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)

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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/hsgh/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 **<u>ALL sources of income, assets and student status</u>**
- 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**

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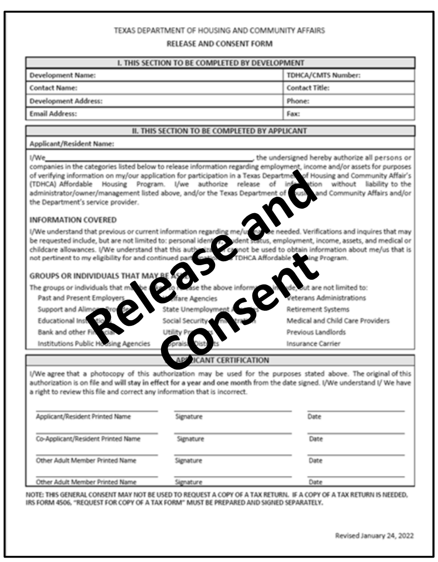
The Application Process: Additional Forms


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 or companies 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 Departm[illegible] of Housing and Community Affair's (TDHCA) Affordable Housing Program. I/we authorize release of inf[illegible]tion without liability to the administrator/owner/management listed above, and/or the Texas Department of [illegible] and Community Affairs and/or the Department's service provider.

INFORMATION COVERED

I/We understand that previous or current information regarding me/u[illegible]e needed. Verifications and inquires that may be requested include, but are not limited to: personal ident[illegible]dent status, employment, income, assets, and medical or childcare allowances. I/We understand that this auth[illegible]not be used to obtain information about me/us that is not pertinent to my eligibility for and continued par[illegible] TDHCA Affordable [illegible]ing Program.

GROUPS OR INDIVIDUALS THAT MAY BE A[illegible]

The groups or individuals that m[illegible] the above inform[illegible], but are not limited to:

Past and Present Employers	[illegible]lfare Agencies	Veterans Administrations
Support and Alim[illegible]	State Unemployment [illegible]	Retirement Systems
Educational Ins[illegible]	Social Security [illegible]	Medical and Child Care Providers
Bank and other Fi[illegible]	Utility Pr[illegible]	Previous Landlords
Institutions Public H[illegible]sing Agencies	[illegible]praisal Districts	Insurance Carrier

A[illegible]ICANT 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, IRS FORM 4506, "REQUEST FOR COPY OF A TAX FORM" MUST BE PREPARED AND SIGNED SEPARATELY.

Revised January 24, 2022

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.

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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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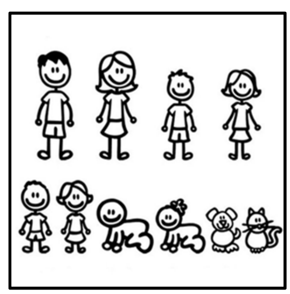
Application Process: Determine Household Size

<u>Who counts as a Household Member</u>

- 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 %	1	2	3	4	5	6	7	8
	Number of Household Members							
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	☐ F/T ☐ P/T ☒ N/A	xxx-xx-1111	☒ Yes ☐ No
2	Julieta Madrigal	☒ Co-Head ☐ Spouse ☐ Dependent ☐ Other Adult	3/11/1981	☐ F/T ☐ P/T ☒ N/A	xxx-xx-2222	☐ Yes ☒ No
3	Agustin Madrigal	☐ Co-Head ☐ Spouse ☒ Dependent ☐ Other Adult	4/12/2016	☒ F/T ☐ P/T ☐ N/A	xxx-xx-3333	☐ Yes ☒ No
4	Mirabel Madrigal	☐ Co-Head ☐ Spouse ☒ Dependent ☐ Other Adult	9/1/2019	☒ F/T ☐ P/T ☐ N/A	xxx-xx-4444	☐ Yes ☒ No

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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	☐ F/T ☐ P/T ☑ N/A	1111	☑ Yes ☐ No
2 Ariel Robles	☐ Co-Head ☑ Spouse ☐ Dependent ☐ Other Adult	2/14/86	☐ F/T ☐ P/T ☑ N/A	2222	☑ Yes ☐ No
3 Ursula Thompson	☑ Co-Head ☐ Spouse ☐ Dependent ☐ Other Adult	10/1/45	☐ F/T ☐ P/T ☑ N/A	3333	☑ Yes ☐ No
4 Sebastian Robles	☐ Co-Head ☐ Spouse ☑ Dependent ☐ Other Adult	5/18/03	☑ F/T ☐ P/T ☐ N/A	4444	☑ Yes ☐ No
5 Melody Robles	☐ Co-Head ☐ Spouse ☑ Dependent ☐ Other Adult	7/4/12	☑ F/T ☐ P/T ☐ N/A	5555	☐ Yes ☑ No
6 Max Robles	☐ Co-Head ☐ Spouse ☑ Dependent ☐ Other Adult	12/24/15	☑ F/T ☐ P/T ☐ N/A	6666	☐ Yes ☑ No
7 Halle Bailey	☐ Co-Head ☐ Spouse ☐ Dependent ☑ Other Adult	4/15/97	☐ F/T ☐ P/T ☑ N/A	7777	☑ Yes ☐ No

D. HOUSEHOLD COMPOSITION INFORMATION

Were any of the household members a full-time student within the last calendar year? ☐ NO ☑ YES, who? Ariel

Are any of the household members listed above foster children? ☑ NO ☐ YES, who?

Are any of the household members listed above a live-in attendant? ☐ NO ☑ YES, who? Halle

Are any household members temporarily absent from the home? ☑ NO ☐ YES, who?

Indicate reason for temporary absence:

Do you anticipate any other members will join your household within the next 12 months? ☑ NO ☐ YES

If yes, explain:

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Sample Household: The Income Certification Part II

INCOME CERTIFICATION

☑ Initial Certification ☐ Recertification ☐ Other* ________

Effective Date: 09/30/2022
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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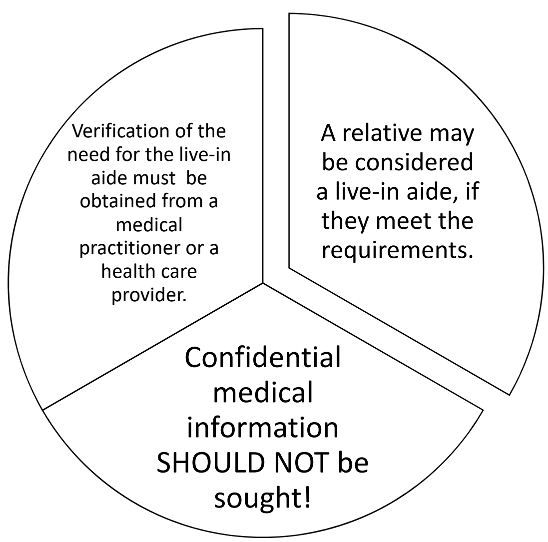
Application Process: Non-Members Live-in Aides

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

Application Process: Live-in Aide Requirements



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	☒ Male ☐ Female	☐ F/T ☐ P/T ☒ N/A	XXX-XX-6262	☒ Yes ☐ No
2	Sylvia Harris	☐ Co-Head ☐ Spouse ☐ Dependent ☒ Other Adult	08/11/85	☐ Male ☒ Female	☒ F/T ☐ P/T ☐ N/A	XXX-XX-3412	☒ Yes ☐ No

D. HOUSEHOLD COMPOSITION INFORMATION

Were any of the household members a full-time student within the last calendar year? ☐ NO ☒ YES, who? ________

Are any of the household members listed above foster children? ☒ NO ☐ YES, who? ________

