



Income Determination Training

January 2024

Contact Information

Mailing Address:

TDHCA
PO Box 13941
Austin, TX 78711-3941

Physical Address:

TDHCA
221 East 11th Street
Austin, TX 78701

Website: www.tdhca.texas.gov

Division Phone Number: (512) 475-3800
or (800) 525-0657 (toll free in Texas only)

Announcements

Schedule:

- The training will run from 8:30 am until approximately 3:30 pm
- Breaks: Morning and Afternoon
- Lunch: Approximately 12 – 1 pm
- Staff will present the training and allow for questions after each topic is covered. Upon conclusion of the presentation staff will remain available to answer questions.

Housekeeping:

- Certificates will be provided after the conclusion of the class; if you did not use your emailed link you will not receive a certificate from GoTo Meeting
- We suggest you silence your phones and put an “out of office” email response, if virtual, to help avoid distractions during the training
- Please pose questions and comments in the “Chat Box” or the “Questions Box,” if virtual

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Resources

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General Resources: HUD 4350.3

HUD Handbook 4350.3 and Technical Guide for Determining Income and Allowances for the HOME Program—24 CFR 5.609 Annual Income

https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgn/4350.3

METHOD IS BASED ON:

- Chapter 3 – Eligibility for Assistance and Occupancy
- Chapter 5 – Determining Income and Calculating Rent
- **New guidance was released on September 29, 2023;**
<https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10hsgn.pdf>. This document replaces the sections in Chapters 3 and 5 as are applicable to new regulations.

ESSENTIAL TOOLS:

- Exhibit 5-1 – Income Inclusions and Exclusions
- Exhibit 5-2 – Assets
- Appendix 3 – Acceptable Forms of Verifications

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

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General Resources: Department Links

The Department website offers resources and important information that will be referenced throughout this training.

- Forms
 - <https://www.tdhca.texas.gov/compliance-forms>
- Manuals & Rules
 - <https://www.tdhca.texas.gov/compliance-manuals-and-rules>
- Income & Rent Limits
 - <https://www.tdhca.texas.gov/income-and-rent-limits>
- Presentations
 - <https://www.tdhca.texas.gov/compliance-program-training-presentations>

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Module 1



The Application Process

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Eligibility: 5 Basic Steps; Step 1

- 1 Application Process
- 2 Document Income & Assets
- 3 Annualize Income
- 4 Adjusted Income
- 5 Complete Income Certification

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The Application Process: Screen the Household

The Application

- No required form, application must screen for **ALL sources of income, assets and student status**
- Should be completed by the household
- Review to determine if the household appears eligible based on the initial application
- Electronic Applications are acceptable as long as they include all of the required screening questions
- **HOTMA changed some of the income and assets inclusions and exclusions, the application may need to be updated**



The Application Process: Additional Forms

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS RELEASE AND CONSENT FORM		
I. THIS SECTION TO BE COMPLETED BY DEVELOPMENT		
Development Name:	TDHCA/CMTS Number:	
Contact Name:	Contact Title:	
Development Address:	Phone:	
Email Address:	Fax:	
II. THIS SECTION TO BE COMPLETED BY APPLICANT		
Applicant/Resident Name:		
I/We, _____, the undersigned hereby authorize all persons on computers in the categories listed below to release information regarding employment, income and/or assets for purposes of verifying information on my/our application for participation in a Texas Department of Housing and Community Affairs' (TDHCA) Affordable Housing Program. Use authorize release of information without liability to the administrator/owner/management listed above, and/or the Texas Department of Housing and Community Affairs and/or the Department's service provider.		
INFORMATION COVERED		
I/We understand that process or current information regarding income, assets, employment, income, assets, and medical or children allowances. I/We understand that this information may be used to obtain information about my/our that is not pertinent to my eligibility for and continued participation in the TDHCA Affordable Housing Program.		
GROUPS OR INDIVIDUALS THAT MAY REQUEST INFORMATION		
The groups or individuals that may request the above information are not limited to: Past and Present Employers State Government Educational Institutions Bank and other financial institutions Institutions, Public Housing Agencies State Administrators Retirement Systems Medical and Child Care Providers Previous Landlords Insurance Carrier		
APPLICANT CERTIFICATION		
I/We agree that a photocopy of this authorization may be used for the purposes stated above. The original of this authorization is on file and will stay in effect for a year and one month from the date signed. I/We understand I/ We have a right to review this file and correct any information that is incorrect.		
Applicant/Resident Printed Name	Signature	Date
Co-Applicant/Resident Printed Name	Signature	Date
Other Adult Member Printed Name	Signature	Date
Other Adult Member Printed Name	Signature	Date
NOTE: THIS GENERAL CONSENT MAY NOT BE USED TO REQUEST A COPY OF A TAX RETURN. IF A COPY OF A TAX RETURN IS NEEDED, WE FORM 4041, "REQUEST FOR COPY OF A TAX FORM" MUST BE PREPARED AND SIGNED SEPARATELY.		
Revised January 24, 2022		

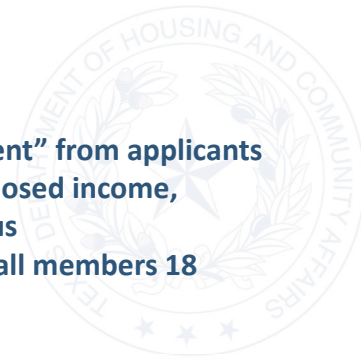
Release and Consent

Obtain "Release and Consent" from applicants

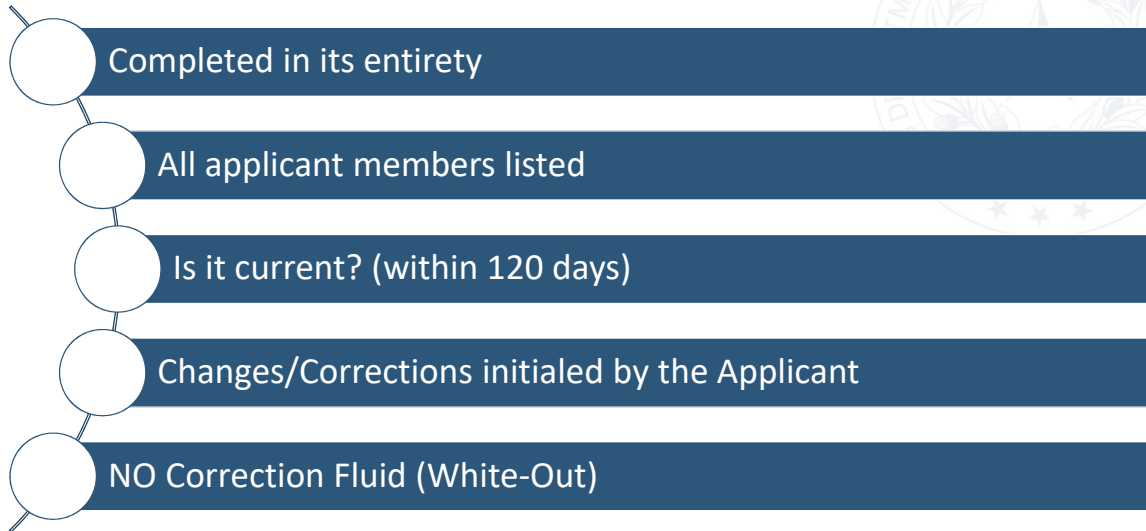
- Necessary to verify disclosed income, assets and student status
- Should be obtained for all members 18 years and older

Your program may have specific form requirements at intake application in addition to the Release and Consent.

Make sure you are complying with your program requirements.



Application Process: Tips to Minimize Challenges

- 
- Completed in its entirety
 - All applicant members listed
 - Is it current? (within 120 days)
 - Changes/Corrections initialed by the Applicant
 - NO Correction Fluid (White-Out)

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Application Process: Determine Household Size

Who counts as a Household Member

Head

Spouse

Co-Head

Dependents

- Unborn Children (self-certified)
- Joint custody - Present 50% or more of the time
- Away at school but live with family during breaks
- In the process of being adopted
- Temporarily absent due to placement in foster care



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Application Process: Household Composition

Why is it important to know who is in the household?

- Because the Income Limits are based on household size!

INCOME LIMITS		2022 Area Median Income: \$110,300							
AMFI %	Number of Household Members								
	1	2	3	4	5	6	7	8	
20	\$ 15,460	\$ 17,660	\$ 19,860	\$ 22,060	\$ 23,840	\$ 25,600	\$ 27,360	\$ 29,120	
30	\$ 23,190	\$ 26,490	\$ 29,790	\$ 33,090	\$ 35,760	\$ 38,400	\$ 41,040	\$ 43,680	
40	\$ 30,920	\$ 35,320	\$ 39,720	\$ 44,120	\$ 47,680	\$ 51,200	\$ 54,720	\$ 58,240	
50	\$ 38,650	\$ 44,150	\$ 49,650	\$ 55,150	\$ 59,600	\$ 64,000	\$ 68,400	\$ 72,800	
60	\$ 46,380	\$ 52,980	\$ 59,580	\$ 66,180	\$ 71,520	\$ 76,800	\$ 82,080	\$ 87,360	
70	\$ 54,110	\$ 61,810	\$ 69,510	\$ 77,210	\$ 83,440	\$ 89,600	\$ 95,760	\$ 101,920	
80	\$ 61,840	\$ 70,640	\$ 79,440	\$ 88,240	\$ 95,360	\$ 102,400	\$ 109,440	\$ 116,480	
120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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Application Process: Whose Income Counts?

Members	Earned Income	Other Income (including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-Head	Yes	Yes
Other Adult	Yes	Yes
Dependents (under 18)	No	Yes
Full-time Student over 18	Yes	Yes
Non-Members	Earned Income	Other Income (including income from assets)
Live-in Aide	No	No
Foster Adult	No	No
Foster Children (under 18)	No	No

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Application Process: Foster Persons – HOTMA Example

Four (4) Person Household in a 60% HTC Unit in Austin, Texas

- Jesse; Head of Household, Annual Income \$48,000
- Erin; Foster Adult, Annual Income \$10,000
- Lynn; Foster Child, No Annual Income
- Jane; Foster Child, Annual Income from SSI \$7,240
- Total Household Income **\$65,240**



Income Limit for a 4 person household \$66,180 – Qualified if moved in prior to January 1, 2024

Income Limit for a 1 person household \$46,380 – Unqualified if moved in on or after January 1, 2024 with HOTMA changes

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Learning Point 1: Whose Income Counts?

Based on the application, which household members are receiving income that needs to be verified for eligibility?

C. HOUSEHOLD COMPOSITION – List the Head of Household and all other persons who comprise the household					
Full Name (exactly as on driver's license or other govt. document)	Relationship to Head of HH	Date of Birth	Student Status F/T=Full Time P/T=Part Time	Social Security No./ Alien Registration No.	Receiving income
1 Alma Madrigal	Head of Household	2/7/1979	<input type="checkbox"/> F/T <input type="checkbox"/> P/T <input checked="" type="checkbox"/> N/A	XXX-XX-1111	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2 Julieta Madrigal	<input checked="" type="checkbox"/> Co-Head <input type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	3/11/1981	<input type="checkbox"/> F/T <input type="checkbox"/> P/T <input checked="" type="checkbox"/> N/A	XXX-XX-2222	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3 Agustin Madrigal	<input type="checkbox"/> Co-Head <input type="checkbox"/> Spouse <input checked="" type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	4/12/2016	<input checked="" type="checkbox"/> F/T <input type="checkbox"/> P/T <input type="checkbox"/> N/A	XXX-XX-3333	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4 Mirabel Madrigal	<input type="checkbox"/> Co-Head <input type="checkbox"/> Spouse <input checked="" type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	9/1/2019	<input checked="" type="checkbox"/> F/T <input type="checkbox"/> P/T <input type="checkbox"/> N/A	XXX-XX-4444	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Head of Household only (Alma Madrigal)

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Sample Household: Whose Income Counts?

Whose income counts for the household below?

C. HOUSEHOLD COMPOSITION - List the Head of Household and all other persons who comprise the household					
Full Name (exactly as on driver's license or other govt. document)	Relationship to Head of HH	Date of Birth	Student Status F/T=Full Time P/T=Part Time	Social Security No./ Alien Registration No.	Receiving Income
1 Eric Robles	Head of Household	8/10/80	<input type="checkbox"/> F/T <input type="checkbox"/> P/T <input checked="" type="checkbox"/> N/A	1111	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2 Ariel Robles	<input type="checkbox"/> Co-Head <input checked="" type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	2/14/86	<input type="checkbox"/> F/T <input type="checkbox"/> P/T <input checked="" type="checkbox"/> N/A	2222	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3 Ursula Thompson	<input type="checkbox"/> Co-Head <input checked="" type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	10/1/45	<input type="checkbox"/> F/T <input type="checkbox"/> P/T <input checked="" type="checkbox"/> N/A	3333	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4 Sebastian Robles	<input type="checkbox"/> Co-Head <input checked="" type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	5/18/03	<input checked="" type="checkbox"/> F/T <input type="checkbox"/> P/T <input type="checkbox"/> N/A	4444	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5 melody Robles	<input type="checkbox"/> Co-Head <input type="checkbox"/> Spouse <input checked="" type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	7/4/12	<input checked="" type="checkbox"/> F/T <input type="checkbox"/> P/T <input type="checkbox"/> N/A	5555	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6 max Robles	<input type="checkbox"/> Co-Head <input type="checkbox"/> Spouse <input checked="" type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	12/26/15	<input checked="" type="checkbox"/> F/T <input type="checkbox"/> P/T <input type="checkbox"/> N/A	6666	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7 Halle Bailey	<input type="checkbox"/> Co-Head <input type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input checked="" type="checkbox"/> Other Adult	4/15/97	<input type="checkbox"/> F/T <input type="checkbox"/> P/T <input checked="" type="checkbox"/> N/A	7777	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Eric, Ariel, Ursula and Sebastian are all receiving income. Since Halle is a live-in aide, her income will not count towards the household eligibility.

D. HOUSEHOLD COMPOSITION INFORMATION	
Were any of the household members a full-time student within the last calendar year?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, who? <u>Ariel</u>
Are any of the household members listed above foster children?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, who? _____
Are any of the household members listed above a live-in attendant?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, who? <u>Halle</u>
Are any household members temporarily absent from the home?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, who? _____
Indicate reason for temporary absence: _____	
Do you anticipate any other members will join your household within the next 12 months?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES
If yes, explain: _____	

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Sample Household: The Income Certification Part II

INCOME CERTIFICATION				Effective Date: 09/30/2022		
<input checked="" type="checkbox"/> Initial Certification <input type="checkbox"/> Recertification <input type="checkbox"/> Other* _____				Move-in Date: 09/30/2022		
				(MM/DD/YYYY)		
*Transfer from Unit: _____						
PART I - DEVELOPMENT DATA						
Property Name: Pandora Springs		County: Travis		BIN #: TX-08-202203		
Address: 221 East 11th St, Austin, TX 78701		Unit Number: 325		# Bedrooms: 4 CMTS #: 1518		
PART II. HOUSEHOLD COMPOSITION						
HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	Student Status (circle one)	Last 4 digits of Social Security Number
1	Robles	Eric	HEAD	08/10/1980	FT / PT (NA)	1111
2	Robles	Ariel	Spouse	02/14/1986	FT / PT (NA)	2222
3	Thompson	Ursula	Other Adult	10/01/1945	FT / PT (NA)	3333
4	Robles	Sebastian	Dependent	05/18/2003	(FT) PT / NA	4444
5	Robles	Melody	Dependent	07/04/2012	(FT) PT / NA	5555
6	Robles	Max	Dependent	12/26/2015	(FT) PT / NA	6666
7	Bailey	Halle	Live-In Aide	04/15/1997	FT / PT (NA)	7777

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Application Process: Non-Members Live-in Aides

Income Excluded if ALL the following apply:

Resides with the applicant member

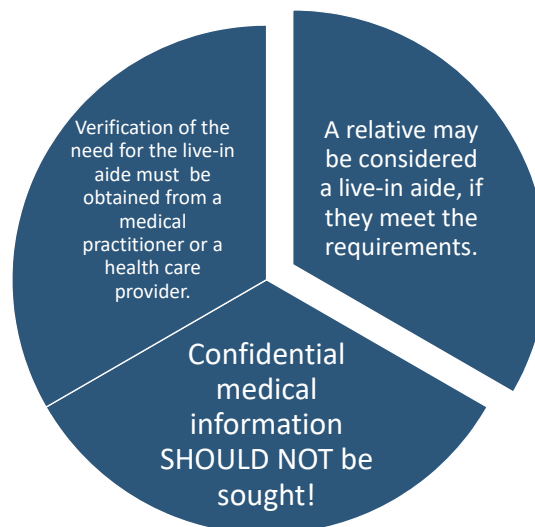
Essential to the care and well-being of the applicant member

Not obligated for the financial support of the applicant member

Would not be considered a member, except to provide the necessary supportive services

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Application Process: Live-in Aide Requirements



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Learning Point 1: Non-Members Live-in Aides

True or False: Based on the application, two (2) members have income that should be included when determining eligibility.

C. HOUSEHOLD COMPOSITION – List the Head of Household and all other persons who comprise the household						
Full Name (exactly as on driver's license or other govt. document)	Relationship to Head of HH	Date of Birth	Gender	Student Status F/T=Full Time P/T=Part Time	Social Security No./ Alien Registration No.	Receiving income
1 Stuart McAlister	Head of Household	06/05/42	<input checked="" type="checkbox"/> Male <input type="checkbox"/> Female	<input type="checkbox"/> FIT <input type="checkbox"/> P/T <input checked="" type="checkbox"/> N/A	XXX-XX-6262	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2 Sylvia Harris	<input type="checkbox"/> Co-Head <input type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input checked="" type="checkbox"/> Other Adult	08/11/85	<input type="checkbox"/> Male <input checked="" type="checkbox"/> Female	<input checked="" type="checkbox"/> FIT <input type="checkbox"/> P/T <input type="checkbox"/> N/A	XXX-XX-3412	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

D. HOUSEHOLD COMPOSITION INFORMATION	
Were any of the household members a full-time student within the last calendar year?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, who? _____
Are any of the household members listed above foster children?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, who? _____
Are any of the household members listed above a live-in attendant?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, who? <u>Sylvia Harris</u>

FALSE
Sylvia is a live-in aide

Learning Point 2: Non-Members Live-in Aides

True or False: Based on the application, one (1) member has income that should be included when determining eligibility.

C. HOUSEHOLD COMPOSITION – List the Head of Household and all other persons who comprise the household						
Full Name (exactly as on driver's license or other govt. document)	Relationship to Head of HH	Date of Birth	Gender	Student Status F/T=Full Time P/T=Part Time	Social Security No./ Alien Registration No.	Receiving income
1 Marshall Williams	Head of Household	08/07/40	<input checked="" type="checkbox"/> Male <input type="checkbox"/> Female	<input type="checkbox"/> FIT <input type="checkbox"/> P/T <input checked="" type="checkbox"/> N/A	XXX-XX-4511	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2 Amelia Williams	<input type="checkbox"/> Co-Head <input checked="" type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	02/02/50	<input type="checkbox"/> Male <input checked="" type="checkbox"/> Female	<input type="checkbox"/> FIT <input type="checkbox"/> P/T <input checked="" type="checkbox"/> N/A	XXX-XX-9034	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

D. HOUSEHOLD COMPOSITION INFORMATION	
Were any of the household members a full-time student within the last calendar year?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, who? _____
Are any of the household members listed above foster children?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, who? _____
Are any of the household members listed above a live-in attendant?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, who? <u>Amelia</u>

FALSE
Amelia is the Spouse

Application Process: Types of Verification

Three (3) Acceptable verification methods:

- Third-Party
- First-Hand
- Oral Clarification

Maintain Verification Documentation

- All tenant files must maintain verification documentation

Verification Documentation

- Must be dated within 120 days of the effective date of the household's Income Certification
- Exceptions Apply

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Application Process: Tips to Minimize Verification Challenges

Valid within 120 days of Certification

Complete

No evidence of tampering

Executed by reliable source

NO Correction Fluid (White-Out)

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Module 2



Documenting Income

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Eligibility: 5 Basic Steps; Step 2

- 1 Application Process
- 2 Document Income & Assets
- 3 Annualize Income
- 4 Adjusted Income
- 5 Complete Income Certification

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Income

ALL amounts, monetary or not, that go to or are received on behalf of the Head, Spouse, or Co-Head (even if the member is temporarily absent), or any other member

AND/OR

ALL amounts anticipated to be received from a source outside the applicant group during the 12-month period following admission or certification

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Income: Inclusions and Exclusions

Annual Income includes all amounts not specifically excluded by regulation. *The exclusions were updated with HOTMA requirements and changed on January 1, 2024.*

For a listing of income exclusions, refer to Notice 2023–10 and Notice 2023–27.

(<https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-27pihn.pdf>)

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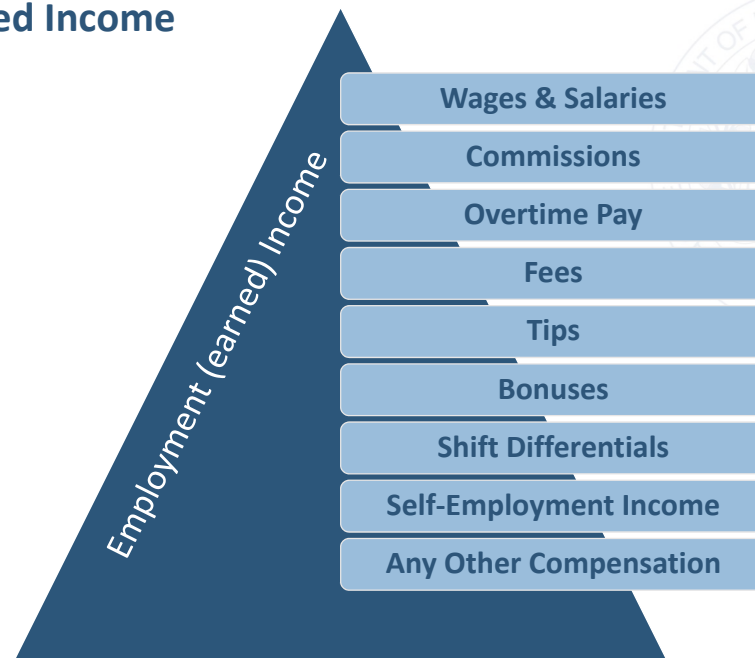
Income: HOTMA Excluded Income

- Insurance Payments and Settlements
- Employment Income for Students
- Payments to keep family members with disabilities living at home
- Payments from the U.S. Census Bureau for work on Decennial Census
- Direct Federal/State Payments for Economic Stimulus or Recovery
- Tax Returns
- Gifts for holiday, birthdays, or other significant life events
- Lump sum additions to assets like lottery winnings
- Civil Settlements from an action that caused someone to become disabled
- Income or lump sums received from Civil Rights Settlements
- Back-pay received as a result of a Civil Rights Action
- **Worker's Compensation**
- Income received from a retirement account
 - Except for periodic payments
- **Certain Student Financial Assistance**
- Any other income excluded by CFR 5.609 (when updated)

Any of the Lump Sums outlined on this slide that are placed in an asset, checking/savings account, will count towards the household assets.

