Income Determination Module 7

2025

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Contact Information

Mailing Address:
TDHCA
PO Box 13941
Austin, TX 78711-3941

Physical Address:
TDHCA
221 East 11th Street
Austin, TX 78701

Website: https://www.tdhca.texas.gov

Department 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 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 "Questions Box"

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Resources & Definitions

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General Resources

- **HUD Handbook 4350.3**
  - https://www.hud.gov/hudclips/handbooks/housing-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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Real Property

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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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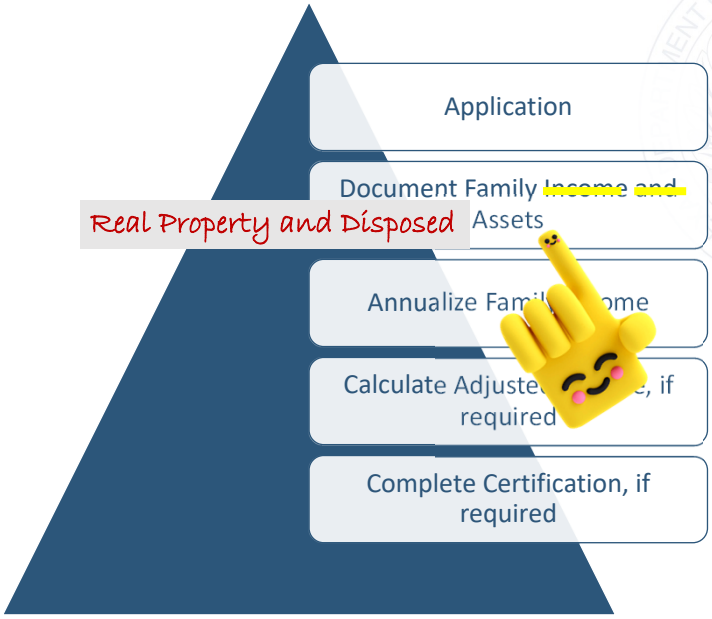
The Qualifying Process: Steps to Eligibility Determination



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Assets

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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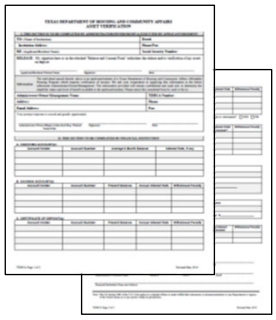
Assets: Self-Certification or Verification

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:

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

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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 for the family, 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 for the family, the actual income from assets is included for the assets where it is determinable, and the imputed income (current passbook savings rate is used) is included for those that do not have a determinable rate of return.

$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.
    - If the assets do not have a determinable rate of return, imputed income must be calculated and included.
  - If no, the amount of the asset is excluded from net family assets, but the actual income (if any) is included in household income from 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 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: Determining Imputed Income

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

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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: Real Estate

Currently Owns	3rd Party Lives There	Deed of Trust/Contract for Sale
• **Cash Value** = Fair Market Value less unpaid principal and reasonable costs incurred to sell • **Actual Income** = Zero (it is not earning income)	• **Cash Value** = Fair Market Value less unpaid principal and reasonable costs incurred to sell • **Actual Income** = Monthly Rent minus interest, taxes, insurance and maintenance fees	• **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

Real Estate may require additional documentation:

- Mortgage Statement showing unpaid principal
- Tax Statement
- Documentation to evidence current broker fees and closing costs
- Amortization Schedule
- Deed of Sale

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Assets: Real Estate – Determining Cash Value

- If a family owns real estate, it is 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

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Learning Point: Real Estate – Determining Cash Value

- Janet owns a home, the home is vacant at the time of her certification
- The Market value is $150,000 and the unpaid principal is $60,000

$150,000

- $60,000

$ Equity in the property

- The cost to dispose of the house would be $8,000

$90,000

- $8,000

$ Cash Value

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Learning Point: The Income Certification

TOTALS	$ 48,550.56	$	$	$	
Add totals from (A) through (D) above				TOTAL INCOME (E):	$ 48,550.56

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 Account	C	N	$500.00	A	$0.00
1	Savings Account	C	N	$10,000.00	A	$200.00
1	Real Estate	C	R	$82,000.00	I	$369.00
1	Tax Return Deducted			($2,400.00)		

(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:	$ 10,500.00	(M) Total Actual Income:	$ 200.00
(N) TOTAL NET FAMILY ASSETS:	$ 79,600.00	(O) Total Imputed Income:	$ 369.00
		(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:	$ 569.00
		(Q) Total Annual Household Income from all Sources [Add (E) + (P)]	$49,119.56

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Assets: Excluded Assets

The Rodriguez family received a $4,500 federal tax refund on 3/1/2024 and deposited the refund into their checking account. At their next annual reexamination with an effective date of 8/1/2024, the PHA/MFH Owner asks the family about any assets they own, the anticipated income from the assets, and if they received a federal tax refund or refundable tax credits in the past 12 months and where they deposited the refund/refundable tax credits or if they purchased savings bonds with the refund.

