Income Determination Module 6

2025

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Contact Information

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Department Phone Number: (512) 475-3800
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Announcements

Schedule:

- The training will run from 12 pm until approximately 1:30 pm
- Staff will present the training and allow for questions after each topic is covered

Housekeeping:

- Certificates will NOT be provided after the conclusion of the class
- We suggest you silence your phones and put an "out of office" email response, to help avoid distractions during the training
- Please pose questions and comments in the "Chat Box" or the "Questions Box"

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Resources & Definitions

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General Resources

- **HUD Handbook 4350.3**
  - https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh/4350.3
  - Chapters 3 and 5 along with corresponding tools and exhibits
- **HUD Notice H 2023–10 and Notice PIH 2023–27**
  - https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-27pihn.pdf
  - This document replaces Chapters 3 and 5 of the HUD 4350.3 until/unless a revised Handbook is released
  - This document was updated to include further clarifications on February 2, 2024
- **Technical Guide for Determining Income and Allowances for the HOME Program**
  - https://files.hudexchange.info/resources/documents/HOMEGuideForIncomeAndAllowances.pdf
- **24 CFR 5.609 – Annual Income**
  - https://www.ecfr.gov/current/title-24/subtitle-A/part-5#5.609
- **Texas Administrative Code**
  - https://texas-sos.appianportalsgov.com/rules-and-meetings?chapter=10&interface=VIEW_TAC&part=1&subchapter=F&title=10

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Multifamily Compliance Resources

- **Multifamily Compliance Forms**
  - https://www.tdhca.texas.gov/compliance-forms
- **Multifamily Compliance Manuals and Rules**
  - https://www.tdhca.texas.gov/compliance-manuals-and-rules
- **Income and Rent Limits**
  - https://www.tdhca.texas.gov/income-and-rent-limits
- **Multifamily Compliance Training and Presentations**
  - https://www.tdhca.texas.gov/compliance-training
  - https://www.tdhca.texas.gov/compliance-program-training-presentations
- **Contact List**
  - https://www.tdhca.texas.gov/compliance-division-staff
- **TBRA Links**
  - https://www.tdhca.texas.gov/tenant-based-rental-assistance-tbra-program

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Definitions

- **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
  - ALL amounts anticipated to be received from a source outside the applicant group during the 12-month period following admission or certification
  - Annual Income includes all amounts not specifically excluded by regulation (24 CFR 5.609)
  - 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)
- **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
  - Income from Assets includes all amounts not specifically excluded by regulation
  - 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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Household versus Family

- **Household**
  - All members of the applicant group
- **Family**
  - All members of the applicant group, or household, that must be included for purposes of eligibility

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Uncommon Assets

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Assets: Whose Assets Count?

Family 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 - 18 or older	Yes**	Yes

Household 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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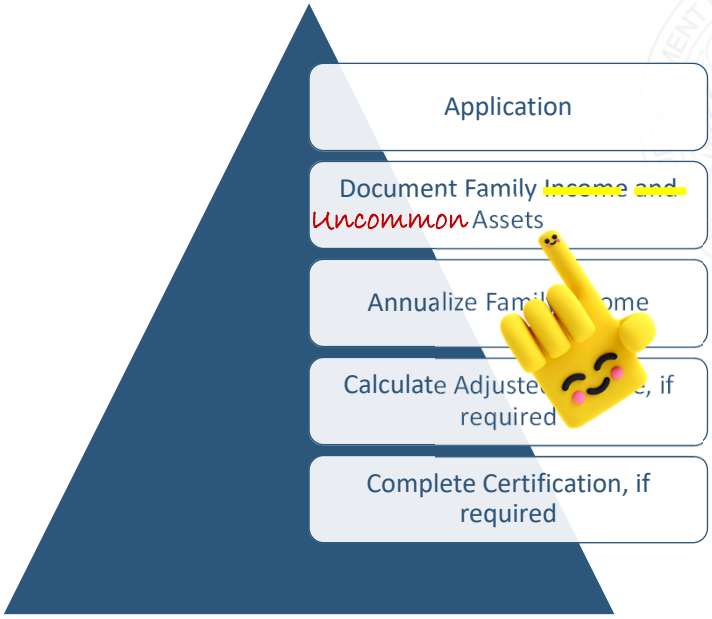
The Qualifying Process: Steps to Eligibility Determination



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Assets: Excluded Income Sources

- 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 holidays, 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
- **Workers' Compensation**
- Income received from a retirement account
  - Except for periodic payments
- **Certain Student Financial Assistance**
- VA Benefits for HUD-VASH Voucher Holders (NEW)
- Any other income excluded by 24 CFR 5.609

Any of the Lump Sums outlined on this slide that are placed in an asset, except Tax Returns, will count towards the household assets.