Are any of the household members listed above a live-in attendant? ☐ NO ☒ YES, who? Sylvia Harris

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	☒ Male ☐ Female	☐ F/T ☐ P/T ☒ N/A	XXX-XX-4511	☒ Yes ☐ No
2	Amelia Williams	☐ Co-Head ☒ Spouse ☐ Dependent ☐ Other Adult	02/02/50	☐ Male ☒ Female	☐ F/T ☐ P/T ☒ N/A	XXX-XX-9034	☒ Yes ☐ No

D. HOUSEHOLD COMPOSITION INFORMATION

Were any of the household members a full-time student within the last calendar year? ☒ NO ☐ YES, who? ________

Are any of the household members listed above foster children? ☒ NO ☐ YES, who? ________

Are any of the household members listed above a live-in attendant? ☐ NO ☒ YES, who? Amelia

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

Eligibility: 5 Basic Steps; Step 2

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

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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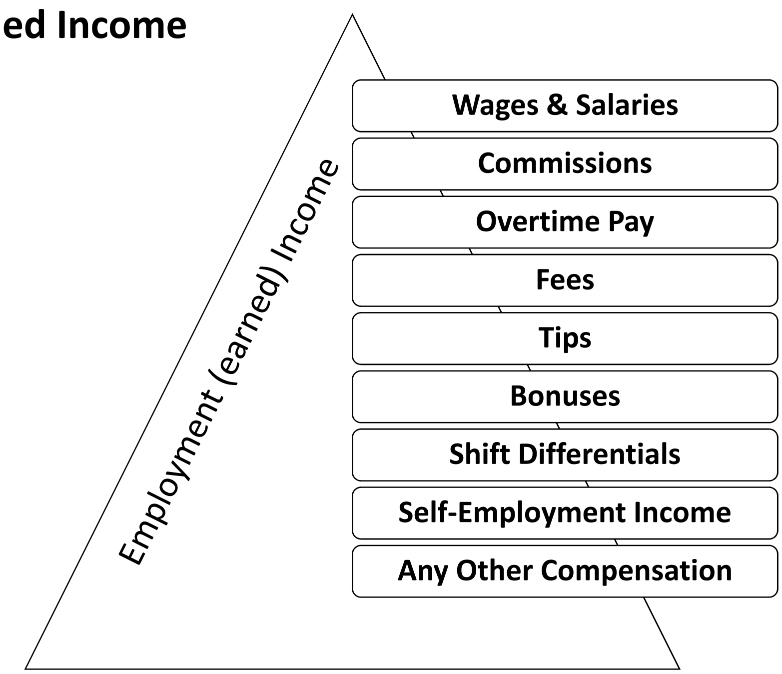
Income: Earned Income



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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

Can Include:

Paystubs

Social Security Award Letter

Bank Statements

Divorce Decree

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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:
RE: (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.

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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

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Learning Point 2: Paystub Average

June 2022

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

July 2022

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
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?

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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: ■ YES ☐ NO	Date First Employed: 1/16/2019 Last Day of Employment: ____ or ☐ 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? ☐ YES ■ NO	
Additional remark(s):	

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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

41

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

42

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 quartely bonuses of $500.

Base Pay: $400 x 52 = $20,800

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

Quarterly Bonus: $500 x 4 = $2,000

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Learning Point 6: Periodic Wage Calculation

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
EMPLOYMENT VERIFICATION

I. THIS SECTION IS TO BE COMPLETED BY ADMINISTRATOR/OWNER/MGMT & EXECUTED BY APPLICANT/RESIDENT

TO: (Name of Employer) The Art and Frame Store — Dated: March 25, 2020
Employer Address: 4200 South 1st Street, Paris, TX 98745 — Phone/Fax: 456-123-7890/456-123-7899
RE: (Applicant/Resident Name) Jonathan Verme…
RELEASE: My signature here or on the attached "Rele… employment information.
Jonathan Vermeer
Applicant/Resident Printed Name
Information: The individual named directly above is an app… Housing Program which requires verification… referenced Administrator/Owner/Management… eligibility status and level of benefit available t…
Administrator/Owner/Management Name: Jonny …
Address: 8675309 Music Lane, Austin , T…
Email Address: manager.jonnycashestates…
Your prompt response is crucial and greatly appreciated,
Willie Nelson, Manager
Administrator/Owner/Mgmt Authorized Rep. Printed Name/Title

II. THIS SECTION TO BE COMPLETED BY EMPLOYER

Employee Name: Jon Vermeer	Job Title: Apprentice
Presently Employed: [x] YES [ ] NO	Date First Employed: 03/01/2019 Last Day of Employment: ____ or [x] 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? [ ] YES [x] 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,
Thomas Eakins — Owner — 03/30/2020
Signature of Employers Authorized Representative — Representative's Title — Date
Thomas Eakins — 456-123-7890 — 456-123-7899 — TEakins@theart&frame.org
Authorized Representative's Printed Name — Phone # — Fax # — Email
The Art and Frame Store 8675309 Music Lane, Austin, TX 12365
Employer (Company) Name and Address

Note: 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 of the United States as to any matter within its jurisdiction.

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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 <u>throughout</u> 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: ■ YES ☐ NO Date First Employed: 9/1/2021 Last Day of Employment: ______ or ☐ 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? ☐ YES ■ NO	
Additional remark(s): Great employee, hard worker!	

What is the income calculation for this verification of employment?

46

Sample Household: Seasonal Employment continued

II. THIS SECTION TO BE COMPLETED BY EMPLOYER

Employee Name: Eric Robles	Job Title: Package Sorter
Presently Employed: ■ YES ☐ NO Date First Employed: 9/1/2021 Last Day of Employment: ____ or ☐ 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? ☐ YES ■ NO	
Additional remark(s): Great employee, hard worker!	

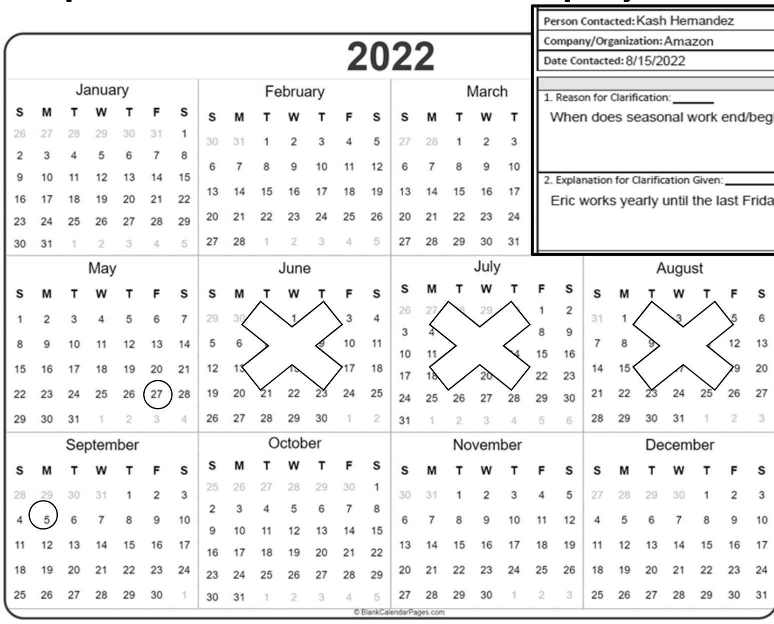
There is a layoff period, Eric will not work 52 weeks. Further verification is required to determine annual income.

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

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

47

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.