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Income: Earned Income



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Income: Frequently Used Periodic Wage Calculations

Full-Time
Hourly

Wage x 2080 hours

Weekly

Wage x 52 pay periods (weeks)

Bi-Weekly

Wage x 26 pay periods

Semi-
Monthly

Wage x 24 pay periods

Monthly

Wage x 12 pay periods (months)

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Income: Third-Party Verifications

Acceptable if:

- Sent directly by a third-party source
- Not hand-carried by the applicant to, or from, the property
- Completed in its entirety

Mail

- Maintain envelope in which verification was sent/received

Fax

- Includes company name and source's fax number

Email

- Reliable if includes name of appropriate person or firm

Internet

- Web-based information from a reputable source

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Income: First-Hand Verifications

Acceptable if identifies:

- Applicant and Employer
- Account Holder and Bank
- Pay Period and Pay Date
- Gross Pay

Paystub Guidelines

- Recommended to obtain at least 2 paystubs; more is allowed and should be outlined in policies
 - Some programs require 60 days of source documentation and 2 paystubs would not satisfy this requirement
- Review itemization of all amounts included in gross pay and year-to-date earnings
- Review for any assets not disclosed on application



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Income: First-Hand Verifications Allowance

Per 10 TAC §10.612(a)(3): The Department permits Owners to use check stubs or other first-hand documentation of income and assets provided by the applicant or household in lieu of third-party verification forms. ***It is not necessary to first attempt to obtain a third party verification form.*** Owners should scrutinize these documents to identify and address any obvious attempts at forgery, alteration, or generation of falsified documents.

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Income: Exception to Paystub Guidelines

HTC/BOND/HTF/TCAP/TCEP (Exchange) Programs:

- Gather enough paystubs to determine frequency of pay
- No set number of stubs required
- 2 stubs are recommended by HOTMA

HOME/NSP/TCAP- RF/NHTF/HOME-ARP Programs:

- Must obtain two (2) months of source documentation for all income
- Two (2) months = 60 days

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Income: Oral Verifications

Acceptable if:

- Documented
- From a Reliable 3rd Party Source

Great for Clarifying:

- Incomplete Verification
- Discrepancies

Should include:

- Date & Time
- Person Contacted
- Person contacted phone and/or email
- Contact Title
- Information Reported
- Your Name & Signature

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Income: Telephone Verifications

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TELEPHONE VERIFICATION/CLARIFICATION RECORD

I. THIS SECTION TO BE COMPLETED BY DEVELOPMENT

Development Name:		TDHCA Number:	
Name of Person Receiving Information:		Title:	
Development Address:		Phone:	
RI: (Applicant/Resident Name):			

The clarification record is being gathered:

As a source of clarification for a gathered third-party written or first-hand verification. Describe area in which clarification is being sought: _____

Source of clarification: Phone Conversation Person to Person Other: Explain: _____

Person Contacted:		Title:	
Company/Organization:		Phone/Email:	
Date Contacted:		Time Contacted:	

II. VERIFIED INFORMATION

1. Reason for Clarification: _____

2. Explanation for Clarification Given: _____

3. Additional remark(s): _____

III. ADMINISTRATOR, OWNER, MANAGEMENT AUTHORIZED REPRESENTATIVE CERTIFICATION

I certify that the above information is true and correct.

Signature of Authorized Representative	Representative's Title	Date
Authorized Representative's Printed Name	Phone #	Email

The Department has made available a Telephone Verification. This can be used as a source of clarification for a gathered third-party or first-hand verification. This form is available on the Department website.

Learning Point 1: Paystub Average

What is the income calculation for the following paystubs?

Earnings		Pay Date: 7/1/2022	
		Pay period begin: 6/16/2022	
		Pay period end: 6/30/2022	
	Current Total		Year to Date
Regular	\$ 1,500.00	\$	18,000.00
Longevity	\$ -	\$	-
Bonus	\$ -	\$	-
Total	\$ 1,500.00	\$	18,000.00

Earnings		Pay Date: 8/1/2022	
		Pay period begin: 7/16/2022	
		Pay period end: 7/31/2022	
	Current Total		Year to Date
Regular	\$ 1,500.00	\$	21,000.00
Longevity	\$ -	\$	-
Bonus	\$ -	\$	-
Total	\$ 1,500.00	\$	21,000.00

Earnings		Pay Date: 7/15/2022	
		Pay period begin: 7/1/2022	
		Pay period end: 7/15/2022	
	Current Total		Year to Date
Regular	\$ 1,500.00	\$	19,500.00
Longevity	\$ -	\$	-
Bonus	\$ -	\$	-
Total	\$ 1,500.00	\$	19,500.00

Earnings		Pay Date: 8/15/2022	
		Pay period begin: 8/1/2022	
		Pay period end: 8/15/2022	
	Current Total		Year to Date
Regular	\$ 1,500.00	\$	22,500.00
Longevity	\$ -	\$	-
Bonus	\$ -	\$	-
Total	\$ 1,500.00	\$	22,500.00

$\$1,500 \times 24 = \$36,000$

Learning Point 2: Paystub Average

June 2022							July 2022						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4					1	2	
5	6	7	8	9	10	11	3	4	5	6	7	8	9
12	13	14	15	16	17	18	10	11	12	13	14	15	16
19	20	21	22	23	24	25	17	18	19	20	21	22	23
26	27	28	29	30			24	25	26	27	28	29	30
							31						

www.a-printable-calendar.com

Carlos has 4 paycheck stubs within 120 days of the Income Certification:

- 6/3 - Gross income of \$527
- 6/17 - Gross income of \$602
- 7/1 - Gross income of \$539
- 7/15 - Gross income of \$542

What is his annual income to be used for eligibility?

$$\begin{aligned}
 & \$527 + \$602 + \$539 + \$542 = \$2,210 \\
 & \$2,210 / 4 = \$552.50 \\
 & \$552.50 \times 26 = \$14,365
 \end{aligned}$$

Learning Point 3: Employment Verification

Based on the Employment Verification below, what is the annual income to be considered for Jennifer's eligibility?

II. THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: Jennifer Jackson	Job Title: Sales Associate
Presently Employed: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	Date First Employed: 1/16/2019
Last Day of Employment: _____ or <input type="checkbox"/> Not Applicable	
Current Wages/Salary: \$ 8.50 (circle one) hourly weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
Average # of regular hours per week: 35	Year-to-date earnings: \$ 11,786.67 through 08 / 27 / 2022
Overtime Rate: \$ n/a per hour	Average # of overtime hours per week: n/a
Shift Differential Rate: \$ n/a per hour	Average # of shift differential hours per week: _____
Commissions, bonuses, tips, other: \$ 4,000 (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
List any anticipated change in the employee's rate of pay within the next 12 months: n/a Effective date: n/a	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): _____	
Do Employees have access to an Employer Retirement Account prior to termination or retirement? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
Additional remark(s): _____	

$$\begin{aligned}
 & \$8.50 \text{ per hour} \times 35 \text{ hours per week} = \$297.50 \text{ per week} \\
 & \$297.50 \text{ per week} \times 52 \text{ weeks per year} = \$15,470 \text{ annual base pay} \\
 & \$15,470 \text{ base pay} + \$4,000 \text{ annual bonus} = \$19,470 \text{ Annual Income}
 \end{aligned}$$

Learning Point 4: Paystub Average

Based on the paystubs below, what is the annual income to be used for eligibility?

Earnings					Pay Date: 7/1/2022	
					Pay period begin: 6/16/2022 Pay period end: 6/30/2022	
	Pay Rate	Hours	Current Total	Year to Date		
Regular	\$ 16.00	65	\$ 1,040.00	\$	7,500.00	
Shift Diff.	\$ 17.25	15	\$ 258.75	\$	258.75	
Bonus			\$ -	\$	-	
Total			\$ 1,298.75	\$	7,758.75	

Earnings					Pay Date: 8/1/2022	
					Pay period begin: 7/16/2022 Pay period end: 7/31/2022	
	Pay Rate	Hours	Current Total	Year to Date		
Regular	\$ 16.00	54	\$ 864.00	\$	10,362.75	
Shift Diff.	\$ 17.25	26	\$ 448.50	\$	707.25	
Bonus	\$ 240.00	n/a	\$ 240.00	\$	480.00	
Total			\$ 1,552.50	\$	11,550.00	

Earnings					Pay Date: 7/15/2022	
					Pay period begin: 7/1/2022 Pay period end: 7/15/2022	
	Pay Rate	Hours	Current Total	Year to Date		
Regular	\$ 16.00	80	\$ 1,500.00	\$	9,498.75	
Shift Diff.			\$ -	\$	258.75	
Bonus	\$ 240.00	n/a	\$ 240.00	\$	240.00	
Total			\$ 1,740.00	\$	9,997.50	

Earnings					Pay Date: 8/15/2022	
					Pay period begin: 8/1/2022 Pay period end: 8/15/2022	
	Pay Rate	Hours	Current Total	Year to Date		
Regular	\$ 16.00	70	\$ 1,120.00	\$	11,482.75	
Shift Diff.	\$ 17.25	10	\$ 172.50	\$	879.75	
Bonus			\$ -	\$	480.00	
Total			\$ 1,292.50	\$	12,842.50	

$$\begin{aligned}
 & \$1,298.75 + \$1,740 + \$1,552.50 + \$1,292.50 = \$5,883.75 \\
 & \$5,883.75 / 4 = \$1,470.94 \\
 & \$1,470.94 \times 24 \text{ pay periods} = \$35,302.50 \text{ annually}
 \end{aligned}$$

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Learning Point 5: Paystub Calculation

Based on the paystubs below, the annual income for this applicant is \$20,800. True or False?

Earnings					Pay Date: 8/12/2022	
					Pay period begin: 7/31/2022 Pay period end: 8/6/2022	
	Pay Rate	Hours	Current Total	Year to Date		
Regular	\$ 10.00	40	\$ 400.00	\$	9,345.00	
Shift Diff.			\$	\$	1,800.00	
Bonus			\$	\$	1,500.00	
Total			\$ 400.00	\$	12,645.00	

Earnings					Pay Date: 8/26/2022	
					Pay period begin: 8/14/2022 Pay period end: 8/20/2022	
	Pay Rate	Hours	Current Total	Year to Date		
Regular	\$ 10.00	40	\$ 400.00	\$	10,145.00	
Shift Diff.			\$	\$	1,800.00	
Bonus			\$	\$	1,500.00	
Total			\$ 400.00	\$	13,445.00	

Earnings					Pay Date: 8/19/2022	
					Pay period begin: 8/7/2022 Pay period end: 8/13/2022	
	Pay Rate	Hours	Current Total	Year to Date		
Regular	\$ 10.00	40	\$ 400.00	\$	9,745.00	
Shift Diff.			\$	\$	1,800.00	
Bonus			\$	\$	1,500.00	
Total			\$ 400.00	\$	13,045.00	

Earnings					Pay Date: 9/2/2022	
					Pay period begin: 8/21/2022 Pay period end: 8/27/2022	
	Pay Rate	Hours	Current Total	Year to Date		
Regular	\$ 10.00	40	\$ 400.00	\$	10,545.00	
Shift Diff.			\$	\$	1,800.00	
Bonus			\$	\$	1,500.00	
Total			\$ 400.00	\$	13,845.00	

False, Shift Differential and Bonus Pay need to be clarified first!

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Learning Point 5 continued: Paystub Calculation

We know the weekly pay for this applicant is \$400; however, we can see that there is a shift differential pay and a bonus on the paychecks from the previous slide which were not accounted for in the paystub average. We need some additional information and calculations...

Reason for Clarification:

1. What is the Shift Differential pay rate?
2. What is the average number of Shift Differential hours and frequency?
3. What is the pay rate and frequency for Bonuses?

Explanation for Clarification Given:

1. The pay rate is \$12 per hour.
2. The employee works an average of 20 Shift Differential hours per month.
3. The employee receives quarterly bonuses of \$500.

Base Pay: $\$400 \times 52 = \$20,800$

Shift Differential: $\$2 \times 20 \text{ hours} \times 12 \text{ months} = \480
 {Shift Differential Pay \$12 – Base Pay \$10 = \$2 extra}

Quarterly Bonus: $\$500 \times 4 = \$2,000$

$\$20,800$ (Base Pay) + $\$480$ (Shift Differential) + $\$2,000$ (Quarterly Bonus) = $\$23,280$ total annual income

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Learning Point 6: Periodic Wage Calculation

What is the annual income for Jon based on the Employment Verification below?

I. THIS SECTION TO BE COMPLETED BY ADMINISTRATOR/OWNER/AGENT & ELECTED BY APPLICANT/RESIDENT	
TO: (Name of Employee) The Art and Frame Store	Dated: March 25, 2020
Employer Address: 4200 South 1st Street, Paris, TX 78745	Phone/Fax: 456-123-7890/456-123-7899
RE: (Applicant/Resident Name) Jonathan Vermeer	
RELEASE: My signature here or on the attached "Rate" employment information.	
Applicant/Resident Printed Name: Jonathan Vermeer	Signature: _____
Information: The individual named directly above is an employee of the business which requires verification of information. Administrator/Owner/Management Signatory Name and Level of Position: Jonny Willie Nelson, Manager	
Administrator/Owner/Management Name: Jonny Willie Nelson, Manager	Address: 8675309 Music Lane, Austin, TX 78703
Email Address: manager.jonnychestates@willienelson.com	Your prompt response is crucial and greatly appreciated.
II. THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: Jon Vermeer	Job Title: Apprentice
Presently Employed: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	Date First Employed: 03/01/2019
Last Day of Employment: _____ or <input checked="" type="checkbox"/> Not Applicable	
Current Wages/Salary: \$ 11.00	(circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____
Average # of regular hours per week: 40	Year-to-date earnings: \$ 19,153.40 through 12/31/2019
Overtime Rate: \$ 0 per hour	Average # of overtime hours per week: 0
Shift Differential Rate: \$ 2.00 per hour	Average # of shift differential hours per week: 1
Commissions, bonuses, tips, other: \$ None	(circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____
List any anticipated change in the employee's rate of pay within the next 12 months: None Effective date: _____	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): None	
Do Employees have access to an Employer Retirement Account prior to termination or retirement? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
Additional remark(s): Jon is a dedicated and valuable employee	
III. EMPLOYER AUTHORIZED REPRESENTATIVE CERTIFICATION	
I certify that the above information is true and correct.	
Signature of Employer Authorized Representative: Thomas Eakins	Printed Name: Thomas Eakins
Phone #: 456-123-7890	Fax #: 456-123-7899
The Art and Frame Store: 8675309 Music Lane, Austin, TX 78703	
Employer E-mail Address: TEakins@theastandframe.org	

Hourly Pay: $\$11.00 \times 40 \text{ hours} \times 52 \text{ weeks} = \$22,880.00$
 Shift Differential: $\$2.00 \times 1 \text{ hour} \times 52 \text{ weeks} = \104.00

Total Employment Income
 $\$22,880.00 + \$104.00 = \$22,984.00$ annually

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Income: Irregular Employment-Seasonal or Sporadic

Include amounts that can be verified

- Use reasonable judgment - most reliable approach to estimating anticipated income
- If unable to verify the restrictions/range, assume it will continue throughout the certification period

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Sample Household: Seasonal Employment

II. THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: Eric Robles	Job Title: Package Sorter
Presently Employed: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	Date First Employed: 9/1/2021
Last Day of Employment: _____ or <input type="checkbox"/> Not Applicable	
Current Wages/Salary: \$ 18.00 (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
Average # of regular hours per week: 30	Year-to-date earnings: \$ 11,880 through 05 / 27 / 2022
Overtime Rate: \$ n/a per hour	Average # of overtime hours per week: n/a
Shift Differential Rate: \$ n/a per hour	Average # of shift differential hours per week: _____
Commissions, bonuses, tips, other: \$ n/a (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
List any anticipated change in the employee's rate of pay within the next 12 months: n/a Effective date: n/a	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): Does not work June, July or August	
Do Employees have access to an Employer Retirement Account prior to termination or retirement? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
Additional remark(s): Great employee, hard worker!	

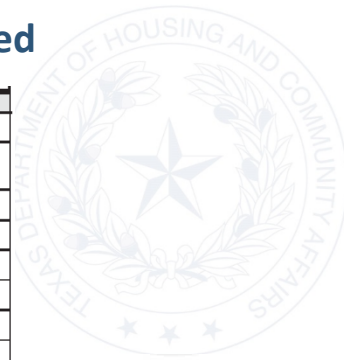
What is the income calculation for this verification of employment?

~~\$18 x 30 hours x 52 weeks = \$28,080 annually~~

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Sample Household: Seasonal Employment continued

II. THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: Eric Robles	Job Title: Package Sorter
Presently Employed: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	Date First Employed: 9/1/2021 Last Day of Employment: _____ or <input type="checkbox"/> Not Applicable
Current Wages/Salary: \$ 18.00 (circle one) hourly weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
Average # of regular hours per week: 30	Year-to-date earnings: \$ 11,880 through 05 /27 /2022
Overtime Rate: \$ n/a per hour	Average # of overtime hours per week: n/a
Shift Differential Rate: \$ n/a per hour	Average # of shift differential hours per week: _____
Commissions, bonuses, tips, other: \$ n/a (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
List any anticipated change in the employee's rate of pay within the next 12 months: n/a Effective date: n/a	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): Does not work June, July or August	
Do Employees have access to an Employer Retirement Account prior to termination or retirement? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
Additional remark(s): Great employee, hard worker!	



****Eric should also be screened for "other" income during his lay-off period.****

There is a layoff period, Eric will not work 52 weeks. Further verification is required to determine annual income.

Contact the employer to determine the number of weeks that Eric will receive pay.

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Sample Household: Seasonal Employment completed

Person Contacted: Kash Hernandez		Title: Shift Manager
Company/Organization: Amazon		Phone/Email: 512-268-5555
Date Contacted: 8/15/2022		Time Contacted: 9:00 AM
II. VERIFIED INFORMATION		
1. Reason for Clarification: _____ When does seasonal work end/begin?		
2. Explanation for Clarification Given: _____ Eric works yearly until the last Friday of May and then comes back on the first Monday of September.		

2022																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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Income: Anticipated Changes

Anticipated changes can include

- Rate of Pay
- Benefits received
- Hours worked

If applicant anticipates increase in income

- Take it into account when determining eligibility
- If verification not possible gather a self-certification

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Sample Household: Anticipated Changes

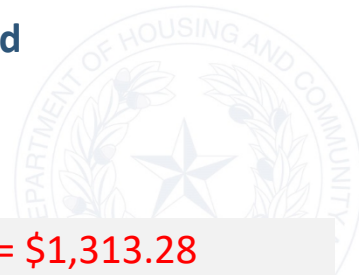
Ariel signs her Certification on September 30.

What is the anticipated change to be included in the calculation for determination of eligibility?

II. THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: <i>Ariel Robles</i>	Job Title: <i>Educator</i>
Presently Employed: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	Date First Employed: <i>11/4/2021</i> Last Day of Employment: _____ or <input checked="" type="checkbox"/> Not Applicable
Current Wages/Salary: \$ <i>1,313.28</i> (circle one) hourly / weekly / bi-weekly / semi-monthly / <u>monthly</u> / yearly / other: _____	
Average # of regular hours per week: <i>24</i>	Year-to-date earnings: \$ <i>12,626.56</i> through <i>08/01/22</i>
Overtime Rate: \$ <i>n/a</i> per hour	Average # of overtime hours per week: <i>n/a</i>
Shift Differential Rate: \$ <i>n/a</i> per hour	Average # of shift differential hours per week: <i>n/a</i>
Commissions, bonuses, tips, other: \$ <i>n/a</i> (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
List any anticipated change in the employee's rate of pay within the next 12 months: \$ <i>50/mo.</i> Effective date: <i>11/01/2022</i>	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): <i>n/a</i>	
Do Employees have access to an Employer Retirement Account prior to termination or retirement? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
Additional remark(s):	

50

Sample Household: Anticipated Changes continued

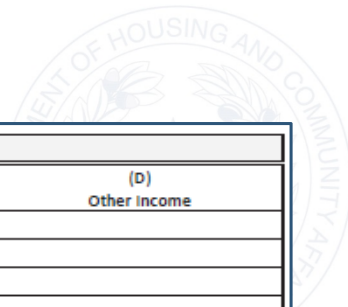


2022

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
26	27	28	29	30	31	1	30	31	1	2	3	4	5	27	28	1	2	3	4	5	27	28	29	30	31	1	2
2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8											
9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15											
16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22											
23	24	25	26	27	28	29	27	28	1	2	3	4	5	27	28	29											
30	31	1	2	3	4	5	27	28	1	2	3	4	5	27	28	29											
May							June							July													
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T											
1	2	3	4	5	6	7	29	30	31	1	2	3	4	26	27	28											
8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5											
15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12											
22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19											
29	30	31	1	2	3	4	26	27	28	29	30	1	2	24	25	26											
							26	27	28	29	30	1	2	31	1	2	3	4	5	6	28	29	30	31	1	2	3
September							October							November							December						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
28	29	30	31	1	2	3	25	26	27	28	29	30	1	30	31	1	2	3	4	5	27	28	29	30	1	2	3
4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10
11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17
18	19	20	21	22	23	24	16	17	18	19	20	21	22	13	14	15	16	17	18	19	18	19	20	21	22	23	24
25	26	27	28	29	30	1	23	24	25	26	27	28	29	20	21	22	23	24	25	26	18	19	20	21	22	23	24
							30	31	1	2	3	4	5	27	28	29	30	1	2	3	25	26	27	28	29	30	31

$\$1,313.28 \times 1 = \$1,313.28$
 $\$1,313.28 + \$50 = \$1,363.28$
 $\$1,363.28 \times 11 = \$14,996.08$
 $\$1,313.28 + \$14,996.08 = \$16,309.36$

Sample Household: Income Certification Part III



PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Mbr #	(A) Employment/Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
1	\$20,520.00			
2	\$16,309.36			
3				
4				
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____
Add totals from (A) through (D) above			TOTAL INCOME (E):	\$ _____

We know from our application for the Robles household that there are 4 household members with income. So far, we have received verification of 2 household member incomes.

