(s):

_____ _____ _____ _____ _____ _____ _____

28. Who gets a health and medical care allowance? Write letter of household member(s):

_____ _____ _____ _____ _____ _____ _____

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29. If the spouse was disabled, who gets a medical allowance?

_____ _____ _____ _____ _____ _____ _____

PART IV: FILL IN THE BLANKS

30. Annual Income – HUD allowances = _____

31. There are _____ HUD allowances considered in calculating adjusted income. Please list all of them below.

_____ _____

_____ _____

_____

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Quiz 2 Rent Calculation

PART I: TRUE/FALSE

T/F

1. Contract rents are approved by HUD and the O/A by bedroom size. . . . . _____
2. The TTP is the amount the owner bills HUD monthly on behalf of each tenant.. . . . . _____
3. O/A can allow PBRA residents to pay flat rent. . . . . _____
4. The household will receive a utility reimbursement payment when the TTP is less than the utility allowance.. . . . . _____
5. Contract rents can be adjusted on an annual basis. . . . . _____
6. The O/A must provide a financial hardship exemption, which waives the $25 minimum rent requirement to resident if they qualify. . . . . _____
7. Welfare rent only applies in a very limited number of states. . . . . _____
8. Contract rent is the gross rent minus the TTP.. . . . . _____
9. In order to qualify for a unit the household must only be under the income limit.. . . . . _____
10. The PBRA program calculates rent using the form HUD-50059 or form HUD-50059A. . . . . _____
11. O/A's must submit tenant data using HUD's PIC system. _____

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PART II: MULTIPLE CHOICE

12. Reagan Sievers has a contract rent of $800 and a utility allowance of $75. Her TTP is $25. The O/A:
    a. Will collect $800 a month in rent from the resident
    b. Will issue the resident a Utility reimbursement payment of $75 a month
    c. Will issue the resident a utility reimbursement payment of $50 a month
    d. Will collect $725 a month from the resident

13. Total tenant payment minus the utility allowance equals:
    a. Tenant rent
    b. Ceiling rent
    c. Flat rent
    d. Minimum rent

14. Utility allowances are:
    a. Updated at least annually based on bedroom size
    b. Approved by HUD or the CA
    c. Based on an average of actual usage
    d. All of the above

15. The TTP is the greater of:
    a. 30% of monthly adjusted income
    b. 10% of monthly gross income
    c. Welfare rent
    d. $25
    e. All of the above

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Answer Key

Quiz 1 - Section 8 Rent Calculation

1. True 2. True 3. False 4. True 5. False 6. False 7. False 8. True	9. False 10. True 11. False 12. True 13. False 14. False 15. False 16. True	17. c 18. a 19. a & b 20. c 21. a & d 22. b & c 23. a 24. b	25. b 26. j 27. c, d, f, h 28. j 29. a, b, c, d, f, g, h 30. Adjusted annual income	31. Five: - Elderly/Disabled Deduction - Dependent Allowance - Childcare Deduction - Disability Assistance Expense - Health and Medical Care expense

Quiz 2 - Rent Calculation

1. True 2. False 3. False 4. True 5. True 6. True 7. True 8. False	9. False 10. True 11. False 12. c 13. a 14. d 15. e

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CHAPTER 9 Case Studies

DIRECTIONS

Calculate annual income and the amount of rent for each family by completing the calculation worksheet for each family based on the information provided.

TIPS

- Read each case study carefully, keeping in mind for which deductions the families might qualify based on the family information provided.
- When calculating health and medical care and disability assistance deductions, remember to deduct ten percent of the family's gross income, but only once.
- Remember that the minimum TTP is $25.
- Remember that the HUD passbook rate is 0.38% and only applies when net family assets exceed $54,898 and the rate of return of a particular asset is unknown.

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Case Study 1 The Alabaster Family

SITUATION

The owner is processing an annual recertification for the Alabaster family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Ava Alabaster	33	N	Eligible Citizen
Youth	Alice Alabaster	12	N	Eligible Citizen
Youth	Allan Alabaster	10	N	Eligible Citizen

- Ava works full-time (40 hours per week) earning $16.50 per hour.
- Ava reported that she has a non-interest-bearing checking worth $1,300. This is her only asset.
- Ava's children are in an after school childcare program while she works. She qualifies for a reduced rate. With her subsidy, Ava pays $50 per week per child ($100 total) for childcare. This reduced rate stays the same even during school holidays when the kids are in the care program for full days.
- The Contract Rent is $1,750
- The Utility Allowance is $145

Fill in the information below for the Alabaster family *after* completing the calculation sheet.