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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: Ariel Robles	Job Title: Educator
Presently Employed: ☒ YES ☐ NO	Date First Employed: 11/4/2021 Last Day of Employment: ______ or ☒ Not Applicable
Current Wages/Salary: $ 1,313.28 (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: ______	
Average # of regular hours per week: 24	Year-to-date earnings: $ 12,626.56 through 08/01/22
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: n/a
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: $50/mo. Effective date: 11/01/2022	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): n/a	
Do Employees have access to an Employer Retirement Account prior to termination or retirement? ☐ YES ☒ NO	
Additional remark(s):	

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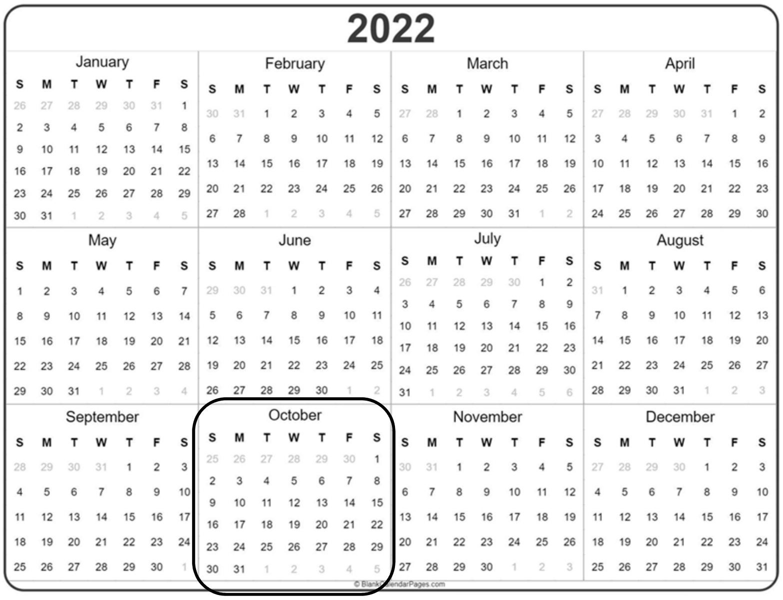
Sample Household: Anticipated Changes continued



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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.

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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?

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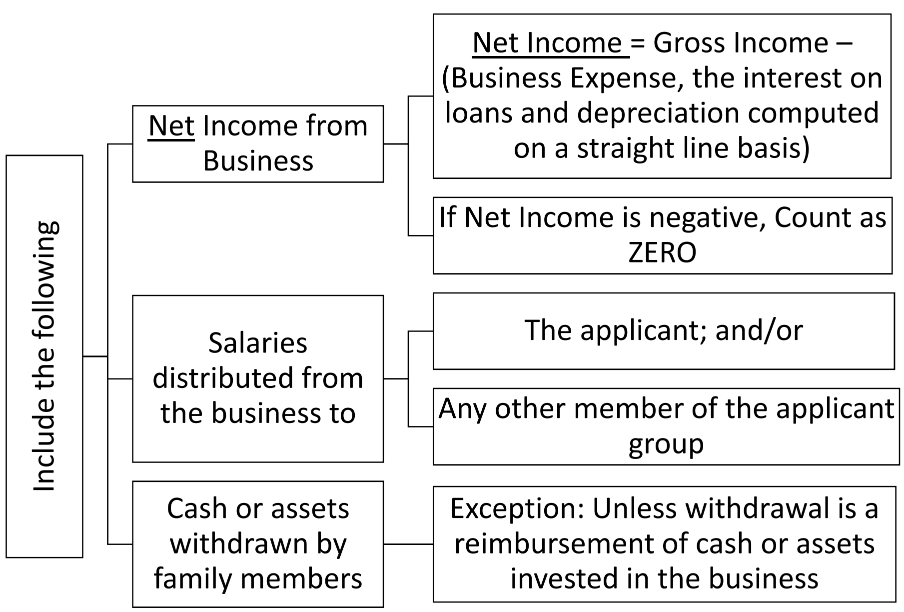
Income: Self-Employment/Income from Business

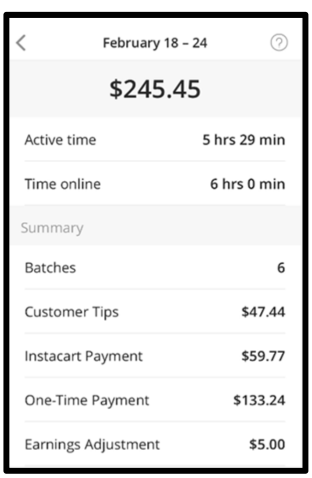


54

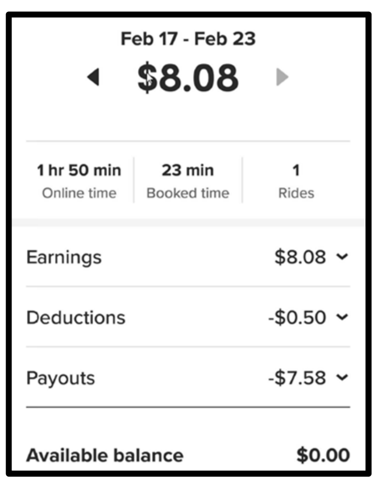
Learning Point: Self-Employment Income

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?

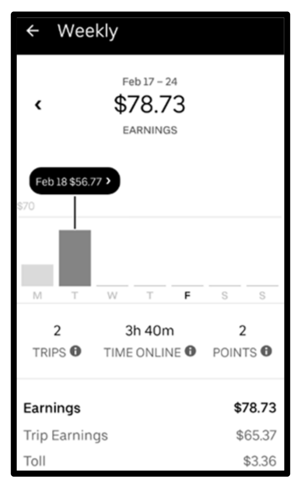
Income: Rideshare/Delivery Services



INSTACART

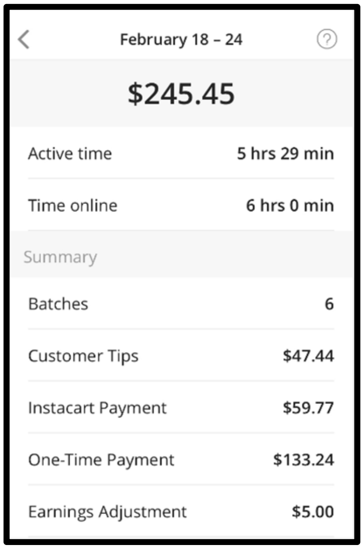


LYFT



UBER

Learning Point: Rideshare/Delivery Services



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.

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.

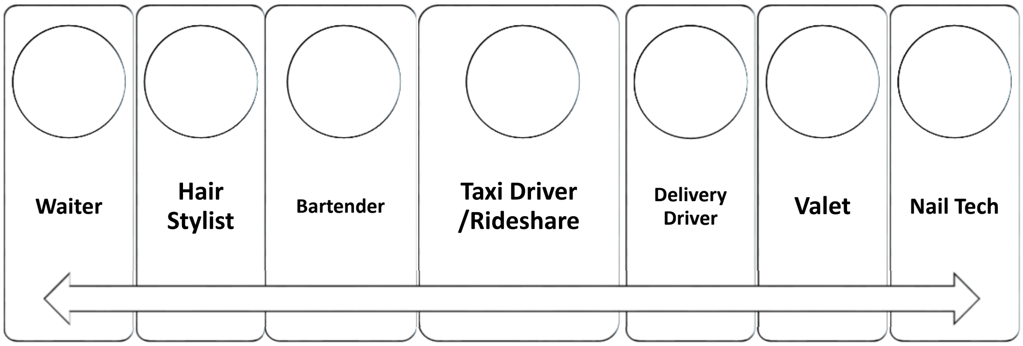
Acceptable forms of verification would include:
- IRS form 1040 schedule C or 4506-T
- Statements showing net income (most recent 4-6 to average)
- Other documentation listed in Appendix 3 of the 4350.3
- Self affidavit as last resort

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!