Learning Point: Anticipated Changes

Christina works as an employee at a ranch for \$9.50 an hour. Her employer anticipates that she will work 40 hours a week with no overtime. The employer also anticipates giving her a \$0.50 raise the 11th week after she will move in.

What will Christina's income be for eligibility purposes?

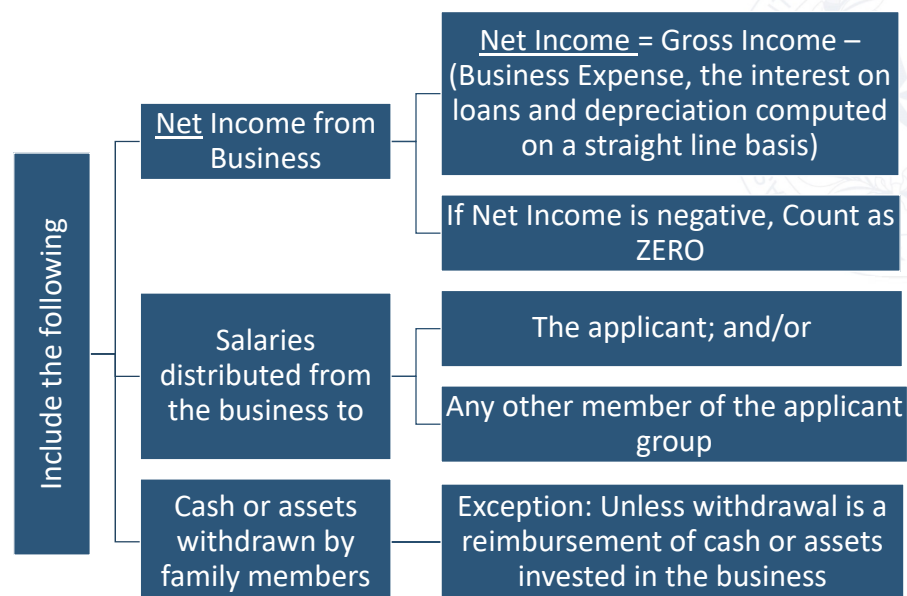
10 weeks with pay at \$9.50
42 weeks with pay at \$10.00

$\$9.50 \times 40 \text{ hours} \times 10 \text{ weeks} = \$3,800$
 $\$10 \times 40 \text{ hours} \times 42 \text{ weeks} = \$16,800$

$\$3,800 + \$16,800 = \$20,600$ annually

53

Income: Self-Employment/Income from Business



54

Learning Point: Self-Employment Income

Tina has a small cleaning business. Her gross monthly income is anticipated to be \$2,500. Her cleaning supplies and other expenses will total \$925 quarterly. What is the income that will be counted for this business?

\$2,500 x 12 months = \$30,000

Less expenses

\$925 x 4 quarters = \$3,700

Net Business Income:

\$30,000 - \$3,700 for supplies = \$26,300 Income Annually

55

Income: Rideshare/Delivery Services

February 18 - 24	
\$245.45	
Active time	5 hrs 29 min
Time online	6 hrs 0 min
Summary	
Batches	6
Customer Tips	\$47.44
Instacart Payment	\$59.77
One-Time Payment	\$133.24
Earnings Adjustment	\$5.00

INSTACART

Feb 17 - Feb 23		
\$8.08		
1 hr 50 min	23 min	1
Online time	Booked time	Rides
Earnings		\$8.08
Deductions		-\$0.50
Payouts		-\$7.58
Available balance		\$0.00

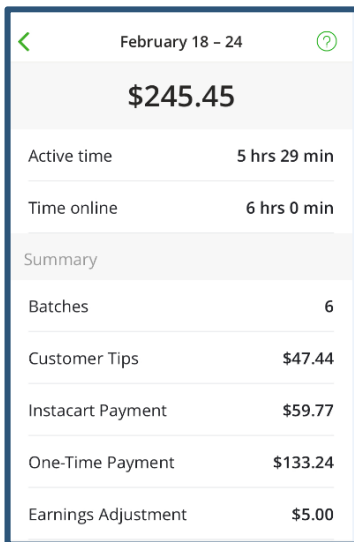
LYFT

Weekly	
Feb 17 - 24	
\$78.73	EARNINGS
Feb 18 \$56.77	
2	3h 40m
TRIPS	TIME ONLINE
2	POINTS
Earnings	\$78.73
Trip Earnings	\$65.37
Toll	\$3.36

UBER

56

Learning Point: Rideshare/Delivery Services



February 18 - 24	
\$245.45	
Active time	5 hrs 29 min
Time online	6 hrs 0 min
Summary	
Batches	6
Customer Tips	\$47.44
Instacart Payment	\$59.77
One-Time Payment	\$133.24
Earnings Adjustment	\$5.00

INSTACART

Your applicant works for Instacart and has only received one paycheck. What is the best way to calculate their income? They have stated that they anticipate the same level of pay for each week.

$$\text{\$245.45 per week} \times 52 \text{ weeks} = \text{\$12,763.40 annually}$$

57

Income: Social Media Influencer

There are many different ways a person can get paid for being a social media influencer. Most are independent contractors and should be treated as self-employed.

Example: Kevin streams for YouTube. He can make anywhere from \$1,200 to \$4,000, dependent upon his views, ads, etc., per month and receives a statement each month. He also has subscribers and gifts given which must also be included as income. In this case, he can provide the most recent 4-6 statements. To calculate his income, average the statements and count the net income. The taxes paid/owed are not considered an allowable deduction when determining the net income. Please note, not all influencers receive monthly statements; therefore, you will need to work with the applicant and/or prospective resident regarding what they have available to verify their income.

Acceptable forms of verification would include:

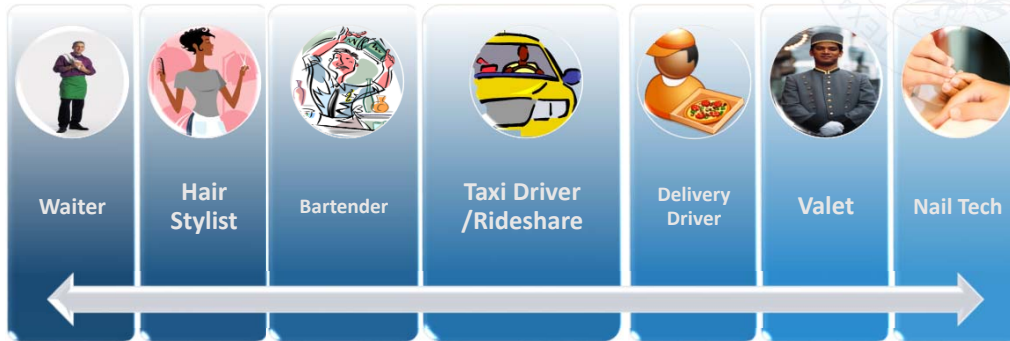
- IRS form 1040 schedule C or 4506-T
- Statements showing net income (most recent 4-6 to average)
- Other documentation listed in Appendix 3 of the 4350.3
- Self affidavit as last resort

Citation: HUD 4350.3, 5-6H, page 5-13
Appendix 3 (Acceptable forms of verification)

58

Income: Tip Income

- Not always reflected on paystubs or verifications
- Obtain statement of anticipated tips and include
- Tip income is typically earned in these industries



This list is not exhaustive!

Income: Tip Affidavit

Applicant/Tenant: _____ Apartment: _____

I, _____, hereby certify that I receive \$ _____ weekly/monthly/quarterly/annually (circle one) in undeclared tip income.

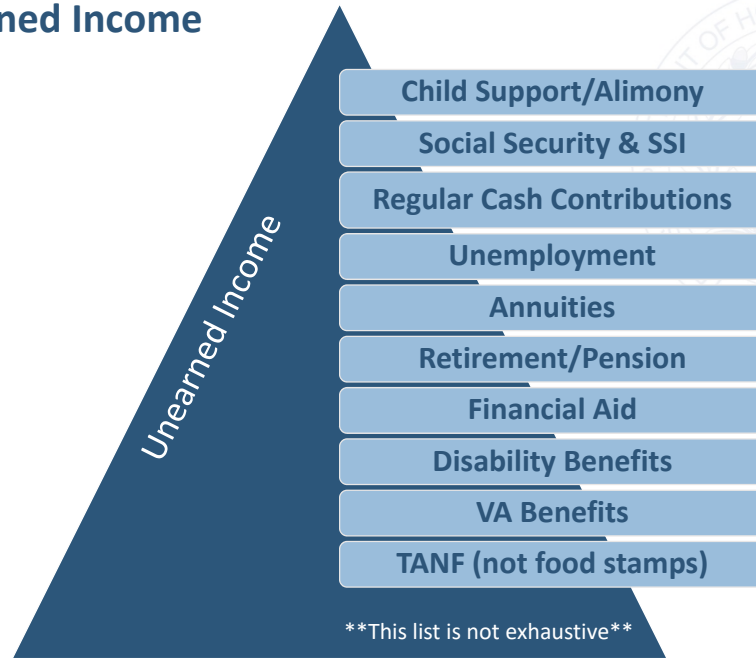
These are tips the I **DO NOT** report to my employer, and are in addition to the amount of tip income I report to my employer for tax purposes.

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. I further understand that providing false representations constitutes an act of fraud. False, misleading, or incomplete information may result in the termination of my lease agreement. I understand that I may be required to periodically update this information as requested by owner/agent.

Signature of Applicant/Tenant _____
Date

The Department has made available for use a Tip Affidavit that can be utilized to certify income from applicants receiving tips as part of their employment. This is not a required form, but the income must be certified by the development. Developments can use their own form if they would like.

Income: Unearned Income



61

Income: Unemployment Income

Calculate assuming current circumstance will last a full twelve (12) months.

Adjustments for Prior Overpayment of Benefits

If an agency is reducing a family's benefits to adjust for a prior overpayment (e.g., social security, SSI, TANF, or unemployment benefits), count the amount that is actually provided after the adjustment.

62

Learning Point: Unemployment Income

Based on the unemployment benefit statement; what is the amount of unemployment income that would be included in the calculation of eligibility?

$\$390 \times 52 \text{ weeks} =$
 $\$20,280 \text{ annual income}$

Payment Summary List

Claimant Information

Name:
CHRISTINE CALLAHAN
Social Security Number (SSN):
XXX-XX-1787

Claim Type:	Regular Unemployment Benefits
Claim Start Date:	- - -
Weekly Benefit Amount:	\$390.00
Maximum Possible Benefits:	\$9,176.00
Benefits Paid to Date:	\$2,730.00
Benefits Remaining:	\$6,446.00

Week(s)	TWC Processed Date	Deduction(s)	Payment
Jul 19, 2022 to Jul 25, 2022	---	\$99.00	\$891.00
Jul 12, 2022 to Jul 18, 2022	---	\$99.00	\$891.00
Jul 05, 2022 to Jul 11, 2022	---	\$99.00	\$891.00
Jun 28, 2022 to Jul 04, 2022	---	\$99.00	\$891.00
Jun 21, 2022 to Jun 27, 2022	---	\$99.00	\$891.00
Jun 14, 2022 to Jun 20, 2022	---	\$99.00	\$891.00
Jun 07, 2022 to Jun 13, 2022	---	\$99.00	\$891.00
May 31, 2022 to Jun 06, 2022	---	\$0.00	\$0.00

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Income: Unemployment Income Exception

Housing Tax Credit (HTC) Program Exception

Annualized payments should not be used unless the source of funds is expected to continue throughout the certification period, or for an indeterminable length of time.

64

Income: Child Support/Alimony

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

Court Ordered

A printout of payments received

65

Income: Child Support/Alimony; Not Court Ordered

If the support is not court ordered due to no marriage/other reason

- Verification can include a Certification stating the amount received and pay frequency.

66

Learning Point 1: Child Support/Alimony

What is the amount of Child Support Income to be included in annual income calculation for eligibility with a certification date of 1/1/2024?

<input type="checkbox"/> No case was found on the Child Support Registry. Other: _____ This document contains the most recent tax offset amounts. Tax Offset amounts are not included on the reverse side of the form.		Cause #: F-XXXX-13-7 The amount of court child support is \$20.00 per MONTHLY Last 12 Payments <table border="1"> <thead> <tr> <th>Date:</th> <th>Amount:</th> </tr> </thead> <tbody> <tr><td>12/02/2021</td><td>\$520.00</td></tr> <tr><td>11/03/2021</td><td>\$520.00</td></tr> <tr><td>10/02/2021</td><td>\$520.00</td></tr> <tr><td>09/02/2021</td><td>\$520.00</td></tr> <tr><td>08/04/2021</td><td>\$520.00</td></tr> <tr><td>07/02/2021</td><td>\$520.00</td></tr> <tr><td>06/02/2021</td><td>\$520.00</td></tr> <tr><td>05/04/2021</td><td>\$520.00</td></tr> <tr><td>04/01/2021</td><td>\$520.00</td></tr> <tr><td>03/03/2021</td><td>\$520.00</td></tr> <tr><td>02/04/2021</td><td>\$520.00</td></tr> <tr><td>01/03/2021</td><td>\$520.00</td></tr> </tbody> </table>	Date:	Amount:	12/02/2021	\$520.00	11/03/2021	\$520.00	10/02/2021	\$520.00	09/02/2021	\$520.00	08/04/2021	\$520.00	07/02/2021	\$520.00	06/02/2021	\$520.00	05/04/2021	\$520.00	04/01/2021	\$520.00	03/03/2021	\$520.00	02/04/2021	\$520.00	01/03/2021	\$520.00	Not Cooperating Texas Title IV-D agency. Federal tax offsets, if applicable, are provided on the reverse side of this document. Cause #: _____ The amount of court child support is _____ per _____ Date: _____ Last 12 Payments Amount: _____
Date:	Amount:																												
12/02/2021	\$520.00																												
11/03/2021	\$520.00																												
10/02/2021	\$520.00																												
09/02/2021	\$520.00																												
08/04/2021	\$520.00																												
07/02/2021	\$520.00																												
06/02/2021	\$520.00																												
05/04/2021	\$520.00																												
04/01/2021	\$520.00																												
03/03/2021	\$520.00																												
02/04/2021	\$520.00																												
01/03/2021	\$520.00																												
OAG Case #: 001250 Registry Only Case: Dependent(s): DANIEL CARSON GABRIEL CARSON	Case #: _____ The child per _____ Date: 12/01/2021 11/01/2021 10/01/2021 09/01/2021 08/01/2021 07/01/2021 06/01/2021 05/01/2021 04/01/2021 03/01/2021 02/01/2021 01/01/2021																												

$\$520 \times 12 \text{ months} =$
 $\$6,240 \text{ annually}$

67

Learning Point 2: Child Support/Alimony

Sybil has a court order to receive \$425 per month, but her ex-husband does not pay, she has certified to this fact; however, Sybil has made no effort to collect the child support. The payment history received from the Attorney General indicates that payments are not made. We must count the full \$425 per month as income, **true or false?**

False

Beginning January 1, 2024 only the amounts received are included in the annual income for eligibility.

68

Income: Child Support/Alimony; Average of Payments

Only the amounts received by the applicant/tenant will be considered when calculating income for eligibility.

Payments should be calculated by averaging the payments received using a verification dated within 120 days of the Income Certification.

Payments should be calculated using the most recent 120 days of payments on the pay history.

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Learning Point 3: Child Support/Alimony

What is the amount of Child Support Income to be included in annual income calculation for eligibility, moving in on October 3rd?

Other: No case was filed

This document contains Tax Offset amounts on the reverse side of the document.

OAG Case #: 001868
Registry Only

Dependent(s): CODY BRADLEY

Cause #: 324-xxxx-11 The amount of court child support is 222.00 per BI-WEEKLY

Last 12 Payments

Date:	Amount:
08/23/2022	\$141.31
08/23/2022	\$65.00
08/09/2022	\$206.31
07/26/2022	\$141.31
07/26/2022	\$65.00
07/13/2022	\$206.31
06/28/2022	\$141.31
06/28/2022	\$65.00
06/01/2022	\$206.31
05/17/2022	\$141.31
05/17/2022	\$65.00
05/03/2022	\$206.31

August 27, 2022
Re: VIRGINIA GRIFFITH

possession of the Texas Title IV-D agency. Federal payment records, if applicable, are provided on

Based on the verification, we can tell that the applicant is receiving amounts that differ each time.

$$\$141.31 + \$65 + \$206.31 = \$412.62$$

$$\$412.62 \times 12 \text{ months} = \$4,951.44 \text{ annually}$$

The Income Certification should reflect a child support income of \$4,951.44 annual income from this source.

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Learning Point 4: Child Support/Alimony

What is the amount of Child Support Income to be included in annual income calculation for eligibility for a certification dated September 1st?

<input type="checkbox"/> No case Other: _____		Date: August 11, 2022 Case Name: JENNIFER HERMAN
This document Tax Offset and the reverse side		FICATION
OAG Case #: 00104 Registry Only Dependent(s): IVAN HERMAN		the possession of the Texas Title IV-D agency. Federal tional payment records, if applicable, are provided on
Cause #: D2-XXXXXX The amount of court child support is \$62.00 per MONTHLY		Case #: _____ y Only tent(s): _____
Last 12 Payments		Cause #: _____ The amount of court child support is per Date: Last 12 Payments Amount:
Date:	Amount:	
07/30/2022	\$258.00	
07/16/2022	\$258.00	
07/02/2022	\$258.00	
06/19/2022	\$258.00	
06/05/2022	\$258.00	
05/27/2022	\$258.00	
05/07/2022	\$387.00	
04/29/2022	\$129.00	
04/19/2022	\$2,535.00	
04/01/2022	\$281.08	
03/16/2022	\$281.08	
03/01/2022	\$281.08	

In this case, we will use the average of the amounts received within 120 days of the certification date.

$$\$258 + \$258 + \$258 + \$258 + \$258 + \$258 + \$387 = \$1,935$$

$$\$1,935 \div 3 \text{ months} = \$645 \text{ per month}$$

$$\$645 \times 12 = \$7,740 \text{ annually}$$

71

Learning Point 5: Child Support/Alimony

An applicant has a payment of child support in the amount of \$290 every two weeks. The applicant is returning all of the money via Venmo since they have mutually agreed upon a change and now are sharing custody.

Does the full child support amount need to be included as income? Or could the child support amount be disregarded since there is first hand documentation showing the applicant is consistently returning all the money to the non-custodial parent?

The child support must be included in the household's annual income calculation because the pay history reflects receipt of payments. It is up to the household to make necessary change with the child support enforcement agency.

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Income: Child Support/Alimony; Payment Record

My Payments Page 1 of 2

KEN PAX
CHILD SUPPORT DIVISION

Español Home Logout

Child Support Interactive

Custodial Parent: My Payments

Custodial Parent: Monica Smith

Sign Up for Direct Deposit or Texas Payment Card Online!

Child support payments are sent to you electronically. You are no longer required to send in paper forms. *Your options are now available online.*

How To Enroll
Click the online [Direct Deposit](#) form to start or change your direct deposit information.
To receive the Texas Payment Card, click the [online form](#) and follow the instructions on the screen.

Other Parent: Jason Smith
Below are the last 12 payments.

Date (MM/DD/YYYY)	Amount	Type
02/03/2020	\$147.00	Direct Deposit
01/08/2020	\$147.00	Direct Deposit
12/06/2019	\$147.00	Mailed
11/05/2019	\$147.00	Direct Deposit
10/09/2019	\$147.00	Direct Deposit
09/03/2019	\$147.00	Direct Deposit
08/02/2019	\$147.00	Direct Deposit

<https://childsupport.org.state.tx.us> 2/18/2020

❖ This example would be acceptable as a “stand-alone” verification of Child Support because it shows what the household has received, it does not need to show the court ordered amount

73

Income: Social Security

- Count gross amount (prior to any deductions)
- Include payments received by:
 - Adults
 - Adults on behalf of members under the age of 18
 - Members under the age of 18

Adjustments for Prior Overpayment of Benefits

If an agency is reducing a family's benefits to adjust for a prior overpayment (e.g., social security, SSI, TANF, or unemployment benefits), count the amount that is actually provided after the adjustment.

****If the reduction is for any other reason (such as alimony or child support payments) the adjusted amount cannot be used. The gross benefit amount must be counted.****

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Learning Point 1: Social Security Income

What is the amount of Social Security Income to be counted for this household with a move-in date of October 1, 2021?

SOCIAL SECURITY ADMINISTRATION

Date: September 22, 2021
 ENCL: 21BC806708475
 REF: A,DI

MICHAEL SMITH
 311 GLEN ST
 PAMPA, TX 79065

You asked us for information from your record. The information that you requested is shown below. If you want anyone else to have this information, you may send them this letter.

Information About Current Social Security Benefits

Beginning October 2021, the full monthly Social Security benefit before any deductions is\$ 1587.20

We deduct \$148.50 for medical insurance premiums each month.

The regular monthly Social Security payment is\$ 1438.00
 (We must round down to the whole dollar.)

$$\$1,587.20 \times 12 \text{ months} = \$19,046.40 \text{ annually}$$

75

Learning Point 1: Social Security Income with COLA increase

What is the amount of Social Security Income to be counted for this household with a move-in date of November 1, 2021? The Social Security Administration announced a COLA increase of 5.9% on October 13, 2021.

SOCIAL SECURITY ADMINISTRATION

Date: September 22, 2021
 ENCL: 21BC806708475
 REF: A,DI

MICHAEL SMITH
 311 GLEN ST
 PAMPA, TX 79065

You asked us for information from your record. The information that you requested is shown below. If you want anyone else to have this information, you may send them this letter.

Information About Current Social Security Benefits

Beginning October 2021, the full monthly Social Security benefit before any deductions is\$ 1587.20

We deduct \$148.50 for medical insurance premiums each month.

The regular monthly Social Security payment is\$ 1438.00
 (We must round down to the whole dollar.)

Latest COLA

The latest COLA is 5.9 percent for Social Security benefits and SSI payments. Social Security benefits will increase by 5.9 percent beginning with the December 2021 benefits, which are payable in January 2022. Federal SSI payment levels will also increase by 5.9 percent effective for payments made for January 2022. Because the normal SSI payment date is the first of the month and January 1 is a holiday, the SSI payments for January are always made at the end of the previous December.

$$\begin{aligned} & \$1,587.20 \times 2 \text{ months} = \$3,174.40 \\ & \$1,587.20 \times 5.9\% = \$93.64 \text{ additional} \\ & \$1,587.20 + \$93.64 = \$1,680.84 \\ & \$1,680.84 \times 10 \text{ months} = \$16,808.40 \\ & \$3,174.40 + \$16,808.40 = \$19,982.80 \text{ annually} \end{aligned}$$

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Social Security Income: 2024 COLA Increase

Cost-of-Living Adjustment (COLA) Information for 2024

Social Security and Supplemental Security Income (SSI) benefits for more than 71 million Americans will increase 3.2 percent in 2024.