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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: "CASH VALUE" - The total cash value of the family's assets

STEP 3; if required: "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 $51,600

For any assets whose actual income cannot be determined, calculate imputed income when the household's net family assets are over $51,600.

Do NOT calculate imputed income for assets whose income is determinable.

Do NOT calculate the imputed income based on the total cash value of the assets.

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Assets: Actual Income

Not all assets have income

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Assets: Verification Requirements

- HOTMA requires that all households have assets fully verified once during each 3 years of tenancy, households may then self-certify assets when the total is equal to or less than $51,600. There are some exceptions to this rule:
  - HTC, Exchange, TCAP, and THTF may self-certify assets when the amount is $51,600 or less
  - **BOND must fully verify assets at initial certification and during each 3rd year of tenancy when an income certification is completed**
  - MFDL Programs: at Initial Certification the assets must be fully verified by third party or first-hand documentation; also, during the 6th year of the affordability period 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

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Assets: Self-Certification or Verification

Asset Certification

- The use of this form is not allowed if program or certification year requires full 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 required threshold during years when asset verifications are not required

Asset Verification

- Required if a household's total assets cash value is greater than the HUD threshold, currently $51,600, and if program or certification year requires full verification (discussed on previous slide)
- Must be sent directly to the financial institution which holds the asset and returned directly to the development

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Assets: Formulas

Step 1: Determine the Actual Income from the Asset:

Step 2: Determine the Cash Value of the Asset:

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Assets: Determining Actual Income

Step 1: Determine the Actual Income from the Asset

If the combined cash value of the net family assets is under the HUD Asset Verification Threshold, ONLY the actual income from assets is included. **$51,600 ≥ Total Assets** **Only Actual Income from Assets is included**	If the combined cash value of the net family assets is greater than the threshold, the annual income includes the actual income from assets with a determinable rate of return and the imputed income calculated on assets without a determinable rate of return using the current passbook savings rate (.45%) as established by HUD. **$51,600 < Total Assets** **For assets where the actual income is known use the actual income; for the assets without actual income use the imputed income**

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Assets: 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 family could receive in cash if the family converted an asset to cash.

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

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Assets: Determining Imputed Income

Step 3: Determine the Imputed Income from the Asset, if required

If the combined cash value of the net family assets is OVER the HUD Asset Verification Threshold, the actual income from assets is included for the assets where it is determinable, and the imputed savings rate is used) not have a determina

If net family assets is over the threshold, then any asset without a determinable rate of return must have imputed income calculated.

$51,600 < Total Net Family Assets

Actual & Imputed Income from Assets is included

What to consider with regards to Imputed Income:

- Do non-necessary personal property total more than the threshold?
  - If yes, they are included in net family assets along with all actual income from the assets.
- Does the family have real property (real estate/land)?
  - If yes, it is included in net family assets regardless of value.
  - If the value of real property and non-necessary personal property, if included, puts the net family assets over the threshold, imputed income must be calculated unless the asset is receiving income, like a rental property.

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Assets: Actual and Imputed Income

- **Actual Income** from assets is always included in a family's annual income, regardless of the total value of net family assets or whether the asset itself is included or excluded from net family assets, unless that income is specifically excluded by 24 CFR 5.609(b).
- **Imputed Income** must be calculated for specific assets when three conditions are met:
  - The value of net family assets exceeds $51,600;
  - The specific asset is included in net family assets; and
  - Actual asset income cannot be calculated for the specific 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 $51,600, as adjusted for inflation, is considered part of net family assets; if the combined value is $51,600 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 $51,600 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.

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Assets: Necessary versus Non-Necessary

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

Necessary Personal Property	Non-Necessary Personal Property
• 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

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Assets: Always vs. Never

Assets to consider and assets always excluded from February 2024 update to **Notice H 2023–10 & Notice PIH 2023–27**

Assets to consider	Assets always excluded
• Checking and savings accounts • Stocks, bonds, mutual funds • Luxury items or items that are not necessary, e.g., recreational boat, vehicles not used for regular transportation • Assets disposed of for less than fair market value; for example, if you gave away a house to someone out outside of the assisted family within the past two years, the value of the house would be considered an asset (except as determined by certain divorce or separation settlements)	• Retirement accounts (e.g., IRAs, 401k, 403b) • Educational savings accounts (Section 529, Section 530, Coverdell ESA, etc.) • ABLE accounts • Non-revocable trusts • Necessary items of personal property (items essential for the maintenance, use, and occupancy of a home or necessary for employment, education, cultural expression, or health and wellness) • Federal tax refunds (must be subtracted from total net family assets)

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Assets: Reasonable Costs to Convert

This list is not exhaustive, will vary by asset

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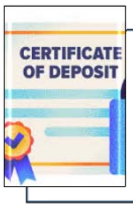
Assets: Investment Accounts

Stocks
Cash Value = Full Value less penalties/fees
Actual Income = Dividend Income, if any

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

Mutual Funds
Cash Value = Full Value less penalties/fees
Actual Income = Interest or Dividend Income, if any



Certificate of Deposit (CD)
Cash Value = Full Value less penalties/fees
Actual Income = Interest Income, if any

These types of assets typically have a withdrawal penalty.