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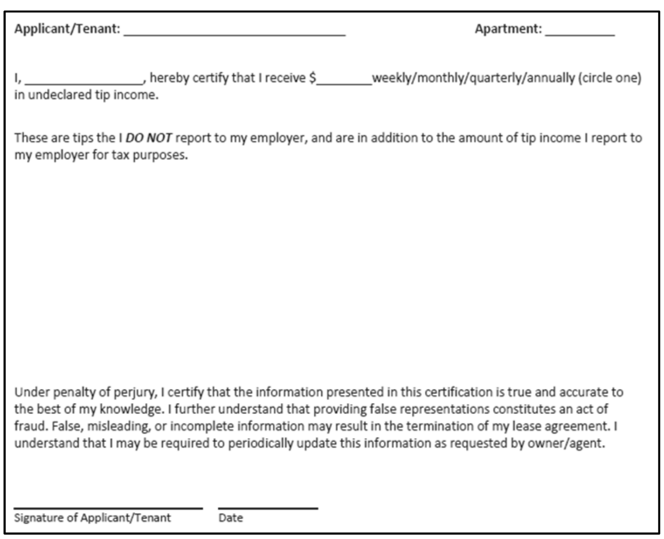
Income: Tip Affidavit


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.

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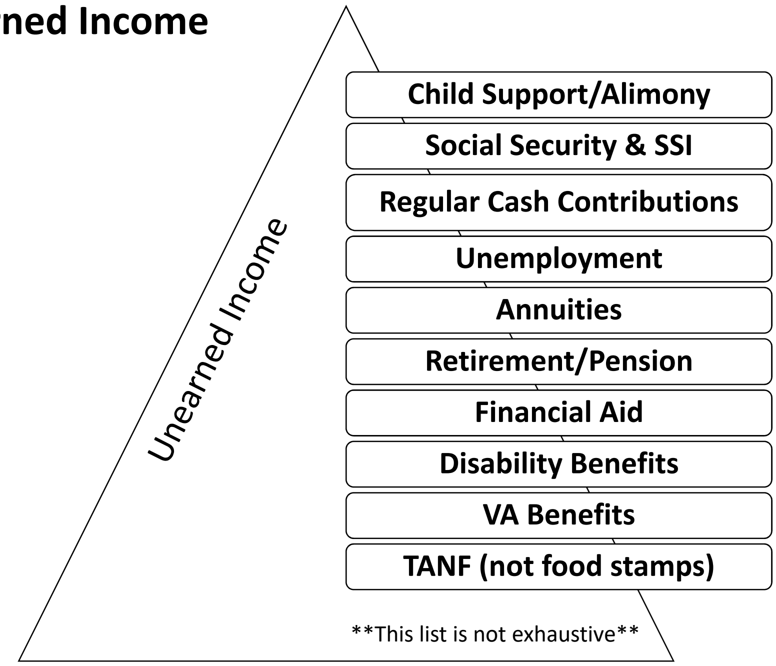
Income: Unearned Income



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.

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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?

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

<u>Housing Tax Credit (HTC) Program Exception</u>

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

Court Ordered

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

A printout of payments received

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Income: Child Support/Alimony; Not Court Ordered

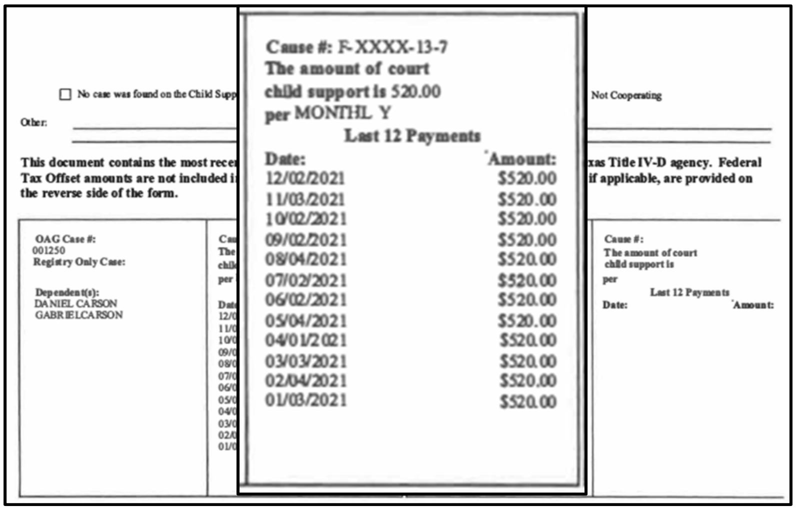
If the support is not court ordered due to no marriage/other reason

- 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?



Cause #: F-XXXX-13-7
The amount of court child support is 520.00 per MONTHL Y

Last 12 Payments

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, GABRIELCARSON

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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?**

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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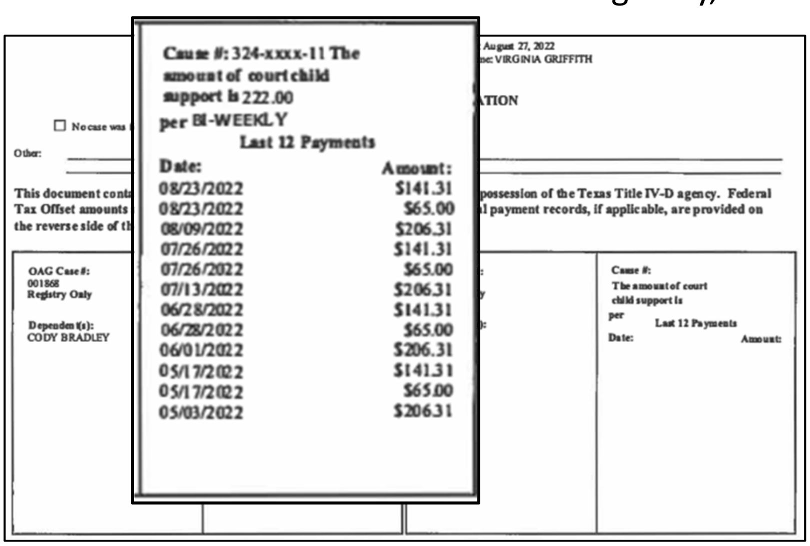
Learning Point 3: Child Support/Alimony

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



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
VIRGINIA GRIFFITH

OAG Case #: 001868 Registry Only

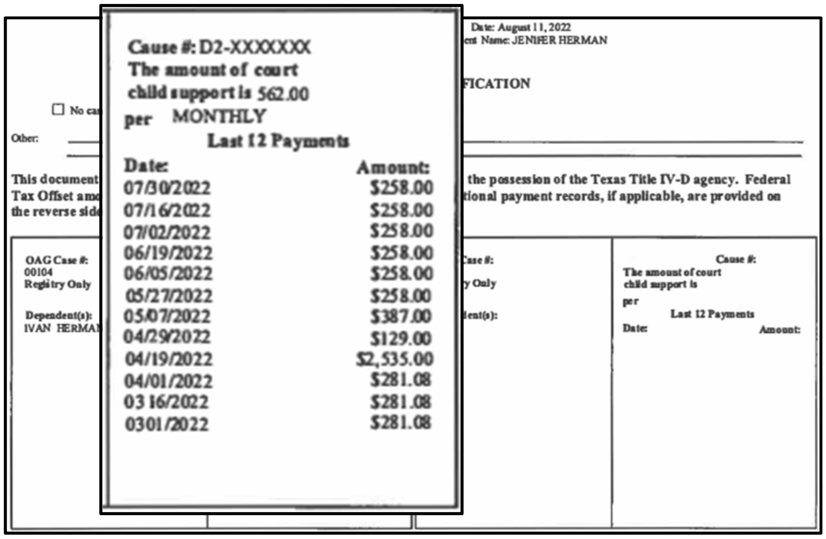
Dependent(s): CODY BRADLEY

Case #: The amount of court child support is per
Last 12 Payments
Date: Amount:

70

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?