The 3.2 percent cost-of-living adjustment (COLA) will begin with benefits payable to more than 66 million Social Security beneficiaries in January 2024. Increased payments to approximately 7.5 million SSI recipients will begin on December 29, 2023. (Note: some people receive both Social Security and SSI benefits)

<https://www.ssa.gov/cola/>

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Sample Household: Social Security Income

What is the amount of Social Security Income to be counted for Ursula Thompson with their move-in date of September 30th?

SOCIAL SECURITY ADMINISTRATION

Date: September 22, 2022
BNC#: 21BC875
REF: A

URSULA THOMPSON
3456 BOWIE ST
SAN MARCOS, TX 78666

You asked us for information from your record. The information that you requested is shown below. If you want anyone else to have this information, you may send them this letter.

Information About Current Social Security Benefits

Beginning October 2022, the full monthly Social Security benefit before any deductions is \$1,200.20

We deduct \$148.50 for medical insurance premiums each month.

The regular monthly Social Security payment is \$1,051.00
(We must round down to the whole dollar.)

\$1,200.20 x 12 months = \$14,402.40 annually

78

Sample Household: Income Certification Part III continued

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Mbr #	(A) Employment/Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
1	\$20,520.00			
2	\$16,309.38			
3		\$14,402.40		
4				
TOTALS	\$	\$ 14,402.40	\$	\$
Add totals from (A) through (D) above			TOTAL INCOME (E): \$	

We know from our application for the Robles household that there are 4 household members with income. So far, we have received verification of 2 household member earned incomes. We have also verified the Social Security Income for Ursula.

79

Learning Point 3: Social Security

Carson applies with his 16 year old daughter Daisy. Daisy works part-time earning \$6,100 a year. Daisy also receives \$932 per month in Social Security benefits from her deceased mother.

How much income should be counted for Daisy on the Income Certification?

$$\mathbf{\$932 \times 12 \text{ months} = \$11,184}$$

Members	Earned Income	Other Income (including income from assets)
Dependents (Child Under 18)	No	Yes

80

Income: Regular Cash Contributions & Gifts

Count any amounts received from persons not in the applicant group

- Examples include:
 - Rent or utility payments paid on behalf of the applicant
 - Cash contributions received on a regular basis
 - Financial assistance provided for the support of a child
- Exceptions include:
 - Groceries and/or contributions paid directly to a child care provider by persons not in the applicant group
 - Temporary, nonrecurring, or sporadic income (including gifts)

81

Learning Point: Regular Cash Contributions & Gifts

What is the amount of Cash Contribution to be included in the determination of eligibility?

I, May Perez, provide my daughter, June Perez, \$250 a month for help with utilities and rent. You can reach me at 555-6547 with any questions.

Sincerely,
May Perez

$$\text{\$250} \times 12 = \text{\$3,000}$$

82

Income: Periodic Payments

Typically these benefits are funds in which the applicant paid into over time. *Once matured, monthly benefits are paid out.*

Include verifiable anticipated increases, usually referred to as Cost of Living (COLA) increases.

Can be received from:

- Annuities
- Insurance Policies (i.e. Long-Term Care Ins., etc.)
- Retirement Funds
- Pension Funds
- Disability or Death Benefits

83

Learning Point: Periodic Payments

What is the amount of retirement income that should be included in the determination of eligibility?

<u>7/16/2011</u>	Retirement Date	
CURRENT GROSS AMOUNT OF MONTHLY PAYMENT	EFFECTIVE DATE OF COMMENCEMENT OF PYMT FROM – THROUGH	EFFECTIVE DATE OF CURRENT PAYMENT
<u>652.84</u>	<u>07/15/11 – FOR LIFE</u>	<u>07/15/11</u>
<u>652.84</u>	Gross Total of All Monthly Payments	
<u>-NONE-</u>	Total Federal Income Tax Withheld Monthly	
<u>50.84</u>	Total Insurance Premium Withheld Monthly	
<u>602.00</u>	New Amount of All Monthly Payments	

$$\text{\$}652.84 \times 12 = \text{\$}7,834.08$$

Verify with issuer if there have been any “cost of living” increases since the origination

84

Income: Pension Funds – Special Rule

Any portion of a fund paid directly to an applicant's *former spouse* pursuant to the terms of a divorce decree, annulment or legal separation are excluded from their income

- Applies to pensions, social security, state, local or private pensions authorized by the Office of Personnel Management (OPM)
- If the former spouse is applying, the court ordered amount would be included in their income

85

Income: Periodic Payments – Special Rule

Specific to
“DEFERRED”
Veterans Disability
Benefits received
through the
Department of
Veterans Affairs

- *Exclude* these payments received in a lump sum or in prospective monthly payments for SECTION 811 Recipients.

86

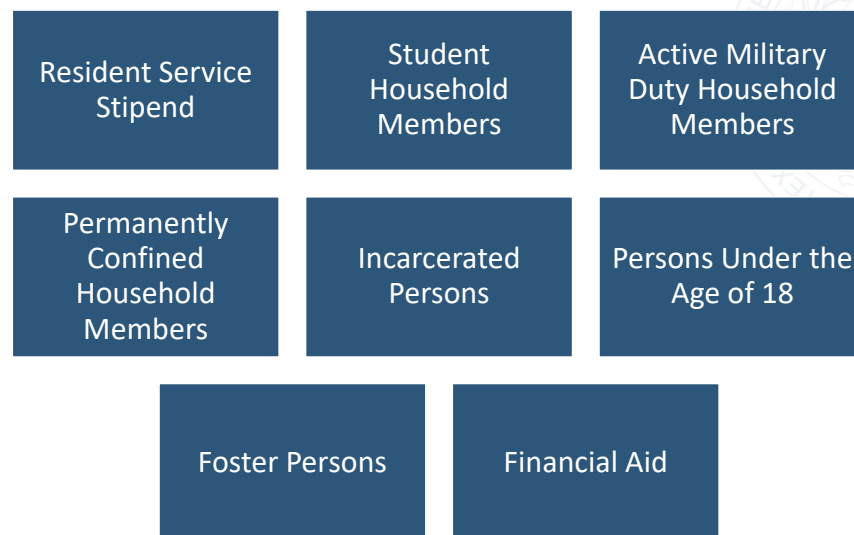
Learning Point: Periodic Payments – Special Rule

Harry provides a benefit award letter from the Department of Veterans Affairs indicating that he will receive deferred disability benefits in the amount of \$175 a month. Income in the amount of \$2,100 ($\175×12) should be included.



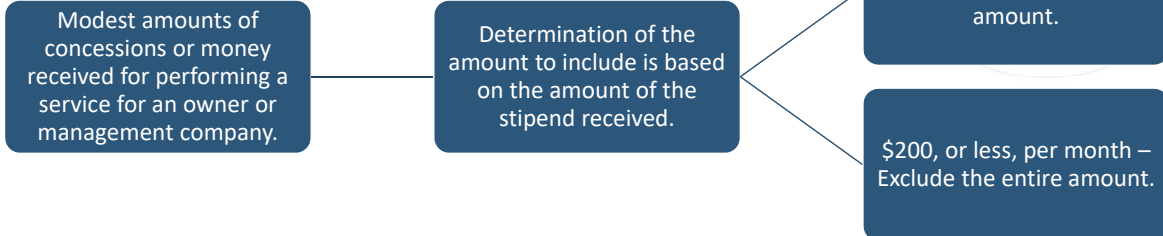
87

Income: Special Circumstances



88

Income: Resident Service Stipend



89

Learning Point: Resident Service Stipend

Mike distributes fliers to resident doors once a month. Management provides him a \$125 rental credit. What is the amount of resident service stipend to be included in the determination of eligibility?

Income is \$0
Stipend is less than \$200 a month

90

Income: Full-Time Students

- If over 18 years of age; count only a small amount of their earned income – a maximum of \$480 per year (to be updated annually by HUD), if:
 - They are not the Head, Spouse, or Co-Head
 - They are a Dependent
- Must verify student status
 - Verified by Registrar's office
 - Only exception is if Registrar's office requires verification through Student Clearinghouse
 - Full-time student determination is made by the educational institution or technical school
- Must gather all verifications of earned income

91

Learning Point 1: Full-Time Students

Mario and Rita apply with their 21 year old son Calvin. Calvin is a full-time student who works at Lowe's making \$9,984 a year.

We should:

- A: Include Calvin's income from employment of \$9,984
- B: Include only \$480 in income from employment for Calvin
- C: Include \$480 and \$9,984 in total employment income for Calvin

92

Learning Point 2: Full-Time Students

Charles and Maggie apply with their 19 year old daughter Myka. Myka works part-time at Red Robin making \$7,680 a year. Only \$480 of Myka's income should be included in the income calculation, **true or false?**

False, Myka is NOT a Full-Time Student

93

Learning Point 3: Full-Time Students

Ellen applies with her 19 year old son Blake. Blake is a full-time student who receives \$7,260 a year in Social Security benefits.

We Should:

- A: Verify and include \$7,260 in unearned income for Blake
- B: Include \$480 in unearned income for Blake
- C: Verify and include \$7,260 and \$480 in unearned income for Blake

94

Learning Point 4: Full-Time Students

Freddie applies with his 16 year old daughter Elizabeth. Elizabeth is a full-time student and works part-time at Ulta earning \$2,130 a year. Only \$480 of Elizabeth’s income should be included in the income calculation, **true or false?**

FALSE

Members	Earned Income	Other Income (including income from assets)
Dependents (Child Under 18)	No	Yes

95

Learning Point 5: Full-Time Students

Based on the application, only \$480 of Elsa’s earned income needs to be included, **true or false?**

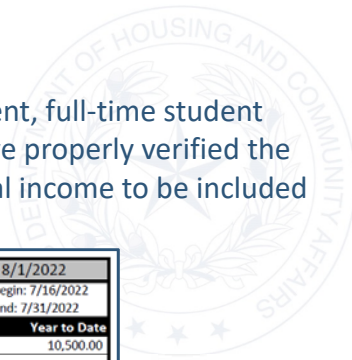
C. HOUSEHOLD COMPOSITION – List the Head of Household and all other persons who comprise the household							
	Full Name (exactly as on driver’s license or other govt. document)	Relationship to Head of HH	Date of Birth	Gender	Student Status F/T=Full Time P/T=Part Time	Social Security No./ Alien Registration No.	Receiving income
1	<i>Hans Snow</i>	Head of Household	06/20/73	<input checked="" type="checkbox"/> Male <input type="checkbox"/> Female	<input type="checkbox"/> F/T <input checked="" type="checkbox"/> P/T <input type="checkbox"/> N/A	XXX-XX-9900	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2	<i>Elsa Snow</i>	<input type="checkbox"/> Co-Head <input checked="" type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input type="checkbox"/> Other Adult	01/07/77	<input type="checkbox"/> Male <input checked="" type="checkbox"/> Female	<input checked="" type="checkbox"/> F/T <input type="checkbox"/> P/T <input type="checkbox"/> N/A	XXX-XX-1302	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3	<i>Kristie Snow</i>	<input type="checkbox"/> Co-Head <input type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input checked="" type="checkbox"/> Other Adult	05/11/94	<input type="checkbox"/> Male <input checked="" type="checkbox"/> Female	<input type="checkbox"/> F/T <input checked="" type="checkbox"/> P/T <input type="checkbox"/> N/A	XXX-XX-2701	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4	<i>Olaf Snow</i>	<input type="checkbox"/> Co-Head <input type="checkbox"/> Spouse <input type="checkbox"/> Dependent <input checked="" type="checkbox"/> Other Adult	01/07/12	<input type="checkbox"/> Male <input checked="" type="checkbox"/> Female	<input checked="" type="checkbox"/> F/T <input type="checkbox"/> P/T <input type="checkbox"/> N/A	XXX-XX-2771	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

FALSE: Elsa is the Spouse, therefore, all of her income counts

96

Sample Household: Full-Time Students

The paystubs below are for Sebastian Robles, an adult dependent, full-time student household member in our example household. Assuming we have properly verified the household member’s student status as full-time, what is the annual income to be included for eligibility purposes?



Earnings		Pay Date: 7/1/2022	
		Pay period begin: 6/16/2022 Pay period end: 6/30/2022	
	Current Total		Year to Date
Regular	\$ 750.00	\$	9,000.00
Longevity	\$ -	\$	-
Bonus	\$ -	\$	-
Total	\$ 750.00	\$	9,000.00

Earnings		Pay Date: 8/1/2022	
		Pay period begin: 7/16/2022 Pay period end: 7/31/2022	
	Current Total		Year to Date
Regular	\$ 750.00	\$	10,500.00
Longevity	\$ -	\$	-
Bonus	\$ -	\$	-
Total	\$ 750.00	\$	10,500.00

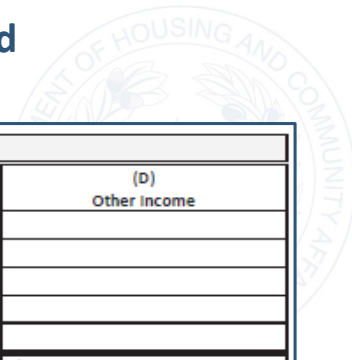
Earnings		Pay Date: 7/15/2022	
		Pay period begin: 7/1/2022 Pay period end: 7/15/2022	
	Current Total		Year to Date
Regular	\$ 750.00	\$	9,750.00
Longevity	\$ -	\$	-
Bonus	\$ -	\$	-
Total	\$ 750.00	\$	9,750.00

Earnings		Pay Date: 8/15/2022	
		Pay period begin: 8/1/2022 Pay period end: 8/15/2022	
	Current Total		Year to Date
Regular	\$ 750.00	\$	11,250.00
Longevity	\$ -	\$	-
Bonus	\$ -	\$	-
Total	\$ 750.00	\$	11,250.00

\$480; Sebastian is a full-time student and a dependent of the household

97

Sample Household: Income Certification completed



PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Mbr #	(A) Employment/Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
1	\$20,520.00			
2	\$16,309.38			
3		\$14,402.40		
4	\$480.00			
TOTALS	\$ 37,309.38	\$ 14,402.40	\$	\$
Add totals from (A) through (D) above			TOTAL INCOME (E):	\$51,711.76

We know from our application for the Robles household that there are 4 household members with income. We have verified and annualized all of the incomes. This is the completed income section of the Income Certification.

98

Income: Household Members on Active Military Duty

Include Members on Active Military Duty in the Household Composition

- Income must be counted if the Military Member is: Head, Spouse, or Co-Head

OR

- If the spouse or a dependent of the person on active military duty is a member of the applicant group

99

Income: Active Military Duty Pay Inclusions/Exclusions

- Include
 - Regular Pay
 - Special Pay
 - All Allowances
- Exclude:
 - Hostile Fire Pay
- Only acceptable form of verification:
 - Leave and Earnings Statement (LES)
 - Pay frequency varies based on position

100

Learning Point 1: Household Members on Active Military Duty

Nancy applies with her son Kendall. Nancy's application indicates that there are 3 household members and her spouse, Jerry, is away on active military duty.

Jerry's income and assets must be considered when determining income eligibility

101

Learning Point 2: Household Members on Active Military Duty

Sylvia submits an application with her husband Sam and niece Claire. Sylvia indicates that she is caring for Claire while her sister, Margie, is away on active military duty.

Margie is single and no other permanent housing is identified other than military housing. The income and assets of Margie should be included when determining eligibility.

102

Learning Point 3: Household Members on Active Military Duty

Applicant is paid monthly and provides the following LES. What income should be included in the determination of eligibility?

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT										
ID	NAME (Last, First, MI)	SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	DSSN	PERIOD COVERED	
	Green, Derrick, A	XXX-XX-4542	E3	020115	03	100210	AF	4542	1-31 DEC 14	
ENTITLEMENTS		DEDUCTIONS				ALLOTMENTS		SUMMARY		
Type	Amount	Type	Amount	Type	Amount	+Amt Fwd				
A	BASE PAY	2,247.30	FEDERAL TAXES	88.46	DISCRETIONARY ALT	1,521.00	+Tot Ent	4266.73		
B	BAS	294.43	HCA-SOC SECURITY	139.33	HUMANA DENTAL	11.58	-Tot Ded	1570.22		
C	BAH	1,725.00	HCA-MEDICARE	32.59			-Tot Alt	1532.58		
D			SGLI	27.00			-Net Amt	1163.93		
E			AFRH	0.50			-Cr Fwd	0.00		
F			FAMILY SGLI	5.50			=EOM Pay	1163.93		
G			TSP	112.37						
H			MID-MONTH-PAY	1164.47						
I										
TOTAL		4266.73		1570.22		1532.58				

$$\$4,266.73 \times 12 = \$51,200.76$$

103

Learning Point 4: Household Members on Active Military Duty

Jefferson is in the military and receives a total base pay of \$3,200 a month, an allowance for hazardous duty pay of \$300 and a housing allowance of \$400. He does not live in a county where the housing allowance is exempt. What is his total annual income from the military?

A. \$38,400

B. \$30,000

C. ~~\$43,200~~

D. \$46,800

$$\$3,200 + \$300 + \$400 = \$3,900$$

$$\$3,900 \times 12 = \$46,800$$

104

Income: Permanently Confined Household Member

Individuals permanently confined to a nursing home or hospital

- May not be the Head, Spouse, or Co-Head
- May continue as a member at the applicant's discretion

How to handle income depends on the Applicant, if they...

- Include as a member: Count all income
- Exclude the member: Income is not counted

105

Income: Incarcerated Persons

If individual is incarcerated – do not count as a household member, but count any income the applicant group receives from the individual.

106

Income: Persons under the age of 18

Emancipated Minors

- Include income if:
 - Under the age of 18, who under law, are treated as adults
 - Identified as Head, Spouse, or Co-Head

Adopted Children

- Follow same rules as Dependents
 - Adoption assistance payments in excess of \$480, annually, are not counted
 - Amount will be updated annually by HUD

107

Income: Foster Persons Are No Longer Household Members

Follow guidelines provided in chart

Members	Earned Income	Other Income (including income from assets)
Foster Adult		
Foster Children (Under 18)		

Exception: Payments received for the care of foster children or foster adults are not counted. This rule only applies to payments made through official foster care relationships with local welfare agencies.

108

Income: Types of Financial Aid

Federal Pell Grants

Federal early outreach and student services programs

Federal supplemental educational opportunity grants

Leveraging educational assistance partnership program

Special programs for students whose families are engaged in migrant/ seasonal farm-work

Robert C. Byrd honors scholarship program

Child care access means parents in school

Federal Family Education Loan Programs

Federal Work-Study Programs

William D. Ford Federal Direct Loan Program

Federal Perkins Loans

Higher Education Relief Opportunities for Students

109

Income: Student Eligibility HAS NOT Changed

Student Eligibility is program based. The eligibility requirements for students in the program units has not been changed. You must ensure that the student eligibility for the household has been met.

All student household members must be evaluated for student financial aid as we will discuss on the following slides.

110

Income: Financial Aid, if Included or Excluded

If Included

- Only count amount received in excess of tuition, books, fees and room & board charges
- Obtain documentation to support the amount in excess of tuition, books & supplies, fees and room & board charges

If Excluded

- Applies to all student financial assistance

111

Income: Financial Aid

If the household contains a student:

- **All assistance provided through Title IV HEA must be excluded from income**

If the household is receiving Section 811 assistance and the student is:

- The Head, Spouse or Co-head
- 23 years old or younger OR
- **Without** dependent children
- **All assistance, in excess of educational expenses, provided through Title IV HEA must be included in income**
- *If an appropriations act comes out that does not include this limitation or any other limitation student income will ALL be treated as if the household did not receive Section 811 assistance*

112

HOTMA: Excluded Income – Student Example 1

Calculation of Income from Student Financial Assistance

Qualified Education Expenses:	\$12,850
Title IV HEA Assistance:	\$14,590
Other Financial Assistance:	\$5,000
Total of Financial Assistance:	\$19,590

How much total financial assistance would be used to reduce expenses?

\$14,590, any amount leftover is excluded by statute

How much should count as regular income?

\$5,000

All assistance provided through Title IV HEA must be excluded from income. This exclusion must be taken into account first. Anything remaining after deducting the qualified expenses is not considered income. Had a balance been left, the other financial assistance would have been applied and anything leftover would be counted as income.

13

HOTMA: Excluded Income – Student Example 2

Calculation of Income from Student Financial Assistance

Qualified Education Expenses:	\$18,000
Title IV HEA Assistance:	\$14,590
Other Financial Assistance:	\$5,000
Total of Financial Assistance:	\$19,590

How much total financial assistance would be used to reduce expenses?

\$18,000 (\$14,590 plus \$3,410 of the \$5,000)

How much should count as regular income?

\$1,590 (\$5,000 minus remaining \$3,410)

All assistance provided through Title IV HEA must be excluded from income. This exclusion must be taken into account first. Anything remaining after deducting the qualified expenses is not considered income. Since a balance was left, the other financial assistance has been applied and anything leftover will be counted as income.

14

HOTMA: Excluded Income – Student Example 3 with a trick

Calculation of Income from Student Financial Assistance

Qualified Education Expenses:	\$18,000
Scholarship from a local entity:	\$8,000
Persons outside the household:	\$25,000
Total of Financial Assistance:	\$33,000

How much total financial assistance would be used to reduce expenses?

\$8,000

How much should count as regular income?

\$25,000; amounts received from persons outside the household as a gift is income

All assistance provided through Title IV HEA must be excluded from income. This exclusion must be taken into account first. Anything remaining after deducting the qualified expenses is not considered income. Since a balance (the gift) was left, the financial assistance has been applied and anything additional will be counted as income.

15

HOTMA: Excluded Income – Student Example 1 with Section 811

Calculation of Income from Student Financial Assistance for a 22 year old without dependent children

Qualified Education Expenses:	\$27,000
Title IV HEA Assistance:	\$12,000
Other Financial Assistance:	\$25,000
Total of Financial Assistance:	\$37,000

How much total financial assistance would be used to reduce expenses?

\$27,000, Total Qualified Education Expenses

How much should count as regular income?