Rent Calculation Totals	
Final Asset Income	$
Annual Income	$
Total Allowances	$
Total Tenant Payment	$
Tenant Rent	$
Utility Reimbursement	$

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INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		$	$
		Annual Income	$
		+ Asset Income	$
		Gross Annual Income (GAI)	$

Disability Assistance Expense Deduction

Mem. #	Type of Expense		Amount
10% of GAI $ x 10% = $	Amount of Expense - 10% of GAI $ -$ =	Allowable Expense	$

DEDUCTIONS

Elderly Family Deduction

If head, spouse, or cohead is 62 or older or disabled deduct $575 once	Elderly Family Deduction	$

Health and Medical Care Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	$

If 10% GAI was taken from Disability Expense do not subtract here, allowable expense will be total health and medical care expenses.

10% of GAI $ x 10% = $	Amount of Expense - 10% $ - $ =	Allowable Expense $

Dependent Deduction

Number of Dependents x $525 =	Dependent Deduction $

Childcare Deduction

Mem.#	Calculation	Amount
	$	$
	Total	$
	Childcare Deduction	$
	Total Deductions =	$

Gross Annual Income	$
Minus Total Deductions	$
Equals Adjusted Annual Income	$
Divided by 12 Equals Adjusted Monthly Income	$
Adjusted Monthly Income x 30%	$
Gross Monthly Income x 10%	$
Greater of 30% AMI, 10% GMI or $25 Equals TTP	$
Minus Utility Allowance	$
Equals Tenant Rent	$
Gross Rent	$
Minus TTP	$
Equals HAP	$

Case Study 2 The Butler Family

SITUATION

An annual recertification is being processed for the Butler family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Betty Butler	43	N	Eligible Citizen
FT Student	Bobbie Butler	18	N	Eligible Citizen
Youth	Bert Butler	14	N	Eligible Citizen
Youth	Bryte Butler	12	N	Eligible Citizen

- Betty has a non-interest-bearing checking account worth $10,200. Bobbie has a savings account worth $5,000 and she reported that it earned $65 in interest.
- Betty receives $750 a month in cash TANF benefits for herself and her children.
- Bobbie, a full-time junior college student, works part-time at Bath and Body Works, earning $500 biweekly. Bobbie also receives an annual Pell Grant (which is assistance under Title IV of the HEA) in the amount of $5,000.
- Betty pays a neighbor $60 per week to care for Bryte while she attends school year-round.
- Contract Rent: $1,690
- Utility Allowance: $150

Fill in the information below for the Butler family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	$
Annual Income	$
Total Allowances	$
Total Tenant Payment	$
Tenant Rent	$
Utility Reimbursement	$

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ASSETS

Mem. #	Type of Asset	Is the asset included in net family assets?	Cash Value of Asset	Actual Income	Imputed Income (only when net assets exceed $54,898 and rate of return is unknown)
			$	$	$
			$	$	$
Totals:			Total Cash Value:	Total Actual Income: $	Total imputed income: $
				Total of Actual and Imputed Income	$

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		$	$
		$	$
		Annual Income	$
		+ Asset Income	$
		Gross Annual Income (GAI)	$

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount

10% of GAI $ x 10% = $	Amount of Expense - 10% of GAI $ -$ =	Allowable Expense	$

DEDUCTIONS

Elderly Family Deduction

If head, spouse, or cohead is 62 or older or disabled deduct $575 once	Elderly Family Deduction	$

Health and Medical Care Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	**$**

If 10% GAI was taken from Disability Expense do not subtract here, allowable expense will be total heath and medical care expenses.

10% of GAI $ x 10% = $	Amount of Expense - 10% $ - $ =	Allowable Expense $

Dependent Deduction

Number of Dependents x $525 =	Dependent Deduction $

Childcare Deduction

Mem.#	Calculation	Amount
	$	$
		$
	Childcare Deduction	$
	Total Deductions =	$

Gross Annual Income	$
Minus Total Deductions	$
Equals Adjusted Annual Income	$
Divided by 12 Equals Adjusted Monthly Income	$
Adjusted Monthly Income x 30%	$
Gross Monthly Income x 10%	$
Greater of 30% AMI, 10% GMI or $25 Equals TTP	$
Minus Utility Allowance	$
Equals Tenant Rent	$
Utility Reimbursement Payment	$
Gross Rent	$
Minus TTP	$
Equals HAP	$