Cause #: D2-XXXXXXX
The amount of court child support is 562.00
per MONTHLY

Last 12 Payments

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
0301/2022	$281.08

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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?

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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.oag.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 show the court ordered amount and frequency

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.

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
BNC#: 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.)

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
BNC#: 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.

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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/

77

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 ADMINIS...ATION

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......$1200.20

We deduct $148.50 for medical insurance premiums each month.

The regular monthly Social Security payment is........$1051.00
(We must round down to the whole dollar.)

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	$16,309.36			
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?

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

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?

7/16/2011 Retirement Date

CURRENT GROSS AMOUNT OF MONTHLY PAYMENT	EFFECTIVE DATE OF COMMENCEMENT OF PYMT FROM – THROUGH	EFFECTIVE DATE OF CURRENT PAYMENT
652.84	07/15/11 – FOR LIFE	07/15/11

652.84	Gross Total of All Monthly Payments
-NONE-	Total Federal Income Tax Withheld Monthly
50.84	Total Insurance Premium Withheld Monthly
602.00	New Amount of All Monthly Payments

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 x 12) should be included.

Section 811 Recipient?	Answer	Result
	No	***Include***
	Yes	***Exclude***

87

Income: Special Circumstances

- Resident Service Stipend
- Student Household Members
- Active Military Duty Household Members
- Permanently Confined Household Members
- Incarcerated Persons
- Persons Under the Age of 18
- Foster Persons
- Financial Aid

88

Income: Resident Service Stipend

Modest amounts of concessions or money received for performing a service for an owner or management company.

Determination of the amount to include is based on the amount of the stipend received.

- Greater than $200 per month – Include the entire amount.
- $200, or less, per month – Exclude the entire amount.

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: 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?**

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

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?**

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	*Hans Snow*	Head of Household	*06/20/73*	☒ Male ☐ Female	☐ F/T ☒ P/T ☐ N/A	*XXX-XX-9900*	☒ Yes ☐ No
2	*Elsa Snow*	☐ Co-Head ☒ Spouse ☐ Dependent ☐ Other Adult	*01/07/77*	☐ Male ☒ Female	☒ F/T ☐ P/T ☐ N/A	*XXX-XX-1302*	☒ Yes ☐ No
3	*Kristie Snow*	☐ Co-Head ☐ Spouse ☐ Dependent ☒ Other Adult	*05/11/94*	☐ Male ☒ Female	☐ F/T ☒ P/T ☐ N/A	*XXX-XX-2701*	☐ Yes ☒ No
4	*Olaf Snow*	☐ Co-Head ☐ Spouse ☐ Dependent ☒ Other Adult	*01/07/12*	☐ Male ☒ Female	☒ F/T ☐ P/T ☐ N/A	*XXX-XX-2771*	☐ Yes ☒ No

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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

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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	$16,309.36			
3		$14,402.40		
4	$480.00			
TOTALS	$ 37,309.36	$ 14,402.40	$	$
	Add totals from (A) through (D) above		TOTAL INCOME (E):	$ 51,711.76

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.

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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	0.00
A	BASE PAY	2,247.30	FEDERAL TAXES	88.46	DISCRETIONARY ALT	1,521.00	+Tot Ent	4266.73
B	BAS	294.43	FICA-SOC SECURITY	139.33	HUMANA DENTAL	11.58	-Tot Ded	1570.22
C	BAH	1,725.00	FICA-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		

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

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

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.

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*

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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?

How much should count as regular 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. Had a balance been left, the other financial assistance would have been applied and anything leftover would be counted as income.

113

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?

How much should count as regular 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 was left, the other financial assistance has been applied and anything leftover will be counted as income.

114

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?

How much should count as regular 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.

115

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?

How much should count as regular income?

*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.

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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?

How much should count as regular income?

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.

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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?

How much should count as regular income?

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.

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Income: Section 8 Verification

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

________________ has applied for residency/is a resident of ________________.
(Applicant/Resident Name) (Property Name)
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.

Number of Household Members: ________ ☐ Move-In ☐ Recertification

Permission by: ________________ ________
(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________, the household consists
(Date)
of________members whose combined gross annual income before any adjustments is $____________.
(# of members) (Gross Annual Income)

(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.

119

Income: Section 8 Verification continued

THE FOLLOWING TO BE COMPLETED BY THE PUBLIC HOUSING AUTHORITY:

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

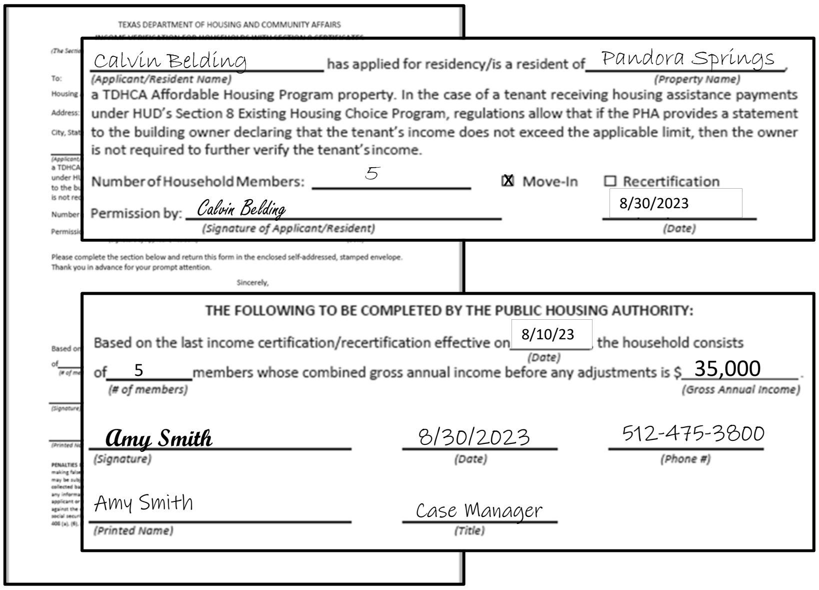
(Signature) (Date) (Phone #)

(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.

120

Learning Point: Section 8 Verification


TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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

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 (Date) the household consists of 5 (# of members) members whose combined gross annual income before any adjustments is $ 35,000 (Gross Annual Income).

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

Amy Smith (Printed Name) Case Manager (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?

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)

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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

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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)

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Assets: Actual Income

Actual Income can be derived from:

Interest

Asset

Other Net Income

Dividends

*****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:

Market Value × Annual Interest Rate/ Dividends Earned = Actual Income from Asset

Step 2: Determine the Cash Value of the Asset:

Market Value − Cost to Convert = Cash Value

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.	**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 with a rate of return; and a percentage of the cash value of the assets without a determinable rate of return based on the current passbook savings rate as established by HUD.**
$50,000 ≥ Total Assets **Actual Income from Assets is used**	**$50,000 < Total Assets** **For assets where the actual income is known use the actual income; for the assets without actual income use the imputed income**

130

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 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.