\$10,000 (\$37,000 Total Assistance MINUS \$27,000 Qualified Education Expenses)

*Subtract total student financial assistance from all sources from total tuition plus required fees and charges to arrive at excess amount. If the excess amount of student financial assistance is a positive number, then **include** that amount in annual income. If the excess amount is zero or negative, then do not include that amount in annual income.*

If the total tuition plus required fees and charges is zero or exceeds the amount of total financial assistance from all sources, then no excess amounts of student financial assistance will be included in annual income. Any amount of student financial assistance that exceeds the total tuition plus required fees and charges must be included in annual income.

16

HOTMA: Excluded Income – Student Example 2 with Section 811

Calculation of Income from Student Financial Assistance for a 28 year old with a dependent child

Qualified Education Expenses:	\$26,000
Title IV HEA Assistance:	\$11,000
Other Financial Assistance:	\$6,000
Total of Financial Assistance:	\$17,000

How much total financial assistance would be used to reduce expenses?

\$17,000

How much should count as regular income?

\$0 (There are more expenses than there is financial assistance)

Subtract total student financial assistance from all sources from total tuition plus required fees and charges to arrive at excess amount of student financial assistance.

If the total tuition plus required fees and charges is zero or exceeds the amount of total financial assistance from all sources, then no excess amounts of student financial assistance will be included in annual income. Any amount of student financial assistance that exceeds the total tuition plus required fees and charges must be included in annual income.

17

HOTMA: Excluded Income – Student Example 3 with Section 811

Calculation of Income from Student Financial Assistance of a 38 year old without dependent children

Qualified Education Expenses:	\$6,200
Title IV HEA Assistance:	\$8,000
Total of Financial Assistance:	\$8,000

How much total financial assistance would be used to reduce expenses?

\$6,200 (Assistance is higher than the qualified expenses)

How much should count as regular income?

\$1,800 (\$8,000 Financial Assistance MINUS \$6,200 Qualified Education Expenses)

Subtract total student financial assistance from all sources from total tuition plus required fees and charges to arrive at excess amount of student financial assistance.

If the excess amount of student financial assistance is a positive number, then include that amount in annual income. If the excess amount of student financial assistance is zero or negative, then do not include that amount in annual income.

18

Income: Section 8 Verification

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

(The Service) _____ has applied for residency/is a resident of _____ (Property Name)

To: (Applicant/Resident Name) _____ (Property Name)

Housing Address _____

City, State _____

Number of Household Members: _____ Move-In Recertification

Permission by: _____ (Date)

(Signature of Applicant/Resident) _____ (Date)

Please complete the section below and return this form in the enclosed self-addressed, stamped envelope. Thank you in advance for your prompt attention.

Sincerely,

THE FOLLOWING TO BE COMPLETED BY THE PUBLIC HOUSING AUTHORITY:

Based on the last income certification/recertification effective on _____ (Date), the household consists of _____ members whose combined gross annual income before any adjustments is \$ _____ (Gross Annual Income)

(# of members)

(Signature) _____ (Date) _____ (Phone #)

(Printed Name) _____ (Title)



This form may not be used if the verifying Housing Authority has any ownership, management, consulting agreement, or any involvement in the property operations.

Income: Section 8 Verification continued

THE FOLLOWING TO BE COMPLETED BY THE PUBLIC HOUSING AUTHORITY:

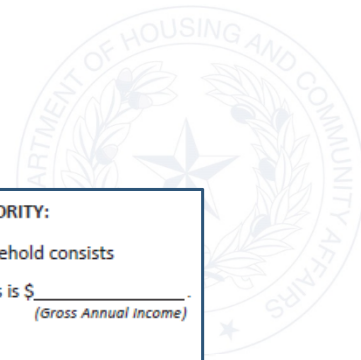
Based on the last income certification/recertification effective on _____ (Date), the household consists of _____ members whose combined gross annual income before any adjustments is \$ _____ (Gross Annual Income)

(# of members)

(Signature) _____ (Date) _____ (Phone #)

(Printed Name) _____ (Title)

The effective date of the certification noted in the form must be within 120 days of the effective date of the Income Certification.



Learning Point: Section 8 Verification

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

(The letter is to be completed by the applicant/resident.)

To: Calvin Belding has applied for residency/is a resident of Pandora Springs
(Applicant/Resident Name) (Property Name)

Housing Address: _____
a TDHCA Affordable Housing Program property. In the case of a tenant receiving housing assistance payments under HUD's Section 8 Existing Housing Choice Program, regulations allow that if the PHA provides a statement to the building owner declaring that the tenant's income does not exceed the applicable limit, then the owner is not required to further verify the tenant's income.

City, State: _____

Number of Household Members: 5 Move-In Recertification

Permission by: Calvin Belding 8/30/2023
(Signature of Applicant/Resident) (Date)

Please complete the section below and return this form in the enclosed self-addressed, stamped envelope. Thank you in advance for your prompt attention.

Sincerely,

THE FOLLOWING TO BE COMPLETED BY THE PUBLIC HOUSING AUTHORITY:

Based on the last income certification/recertification effective on 8/10/23, the household consists of 5 members whose combined gross annual income before any adjustments is \$ 35,000.
(Date) (# of members) (Gross Annual Income)

Amy Smith 8/30/2023 512-475-3800
(Signature) (Date) (Phone #)

Amy Smith Case Manager
(Printed Name) (Title)

Calvin Belding is moving into Pandora Springs on February 10, 2024. The household receives Section 8. The property received the following response with regards to the Belding household's annual income.

Is this an acceptable verification of income?

No, the effective date is 8/10/2023, which is not within 120 days of 2/10/2024.

121

Income: Tips to Minimize Documentation Challenges

- Peer Review
- Spot Check Information
- Independent 3rd Party Review
- Document File With Calculations
- NO Correction Fluid (White-Out)

122

Module 3



Documenting Assets

123

Eligibility: 5 Basic Steps; Step 2 continued

- 1 Application Process
- 2 Document Income & Assets
- 3 Annualize Income
- 4 Adjusted Income
- 5 Complete The Income Certification

124

Assets

Assets are items of value that may be turned into cash

- Not all items of value are considered an asset
- Items are not required to be “cashed out” at time of application

STEP 1: “ACTUAL INCOME” - The amount of income those assets are earning or could earn

STEP 2: “IMPUTED INCOME” - The amount of income for assets that do not have a determinable rate of return when the net family assets are more than \$50,000

STEP 3: “CASH VALUE” - The total cash value of the family’s assets

For any assets whose actual income cannot be determined, calculate imputed income. Do NOT calculate imputed income for assets whose income is calculable. Do NOT calculate the imputed income based on the total cash value of the assets.

125

Assets: Inclusions and Exclusions

Income from Assets includes all amounts not specifically excluded by regulation.

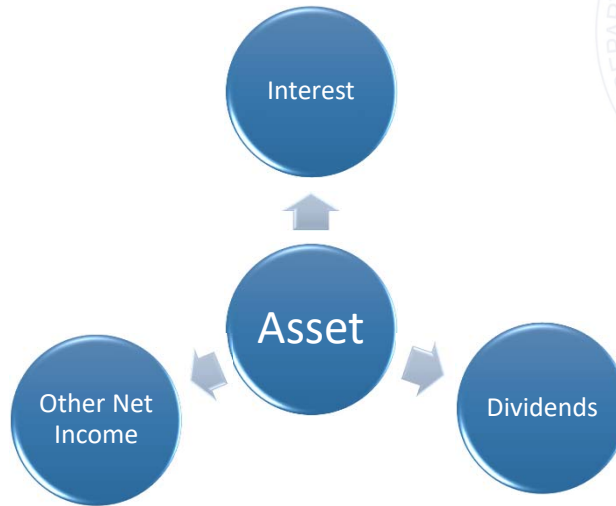
Retirement accounts are no longer be included as assets.

For a listing of asset inclusions and exclusions, refer to Notice 2023–10 and Notice 2023–27.
(<https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-27pihn.pdf>)

126

Assets: Actual Income

Actual Income can be derived from:



Not all assets have income

127

Assets: HOTMA Impact on Certification or Verification

Under \$50,000 Asset Certification

- The use of this form is not allowed if program requires 3rd party verification of assets
- Must be used in addition to the application screening tool to certify disposed of assets as well as assets held currently by the household
- Required, if assets are under or equal to \$50,000 or during years when asset verifications are not required

Asset Verification

- Required if a household's total assets cash value is greater than \$50,000 or certification year requires full verification
- All MFDL programs must have assets fully verified at initial move-in and each 6th year certification
- Must be sent directly to agency which holds the asset and returned directly to the development

128

Assets: Formulas

Step 1: Determine the Actual Income from the Asset:



Step 2: Determine the Cash Value of the Asset:



129

Assets: Determining Actual Income

Step 1: Determine the Actual Income from the Asset

If the combined cash value of the net family assets are \$50,000 or under for the household, the actual income from assets is included.

$$\$50,000 \geq \text{Total Assets}$$

Actual Income from Assets is used

If the combined cash value of the net family assets is greater than \$50,000 for the household, the annual income includes the actual income from assets where the rate of return can be determined; and the imputed income calculated on assets where the rate of return is not determinable using the current passbook savings rate (.40% for 2024) as established by HUD.

$$\$50,000 < \text{Total Assets}$$

For assets where the actual income is known use the actual income; for the assets without actual income use the imputed income

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Assets: New Requirements

- For HTC, Exchange, TCAP, BOND, THTF and MFDL Program Units, households may self-certify household assets when the total amount is equal to or less than \$50,000
 - HTC, Exchange, TCAP, and THTF must fully verify assets at least once during every 3 years of tenancy if annual income certification is required
 - BOND must fully verify assets at initial certification and during each 3rd year of tenancy certification
 - MFDL Programs: at Initial Certification the assets must be fully verified by third-party or first-hand documentation; also during 6th year certifications the assets must be verified
- For 811 Program units, the assets must be fully verified by third-party or first-hand documentation at Move-In and Initial certifications and during each 3rd year certification for the household
 - All 811 households must have their assets fully verified during the first HOTMA recertification
- **All assets can be verified using one (1) statement from the financial institution.**
 - When verification of assets is required, Owners are required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts. Owners were previously required to average the balance of six checking account statements to determine the cash value of a checking account.

31

Asset Verifications Outline: New Move-In

What this looks like in a program unit:

- Household moves-in/certifies 5/1/2024 – Verify all assets by third party or first-hand
- 2025 and 2026 – Self-certify all assets if under \$50,000
- 2027 – Verify all assets by first-hand documentation or third party verification
- 2028 and 2029 – Self-certify all assets if under \$50,000
- 2030 – Verify all assets by first-hand documentation or third party verification

If the development is able to utilize annual data collection requirements then this is not applicable.

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Asset Verifications Outline: Recertification

What this looks like in a program unit:

- Household moved in 5/1/2021; pre-HOTMA, assets handled according to program requirements at the time
- 2022 and 2023 – pre-HOTMA, assets handled according to program requirements
- 2024 – Verify all assets by first-hand documentation or third party verification
- 2025 and 2026 – Self-certify all assets if under \$50,000
- 2027 – Verify all assets by first-hand documentation or third party verification

If the development is able to utilize annual data collection requirements then this is not applicable.

33

Asset Verifications Outline: MFDL Program

What this looks like in a program unit:

- Household moved in 5/1/2021 – Assets fully verified as required by MFDL programs
- 2022 and 2023 – Intervening years, assets self-certified
- 2024 (6th year of affordability) – Verify all assets by first-hand documentation or third party verification
- 2025, 2026, 2027, 2028, 2029 – Self-certify all assets during intervening years
- 2030 (6th year of affordability) – Verify all assets by first-hand documentation or third party verification

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Assets: Verification Requirements

- Actual Income ONLY will be included when household assets are UNDER or EQUAL to \$50,000
- Imputed Income when household assets are OVER \$50,000 will only be calculated if the actual rate of return cannot be determined for the asset
- All assets are categorized as either **real property** (e.g., land, a home) or personal property. Personal property includes tangible items, like boats, as well as intangible items, like bank accounts.
 - **Necessary** personal property is excluded from net family assets.
 - **Non-necessary** personal property with a combined value greater than \$50,000, as adjusted by inflation, is considered part of net family assets; if the combined value is \$50,000 or less then all of the non-necessary personal property is excluded from net family assets.
- For example, a family could have non-necessary personal property with a combined value that does not exceed \$50,000 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 unless the real property meets a different exclusion under 24 CFR § 5.603.

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Assets: Necessary versus Non-Necessary

Table F1: Examples of Necessary and Non-Necessary Personal Property

Necessary Personal Property	Non-Necessary Personal Property
<ul style="list-style-type: none"> • 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 (e.g., toys, books) • 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) 	<ul style="list-style-type: none"> • Recreational car/vehicle not needed for day-to-day transportation (campers, motorhomes, travel 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 • Collectibles (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.

Examples of Necessary and Non-Necessary Personal Property from
Notice H 2023-10
Notice PIH 2023-27

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Assets Under \$50,000

Assets: Net Family Assets is under \$50,000

Checking account with no interest: \$180 – non-necessary personal property
 Savings account with 2% interest rate: \$8,000 – non-necessary personal property
 Land with no determined rate of return: \$25,000 – real property

How much is the actual income from net family assets?

\$0 from the Checking Account; \$160 from the Savings Account and \$0 from the Land

How much is the imputed income from the net family assets?

No imputed income will be included, household assets are less than \$50,000, only actual income from assets will be included

How much income from net family assets should be included on the Income Certification?

For the ALL programs: \$0 checking (actual); \$160 savings (actual); \$0 land

37

Assets on the Income Certification

Putting it on the Income Certification:

Checking account with no interest: \$180 Income: \$0.00 (actual)
 Savings account with 2% interest rate: \$8,000 Income: \$160.00 (actual)
 Land with no determined rate of return: \$25,000 Income: \$0 (under \$50,000)
 Total of Net Family Assets: \$25,000

PART IV. INCOME FROM ASSETS						
HH Mbr. #	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1	Checking	C	N	\$180.00	A	\$0.00
1	Savings	C	N	\$8,000.00	A	\$160.00
1	Land/Real Estate	C	R	\$25,000.00	n/a	\$0.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$8,180.00	(M) Total Actual Income:	\$160.00
(N) TOTAL NET FAMILY ASSETS:				\$25,000.00	(O) Total Imputed Income:	\$0.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:						\$160.00

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Assets Over \$50,000

Assets: Non-Necessary Personal Property is Excluded

Checking account with no interest: \$18,000 – non-necessary personal property
 Savings account with 2% interest rate: \$ 8,000 – non-necessary personal property
 Land with no determined rate of return: \$25,000 – real property

How much is the actual income from assets?

\$0 from Checking; \$160 from Savings (\$8,000 x 2%) and \$0 from the Land

How much is the imputed income from the assets?

\$0

How much income from assets should be included on the Income Certification?

For the ALL programs: \$0 checking (actual); \$160 savings (actual); \$0 land

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Assets at Layered Properties on the Income Certification

Putting it on the Income Certification:

Checking account with no interest: \$18,000 Income: \$0.00 (actual)
 Savings account with 2% interest rate: \$8,000 Income: \$160.00 (actual)
 Land with no determined rate of return: \$25,000 Income: \$0.00
 Total of Net Family Assets: \$25,000

PART IV. INCOME FROM ASSETS						
HH Mbr.#	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1	Checking	C	N	\$18,000.00	A	\$0.00
1	Savings	C	N	\$8,000.00	A	\$160.00
1	Land/Real Estate	C	R	\$25,000.00	n/a	\$0.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$26,000.00	(M) Total Actual Income:	\$160.00
(N) TOTAL NET FAMILY ASSETS:				\$25,000.00	(O) Total Imputed Income:	\$0.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:						\$160.00

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Assets at Layered Properties on the Income Certification

Non-necessary personal property with a combined value greater than \$50,000, as adjusted by inflation, is considered part of net family assets; if the combined value is \$50,000 or less then all of the non-necessary personal property is excluded from net family assets.

41

Non-Necessary Personal Property Over \$50,000

Assets: Net Family Assets are over \$50,000

Checking account with no interest:	\$18,000
Savings account with 2% interest rate:	\$35,000
Land with no determined rate of return:	\$25,000
Total of Net Family Assets:	\$78,000

2024
Passbook
Savings Rate
is .40%

How much is the actual income from net family assets?

\$0 from Checking; \$700 from Savings (\$35,000 x 2%) and \$0 from the Land

How much is the imputed income from the net family assets?

For the Land: \$100 (\$25,000 x .40%)

How much income from assets should be included on the Income Certification?

For the ALL programs: \$0 checking (actual); \$700 savings (actual); \$100 land (imputed)

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Assets on the Income Certification

Putting it on the Income Certification:

Checking account with no interest:	\$18,000	Income: \$0.00 (actual)
Savings account with 2% interest rate:	\$35,000	Income: \$700.00 (actual)
Land with no determined rate of return:	\$25,000	Income: \$100.00 (imputed)
Total of Net Family Assets:	\$78,000	

PART IV. INCOME FROM ASSETS						
HH Mbr.#	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1	Checking	C	N	\$18,000.00	A	\$0.00
1	Savings	C	N	\$35,000.00	A	\$700.00
1	Land/Real Estate	C	R	\$25,000.00	I	\$100.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$53,000.00	(M) Total Actual Income:	\$700.00
(N) TOTAL NET FAMILY ASSETS:				\$78,000.00	(O) Total Imputed Income:	\$100.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:					\$800.00	

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Non-Necessary Personal Property Under \$50,000

Assets: Non-Necessary Personal Property is Excluded

Checking account with no interest:	\$1,000
Savings account with 2% interest rate:	\$300
Land with no determined rate of return:	\$75,000
Total of Net Family Assets:	\$75,000

How much is the actual income from assets?

\$0 from Checking; \$6 from Savings (\$300 x 2%) and \$0 from the Land

How much is the imputed income from the assets?

For the Land: \$300 (\$75,000 x .40%)

How much income from assets should be included on the Income Certification?

For the ALL programs: \$0 checking (actual); \$6 savings (actual); \$300 land (imputed)

44

Assets on the Income Certification

Putting it on the Income Certification:

Checking account with no interest:	\$1,000	Income: \$0.00 (actual)
Savings account with 2% interest rate:	\$300	Income: \$6.00 (actual)
Land with no determined rate of return:	\$75,000	Income: \$300.00 (imputed)
Total of Net Family Assets:	\$75,000	

PART IV. INCOME FROM ASSETS						
HH Mb.#	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1	Checking	C	N	\$1,000.00	A	\$0.00
1	Savings	C	N	\$300.00	A	\$6.00
1	Land/Real Estate	C	R	\$75,000.00	I	\$300.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$1,300.00	(M) Total Actual Income:	\$6.00
(N) TOTAL NET FAMILY ASSETS:				\$75,000.00	(O) Total Imputed Income:	\$300.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:						\$306.00

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Assets: Determining Cash Value

Step 2: Determine the Cash Value of an Asset

The “cash value” of an asset is the market value less reasonable expenses that would be incurred in selling or converting the asset to cash.

The cash value is the amount the household could actually receive in cash if the household converted an asset to cash.

The household is not required to convert an asset to cash.

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Assets: Exclusions in HOTMA Do Not Impact Department Programs

HOTMA does have an asset exclusion for households that have assets totaling more than \$100,000 and for households owning real estate.

These exclusions do not apply to the Department programs, they are a Public Housing and Section 8 requirement that do not impact our programs.

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Assets: Reasonable Costs to Convert



This list is not exhaustive, the cost to convert will vary based on the asset.


148

Assets: Types of Common Assets




Checking Account

- Cash Value = Current Balance
- Actual Income = Interest Income (if any)



Savings Account

- Cash Value = Current Balance
- Actual Income = Interest Income (if any)



Cash on Hand

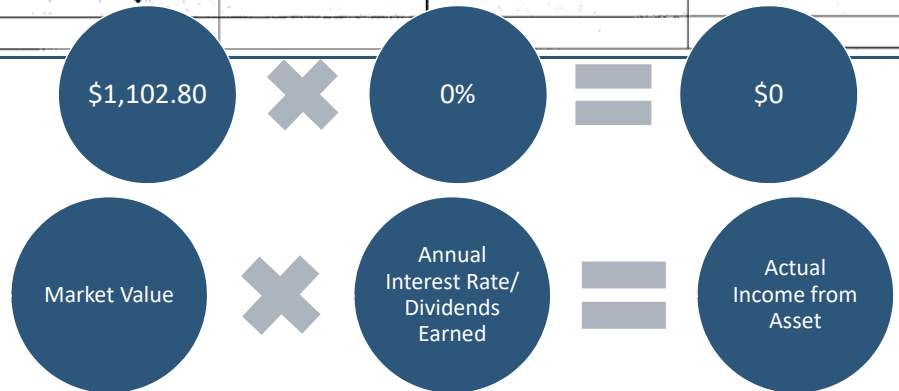
- Cash Value = Amount of cash on hand
- Actual Income = Zero (cash does not earn income)

149

Learning Point 1: Checking Account: Actual Income

What is the Actual Income from the asset below?

A. CHECKING ACCOUNT(s)			
Account Holder	Account Number	Current Balance	Interest Rate, if any
Javier Chavez	xxx 5371	\$1,102.80	0
Maria Hinojosa			

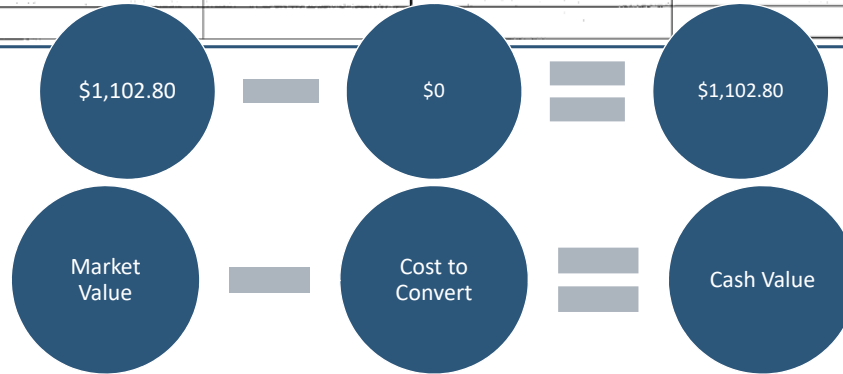


150

Learning Point 1: Checking Account: Cash Value

What is the Cash Value of the asset below?