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Learning Point: Investment Accounts; Stocks

Stocks
Cash Value = Full Value less penalties/fees
Actual Income = Dividend Income, if any

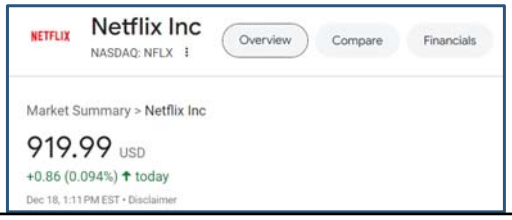
December 31, 2023

Re: Rupert Williams SSN: 8275

As of: December 31, 2023

Shares	Investment
5	Netflix, Inc.

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



Actual Income from the stocks:
5 shares x $919.99/share = $4,599.95 Mkt value

Market Value x Interest Rates = Actual Income
$4,599.95 x no interest = $0 Actual Income

Cash Value of the stocks:

Market Value – Cost to Convert = Cash Value
$4,599.95 x 6% transaction charge = $276 Cost to Convert
$4,599.95 - $276 = $4,323.95 Cash Value

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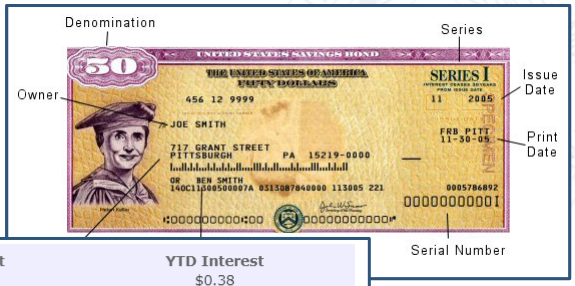
Learning Point: Investment Accounts; Bonds

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



Total Price	Total Value	Total Interest	YTD Interest
$50.00	$96.74	$46.74	$0.38

Bonds: 1-1 of 1

Serial #	Series	Denom	Issue Date	Next Accrual	Final Maturity	Issue Price	Interest	Interest Rate	Value	Note	
NA	I	$50	11/2005	02/2024	11/2035	$50.00	$46.74	4.96%	**$96.74**		REMOVE

https://www.treasurydirect.gov/BC/SBCPrice

Bonds are purchased at a specified amount and accrue over time. There is a calculator available (link above) to determine the cash value and interest income on the asset.

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Learning Point: Investment Accounts; Certificates of Deposit (CD)

Certificate of Deposit (CD)
Cash Value = Full Value less penalties/fees
Actual Income = Interest Income, if any

Joe just invested $5,000 in a CD at a fixed interest rate of 5% with 5 years maturity. Upon maturity, Joe's initial investment of $5,000 will reach $6,382. The return on the CD for the period of 5 years is $1,382. If Joe removes the CD before maturity a penalty of 3.5% will be assessed.

Actual Income from the CD:
$5,000.00 Mkt value

Market Value x Interest Rates = Actual Income
$5,000 x 5% interest = $250 Actual Income

Cash Value of the CD:

Market Value – Cost to Convert = Cash Value
$5,000 x 3.5% penalty = $175.00 Cost to Convert
$5,000 - $175 = $4,825 Cash Value

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Assets: Annuities

Annuities
- Cash Value = Full Value less withdrawal penalties, taxes or tax penalties
- Actual Income = Interest Income, if any

Ask the account holder if they have the right to withdraw the balance, their answer will tell you how to handle the annuity.
- If yes, the account is an asset, even if payments are being made.
- If no, the account is not an asset.

Generally, when annuity payments are received it can no longer be converted to a lump sum of cash; in this case the payments are income but the annuity is not treated as an asset.

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Learning Point: Annuities; Actual Income

Earnest purchased a **$100,000** annuity at age 65 with immediate payments of **$614 monthly, but he is deferring these**. The annuity has a **5% interest rate** over 10 years. At age 70, the annuity will pay $613 monthly for life. Earnest can withdraw the remainder with a **penalty of 3%.**

What is the actual income for the asset?

$100,000 Market Value × 5% Interest Rate = $5,000 Actual Income

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Learning Point: Annuities; Cash Value

Earnest purchased a **$100,000** annuity at age 65 with immediate payments of **$614 monthly**. The annuity has a **5% interest rate** over 10 years. At age 70, the annuity will pay $613 monthly for life. Earnest can withdraw the remainder with a **penalty of 3%.**

What is the cash value of the asset?