Case Study 3 The Crimson Family

SITUATION

The owner is conducting an interim recertification for the Crimson family based on Ms. Crimson's timely reporting of new child support income. Five months ago, the Owner conducted an annual recertification for the Crimsons. The reporting of newly awarded child support is the only income change the Crimsons have experienced since their recertification.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Cherry Crimson	53	Y	Eligible Citizen
Youth	Cameron Crimson	12	Y	Eligible Citizen

- Ms. Crimson has a savings account worth $31,180, earning $627 in interest. She also has a checking account worth $1,890, earning $9 in interest. Cameron has a savings account worth $19,002, earning $428 in interest.
- Ms. Crimson works part-time earning $860 semimonthly. Ms. Crimson reported last week that she was awarded, and has started to receive, child support in the amount of $150 per week. Cameron receives SSI in the amount of $550 per month.
- The family does not qualify for a health and medical care expense hardship. Ms. Crimson's annual unreimbursed prescription costs were calculated to be $600, and she pays a long-term care premium of $75 per month. Cameron's annual out-of-pocket health and medical care expenses are expected to be $2,800.
- Contract Rent: $1,700
- Utility Allowance: $165

Fill in the information below for the Crimson family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	$
Annual Income	$
Total Allowances	$
Total Tenant Payment	$
Tenant Rent	$
Utility Reimbursement	$

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ASSETS

Mem. #	Type of Asset	Is the asset included in net family assets?	Cash Value of Asset	Actual Income	Imputed Income (only when net assets exceed $54,898 and rate of return is unknown)
			$	$	$
			$	$	$
			$	$	$
Totals:			Total Cash Value: $	Total Actual Income: $	Total imputed income: $
				Total of Actual and Imputed Income	$

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		$	$
		$	$
		$	$
		Annual Income	$
		+ Asset Income	$
		Gross Annual Income (GAI)	$

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount

10% of GAI	Amount of Expense - 10% of GAI		
$ x 10% = $	$ -$ =	Allowable Expense	**$**

DEDUCTIONS

Elderly Family Deduction

If head, spouse, or cohead is 62 or older or disabled deduct $575 once	Elderly Family Deduction	$

Health and Medical Care Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
			$
		$	$
			$
		Total	$

If 10% GAI was taken from Disability Expense do not subtract here, allowable expense will be total health and medical care expenses.

10% of GAI $ x 10% = $	Amount of Expense - 10% $ - $ =	Allowable Expense $

Dependent Deduction

Number of Dependents x $525 =	Dependent Deduction $

Childcare Deduction

Mem.#	Calculation	Amount
	Total	$
	Childcare Deduction	$
	Total Deductions =	$

Gross Annual Income	$
Minus Total Deductions	$
Equals Adjusted Annual Income	$
Divided by 12 Equals Adjusted Monthly Income	$
Adjusted Monthly Income x 30%	$
Gross Monthly Income x 10%	$
Greater of 30% AMI, 10% GMI or $25 Equals TTP	$
Minus Utility Allowance	$
Equals Tenant Rent	$
Gross Rent	$
Minus TTP	$
Equals HAP	$

Case Study 4 The Dijon Family

SITUATION

It's December and the Owner is processing a new move-in for the Dijon family's initial leasing of their unit. The effective date of the move-in will be January 1.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Duke Dijon	47	N	Eligible Citizen
Spouse	Dita Dijon	44	Y	Eligible Citizen
Youth	Delilah Dijon	12	N	Eligible Citizen
Youth	Dane Dijon	10	Y	Eligible Citizen

- Duke recently sold the condo he owned to his brother for $25,000. The property was valued at $50,000 and had a mortgage balance of $10,000. His brother paid all the transfer fees. Duke spent $15,000 on a new vehicle and the remaining $10,000 was invested in a certificate of deposit (CD) that pays 3% interest annually and has a penalty for early withdrawal of $500.
- Dita reported that she has a savings account worth $750 that earns $8 in interest. Duke and Dita have a non-interest-bearing joint checking account worth $1,225.
- Dita receives $1,000 per month in Social Security disability benefits, but $175 per month is deducted for her Medicare premium. In October, the SSA announced a COLA of 4.7% for all recipients which takes effect on January 1. The Medicare deduction will stay the same.
- Duke lost his job in November and receives $400 per week in unemployment. This will last for the next 12 months.
- The family has $20 per month in eligible unreimbursed health and medical care expenses for Duke. Delilah has $360 per year in eligible out-of-pocket expenses. Dane's average monthly health and medical care expenses are $500, but they are entirely reimbursed by a state disability program.
- Dita is a full-time student, paying $70 per week total for both children to be in an after-school program which enables her to attend school 40 weeks out of the year. The Owner has verified the childcare cost is reasonable.