A. CHECKING ACCOUNT(s)			
Account Holder	Account Number	Current Balance	Interest Rate, if any
Javier Chavez	XXX 5371	\$1,102.80	0
Maria Hinojosa			

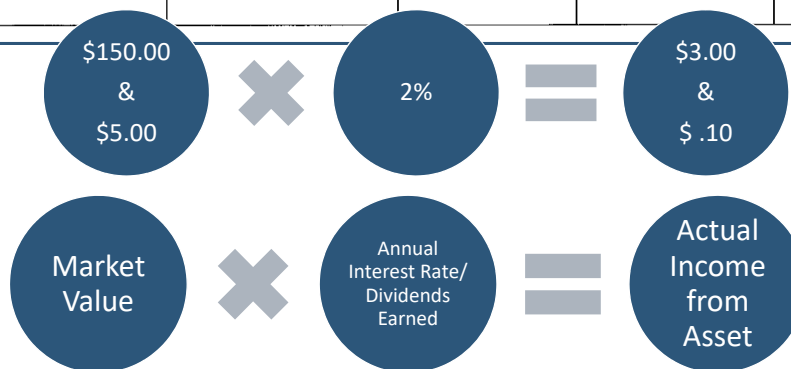


151

Learning Point 1: Savings Account: Actual Income

What is the Actual Income from the assets below?

B. SAVINGS ACCOUNT(s)				
Account Holder	Account Number	Present Balance	Annual Interest Rate	Withdrawal Penalty
Javier Chavez	XXX 5372	\$ 150.00	2%	0
Maria Hinojosa				
Julio Chavez	XXX 5528	\$ 5.00	2%	0

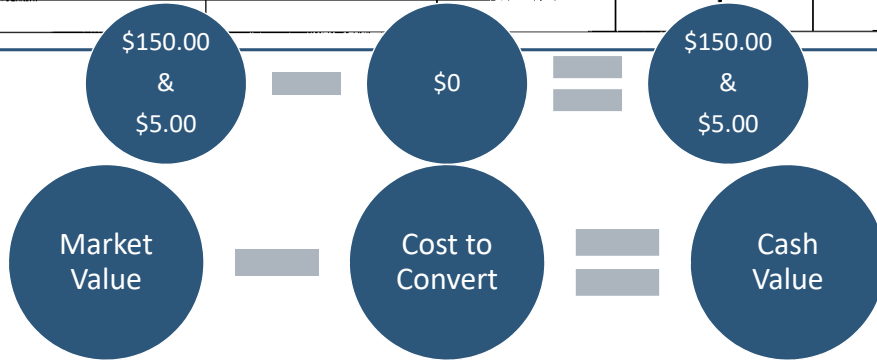


152

Learning Point 1: Savings Account: Cash Value

What is the Cash Value of the assets below?

B. SAVINGS ACCOUNT(s)				
Account Holder	Account Number	Present Balance	Annual Interest Rate	Withdrawal Penalty
Javier Chavez	XXX 5372	\$ 150.00	2%	0
Maria Hinojosa				
Julio Chavez	XXX 5528	\$ 5.00	2%	0



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Sample Household: Checking Account: Actual Income


<p>Pandora Springs Apartments ATTN: Amy Requestor Fax: (512) 475-8559</p>	<p>Account Number: XXXXXX1234 Account Type: Checking Account Status: Open Account Holders: Eric/Ariel Robles</p>	<p>Current Balance: \$2,832.09 Date Opened: 03/07/2016 Current Interest Rate: 0.00%</p>	<p>XXXXXXX1234 Last Six Statements Most Recent First</p> <table border="1"> <thead> <tr> <th>Average Balance:</th> <th>Interest Paid:</th> </tr> </thead> <tbody> <tr> <td>\$6,831.88</td> <td>N/A</td> </tr> <tr> <td>\$5,303.99</td> <td>N/A</td> </tr> <tr> <td>\$2,847.46</td> <td>N/A</td> </tr> <tr> <td>\$2,817.57</td> <td>N/A</td> </tr> <tr> <td>\$2,817.25</td> <td>N/A</td> </tr> <tr> <td>\$2,773.68</td> <td>N/A</td> </tr> </tbody> </table>	Average Balance:	Interest Paid:	\$6,831.88	N/A	\$5,303.99	N/A	\$2,847.46	N/A	\$2,817.57	N/A	\$2,817.25	N/A	\$2,773.68	N/A
	Average Balance:	Interest Paid:															
\$6,831.88	N/A																
\$5,303.99	N/A																
\$2,847.46	N/A																
\$2,817.57	N/A																
\$2,817.25	N/A																
\$2,773.68	N/A																
<p>Verification of Deposit as of: August 22, 2022 Name(s):</p>	<p>CUSTOMER</p>																

Based on the Asset Verification; what is the Actual Income from the Checking Account?

<p>Account Number: XXXXXX1234 Account Type: Checking Account Status: Open Account Holders: Eric/Ariel</p> <p>Current Balance: \$2,832.09 Date Opened: 03/07/2016 Current Interest Rate: 0.00%</p> <p>Date Closed: Balance at Close:</p>	<p>XXXXXXX1234 Last Six Statements Most Recent First</p>	<p>Market Value</p>	<p>×</p>	<p>Annual Interest Rate/Dividends Earned</p>	<p>=</p>	<p>Actual Income from Asset</p>
<p>\$2,832.09 x 0.00% Interest = \$0.00 Income from Asset</p>						

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Sample Household: Checking Account: Cash Value



Pandora Springs Apartments
ATTN: Amy
Requestor Fax: (512) 475-9359

Verification of Deposit as of:

Account Number: XXXXXXX1234
Account Type: Checking
Account Status: Open
Account Holders: Eric/Ariel Robles

Account Number: XXXXXXX1234
Account Type: Checking
Account Status: Open
Account Holders: Eric/Ariel Robles

Account Number: XXXXXXX1234
Account Type: Checking
Account Status: Open
Account Holders: Eric/Ariel Robles

Account Number:	XXXXXX1234	Last Six Statements Most Recent First
Account Type:	Checking	
Account Status:	Open	
Account Holders:	Eric/Ariel Robles	
Current Balance:	\$2,832.09	Average Balance:
Date Opened:	03/07/2016	\$6,831.88
Current Interest Rate:	0.00%	Interest Paid:
Date Closed:		N/A
Balance at Close:		\$5,303.99
		\$2,847.46
		\$2,817.57
		\$2,817.25
		\$2,773.68

Average Balance:

Interest Paid:

Based on the Asset Verification; what is the Cash Value of the Checking Account?

Market Value

=

Cost to Convert


=

Cash Value

Since there is no "Cost to Convert" the Cash Value is the Market Value

Current Balance:	\$10,000	\$6,000.00	\$1.20
Date Opened:	03/07/2016	\$8,000.00	\$1.60
Current Interest Rate:	0.02%	\$7,781.23	\$1.56
Date Closed:		\$8,817.57	\$1.76
Balance at Close:		\$10,817.25	\$2.16
		\$7,773.68	\$1.55

Sample Household: Savings Account: Actual Income



Pandora Springs Apartments
ATTN: Amy
Requestor Fax: (512) 475-9359

Verification of Deposit as of: August 22, 2021

Account Number: XXXXXXX5678
Account Type: Checking/Savings
Account Status: Open
Account Holders: Eric Robles & Ariel Robles

Account Number: XXXXXXX5678
Account Type: Checking/Savings
Account Status: Open
Account Holders: Eric Robles & Ariel Robles

Account Number: XXXXXXX5678
Account Type: Checking/Savings
Account Status: Open
Account Holders: Eric Robles & Ariel Robles

Account Number:	XXXXXX5678	Last Six Statements Most Recent First
Account Type:	Savings	
Account Status:	Open	
Account Holders:	Eric/Ariel Robles	
Current Balance:	\$10,000	Average Balance:
Date Opened:	03/07/2016	\$6,000.00
Current Interest Rate:	0.02%	Interest Paid:
Date Closed:		\$1.20
Balance at Close:		\$8,000.00
		\$7,781.23
		\$8,817.57
		\$10,817.25
		\$7,773.68

Average Balance:

Interest Paid:

Based on the Asset Verification; what is the Actual Income from the Savings Account?

Market Value

×

Annual Interest Rate/
Dividends Earned


=

Actual Income from Asset

$\$10,000 \times 0.02\% \text{ Interest} = \$2.00 \text{ Income from Asset}$

Current Balance:	\$10,000	\$6,000.00	\$1.20
Date Opened:	03/07/2016	\$8,000.00	\$1.60
Current Interest Rate:	0.02%	\$7,781.23	\$1.56
Date Closed:		\$8,817.57	\$1.76
Balance at Close:		\$10,817.25	\$2.16
		\$7,773.68	\$1.55

Sample Household: Savings Account: Cash Value




Pandora Springs Apartments
ATTN: Amy
Requestor Fax: (512) 475-9359

Verification of Deposit as of: August 22, 201

Account Number: XXXXXXX1234
Account Type: Checking/Savings
Account Status: Open
Account Holders: Eric Robles B

Account Number:	XXXXXXX5678	Last Six Statements Most Recent First	
Account Type:	Savings		
Account Status:	Open		
Account Holders:	Eric/Ariel Robles		
Current Balance:	\$10,000		
Date Opened:	03/07/2016		
Current Interest Rate:	0.02%	Average Balance:	
Date Closed:		Interest Paid:	
Balance at Close:		\$6,000.00	\$1.20
		\$8,000.00	\$1.60
		\$7,781.23	\$1.56
		\$8,817.57	\$1.76
		\$10,817.25	\$2.16
		\$7,773.68	\$1.55

Based on the Asset Verification; what is the Cash Value of the Savings Account?



$\$10,000 - 0 = \$10,000 \text{ Cash Value}$

157

Sample Household: Income Certification Part IV

PART IV. INCOME FROM ASSETS						
HH Mbr #	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1 & 2	Checking	C	N	\$2,832.09	A	\$0.00
1 & 2	Savings	C	N	\$10,000.00	A	\$2.00
3	Checking	C	N	\$170.00	A	\$0.00

We have confirmed the checking and savings account assets for the Robles household. These assets have been added to the Income Certification as shown above.

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Learning Point 1: Assets

If using bank statements to verify a checking account, how many must you obtain?

Most Current

If using bank statements to verify a savings account, how many must you obtain?

Most Current

159

Learning Point 2: Assets

If an applicant certifies on their application that they have \$1,000 cash on hand, would you need to include this when determining their eligibility?

Yes

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Learning Point 3: Assets

True or False?

A household is required to convert all of their assets into cash in order to qualify for a low-income unit?

False

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Learning Point 4: Assets

True or False?

When an asset is in the name of a minor child, it is not counted as a household asset?

False

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Learning Point 5: Assets

True or False?

When an asset is in the name of a Foster Person, it is not counted as a household asset?

True

163

Learning Point 6: Assets

A household currently has a checking account with a current balance of \$100 and a six-month average of \$1,500. They also have a savings account with a current balance of \$200 and a six month average of \$1,000.

If these are the only assets that the household owns, what is the total value of assets?

- A. \$0
- B. \$300
- C. \$1,700
- D. \$1,500

Checking current balance \$100 + Savings current balance \$200 = **\$300 Total Household Assets** – All assets are non-necessary personal property and the total is under \$50,000;
Net Family Assets is \$0 for this household.

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Learning Point 7: Assets

Actual Income from assets is calculated based on which of the following:

- A. Income from assets is only included when the assets are over \$5,000
- B. Average Balance
- C. Cash Value
- D. Market Value

According to the HUD 4350.3 Rev 1, 5-7, an asset has a market value and a cash value. The cash value is the market value, less the cost to convert the asset into cash. The market value is simply its dollar value on the open market.

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Assets: Investment-Type Accounts



Stocks

- Cash Value = Full Value – any penalties or fees
- Actual Income = Dividend Income



Bonds

- Cash Value = Redemption Value (Current Market Price)
- Actual income = Interest Income



Mutual Funds

- Cash Value = Full Value – any penalties or fees
- Actual Income = Interest/Dividend of Capital Gains



Certificate of Deposit (CD)

- Cash Value = Full Value – any penalties or fees
- Actual Income = Interest Income

These types of assets typically have a withdrawal penalty.

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Learning Point 2: Stocks

A household owns 38 shares of stock valued at \$1.50 per share. The stock earns \$.25 per share on a quarterly basis. The dividends are reinvested into the account. What is the actual income from the asset?



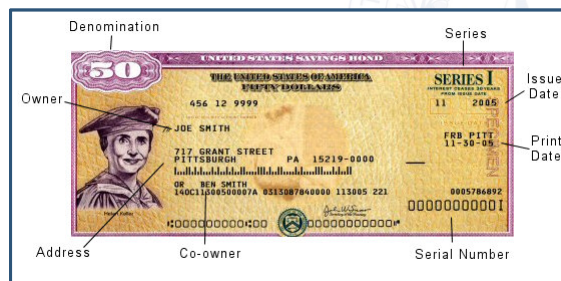
What is the cash value of the asset?



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Learning Point: Bond

Bonds are purchased at an amount and then they mature over the specified length of time. You can use the calculator (link below) to determine the cash value and interest rate on bonds.



Total Price	Total Value	Total Interest	YTD Interest
\$25.00	\$42.54	\$17.54	\$0.88

Bonds: 1-1 of 1

Serial #	Series	Denom	Issue Date	Next Accrual	Final Maturity	Issue Price	Interest	Interest Rate	Value	Note
NA	EE	\$50	11/2005	09/2022	11/2035	\$25.00	\$17.54	3.20%	\$42.54	REMOVE

<https://treasurydirect.gov/BC/SBCPrice>

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Learning Point: Certificate of Deposit (CD)

C. CERTIFICATE OF DEPOSIT(s)				
Account Holder	Account Number	Present Balance	Annual Interest Rate	Withdrawal Penalty
Ignacia Chavez	322123	4,798.06	3.5%	2 mos. interest

- What is the actual income from the asset to be included in the determination of eligibility?

$$\text{Market Value} \times \text{Annual Interest Rate/Dividends Earned} = \text{Actual Income from Asset}$$

$\$4,798.06 \times 3.5\% = \167.93
Actual Income from Asset

- What is the total cash value from the asset?

$$\text{Market Value} - \text{Cost to Convert} = \text{Cash Value}$$

$\$167.93/12 = \$13.99 \times 2 = \$27.98$
 two months of interest
 $\$4,798.06 - \$27.98 = \$4,770.08$
Cash Value of Asset

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Learning Point: Household Assets

A household has a checking account with a current balance of \$875, a certificate of deposit with a market value of \$10,000 with a \$500 penalty to cash it in, and a savings account with a current balance of \$3,125.

What is the total cash value of the household's assets?

$$\begin{aligned}
 &\$875 \text{ Checking Account} \\
 &+ (\$10,000 - \$500 \text{ penalty}) \text{ CD} \\
 &+ \underline{\$3,125 \text{ Savings Account}} \\
 &\underline{\$13,500 \text{ Total Assets}}
 \end{aligned}$$

172

Assets: Retirement Accounts



Individual Retirement Account (IRA)

- Cash Value
- Actual Income

...ny penalties



Value = Amount withdrawn - any penalties

Income = Interest earned on the account

...accessible, though the account is not



Key Information

- Cash Value
- Actual Income

...penalties

...income)

173

Assets: Pension/Retirement Funds

Pension/Retirement Funds

- Balances are not counted as an asset, even if accessible
- Amounts received through periodic payments are counted in annual income

174

Assets: Annuities



Annuities

- Cash Value = Full Value – withdrawal penalty, taxes or tax penalties
- Actual Income = Interest Income (if any)

Generally, when annuity payments are received, it can no longer be converted into a lump sum of cash, in these cases:

- The periodic payments will be treated as income
- The annuity is not treated as an asset

Ask if holder has the right to withdraw the balance

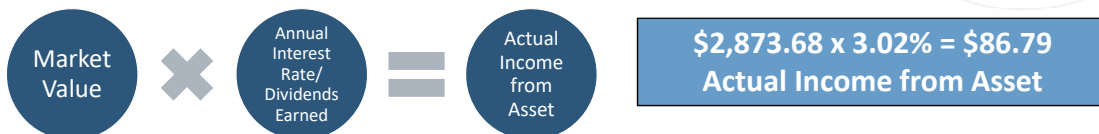
- If Yes = Asset; even if payments are being received
- If No = Not an Asset

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Learning Point 1: Annuity

H. OTHER: Type of Account		<i>Annuity</i>		
Account Holder	Account Number	Present Balance	Annual Interest Rate/Income	Withdrawal Penalty
<i>Malcolm Sharp</i>	<i>ANxx886</i>	<i>2,873.68</i>	<i>3.02%</i>	<i>0</i>

- What is the actual income from the asset to be included in the determination of eligibility?



- What is the total cash value from the asset?



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Learning Point 2: Annuity

Dan applies for a unit at your community. He has an annuity which he has access to. The current balance is \$175,000 and earns 3% interest annually. Dan receives \$400 quarterly payments from the annuity.

What amount should be included as income from the asset for the household?

\$400 x 4 quarters = \$1,600 Annual Income

177

Assets: Trusts



Trusts

- Cash Value = Withdrawn amount
- Actual Income = Interest income (if any)

The “property” held in a Trust can be:

- Cash
- Real or Personal Property
- Other Liquid Assets

2 Types of Trusts

- Revocable – Creator may amend or revoke (has access)
- Irrevocable – Creator has no access to funds
- If Anyone in your applicant group has access to the trust it is an asset

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Learning Point: Trusts

F. TRUST	
Type of Trust: (Check one)	<input type="checkbox"/> Revocable <input checked="" type="checkbox"/> Irrevocable
Account holder is the: (Check one)	<input type="checkbox"/> Beneficiary or <input checked="" type="checkbox"/> Grantor of the Trust
Value of administered Trust Fund: \$	<u>4870</u>
Anticipated amount of income to be earned by Trust over the next 12 months: \$	<u>97.00</u>
Is the Amount: (Check one)	<input checked="" type="checkbox"/> Reinvested or <input type="checkbox"/> Disbursed

- What is the actual income from the asset?



- What is the total cash value from the asset?



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Assets: Real Estate



Currently Owns

- Cash Value = Fair Market Value – unpaid principal and reasonable costs incurred to sell
- Actual Income = Zero (it is not earning income)



Currently owns but 3rd party is living in it

- Cash Value = Fair Market Value – unpaid principal and reasonable costs incurred to sell
- Actual Income = Monthly Rent – interest, taxes, insurance and maintenance fees



“Deed of Trust” or “Contract Sale”

- Cash Value = Unpaid principal portion of mortgage (as of the certification effective date)
- Actual Income = Interest portion due during the 12-month certification period

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Assets: Exemption to Real Estate

HOME Homeowner Rehabilitation Assistance (HRA) program

Real Estate exception:

- Equity in the applicant's primary residence is not considered in the calculation of assets

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Assets: Real Estate Documents

May need to gather the following verifications:

- Mortgage statement
- Tax statement
- Obtain documentation on current broker fees and closing costs
- Amortization Schedule

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Learning Point: Real Estate

Example – Determining the Cash Value of an Asset

The "cash value" of an asset is the amount a family would receive if the family turned a noncash asset into cash.

The cash value is the market value—or the amount another person would pay to acquire the asset—less the cost to turn the asset into cash.

If a family owns real estate, it may be necessary to consider the family's equity in the property as well as the expense to sell the property.

To determine the family's equity, subtract amounts owed on the property from its market value:

Market value	
- <u>Mortgage amount owed</u>	
Equity in the property	

Calculate the cash value by subtracting the expense of selling the property:

Equity	
- <u>Expense of selling</u>	
Cash Value	

Juanita Player owns a rental house. The market value is \$100,000. She owes \$60,000. The cost to dispose of this house would be \$8,000. The owner would determine the cash value as follows:

Market Value	\$100,000
Mortgage amount	- \$60,000
	40,000
Cost of disposing of the asset (real estate commission, and other costs of sale)	- \$8,000
Cash Value	\$32,000

HUD 4350.3, Page 5-24

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Assets: Real Estate for Rent

What to do when an applicant owns a home (real estate) and is renting it out:

- The first step is determining the cash value of the real estate, which was covered on the previous slides.
- If rental income is received from real estate it must be included as income from an asset.
- You may need to gather the following documents:
 - Verification of rental income to be received in the next 12 months; i.e. a lease contract
 - If there are any expenses in renting the home, the following may be deducted from rental income **if verification is obtained to support the deductions:**
 - Taxes
 - Insurance
 - Maintenance
 - Utilities
 - Mortgage Interest
 - Management Fees

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Learning Point: Real Estate for Rent

The Lee household owns a home, which they are renting out. We have already determined that the cash value of the home is \$110,000. They have indicated that they rent the home for **\$1,200 per month**. They still pay the **taxes of \$3,250 and mortgage interest of \$5,884.97** on the home. What should the income from the asset be on the Income Certification?

Step 1: Determine the annual amount received from rental income

\$1,200 per month x 12 months = **\$14,400 annual rental income**

Step 2: Determine the expenses associated with renting the home:

\$3,250 taxes + \$5,884.97 mortgage interest = **\$9,134.97 total deductions**

Step 3: Subtract the deductions from the rental income to determine the asset income:

\$14,400 rental income - \$9,134.97 verified deductions =

\$5,265.03 Annual Income from Asset

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Assets: Real Estate; Deed/Contract for Sale

Sydney signed her Certification in Jan 2022. She holds a Contract for Sale. Based on the relevant portions of the contract and amortization schedule (next slide) what is the actual income from the asset and what is the cash value of the asset?

CONTRACT FOR SALE OF REAL ESTATE

This contract is made and dated December 7, 2020

Between: **Sydney Young** (from now on called "the Seller")
and
Brandon and Melissa Lee (from now on called "the Buyer")

Purchase price is \$100,000 and is payable by the Buyer to the Seller as follows:

(a) By a note and mortgage from the Buyer to the Seller in the principal amount of **\$100,000**. Amount shall be payable with interest at the yearly rate of 6.25% by monthly installments of **\$615.72**. It shall be due in full in 30 years with full prepayment rights and day default period beginning on January 2021.