131

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.

132

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.

133

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

134

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.

135

Assets: Necessary versus Non-Necessary

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

Necessary Personal Property	Non-Necessary Personal Property
• Car(s)/vehicle(s) that a family relies on for transportation for personal or business use (e.g., bike, motorcycle, skateboard, scooter) • Furniture, carpets, linens, kitchenware • Common appliances • Common electronics (e.g., radio, television, DVD player, gaming system) • Clothing • Personal effects that are not luxury items (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)	• 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

136

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?

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

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

137

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

138

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?

How much is the imputed income from the assets?

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

139

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

140

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.

141

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?

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

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

142

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

143

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?

How much is the imputed income from the assets?

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

144

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 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	$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

145

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.

146

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.

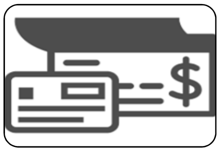
147

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			

Market Value × Annual Interest Rate/ Dividends Earned = Actual Income from Asset

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			

Market Value − Cost to Convert = Cash Value

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-

Market Value × Annual Interest Rate/ Dividends Earned = Actual Income from Asset

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-

Market Value

Cost to Convert

Cash Value

153

Sample Household: Checking Account: Actual Income

WELLS FARGO

Pandora Springs Apartments
ATTN: Amy

Requestor Fax: (512) 475-3359

Verification of Deposit as of: August 22, 2022

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

Account Number:	XXXXXXX5678	Last Six Statements Most Recent First	
Account Type:	Savings		
Account Status:	Open		
Account Holders:	Eric/Ariel Robles	Average Balance:	Interest Paid:
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

Account Number:	XXXXXXX1234	Last Six Statements Most Recent First	
Account Type:	Checking		
Account Status:	Open		
Account Holders:	Eric/Ariel Robles	Average Balance:	Interest Paid:
Current Balance:	$2,832.09	$6, 831.88	N/A
Date Opened:	03/07/2016	$5,303.99	N/A
Current Interest Rate:	0.00%	$2,847.46	N/A
Date Closed:		$2,817.57	N/A
Balance at Close:		$2,817.25	N/A
		$2,773.68	N/A

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

Market Value × Annual Interest Rate/ Dividends Earned = Actual Income from Asset

154

Sample Household: Checking Account: Cash Value

Account Number:	XXXXXXX1234	**Last Six Statements Most Recent First**	
Account Type:	Checking		
Account Status:	Open		
Account Holders:	Eric/Ariel Robles	**Average Balance:**	**Interest Paid:**
Current Balance:	$2,832.09	$6, 831.88	N/A
Date Opened:	03/07/2016	$5,303.99	N/A
Current Interest Rate:	0.00%	$2,847.46	N/A
Date Closed:		$2,817.57	N/A
Balance at Close:		$2,817.25	N/A
		$2,773.68	N/A

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

Market Value − Cost to Convert = Cash Value

155

Sample Household: Savings Account: Actual Income

Account Number:	XXXXXXX5678	**Last Six Statements Most Recent First**	
Account Type:	Savings		
Account Status:	Open		
Account Holders:	Eric/Ariel Robles	**Average Balance:**	**Interest Paid:**
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

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

156

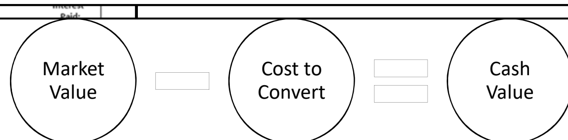
Sample Household: Savings Account: Cash Value

Pandora Springs Apartments
ATTN: Amy
Requestor Fax: (512) 475-3359

Verification of Deposit as of: August 22, 202

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

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



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.

Learning Point 1: Assets

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

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

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?

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?

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?

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?

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

164

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

165

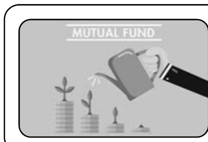
Assets: Investment-Type Accounts

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.

166

Learning Point 1: Stocks: Actual Income

Based on the number of shares and the NYSE quote:
What is the actual income from the asset?

July 10, 2022

Re: Cora Wade SSN: 8275

As of: June 30, 2022

Shares	Investment
14	Microsoft

It's-A-Risk Investment applies a *6%* transaction charge.
The shares accrue no interest or dividends.

QUOTE

MICROSOFT CORP (MSFT)

286.98 -3.19 (-1.10%)

Last Trade Time: 08/19/2022 11:40:09

Market value x Annual Interest Rate/Dividends = Actual Income from Asset

Learning Point 1: Stocks: Cash Value

Based on the number of shares and the NYSE quote:
What is the cash value of the asset?

July 10, 2022

Re: Cora Wade SSN: 8275

As of: June 30, 2022

Shares	Investment
14	Microsoft

It's-A-Risk Investment applies a *6%* transaction charge.
The shares accrue no interest or dividends.

QUOTE

MICROSOFT CORP (MSFT)

286.98 -3.19 (-1.10%)

Last Trade Time: 08/19/2022 11:40:09

14 Shares x 286.98 per share = **$4,017.72**

Market value – Cost to Convert = Cash Value

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?

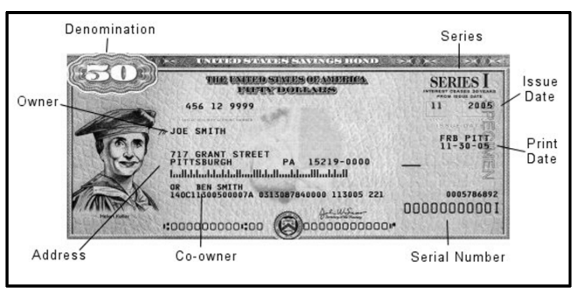
38 Shares

What is the cash value of the asset?

169

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

170

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?

Market Value × Annual Interest Rate/ Dividends Earned = Actual Income from Asset

Actual Income from Asset

- What is the total cash value from the asset?

Market Value − Cost to Convert = Cash Value

Cash Value of Asset

171

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?

172

Assets: Retirement Accounts

Individual Reti… …A)
- Cash Val… …ny penalties
- Actu… …ncome (

…ue = Amoun… …withdrawn – a… …es
…come = Interest… …)
…ccessible, though t… …penalt…

Ke… …t
- Cash… …penalties
- Actual In… …ncome)

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

175

Learning Point 1: Annuity

H. OTHER: Type of Account *Annuity*

Account Holder	Account Number	Present Balance	Annual Interest Rate/Income	Withdrawal Penalty
Malcolm Sharp	*ANxx886*	*2,873.68*	*3.02%*	*0*

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

Market Value × Annual Interest Rate/ Dividends Earned = Actual Income from Asset

Actual Income from Asset

- What is the total cash value from the asset?

Market Value – Cost to Convert = Cash Value

Cash Value of 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?

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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) ☐ Revocable ☒ Irrevocable

Account holder is the: (Check one) ☐ Beneficiary or ☒ Grantor of the Trust

Value of administered Trust Fund: $ 4870

Anticipated amount of income to be earned by Trust over the next 12 months: $ 97.00
Is the Amount: (Check one) ☒ Reinvested or ☐ Disbursed

- What is the actual income from the asset?

Market Value × Annual Interest Rate/ Dividends Earned = Actual Income from Asset

- What is the total cash value from the asset?