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- Contract Rent: $1,550
- Utility Allowance: $145

Fill in the information below for the Dijon family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	$
Annual Income	$
Total Allowances	$
Total Tenant Payment	$
Tenant Rent	$
Utility Reimbursement	$

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ASSETS

Mem. #	Type of Asset	Is the asset included in net family assets?	Cash Value of Asset	Actual Income	Imputed Income (only when net assets exceed $54,898 and rate of return is unknown)
			$	$	$
			$	$	$
			$	$	$
			$	$	$
Totals:			Total Cash Value:	Total Actual Income: $	Total imputed income: $
				Total of Actual and Imputed Income	$

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		$	$
		$	$
		Annual Income	$
		+ Asset Income	$
		Gross Annual Income (GAI)	$

Disability Assistance Expense Deduction

Mem. #	Type of Expense	Amount

10% of GAI	Amount of Expense - 10% of GAI		
$ x 10% = $	$ –$ =	Allowable Expense	$

DEDUCTIONS

Elderly Family Deduction

If head, spouse, or cohead is 62 or older or disabled deduct $575 once	Elderly Family Deduction	$

Heath and Medical Care Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		$	$
		$	$
		$	$
		Total	$

If 10% GAI was taken from Disability Expense do not subtract here, allowable expense will be total health and medical care expenses.

10% of GAI $ x 10% = $	Amount of Expense - 10% of GAI $ – $ =$	Allowable Expense $

Dependent Deduction

Number of Dependents x $525	=	Dependent Deduction $

Childcare Deduction

Mem.#	Calculation	Amount
	$	$
	Total	
	Childcare Deduction	$
	Total Deductions =	$

Gross Annual Income	$
Minus Total Deductions	$
Equals Adjusted Annual Income	$
Divided by 12 Equals Adjusted Monthly Income	$
Adjusted Monthly Income x 30%	$
Gross Monthly Income x 10%	$
Greater of 30% AMI, 10% GMI or $25 Equals TTP	$
Minus Utility Allowance	$
Equals Tenant Rent	$
Gross Rent	$
Minus TTP	$
Equals HAP	$

Case Study 5 The Flamingo Family

SITUATION

The owner is processing an annual recertification for the Flamingo family.

FAMILY INFORMATION

Relation	Name	Age	Disabled	Citizen Status
Head	Fiona Flamingo	33	N	Eligible Citizen
Youth	Feivel Flamingo	8	Y	Eligible Citizen

- Fiona has a savings account worth $20,000 that earns $100 in interest. Feivel has a checking account worth $1,900 that earns $10.
- Feivel receives $950 per month in SSI. Because she takes care of Feivel full-time at home, Fiona receives $5,500 per month from the state Medicaid office. Fiona is not employed outside of the home.
- Contract Rent: $1,850
- Utility Allowance: $175

Fill in the information below for the Flamingo family *after* completing the calculation sheet

Rent Calculation Totals	
Final Asset Income	$
Annual Income	$
Total Allowances	$
Total Tenant Payment	$
Tenant Rent	$
Utility Reimbursement	$

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ASSETS

Mem. #	Type of Asset	Is the asset included in net family assets?	Cash Value of Asset	Actual Income	Imputed Income (only when net assets exceed $54,898 and rate of return is unknown)
			$	$	$
			$	$	$
Totals:			Total Cash Value: $	Total Actual Income: $	Total imputed income: $
				Total of Actual and Imputed Income	$

INCOME

Mem. #	Income Source	Calculate to Annualize	Amount
		$	$
		Annual Income	$
		+ Asset Income	$
		Gross Annual Income (GAI)	$

Disability Assistance Expense Deduction

Mem. #	Type of Expense		Amount
10% of GAI $ x 10% = $	Amount of Expense - 10% of GAI $ –$ =	Allowable Expense	$

DEDUCTIONS

Elderly Family Deduction

If head, spouse, or cohead is 62 or older or disabled deduct $575 once	Elderly Family Deduction	$

Heath and Medical Care Expense Deduction

Mem. #	Type of Expense	Calculation (if any)	Amount
		Total	

If 10% GAI was taken from Disability Expense do not subtract here, allowable expense will be total health and medical care expenses.