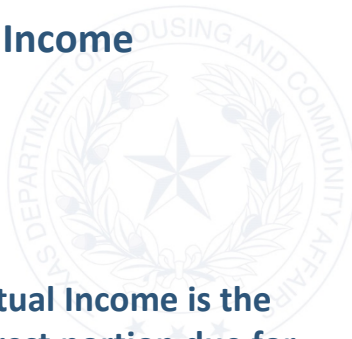
186

Assets: Real Estate; Amortization Schedule: Actual Income

Month	Interest	Principal	Balance (Principal)
Dec-21	\$ 494.59	\$ 121.12	\$ 94,840.88
Jan-22	\$ 493.96	\$ 121.75	\$ 94,719.13
Feb-22	\$ 493.33	\$ 122.39	\$ 94,596.74
Mar-22	\$ 492.69	\$ 123.03	\$ 94,473.71
Apr-22	\$ 492.05	\$ 123.67	\$ 94,350.05
May-22	\$ 491.41	\$ 124.31	\$ 94,225.74
Jun-22	\$ 490.76	\$ 124.96	\$ 94,100.75
Jul-22	\$ 490.11	\$ 125.61	\$ 93,975.17
Aug-22	\$ 489.45	\$ 126.26	\$ 93,848.90
Sep-22	\$ 488.80	\$ 126.92	\$ 93,721.98
Oct-22	\$ 488.14	\$ 127.58	\$ 93,594.40
Nov-22	\$ 487.47	\$ 128.25	\$ 93,466.16
Dec-22	\$ 486.80	\$ 128.91	\$ 93,337.24
Jan-23	\$ 486.13	\$ 129.59	\$ 93,207.66
Feb-23	\$ 485.46	\$ 130.26	\$ 93,077.40

493.96
493.33
492.69
492.05
491.41
490.76
490.11
489.45
488.80
488.14
487.47
<u>486.80</u>
\$5,884.97

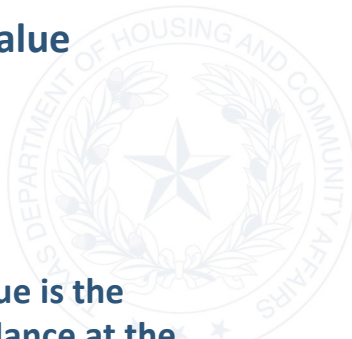
Actual Income is the interest portion due for the 12-month period following certification



Assets: Real Estate; Amortization Schedule: Cash Value

Month	Interest	Principal	Balance (Principal)
Dec-21	\$ 494.59	\$ 121.12	\$ 94,840.88
Jan-22	\$ 493.96	\$ 121.75	\$ 94,719.13
Feb-22	\$ 493.33	\$ 122.39	\$ 94,596.74
Mar-22	\$ 492.69	\$ 123.03	\$ 94,473.71
Apr-22	\$ 492.05	\$ 123.67	\$ 94,350.05
May-22	\$ 491.41	\$ 124.31	\$ 94,225.74
Jun-22	\$ 490.76	\$ 124.96	\$ 94,100.75
Jul-22	\$ 490.11	\$ 125.61	\$ 93,975.17
Aug-22	\$ 489.45	\$ 126.26	\$ 93,848.90
Sep-22	\$ 488.80	\$ 126.92	\$ 93,721.98
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Jan-23	\$ 486.13	\$ 129.59	\$ 93,207.66
Feb-23	\$ 485.46	\$ 130.26	\$ 93,077.40

Cash Value is the Principal Balance at the time of move-in



Assets: Bitcoin & Other Cryptocurrencies



Cryptocurrency

- Cash Value = Current market value – penalties/fees
- Actual Income = Any income earned by the asset

Yes, Bitcoin is considered an asset.

Bitcoin and other cryptocurrencies are held online, and typically held in interest-yielding crypto accounts called DeFis (Decentralized Finance platforms), though there are other ways they may earn interest. There are crypto credit cards that produce rewards and some people earn money on the accounts by yield-farming or staking.

Treat Bitcoin and other cryptocurrencies like a foreign currency.

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Assets: Bitcoin & Other Cryptocurrencies continued

- First, obtain a statement (or some kind of other digital evidence such as a screenshot) from the account in which the Bitcoin is held. Take that market value and determine the current exchange rate with US dollars.
 - Note: The exchange rate can change frequently, so just use whatever it is at the time you're making your determination. Try using a site like <http://coindesk.com>.
- Next, determine the broker fee associated with converting the Bitcoin into US dollars. That information will come from either the account in which the Bitcoin is held, or it could come from the applicant/resident.
 - For example, a resident may say that they're not sure how to convert the Bitcoin into US dollars, but they know that CoinStar machines will do it for a fee. That fee is the cost to convert the Bitcoin to cash. Once that is established, you'll arrive at the cash value.
- Finally, To determine the actual yearly income, look for interest information from the DeFi platform they use to hold the Bitcoin.
 - If they're really savvy, they may be getting interest from yielding or staking... in that case, you may have to look deeper and ask more questions. Perhaps they have a record of the asset income they've earned within the DeFi itself, or they may have an IRS Form 1099-INT.

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Assets: Cryptocurrencies; Not as Hard as it Looks

Cryptocurrency (Bitcoin) can seem complicated since it is relatively new to the affordable housing industry.

Just remember that if they have access to it, you'll use the standard formula to determine the cash value: $\text{Market Value} - \text{Costs to Convert} = \text{Cash Value}$; the actual income from the asset will simply be whatever money they earn because of the account.

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Assets: Peer-to-Peer Payment Applications



Venmo



Cash App



PayPal



Zelle

- If regular deposits are seen on these assets, the account holder should be asked to provide an explanation.
 - There are cases where these apps are used to sell homemade items and services, If the account is being used this way, the income must be included as self-employed income for the household.
- These sources of assets should be investigated. If there is a balance to be held in the account, it should be included as an asset on the Income Certification.

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Assets: Disposed of for Less than Fair Market Value



Assets disposed of for less than Fair Market Value (FMV)

- Cash Value = Difference between the cash value disposed of and the amount actual received (if greater than \$1,000)
- Actual Income = Zero (not earning income)

Include Cash Value if:

- Fair market value of all assets disposed of exceeds the gross amount received by more than \$1,000; and if,
- Certification period → 2-year period following disposal
- When 2-year period expires, income assigned to the reported asset(s) also expires
- Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce or separation are *NOT* counted

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Learning Point 1: Disposed of for Less than Fair Market Value

Examples – Asset Disposed of for Less Than Market Value

- (1) An applicant "sold" her home to her daughter for \$10,000. The home was valued at \$89,000 and had no loans secured against it. Broker fees and settlement costs are estimated at \$1,800.

\$89,000	Market value
- 1,800	Fees
\$87,200	Cash value
- 10,000	Sales price to daughter
\$77,200	Asset disposed of for less than fair market value

In this example, the asset disposed of for less than fair market value is \$77,200. That amount is counted as the resident's asset for two years from the date the sale took place.

(The \$10,000 received from the daughter may currently be in a savings account or other asset or may have been spent. The \$10,000 will be counted as an asset if the applicant has not spent the money.)

- (2) A resident contributed \$10,000 to her grandson's college tuition and gave her two granddaughters \$4,000 each to save for college.

\$10,000	College tuition gift
+ 8,000	Gift to granddaughters
\$18,000	Asset disposed of for less than fair market value

The \$18,000 disposed of for less than fair market value is counted as the tenant's asset for two years from the date each asset was given away.

HUD 4350.3, Page 5-38

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Learning Point 2: Disposed of for Less than Fair Market Value

David and Maria are scheduled to move into Pandora Springs Apartment Community on February 1, 2024. In planning their estate, they transferred their house to their daughter Sophia on April 1, 2023. The home has an estimated market value of \$180,000.00.

Because the house was a gift to their daughter and a result of estate planning it will not be included as an asset; True or False?

FALSE

All assets that are disposed of for less than fair market value need to be listed and included. The exception to this requirement is if the property was disposed of by foreclosure, bankruptcy, divorce or separation settlements.

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Sample Household: Real Estate Disposed Of

Ursula Thompson has stated that she owns a home and is “giving” it to her granddaughter.

I. HOUSEHOLD ASSET INFORMATION	
1. Has anyone in the household given away anything of value within the last two years? (if a home was released due to foreclosure, bankruptcy or divorce, answer no)	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES If yes, who? <u>Ursula</u>
Provide explanation (including the type of asset, estimated value of asset, amount disposed for, and date of disposal):	

2. Has anyone in the household owned a home in the last two years?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES If yes, who? <u>Ursula</u>
Do they currently own it?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES If No, when was it disposed of? <u>May 2022</u>
If Yes, Is it being rented?	<input type="checkbox"/> NO <input type="checkbox"/> YES
Is it sitting vacant?	<input type="checkbox"/> NO <input type="checkbox"/> YES
Is it in the process of being sold?	<input type="checkbox"/> NO <input type="checkbox"/> YES

Clarification:

I own a house in Las Vegas, TX. I will be giving it to my granddaughter to live in when I move into the apartment.

The home and land are paid in full.

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Sample Household: Real Estate, Fair Market Value

Since she is disposing of the asset for less than fair market value, it must be included on the household's Income Certification.

Property Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap Loss	Assessed
2023	N/A	N/A	N/A	N/A	N/A	N/A
2022	\$32,840	\$3,125	\$0	\$35,965	\$0	\$35,965
2021	\$29,441	\$3,125	\$0	\$32,566	\$0	\$32,566
2020	\$29,441	\$3,125	\$0	\$32,566	\$0	\$32,566
2019	\$29,441	\$1,000	\$0	\$30,441	\$0	\$30,441

1) Actual Income from asset:
\$0 – no Interest or Dividends earned

2) Cash Value of the asset:
\$35,965 – no mortgage and Ursula does not intend to sell the real estate

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Sample Household: Income Certification Part IV continued

PART IV. INCOME FROM ASSETS						
HH Mbr.#	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1 & 2	Checking	C	N	\$2,832.09	A	\$0.00
1 & 2	Savings	C	N	\$10,000.00	A	\$2.00
3	Checking	C	N	\$170.00	A	\$0.00
3	Real Estate	D	R	\$35,965.00	n/a	\$0.00

The real estate asset has been added to the Income Certification for the Robles Household.

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Assets: Imputed Income

- Imputed income is a percentage of the value of assets where actual income is undeterminable; when the household assets are \$50,000 or more, based on the current passbook savings rate
- *Imputed* income is determined by calculating:



2024 Passbook rate = 0.40%
 HUD will evaluate and update this annually

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Sample Household: Income Certification Part IV

PART IV. INCOME FROM ASSETS						
HH Mbr #	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1 & 2	Checking	C	N	\$3,898.64	A	\$0.00
1 & 2	Savings	C	N	\$10,000.00	A	\$2.00
3	Checking	C	N	\$170.00	A	\$0.00
3	Real Estate	D	R	\$35,965.00	n/a	\$0.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$14,068.64	(M) Total Actual Income:	\$2.00
(N) TOTAL NET FAMILY ASSETS:				\$35,965.00	(O) Total Imputed Income:	\$0.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:						\$2.00

Since the household has less than \$50,000 in non-necessary assets they are excluded from net family assets. We have to calculate the actual income if known, but the imputed income is not required because the total of net family assets is not over \$50,000. The checking accounts have confirmed 0% interest rates, we know the savings account interest rate; but the real estate is unknown.

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Assets: Tips to Minimize Documentation Challenges:

- Peer Review
- Spot Check Information
- Independent 3rd Party Review
- Document File With Calculations
- NO Correction Fluid (White-Out)

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Module 4

Annualize Income



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Eligibility: 5 Basic Steps; Step 3



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Annualizing Income

Method for Projecting and Calculating Annual Income

- Gross income
- Anticipated income

Convert verified income to an annual figure

- Be Consistent – Develop policies and procedures
- Annualize income based on payment schedule
- Annualize part-time income by multiplying wages by the reported number of hours or weeks

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Learning Point 1: Annualizing Income

Aleisha makes \$600 semi-monthly at her job. Her roommate Joshua makes \$750 per pay period and is paid bi-weekly.

What is the annual household income for Aleisha and Joshua?

Aleisha: $\$600 \times 24$ pay periods = \$14,400

Joshua: $\$750 \times 26$ pay periods = \$19,500

$\$14,400 + \$19,500 = \$33,900$ Annual Household
Income

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Learning Point 2: Annualizing Income

True or False; when determining annual income for a household, the Social Security benefits paid to a minor household member are not included in the annual income for the household?

FALSE

Unearned Income for all household members, except Live-In Aides, is included in the Annual Income for the household.

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Learning Point 3: Annualizing Income

True or False; when determining annual income for a household, the Social Security benefits paid to a Foster Person household member are not included in the annual income for the household?

True

Earned and unearned income for Foster Persons is excluded in the household income calculations for eligibility beginning January 1, 2024.

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Learning Point 4: Annualizing Income

Example – Calculating Anticipated Annual Income

A teacher's assistant works nine months annually and receives \$1,300 per month. During the summer recess, the teacher's assistant works for the Parks and Recreation Department for \$600 per month. The owner may calculate the family's income using either of the following two methods:

1. Calculate annual income based on current income: \$15,600 (\$1,300 x 12 months).

The owner would then conduct an interim recertification at the end of the school year to recalculate the family's income during the summer months at reduced annualized amount of \$7,200 (\$600 x 12 months).

2. Calculate annual income based on anticipated changes through the year:

\$11,700 (\$1,300 x 9 months)

+ 1,800 (\$ 600 x 3 months)

\$13,500

HUD 4350.3 Rev-1; Chapter 5, page 5-4

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Learning Point 5: Annualizing Income

Jesse's Social Security payment of \$744 per month is being reduced by \$25 per month for an overpayment and another \$50 for insurance.

What is Jesse's annual income for purposes of eligibility?

$$\begin{aligned} \$744 - \$25 \text{ overpayment} &= \$719 \text{ monthly income} \\ \$719 \times 12 \text{ months} &= \$8,628 \text{ annually} \end{aligned}$$

If an agency is reducing a family's benefits to adjust for a prior overpayment (e.g., social security, SSI, TANF, or unemployment benefits), count the amount that is actually provided after the adjustment.

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Module 5

Adjusted Income

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Eligibility: 5 Basic Steps; Step 4



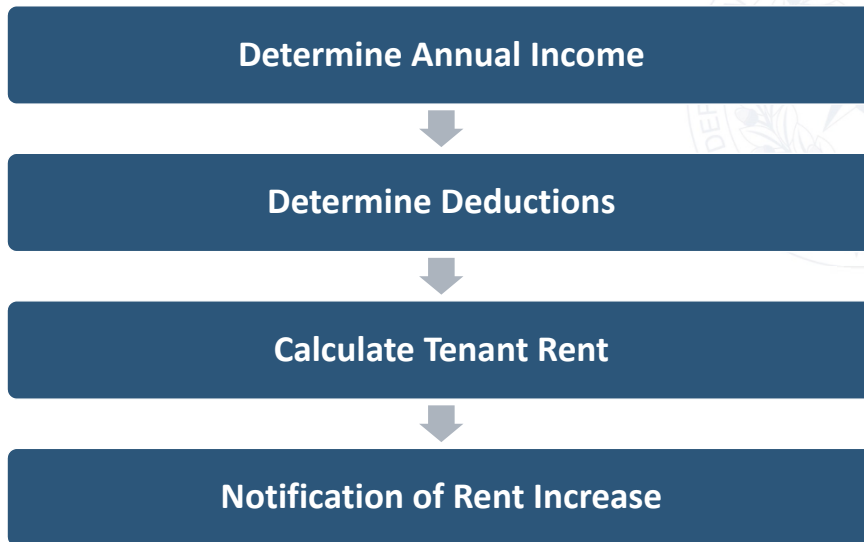
211

Adjusted Income: When is it Calculated?

- The Adjusted Income process is always used for Section 811 Units & Tenant Based Rental Assistance (TBRA) units at any certification
- Adjusted Income is required for some designations under the HOME-ARP program
- It is also used for units that are designated over-income (OI), over 80% of the current income limit, at recertification in the HOME, HOME-ARP and TCAP-RF programs. The purpose of adjusted income is to determine rent
- The purpose of Adjusted Income is to determine the rental amount for the household

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Adjusted Income: The Process



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Adjusted Income: Screening for Deductions

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SUPPLEMENT TO THE INTAKE APPLICATION

Participation in a TDHCA Tenant Based Rental Assistance Program requires the determination of adjusted income to calculate the amount of subsidy assistance your household may be eligible for. Adjusted income is also used to determine the required tenant paid rent of a household identified as over income at recertification on a POME Rental development. Information disclosed on this form will only be used to determine eligible deductions. If there are any questions that you do not understand, please contact the Administrator, Owner or Management.

Applicant/Resident Name: _____

A. DEPENDENT DEDUCTION (Does household member qualify for this deduction regardless of age, disability, or student status? Head of household, spouse, or child, a foster child, an unborn child, a child who has not yet passed the 18th, or a first-in-adult.)
 Is the household composed of a family member under the age of 18? NO YES, who? _____
 Is the household composed of a family member with disabilities? NO YES, who? _____
 Is the household composed of a family member who is a full-time student? NO YES, who? _____

B. CHILD CARE EXPENSES DEDUCTION
 Is the household paying for the care of children age 12 or under? NO YES, for whom? _____
 If YES, please answer the following questions:
 1. Does the child care enable an adult household member to (check) Seek employment OR Be gainfully employed OR Further his/her education (academic or vocational)? NO YES, who? _____
 2. Is there an adult household member capable of providing care during the hours care is needed? NO YES _____
 3. Is the child care provided by a member who composes the household? NO YES, who? _____
 4. Is the household reimbursed by an outside Agency or Individual? NO YES, who? _____

C. DISABILITY ASSISTANCE EXPENSES DEDUCTION
 Is the household paying for attendant care and/or an auxiliary apparatus? NO YES, for whom? _____
 If YES, please answer the following questions:
 1. Does the care and/or use of the auxiliary apparatus enable an adult household member to work? NO YES, who? _____
 2. Is the household reimbursed by an Agency and/or Individual for these costs? NO YES, who? _____
 3. Identify the type of care and/or apparatus paid for: _____

D. ELDERLY OR DISABLED FAMILY DEDUCTION
 Is the head of household, spouse, or co-head at least 62 years of age or older? NO YES, who? _____
 Is the head of household, spouse, or co-head a person with a disability? NO YES, who? _____

E. MEDICAL EXPENSES DEDUCTION (If your household qualifies for the deduction listed in "D" then medical expenses for ALL household members may be eligible for deduction.)

Identify any of the following medical expenses*	Estimated Annual Cost	Can support for expenses be provided?
Medicare <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Medicaid <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Prescription Costs <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Medical Deductible Costs <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Over-the-Counter Costs <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES
Other <input type="checkbox"/> NO <input type="checkbox"/> YES		<input type="checkbox"/> NO <input type="checkbox"/> YES

Is the household reimbursed by an Agency and/or Individual for any of these costs? NO YES, who? _____
 Did the household have any one-time non-recurring medical expenses? NO YES, explain? _____

F. APPLICANT/RESIDENT CERTIFICATION
 I certify that the above information is true and correct.

Applicant/Resident Printed Name: _____ Signature: _____ Date: _____

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA Page 1 of 7 May 2019

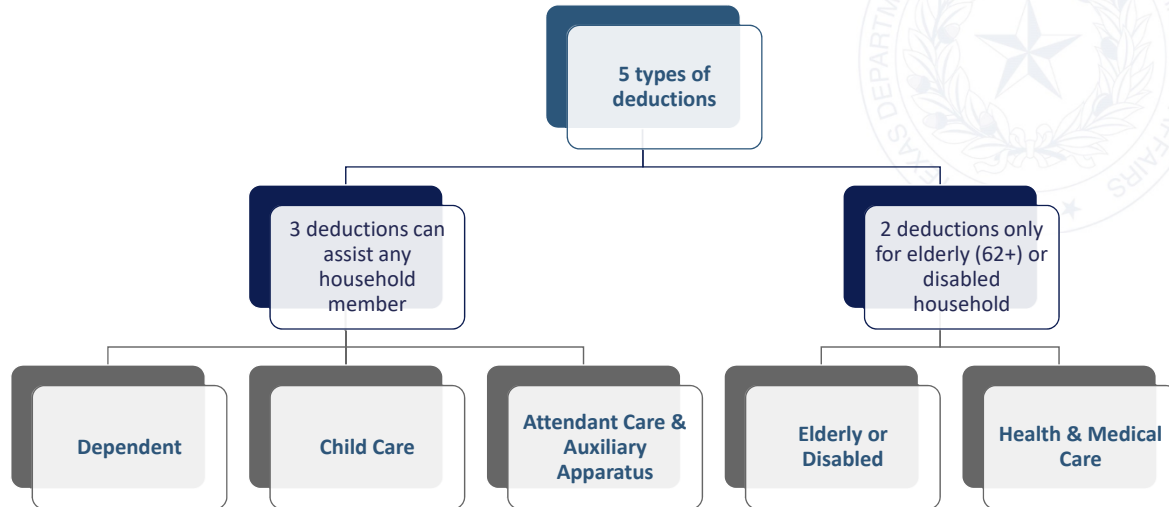
The household must be screened for deductions

TDHCA has a Supplement to the Intake Application available on the website

Developments may develop and utilize their own version of screening tool

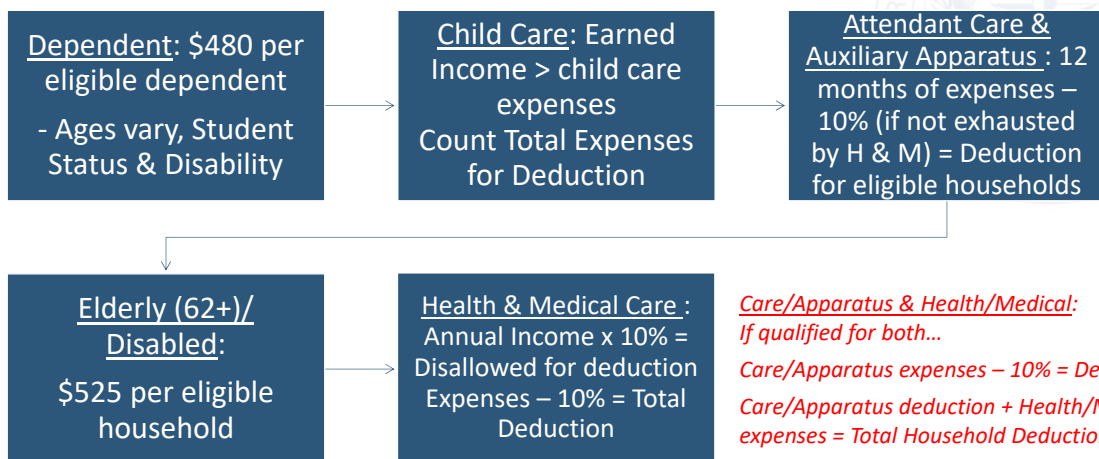
214

Adjusted Income: Available Deductions



215

Adjusted Income: Deductions Cheat Sheet



216

Adjusted Income: Dependent Deduction

- Dependent Deduction of \$480 per eligible dependent in the household
 - This will be updated annually and announced by HUD, it is not changing for 2024
- Dependents are defined as household members who are not head, spouse, co-head and are:
 - Under 18 years of age
 - A person with disabilities at any age
 - A full-time student, 18 years of age or older

To qualify for the deduction, verification of disability or student status is required
- A foster child, foster adult, unborn child, a child that has not joined the household yet, or dependent of a live-in aide will never qualify for the deduction
- A household does not have to have legal custody of a dependent to receive the deduction; however, the dependent must live in the unit

217

Adjusted Income: Dependent Deduction; Students

- Full-time student status is defined by the institution of higher education, with a degree or certificate program, where the student is enrolled
- A household may not receive a double dependent deduction for one member
 - For example, a 19 year old, disabled, full-time student would not be eligible for two dependent deductions

218

Learning Point 1: Adjusted Income

The Hearn household is comprised of Mark who is disabled, his wife Christy and their 19 year old daughter Sydney. Is the Hearn household eligible for a dependent deduction?