Market Value – Cost to Convert = Cash Value

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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
- Mortgage amount owed
Equity in the property

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

Equity
- Expense of selling
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 =

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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:	**Syndey 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.**

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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
486.80
$5,884.97

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

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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
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Feb-23	$ 485.46	$ 130.26	$ 93,077.40

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

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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: Market Value – Costs to Convert = 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?

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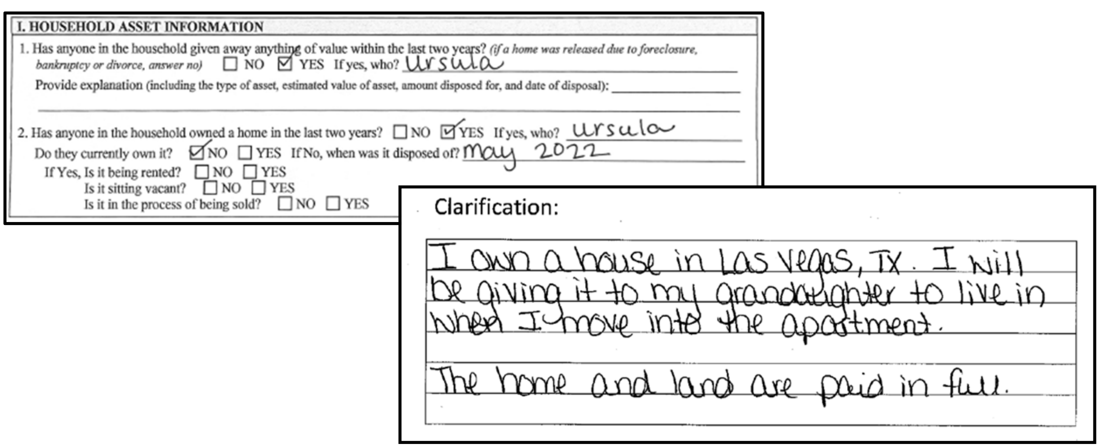
Sample Household: Real Estate Disposed Of

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)* ☐ NO ☑ YES If yes, who? Ursula

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? ☐ NO ☑ YES If yes, who? Ursula

Do they currently own it? ☑ NO ☐ YES If No, when was it disposed of? May 2022

If Yes, Is it being rented? ☐ NO ☐ YES

Is it sitting vacant? ☐ NO ☐ YES

Is it in the process of being sold? ☐ NO ☐ YES

Clarification:

I own a house in Las Vegas, TX. I will be giving it to my grandaughter 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:

Asset Cash Value

Passbook Rate

Imputed Income

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 net non-necessary assets we have to calculate the actual income if known, and the imputed income is not required. The checking accounts have confirmed no 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

202

Eligibility: 5 Basic Steps; Step 3

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

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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

Aleigha 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 Aleigha and Joshua?

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?

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?

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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?

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Module 5

Adjusted Income

210

Eligibility: 5 Basic Steps; Step 4

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

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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

Determine Annual Income

↓

Determine Deductions

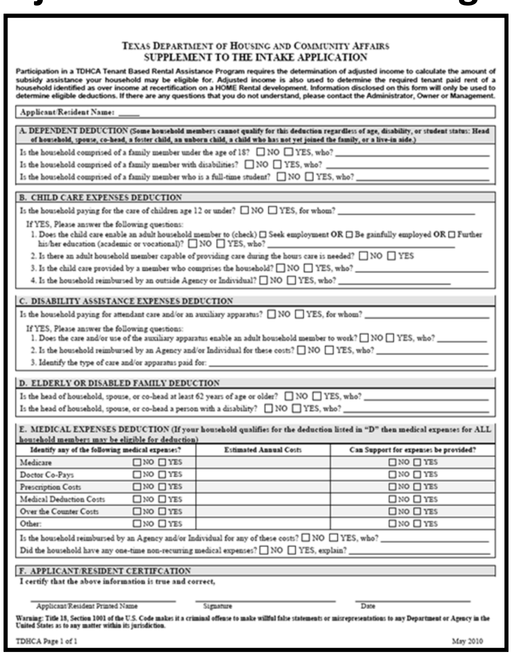
↓

Calculate Tenant Rent

↓

Notification of Rent Increase

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 HOME 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 (Some household members cannot qualify for this deduction regardless of age, disability, or student status: Head of household, spouse, co-head, a foster child, an unborn child, a child who has not yet joined the family, or a live-in aide.)

Is the household comprised of a family member under the age of 18? ☐ NO ☐ YES, who? ____
Is the household comprised of a family member with disabilities? ☐ NO ☐ YES, who? ____
Is the household comprised 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 comprises 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 Costs	Can Support for expenses be provided?
Medicare	☐ NO ☐ YES		☐ NO ☐ YES
Doctor Co-Pays	☐ NO ☐ YES		☐ NO ☐ YES
Prescription Costs	☐ NO ☐ YES		☐ NO ☐ YES
Medical Deduction Costs	☐ NO ☐ YES		☐ NO ☐ YES
Over the Counter Costs	☐ NO ☐ YES		☐ NO ☐ YES
Other:	☐ NO ☐ YES		☐ NO ☐ 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 CERTIFCATION

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.