10% of GAI $ x 10% =	Amount of Expense - 10% $ –$ =	Allowable Expense $

Dependent Deduction

Number of Dependents x $525	=	Dependent Deduction **$**

Childcare Deduction

Mem.#	Calculation	Amount
		$
	Total	$
	Childcare Deduction	$
	Total Deductions =	$

Gross Annual Income	$
Minus Total Deductions	$
Equals Adjusted Annual Income	$
Divided by 12 Equals Adjusted Monthly Income	$
Adjusted Monthly Income x 30%	$
Gross Monthly Income x 10%	$
Greater of 30% AMI, 10% GMI or $25 Equals TTP	$
Minus Utility Allowance	$
Equals Tenant Rent	$
Gross Rent	$
Minus TTP	$
Equals HAP	$

CHAPTER 10 Study Guide

TERMINOLOGY: DEFINE THE FOLLOWING TERMS

1. Adjusted income:

2. Total tenant payment:

3. Tenant rent:

4. Elderly family

5. Disabled family:

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ANNUAL INCOME

6. To convert income to annual amounts, multiply:
   a. Monthly income x _____
   b. Weekly income x _____
   c. Bi-weekly x _____
   d. Semi-monthly x _____
   e. Hourly full-time x _____

7. If someone is paid on the 1st and 15th of the month, which calculation would be used?

8. Who is considered a dependent?

9. What income of a minor is counted?Assets

10. What is the difference in what income is counted if the minor is a foster child?

11. What income is counted for a person 18 years of age or older who is not the head, spouse, or co-head:
    a. If the person is a full-time student? _____
    b. If the person is a part-time student? _____
    c. If the person is not a student? _____

12. Is employment income before taxes (gross) or after taxes (net) counted?

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13. When an individual receives Social Security benefits, is the amount with or without Medicare premiums included in annual income?

14. If Social Security benefits are reduced to make up for a prior overpayment by Social Security, what amount is included in annual income?

15. If a family receives foster childcare payments, are they counted in annual income? Explain your answer:

16. What is counted as income if a spouse is in the military and stationed out of the home?

17. If a person is receiving alimony of child support payments on an irregular basis, what is used as income?

18. Is gross or net income from the operation of a business included in annual income?

19. Give two examples of lump-sum payments that are counted as income.

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20. Explain how financial aid is treated under the HOTMA student rule.

21. How are student loans treated?

22. If a family member is enrolled in a state or local employment training program, what part of their earnings is excluded?

23. Is a live-in aide's income included in or excluded from annual income?

ASSETS

24. When may the Owner accept self-certification of assets?

25. What is the income calculation formula when the family's total cash value of assets is greater than $54,898 (adjusted annually for inflation)?

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26. How is income from a trust treated?

27. When is non-necessary personal property counted as an asset?

28. Under what two circumstances is a family ineligible for admission based on asset ownership?

29. What is the formula for finding the cash value of a property?

30. Are lump sums always considered an asset?

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31. What amount is used when an asset is owned jointly by a family member and a person outside the household?

32. How are life insurance policies treated?

33. What happens if a family member has "given away" an asset for less than fair market value?

34. How long is the asset counted in that situation?

35. What are three exceptions to assets being disposed of for less than fair value?

    1) _____
    2) _____
    3) _____

HUD Allowances

36. List the four categories of people who are never considered a dependent.

    1) _____
    2) _____
    3) _____
    4) _____

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37. What is a full-time student?

38. How much is the dependent allowance?

39. What age of children are eligible for childcare?

40. In what situations is a family eligible for childcare?

    1) _____
    2) _____
    3) _____

41. What are three restrictions on the use of childcare?

    1) _____
    2) _____
    3) _____

42. What two expenses are eligible as a disability assistance expense?

    1) _____
    2) _____

43. What is the maximum amount of disability assistance?

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44. What type of family qualifies for a medical allowance?