No

Sydney is over the age of 18, not a full-time student, nor disabled.

Mark is disabled; however, he does not qualify for the deduction because he is the head of the household.

219

Sample Household: Dependent Deduction

The Robles household is comprised of six persons. Eric and Ariel reside in the unit with Ariel's mother, Ursula, and their three (3) dependent children; Sebastian is 19 and a full-time student, Melody is 10 and Max is 6. Is the Robles household eligible for a dependent deduction?

Yes

How much is their deduction?

The Robles household is eligible for a \$480 deduction for each child.

$\$480 \times 3 = \$1,440$

220

Adjusted Income: Child Care Deduction

- The Child Care Deduction is available for anticipated expenses to any household paying for child care. The deduction is available to all children under the age of 13 living in the unit ~~(including foster children)~~ when child care enables a family member to...
 - Work
 - Look for work
 - Go to school (academic or vocational)
- The household has to evidence that there is no adult family member capable of providing care during the hours care is needed
- Child care expenses cannot be reimbursed by an outside agency or individual
- Child care expenses deducted must be reasonable

Foster children are eligible for this deduction if the child care expense is paid by the household income and not a welfare stipend.

221

Adjusted Income: Child Care Deduction continued

- Child care expenses are not paid to someone living in the unit
- Child care expenses cannot exceed the work income generated by the household member during the period in which care is provided
- The child care expenses are not restricted when seeking employment or attending school
- To document anticipated child care expenses, the household must:
 - Identify the child(ren) who will be cared for
 - Identify the family member who is enabled to work, look for work, and/or go to school because of the child care
 - Evidence that no other adult household member in the unit is available to care for the child
 - Identify the child care provider
 - Provide documentation of cost

222

Sample Household: Child Care Deduction

Eric and Ariel Robles work, as previously calculated in the training. Their 10 year old and 6 year old children, Melody and Max, attend the YMCA program after school from 3pm to 6pm each day during the school year.

They pay the YMCA \$14.00 an hour for the care of their children. They receive no reimbursement for the child care expenses. Eric does not work in the summer, the children spend the summer with their father and the household does not have any child care expenses during this time. Ursula is unable to watch the children due to her disability and Sebastian is a full-time student and unable to care for his younger siblings.

Is the Robles household eligible for a child care deduction?

Yes

223

Sample Household: Child Care Deduction continued

How much is the child care deduction for the Robles household?

- Step 1: Determine Eric's annual income:

$$\begin{array}{c}
 \text{\$18.00} \\
 \text{an hour}
 \end{array}
 \times
 \begin{array}{c}
 1,140 \\
 \text{hours} \\
 \text{annually}
 \end{array}
 =
 \begin{array}{c}
 \text{\$20,520} \\
 \text{gross} \\
 \text{income}
 \end{array}$$

- Step 2: Determine what Eric's earned income is while his children attend after-school care:

$$\begin{array}{c}
 \text{\$18 an} \\
 \text{hour}
 \end{array}
 \times
 \begin{array}{c}
 5 \text{ days a} \\
 \text{week}
 \end{array}
 \times
 \begin{array}{c}
 3 \text{ hours} \\
 \text{a day}
 \end{array}
 \times
 \begin{array}{c}
 38 \\
 \text{weeks a} \\
 \text{year}
 \end{array}
 =
 \begin{array}{c}
 \text{\$10,260} \\
 \text{earned} \\
 \text{income}
 \end{array}$$

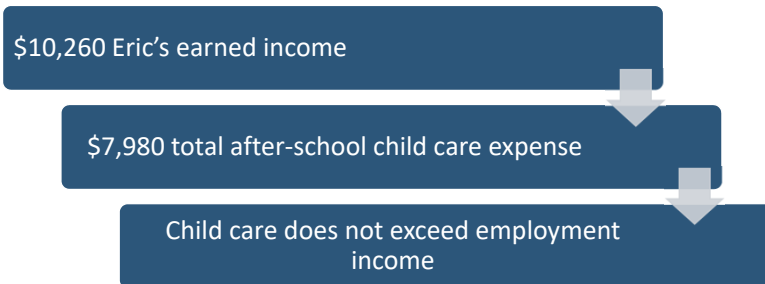
224

Sample Household: Child Care Deduction completed

- Step 3: Determine the after-school child care expenses for Melody and Max:



- Step 4: Determine that after-school child care expenses do not exceed Eric's earned income generated during the period in which care is provided:



Adjusted Income: Attendant Care & Auxiliary Apparatus Expense Deduction

- Attendant Care & Auxiliary Apparatus (previously Disability Assistance) Expense Deduction is available for unreimbursed, anticipated costs for attendant care and/or an auxiliary apparatus
- The care or apparatus enables a household member, 18 years or older, including the disabled member to work
- The amount claimed is the difference in total expenses for attendant care and/or auxiliary apparatus that exceeds 10% of annual income and earned income of the adult household member enabled to work by the attendant care or auxiliary apparatus
 - **Households receiving the deduction in 2023 will utilize a hardship implementation; 5% in 2024, 7.5% in 2025 and the full 10% in 2026**
- If the disability assistance enables more than one household member to be employed, the allowance cannot exceed the combined income of both

226

Attendant Care & Auxiliary Apparatus Expense Deduction Items

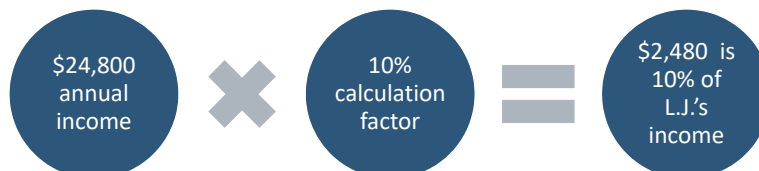
- Auxiliary apparatus includes items that are directly related to permitting the disabled person or other family member to work
- Includes items such as, but not limited to, the following:
 - Wheelchairs, ramps, adaptations to vehicles (one-time allowances);
 - Cost of maintenance and upkeep of an auxiliary apparatus (i.e. veterinarian and food costs of service animal)
 - Attendant care includes, but is not limited to, reasonable expenses for home medical care, nursing services, interpreters for hearing impaired persons and readers for persons with visual impairments

227

Learning Point: Attendant Care & Auxiliary Apparatus Expense Deduction

L.J. is an individual with disabilities that works full-time and has an annual income of \$24,800. He requires a motorized wheelchair and special transportation to get to his job. The eligible disability expense is \$8,500 for his transportation to and from his job. Is L.J. eligible for a disability expense deduction? If yes, how much?

- Step 1: Determine 10% of L.J.'s employment income:



228

Learning Point: Disability Assistance Expense Deduction cont.

- Step 2: Determine L.J.'s eligible disability deduction:



- Step 3: Ensure L.J.'s allowable deduction does not exceed his annual income:



229

Adjusted Income: Elderly or Disabled Deduction

- Elderly or Disabled Deduction is a one-time \$525 deduction
 - HUD has indicated that this amount may be updated annually
- The deduction is available to a household if the head, spouse, or co-head (or the sole member) is at least 62 years of age or older, or is a person with disabilities
- A household is entitled to only one deduction regardless of how many household members qualify as elderly or disabled

230

Learning Point 1: Elderly or Disabled Deduction

Ted is 29 years old and a person with disabilities. Is Ted eligible for the elderly or disabled deduction on their certification? If yes, how much?

Yes, \$525

Carolyn is 62 and lives with her husband, Jeff, who is 35 and disabled. Is the household eligible for the elderly or disabled deduction on their certification? If yes, how much?

Yes, \$525

231

Sample Household: Elderly or Disabled Deduction

Ursula Thompson, co-head in the Robles Household, is an elderly person.

Does this mean that the Robles household is eligible for the Elderly/Disabled Deduction?

Yes

How much is the deduction?

\$525

232

Adjusted Income: Health & Medical Care Expense Deduction

- Health & Medical Care Expense Deduction (previously Medical Expense Deduction) is the portion of total medical expenses that exceeds 10% of annual income and is only permitted for households in which the head, spouse, or co-head is elderly or disabled
 - **Households receiving the deduction in 2023 will utilize a hardship implementation; 5% in 2024, 7.5% in 2025 and the full 10% in 2026**
- If the household is eligible, include the unreimbursed anticipated medical expenses of ALL household members
 - Including non-elderly and children
 - **Foster persons are excluded beginning January 1, 2024**
 - Medical expenses include medically necessary apparatus, services and medications
- Include ongoing expenses paid in the past 12 months to project the upcoming year's expenses
- Ongoing payments toward existing, unpaid medical bills are eligible for inclusion for the upcoming year
 - NOTE: Must only include the amount of payments to be made, not the total balance due

233

Adjusted Income: Health & Medical Care Expense Deduction Continued

- Examples of eligible medical expenses include, but are not limited to:
 - Services of doctors and healthcare professionals
 - Services of healthcare facilities
 - Medical insurance premiums or cost of an HMO
 - Prescription/Nonprescription medicines that have been prescribed by a physician
 - Dental expenses
 - Eyeglasses
 - Hearing aids

234

Learning Point 1: Health & Medical Care Expense Deduction

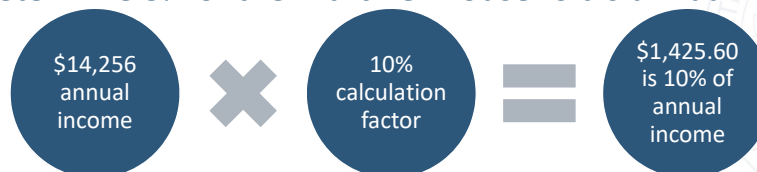
David Martinez is 31 years old and disabled. David is married to Jenifer and their total combined gross annual income is \$14,256, with a total of \$2,000 of anticipated eligible medical expenses for the household. Is the Martinez household eligible for a medical expense deduction?

Yes

235

Learning Point 1: Health & Medical Care Expense Deduction

- Step 1: Determine 3% of the Martinez household's annual income:



- Step 2: Determine the medical expense deduction amount:



The Martinez household is eligible for a medical expense deduction of **\$574.40**

236

Sample Household: Health & Medical Care Expense Deduction

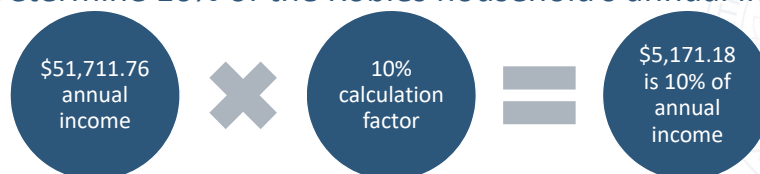
The Robles household contains 4 adults, the head, Eric, and spouse, Ariel, the co-head, Ursula and an adult dependent, Sebastian. Ursula is an elderly person, eligible for the previous deduction. Their total combined gross annual income is \$51,711.76, with a total of \$8,000 of anticipated eligible medical expenses for the household. Is the Robles household eligible for a medical expense deduction?

Yes

237

Sample Household: Health & Medical Care Expense Deduction

- Step 1: Determine 10% of the Robles household's annual income:



- Step 2: Determine the medical expense deduction amount:



The Robles household is eligible for a medical expense deduction of \$2,828.82

238

Adjusted Income: Medical Expense Deduction

If the household is eligible for both medical and disability assistance expense deductions, the following must be considered:

- Ensure that the household's 10% of income test is applied only one time
- The Attendant Care & Auxiliary Apparatus expense deduction must be calculated before the Health & Medical Care Expense deduction is determined
- The Attendant Care & Auxiliary Apparatus expense deduction is limited by the amount earned by the person enabled to work
- Expenses cannot be included in both categories (no double-dipping)

239

Learning Point 1: Care/Apparatus & Health/Medical Expense Disability

L.J., from slides 227 & 228, has a Attendant Care & Auxiliary Apparatus expense deduction of \$6,020. In addition, L.J. also has Health & Medical Care expenses in the amount of \$1,500 that are not reimbursed by insurance. Since L.J.'s Care & Apparatus expense has already been calculated, which is required to be determined first, then the medical is just added.



240

Learning Point 2: Apparatus & Health/Medical Expense Disability

Special Calculation for Families Who Are Eligible for both Deductions:

Head (retired/disabled)—	SS/pension income	\$16,000
Spouse (employed)—	Employment income	+ \$4,000
	Total Annual Income	\$20,000

Total auxiliary apparatus & assistance expenses **\$500**
 Total health & medical expenses **\$1,800**

Step 1: Determine if the disability assistance expenses exceed 10% of the family's total annual income.

Total auxiliary & assistance expenses	\$500
Minus 10% of total annual income	- \$2,000
	(\$1,500)

No portion of the disability expenses exceeds 10% of the annual income; therefore, the A&A deduction is **\$0**.

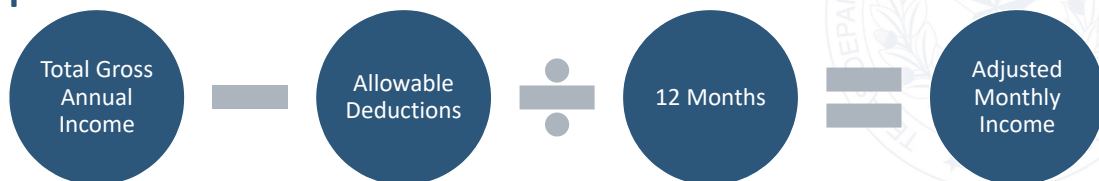
Step 2: Calculate if the medical expenses exceed the balance of 10% of the family's total annual income.

Total health & medical expenses	\$1,800
Minus the balance of 10% of total annual income	- \$1,500
Allowable medical expenses deduction	\$300

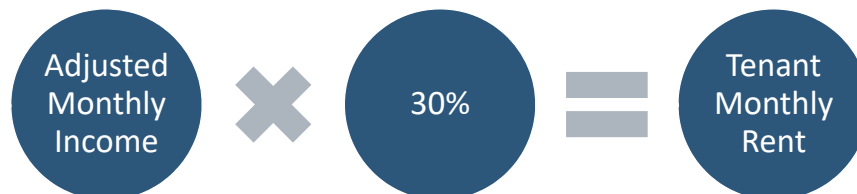
241

Adjusted Income: Calculating Rent

Step 1:




Step 2:



242

Module 6



The Income Certification

245

Eligibility: 5 Basic Steps; Step 5



- 1 Application Process
- 2 Document Income & Assets
- 3 Annualize Income
- 4 Adjusted Income
- 5 Complete The Income Certification

246

The Income Certification

Must Use the Department Approved Form:

- Income Certification
- Available on TDHCA Website
- Completed after all verifications are gathered
- Executed by all adult household members
- Executed by staff (Owner/Representative)
- **New form for certifications effective in 2024**

INCOME CERTIFICATION

Initial Certification Recertification Other*

Effective Date: _____
 Move-in Date: _____
 *Transfer from unit: _____

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ Unit Number: _____ # Bedrooms: _____ BUN # _____
 Address: _____ CMTS # _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	Student Status (circle one)	Last 4 digits of Social Security Number
1			HEAD		FT / PT / NA	
2					FT / PT / NA	
3					FT / PT / NA	
4					FT / PT / NA	
5					FT / PT / NA	
6					FT / PT / NA	
7					FT / PT / NA	

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment/Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
1				
2				
3				
4				
TOTALS	\$	\$	\$	\$

Add totals from (A) through (D) above TOTAL INCOME (E): \$

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1 & 2	Checking	C	N	\$2,832.09	A	\$0.00
1 & 2	Savings	C	N	\$10,000.00	A	\$2.00
3	Checking	C	N	\$170.00	A	\$0.00
3	Real Estate	D	R	\$35,965.00	n/a	\$0.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$13,002.09	(M) Total Actual Income:	\$2.00
(N) TOTAL NET FAMILY ASSETS:				\$35,965.00	(O) Total Imputed Income:	\$0.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:						\$2.00
(Q) Total Annual Household Income from all Sources [Add (E) + (P)]:						\$51,713.76

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. It is the responsibility of each person(s) who fills in Part I (responsible verification of correct anticipated annual income). You agree to verify the household (including) upon any member of the household moving out of the unit or any new member moving in. You agree to verify the household immediately upon any member becoming a full-time student.

Under penalties of perjury, I/We certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature _____ (Date) _____ Signature _____ (Date) _____
 Signature _____ (Date) _____ Signature _____ (Date) _____

Revised October 18, 2023

247

Sample Household: The Income Certification

PART II. HOUSEHOLD COMPOSITION						
HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	Student Status (circle one)	Last 4 digits of Social Security Number
1	Robles	Eric	HEAD	08/10/1980	FT / PT / NA	1111
2	Robles	Ariel	Spouse	2/14/1986	FT / PT / NA	2222
3	Thompson	Ursula	Co-Head	10/01/1945	FT / PT / NA	3333
4	Robles	Sebastian	Adult Dependent	05/18/2003	FT / PT / NA	4444
5	Robles	Melody	Minor Dependent	07/04/2012	FT / PT / NA	5555
6	Robles	Max	Minor Dependent	12/26/2015	FT / PT / NA	6666
7	Bailey	Halle	Live-in Aide	n/a	FT / PT / NA	n/a

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Mbr #	(A) Employment/Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
1	\$20,520.00			
2	\$16,309.36			
3		\$14,402.40		
4	\$480.00			
TOTALS	\$37,309.36	\$14,402.40	\$	\$

Add totals from (A) through (D) above TOTAL INCOME (E): \$51,713.76

PART IV. INCOME FROM ASSETS						
HH Mbr #	(F) Type of Asset	(G) C/D	(H) N/R	(I) Cash Value of Asset	(J) A/I	(K) Annual Income from Asset
1 & 2	Checking	C	N	\$2,832.09	A	\$0.00
1 & 2	Savings	C	N	\$10,000.00	A	\$2.00
3	Checking	C	N	\$170.00	A	\$0.00
3	Real Estate	D	R	\$35,965.00	n/a	\$0.00
(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:				\$13,002.09	(M) Total Actual Income:	\$2.00
(N) TOTAL NET FAMILY ASSETS:				\$35,965.00	(O) Total Imputed Income:	\$0.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:						\$2.00
(Q) Total Annual Household Income from all Sources [Add (E) + (P)]:						\$51,713.76

Now that the Robles household has been screened and all of the income and assets have been documented and annualized, we can complete the Income Certification.

The Robles household has a total annual income of **\$51,713.76.**

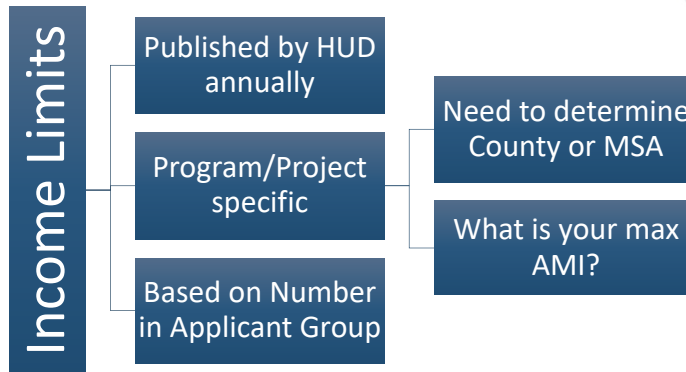
The next step is to make sure they qualify under our Development's Income Limits.

****Remember, Halle is a live-in aide****

248

Income Limits

- Confirm Applicant is eligible under the required income limits for the program
- Current limits are on the Department’s website



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The Income Certification: Robles Household

Does the household qualify at the 60% Area Median Income limit?

INCOME CERTIFICATION

Initial Certification Recertification Other*

Effective Date: 05/15/2023
Move-in Date: 05/15/2023
*Transfer from unit: 0000/00/0000

PART I - DEVELOPMENT DATA

Property Name: Ponders Springs
County: Tarrant
SIN #: TX-08-20203
Address: 221 Spradley Ave, Ft. Worth, TX 76102
Unit Number: 303
Bedrooms: 4
CMFIS #: 3078

1. (Q) Total Annual Household Income from all Sources [Add (E) + (P)] **\$51,713.76**

INCOME LIMITS 2022 Area Median Income: **\$110,300**

AMFI %	Number of Household Members							
	1	2	3	4	5	6	7	8
20	\$ 15,460	\$ 17,660	\$ 19,860	\$ 22,060	\$ 23,840	\$ 25,600	\$ 27,360	\$ 29,120
30	\$ 23,190	\$ 26,490	\$ 29,790	\$ 33,090	\$ 35,760	\$ 38,400	\$ 41,040	\$ 43,680
40	\$ 30,920	\$ 35,320	\$ 39,720	\$ 44,120	\$ 47,680	\$ 51,200	\$ 54,720	\$ 58,240
50	\$ 38,650	\$ 44,150	\$ 49,650	\$ 55,150	\$ 59,600	\$ 64,000	\$ 68,400	\$ 72,800
60	\$ 46,380	\$ 52,980	\$ 59,580	\$ 66,180	\$ 71,520	\$ 76,800	\$ 82,080	\$ 87,360
70	\$ 54,110	\$ 61,810	\$ 69,510	\$ 77,210	\$ 83,440	\$ 89,600	\$ 95,760	\$ 101,920
80	\$ 61,840	\$ 70,640	\$ 79,440	\$ 88,240	\$ 95,360	\$ 102,400	\$ 109,440	\$ 116,480
120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

250

Putting it all together – File Order

The Department has provided the following checklists for use in tenant files as a guide.

Your program may have additional requirements, you will want to insure that your files contain all of the required items and, if applicable, are in the appropriate order.

- <https://www.tdhca.state.tx.us/pmcomp/forms.htm>
- http://www.tdhca.state.tx.us/home-division/forms/home_forms_tbra.htm

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Thank you!

Contact Information:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

221 E. 11TH ST., AUSTIN, TX 78701

PO Box 13941, AUSTIN, TX 78711-3941

PHONE: (512) 475-3800 OR (800) 525-0657

WEB: [HTTPS://WWW.TDHCA.TEXAS.GOV/](https://www.tdhca.texas.gov/)

EMAIL: INFO@TDHCA.STATE.TX.US