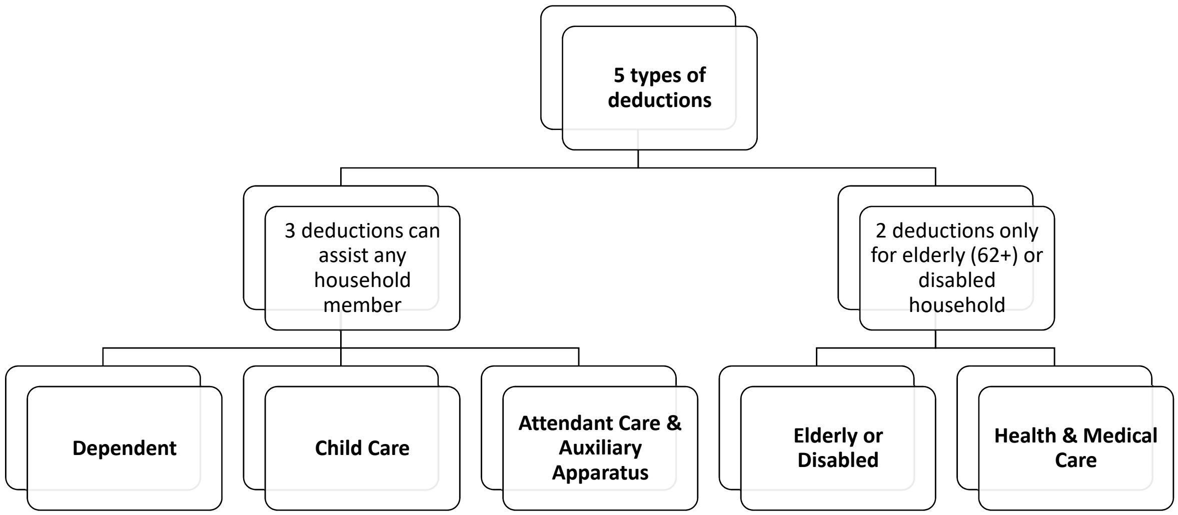
TDHCA Page 1 of 1　　May 2010

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

Adjusted Income: Available Deductions



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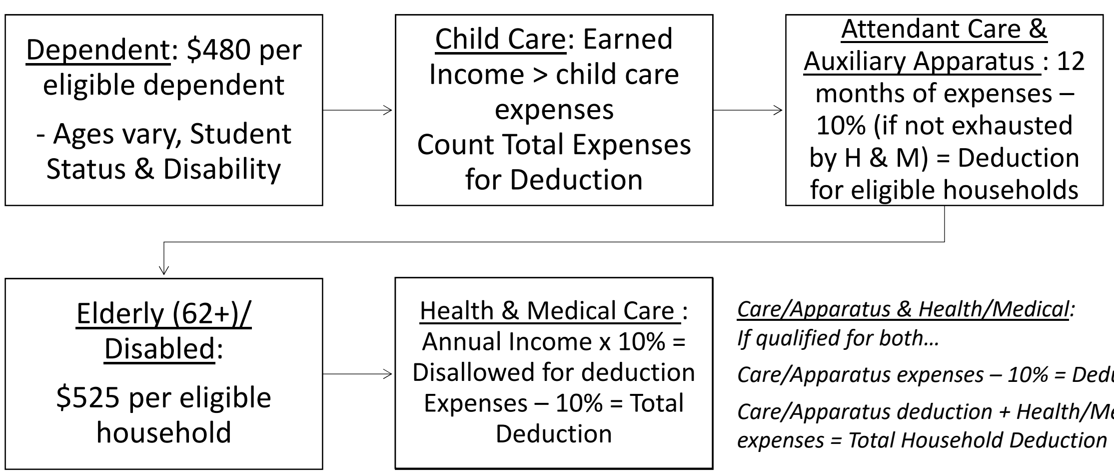
Adjusted Income: Deductions Cheat Sheet



Care/Apparatus & Health/Medical:
If qualified for both…

Care/Apparatus expenses – 10% = Deduction

Care/Apparatus deduction + Health/Medical expenses = Total Household Deduction

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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

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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

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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?

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?

How much is their deduction?

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)

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

- 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

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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?

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:

$18.00 an hour × 1,140 hours annually = $20,520 gross income

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

$18 an hour × 5 days a week × 3 hours a day × 38 weeks a year = $10,260 earned income

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Sample Household: Child Care Deduction completed

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

$14.00 an hour × 5 days a week × 3 hours a day × 38 weeks = $7,980 total expense

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

$10,260 Eric's earned income

↓

$7,980 total after-school child care expense

↓

Child care does not exceed employment income

225

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

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:

$24,800 annual income × 10% calculation factor = $2,480 is 10% of L.J.'s income

Learning Point: Disability Assistance Expense Deduction cont.

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

$8,500 disability expense

$2,480 10% of income

$6,020 allowable deduction

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

$6,020 is less than

$24, 800 annual income

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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

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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?

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?

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?

How much is the deduction?

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

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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

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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?

Learning Point 1: Health & Medical Care Expense Deduction

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

$14,256 annual income × 10% calculation factor = $1,425.60 is 10% of annual income

- Step 2: Determine the medical expense deduction amount:

$2,000 medical expense − $1,425.60 10% of income = $574.40 medical deduction

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?

Sample Household: Health & Medical Care Expense Deduction

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

$51,711.76 annual income × 10% calculation factor = $5,171.18 is 10% of annual income

- Step 2: Determine the medical expense deduction amount:

$8,000 medical expense − $5,171.18 10% of income = $2,828.82 medical deduction

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)

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.

$6,020 Apparatus Deduction + $1,500 Medical Expenses = $7,520 Total Deduction

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**

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Adjusted Income: Calculating Rent

Step 1:

Total Gross Annual Income − Allowable Deductions ÷ 12 Months = Adjusted Monthly Income

Step 2:

Adjusted Monthly Income × 30% = Tenant Monthly Rent

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Sample Household: Calculating Rent

The Robles household’s gross annual income is $51,711.76 and their adjusted income after deductions is $35,318.11.

$1,440 Dependent + $7,980 Child Care + $525 Elderly + $6,448.65 Medical Expense = $16,393.65 total deductions

$35,318.11 ÷ 12 months = $2,943.18 × 30% = $882.95

The calculated rent is rounded to $882 because you don’t collect change in rent.

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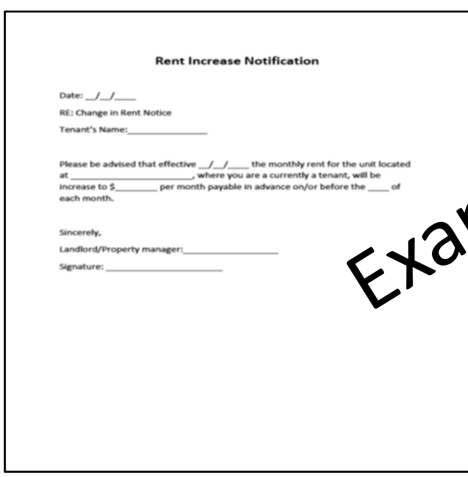
Adjusted Income: Send Notification of Rent Increase

A 30-day written notice is required to implement a rent increase.

Examples



Rent Increase Notification

Date: __/__/____

RE: Change in Rent Notice

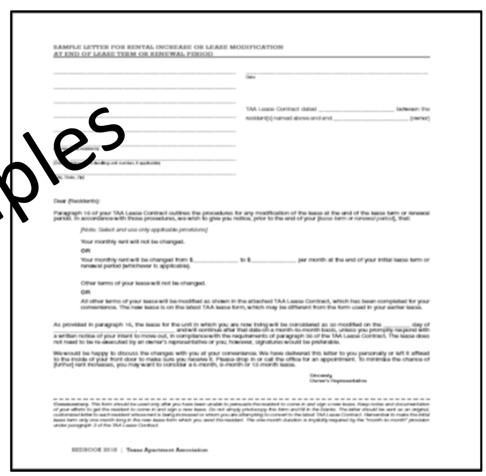
Tenant’s Name:_______________

Please be advised that effective __/__/____ the monthly rent for the unit located at ________________________, where you are a currently a tenant, will be increase to $_________ per month payable in advance on/or before the _____ of each month.

Sincerely,

Landlord/Property manager:__________________

Signature: ______________________



SAMPLE LETTER FOR RENTAL INCREASE OR LEASE MODIFICATION
AT END OF LEASE TERM OR RENEWAL PERIOD

Date

TAA Lease Contract dated ____________ between the resident(s) named above and and ____________ (owner)

Dear (Residents):

Your monthly rent will not be changed.

OR

Your monthly rent will be changed from $________ to $________ per month at the end of your initial lease term or renewal period (whichever is applicable).

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Module 6

The Income Certification

Eligibility: 5 Basic Steps; Step 5

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

The Income Certification

<u>Must Use</u> 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)
- **<u>New form for certifications effective in 2024</u>**

INCOME CERTIFICATION

☐ Initial Certification ☐ Recertification ☐ Other* ________

Effective Date: ________
Move-in Date: ________ (MM/DD/YYYY)
*Transfer from Unit: ________

PART I – DEVELOPMENT DATA

Property Name: ________ County: ________ BIN #: ________
Address: ________ Unit Number: ________ # Bedrooms: ________ 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
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

(L) TOTAL NON-NECESSARY PERSONAL PROPERTY: $ (M) Total Actual Income: $
(N) TOTAL NET FAMILY ASSETS: $ (O) Total Imputed Income: $

(P) TOTAL INCOME FROM ASSETS [(M) + (O)]: $

(Q) Total Annual Household Income from all Sources [Add (E) + (P)] $

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord 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)

1 Revised October 16, 2023

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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): $51,711.76

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

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Income Limits

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

Income Limits
- Published by HUD annually
- Program/Project specific
  - Need to determine County or MSA
  - What is your max AMI?
- Based on Number in Applicant Group

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The Income Certification: Robles Household

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

(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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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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/
EMAIL: INFO@TDHCA.STATE.TX.US