$100,000 Market Value — {$100,000 x 3% penalty} **$3,000 Cost to Convert** = $97,000 Cash Value

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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 property (land), personal property (jewelry) or any other liquid assets.

There are two types of trusts

1. Revocable – The creator of the trust may amend or revoke the trust, they have retained access
2. Irrevocable – The creator has no access to the funds, they did not retain access

- If anyone in the family has access to the trust it must be considered in the calculation of assets.

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Learning Point: Trusts

Julie has setup a trust for her grandson to receive when he reaches the age of 25. The trust is intended to help him purchase his first home. Julie has placed $25,000 in the trust. The trust earns about $1,000 per year, but the income is reinvested into the trust. Julie has set the trust up as irrevocable; she no longer has access to the trust and her grandson is not yet the age required to access the trust account.

Julie is applying, how should the trust be handled for her application and certification of assets?

a) The trust's current value and $1,000 annual income must be included
b) The trust's current value is included but the income is not included since it is reinvested
c) None of the trust, income or current balance, is included since it is irrevocable
d) We should ask Julie how much she wants to include and only count that amount

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Assets: Cryptocurrency

Cryptocurrency

Cash Value = Current market value less penalties/fees

Actual Income = Any income earned by the asset

Cryptocurrency is held online, typically in interest-yielding accounts called Decentralized Finance platforms (DeFis). Treat cryptocurrency like a foreign currency.

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Assets: Cryptocurrencies continued

- **First**, obtain a statement, or some kind of other digital evidence such as a screenshot, from the account in which the cryptocurrency is held. Take that market value and determine the current exchange rate with US dollars.
  - The exchange rate can change frequently, use what it is at the time you're making the determination. Try using a site like http://coindesk.com.
- **Next**, determine the broker fee associated with converting the cryptocurrency into US dollars. That information will come from either the account in which the cyrpto 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 cryptocurrency.
  - 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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Learning Point: Cryptocurrency

Robinhood

Crypto Statement
12-2023

NAME	Katie McDaniel
ACCOUNT NUMBER	011120240115
ADDRESS	123 Club Ct Longview TX, 77891, US
PERIOD START	2023-12-01
PERIOD END	2023-12-31
OPENING BALANCE	$192.5029854
CLOSING BALANCE	$211.82007

PORTFOLIO ALLOCATION

DOGE (100%)

CRYPTOCURRENCY HELD IN ACCOUNT	QUANTITY	SYMBOL	MARKET VALUE ON 2023/10/31
Dogecoin	3102	DOGE	$211.82

Is there a fee? A transaction fee of 4% and a cash exchange fee of up to 11% applies to each crypto purchase. Fees may vary by location.

Coinstar
https://coinstar.com › Crypto At Coinstar

Bitcoin & Coinme FAQs - Crypto At Coinstar

Actual Income

Market Value x Interest Rate = Actual Income

$211.82 x no interest rate = no actual income

Cash Value

Market Value – Cost to Convert = Cash Value

$211.82 x 15% fee = $31.77 cost to convert

$211.82 - $31.77 = $180.05 cash value

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Assets: Inflationary Adjustments for 2025

Items Adjusted for Inflation Annually by HUD

	2023	2024	2025	2026	2027	2028	2029	2030
Student Income Allowance	$ 480.00	$ 480.00	$ 480.00					
Dependent Deduction	$ 480.00	$ 480.00	$ 480.00					
Adoption Assistance Allowance	$ 480.00	$ 480.00	$ 480.00					
Elderly Deduction	$ 400.00	$ 525.00	$ 525.00					
Asset Limitation Threshold	$ 5,000.00	$ 50,000.00	$ 51,600.00					
Threshold for Medical Deduction*	3%	10%	10%					
Cost of Living Allowance (COLA)	8.70%	3.20%	2.50%					
Passbook Savings Rate	0.06%	0.40%	0.45%					

* Does not include the hardship allowance applicable to some households

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Assets: Exclusions in HOTMA Do Not Impact Department Programs

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

These exclusions do not apply to most of the Department programs because most of the programs are covered under good cause protections and income is not a good cause. The exclusions are Public Housing and Section 8 requirements that would impact the Section 8 Housing Choice Voucher program at the Department.

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Assets: Tips to Minimize Challenges

- All verification forms completed in their entirety
- All household assets are certified and verified, if required
- Are all verifications/certifications current? (within 120 days)
- Forms are tested for integrity, clarifications present, etc.
- No correction fluid, white-out or evidence of tampering/perfecting
- Peer Review
- 3rd party or compliance file review

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THANK YOU!

Income Determination Module 6

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA)

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EQUAL HOUSING OPPORTUNITY

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