45. Who in the family qualifies for a medical allowance if the head is disabled?

RENT CALCULATION

46. What is the formula for determining tenant rent?

47. What is the formula for determining utility reimbursement payments?

48. What is the formula for determining total tenant payment?

49. When a family qualifies for a temporary hardship exemption from the minimum rent, the owner must:

50. For mixed families, how is rent calculated?

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VERIFICATIONS

51. In general, verifications are valid for how many days?

52. May the owner charge an applicant or tenant for obtaining verifications?

53. What are the six levels of the verification hierarchy?

1) _____
2) _____
3) _____
4) _____
5) _____
6) _____

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Notes

CHAPTER 11 Study Guide Answers

TERMINOLOGY: DEFINE THE FOLLOWING TERMS

1. Adjusted income:

Annual income, less the HUD-allowed deductions

2. Total tenant payment:

The total amount the HUD rent formula requires the tenant to pay toward rent and utilities, the greater of 30% of AMI, 10% of GMI, or $25 (or welfare rent)

3. Tenant rent (TTP):

Total tenant payment less utility allowance equals the amount tenant pays towards rent

4. Elderly family

Head, spouse, or cohead is 62 or older

5. Disabled family:

Head, spouse, or cohead is person with disabilities

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ANNUAL INCOME

6. To convert income to annual amounts, multiply:
   a. Monthly income x **12**
   b. Weekly income x **52**
   c. Bi-weekly x **26**
   d. Semi-monthly x **24**
   e. Hourly full-time x **2080**

7. If someone is paid on the 1st and 15th of the month, which calculation would be used?

   Semi-monthly

8. Who is considered a dependent?

   A member of the family (excluding foster children/adults) other than the family head spouse, or cohead who is under 18 years of age, or who is 18 years of age or over and is a disabled person, or is a full-time student. Live-in aides, foster children, and foster adults are not family members; they are household members and cannot be dependents.

9. What income of a minor is counted?

   Earned income is excluded from annual income. Unearned income is included

10. What is the difference in what income is counted if the minor is a foster child?

    All income of a foster child is excluded whether it is earned or unearned.

11. What income is counted for a person 18 years of age or older who is not the head, spouse, or co-head:

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a. If the person is a full-time student? **Earned income up to the dependent allowance**
b. If the person is a part-time student? **All**
c. If the person is not a student? **All**

12. Is employment income before taxes (gross) or after taxes (net) counted?

Gross

13. When an individual receives Social Security benefits, is the amount with or without Medicare premiums included in annual income?

The amount should include Medicare (gross) when computing annual income

14. If Social Security benefits are reduced to make up for a prior overpayment by Social Security, what amount is included in annual income?

Include the amount provided, not the amount that would have been provided if no error has been made

15. If a family receives foster childcare payments, are they counted in annual income? Explain your answer:

No. As long as the child is a qualified foster child with payment coming from the agency responsible for making foster care payments

16. What is counted as income if a spouse is in the military and stationed out of the home?

All except special pay for exposure to hostile fire.

17. If a person is receiving alimony of child support payments on an irregular basis, what is used as income?

Count amounts actually received, not amounts awarded but not received

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18. Is gross or net income from the operation of a business included in annual income?

Net income however expenses for business expansion and capital improvements may not be deducted

19. Give two examples of lump-sum payments that are counted as income.

1. Delayed start of unemployment benefits

2. Delayed start of TANF benefits

20. Explain how financial aid is treated under the HOTMA student rule.

Amounts received under Title IV of the HEA are excluded. Other financial assistance that, either by itself or in combination with HEA assistance, exceeds the actual covered cost to attend the institution is included as income

21. How are student loans treated?

Student loans are not considered income

22. If a family member is enrolled in a state or local employment training program, what part of their earnings is excluded?

Incremental earnings and benefits from state or local employment training programs are excluded

23. Is a live-in aide's income included in or excluded from annual income?

Excluded

ASSETS

24. When may the Owner accept self-certification of assets?

When net family assets are valued at or below $54,898 (as adjusted by inflation), the O/A may accept the family's self-certification that their assets do not exceed $54,898 without taking any additional steps to verify the accuracy of the declaration.

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25. What is the income calculation formula when the family's total cash value of assets is greater than $54,898 (adjusted annually for inflation)?

If actual returns can be calculated, the PHA includes actual returns for each asset. If actual returns cannot be calculated, imputed returns are included based on the current passbook savings rate, as determined by HUD.

26. How is income from a trust treated?

For irrevocable or revocable trusts, distributions of the principal corpus of the trust and distributions of income from the trust when used to pay the costs of health and medical care expenses for a minor are excluded. For revocable trusts under the control of the family or household, any distributions from the trust, except that any actual income earned by the trust, regardless of whether it is distributed, is considered income to the family at the time it is received by the trust.

27. When is non-necessary personal property counted as an asset?

The value of all non-necessary items of personal property when they have a combined total value that exceeds $54,898 (adjusted annually for inflation) are included in net family assets.

28. Under what two circumstances is a family ineligible for admission based on asset ownership?

First, assistance may not be provided to any family if the family's net assets exceed $109,797 (adjusted annually for inflation).
Second, 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 the real property;
A legal right to reside in the real property; and
The effective legal authority to sell (based on State or local laws of the jurisdiction where the property is located) the real property

29. What is the formula for finding the cash value of a property?

Market value less current loan balance, if any, less anticipated expenses to sell

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30. Are lump sums always considered an asset?

No. Processing delays of periodic payments, such as welfare and unemployment are considered income, however, deferred Social Security, SSI, and veterans' disability lump sums kept in an asset are considered assets. For all other lump sums, the amount must be retained and verifiable in order to be counted as an asset.

31. What amount is used when an asset is owned jointly by a family member and a person outside the household?

The total value of the asset, and the income from the asset, unless the asset is otherwise excluded, or unless the family can demonstrate the asset is inaccessible to them, or they cannot dispose of any part of it without consent of the other owner

32. How are life insurance policies treated?

Cash surrender value of whole life policies is treated as an asset

33. What happens if a family member has “given away” an asset for less than fair market value?

Count the amount “given away,” which is the market value less expenses, less what was received

34. How long is the asset counted in that situation?

Two years from the date of disposition

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35. What are three exceptions to assets being disposed of for less than fair value?

1) **When the result of foreclosure**
2) **When the result of bankruptcy**
3) **When the result of divorce or separation agreement**

HUD ALLOWANCES

36. List the four categories of people who are never considered a dependent.

1) **Head**
2) **Spouse or cohead**
3) **Foster children/adults**
4) **Live-in aides and their family members**

37. What is a full-time student?

A person other than the head, spouse, or cohead who is attending school or vocational training on a full-time basis, as defined by the institution

38. How much is the dependent allowance?

$525 (adjusted annually for inflation)

39. What age of children are eligible for childcare?

12 and younger

40. In what three situations is a family eligible for childcare?

1) **Adult working**
2) **Adult attending school**
3) **Adult looking for work**

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41. What are three restrictions on the use of childcare?

    1) **It must be reasonable**
    2) **Not paid or reimbursed by someone else**
    3) **Expense does not exceed the earnings of person(s) enabled to work**

42. What two expenses are eligible as a disability assistance expense?

    1) **Care attendants**
    2) **Auxiliary apparatus**

43. What is the maximum amount of disability assistance?

    Earned income of household member(s) enabled to work

44. What type of family qualifies for a medical allowance?

    Head, spouse, or cohead is 62 or older, or disabled

45. Who in the family qualifies for a medical allowance if the head is disabled?

    Everyone except foster children, foster adults, and live-in aides or their family members

Rent Calculation

46. What is the formula for determining tenant rent?

    Total tenant payment minus utility allowance

47. What is the formula for determining utility reimbursement payments?

    Total tenant payment minus utility allowance when the utility allowance exceeds the TTP

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48. What is the formula for determining total tenant payment?

Greater of: 30% of monthly adjusted income, 10% of gross monthly income, welfare rent (if applicable), or $25 minimum rent

49. When a family qualifies for a temporary hardship exemption from the minimum rent, the owner must:

Protect the family from eviction due to inability to pay the minimum rent for 90 days from the date of the exemption request, reinstate the minimum rent retroactively to the beginning of the suspension, and offer a reasonable repayment agreement.

50. For mixed families, how is rent calculated?

Mixed families will have their rent prorated by the number of eligible and ineligible family members, which means they will pay more in rent than they would if everyone in the household was eligible under the noncitizens rule.

VERIFICATIONS

51. In general, verifications are valid for how many days?

120 days from the date the owner receives them

52. May the owner charge an applicant or tenant for obtaining verifications?

No, the owner must not pass verification costs along to the applicant or tenant

53. What are the six levels of the verification hierarchy?

1) **UIV using EIV**
2) **UIV using other sources**
3) **Written third-party documents provided by the family or EIV + self-certification**
4) **Written third-party verification form**
5) **Oral third-party verification**
6) **Tenant self-certification**

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Notes