The Rodriguez family explain that they received a $4,500 refund and that they deposited the refund into their checking account, which has a balance of $10,000. The Rodriguez family reports that they have actual income of $100 from the checking account this year. The family owns no other assets. Therefore, the family's total calculation of net family assets is $10,000. In determining the total value of net family assets, the PHA/MFH Owner subtracts $4,500 from the total of $10,000 of net family assets, for a total countable asset of $5,500. The full value of actual income is included as income, because actual income is always included even on excluded assets.

Notice H 2023–10 & Notice PIH 2023–27
Example F2: Federal Tax Refund Excluded from Net Family Assets

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Assets: Real Estate for Rent

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

- Determine 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
  - If the family indicates to you that someone else is living in the home and paying the mortgage for them, this is a rental property, and the rental amount is the mortgage payment
- 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 – Determining Rental Income

The Lee family owns a home, which they are renting out. We have already determined that the cash value of the home is $190,000. They have indicated that they rent the home for **$1,700 per month**. They still pay the **taxes of $9,250 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

$1,700 per month x 12 months = **$** **annual rental income**

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

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

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

$20,400 rental income - $15,134.97 verified deductions =

$ **Annual Income from Asset**

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Learning Point: The Income Certification

TOTALS	$ 48,550.56	$	$	$
Add totals from (A) through (D) above			TOTAL INCOME (E):	$ 48,550.56

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 Account	C	N	$500.00	A	$0.00
1	Savings Account	C	N	$10,000.00	A	$200.00
1	Real Estate	C	R	$190,000.00	A	$5,265.03
1	Tax Return Deducted			($1,800.00)		

(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:	$ 10,500.00	(M) Total Actual Income:	$ 5,465.03
(N) TOTAL NET FAMILY ASSETS:	$ 188,200.00	(O) Total Imputed Income:	$ 0.00
		(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:	$ 5,465.03
		(Q) Total Annual Household Income from all Sources [Add (E) + (P)]	$ 54,015.59

PART V. HOUSEHOLD SET ASIDE DESIGNATION

Income:	☐ 15%	☐ 20%	☐ 30%	☐ 40%	☐ 50%	☑ 60%	☐ 70%	☐ 80%	☐ O/I
Rent:		☐ 20%	☐ 30%	☐ 40%	☐ 50%	☑ 60%	☐ 70%	☐ 80%	

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Assets: Deed of Trust or Contract for Sale

Sydney signed her Certification in February 2025. 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, 2023**

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 2024.**

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Assets: Deed of Trust or Contract for Sale; Actual Income

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

Month	Interest	Principal	Balance (Principal)
Jan-25	$ 494.59	$ 121.12	$ 95,000.00
Feb-25	$ 493.96	$ 121.75	$ 94,878.25
Mar-25	$ 493.33	$ 122.39	$ 94,755.86
Apr-25	$ 492.69	$ 123.03	$ 94,632.83
May-25	$ 492.05	$ 123.67	$ 94,509.16
Jun-25	$ 491.41	$ 124.31	$ 94,384.85
Jul-25	$ 490.76	$ 124.96	$ 94,259.89
Aug-25	$ 490.11	$ 125.61	$ 94,134.28
Sep-25	$ 489.45	$ 126.26	$ 94,008.02
Oct-25	$ 488.80	$ 126.92	$ 93,881.10
Nov-25	$ 488.14	$ 127.58	$ 93,753.52
Dec-52	$ 487.47	$ 128.25	$ 93,625.27
Jan-26	$ 486.80	$ 128.91	$ 93,496.36
Feb-26	$ 486.13	$ 129.59	$ 93,366.77
Mar-26	$ 485.46	$ 130.26	$ 93,236.51

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

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Assets: Deed of Trust or Contract for Sale; Cash Value

Cash Value is the Principal Balance at the time of the certification.

Month	Interest	Principal	Balance (Principal)
Jan-25	$ 494.59	$ 121.12	$ 95,000.00
Feb-25	$ 493.96	$ 121.75	$ 94,878.25
Mar-25	$ 493.33	$ 122.39	$ 94,755.86
Apr-25	$ 492.69	$ 123.03	$ 94,632.83
May-25	$ 492.05	$ 123.67	$ 94,509.16
Jun-25	$ 491.41	$ 124.31	$ 94,384.85
Jul-25	$ 490.76	$ 124.96	$ 94,259.89
Aug-25	$ 490.11	$ 125.61	$ 94,134.28
Sep-25	$ 489.45	$ 126.26	$ 94,008.02
Oct-25	$ 488.80	$ 126.92	$ 93,881.10
Nov-25	$ 488.14	$ 127.58	$ 93,753.52
Dec-52	$ 487.47	$ 128.25	$ 93,625.27
Jan-26	$ 486.80	$ 128.91	$ 93,496.36
Feb-26	$ 486.13	$ 129.59	$ 93,366.77
Mar-26	$ 485.46	$ 130.26	$ 93,236.51

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Learning Point: The Income Certification

TOTALS	$ 48,550.56	$	$	$

Add totals from (A) through (D) above — TOTAL INCOME (E): $ 48,550.56

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 Account	C	N	$500.00	A	$0.00
1	Savings Account	C	N	$10,000.00	A	$200.00
1	Real Estate	C	R	$94,878.25	A	$5,884.97

(L) TOTAL NON-NECESSARY PERSONAL PROPERTY: $ 10,500.00
(M) Total Actual Income: $ 6,084.97
(N) TOTAL NET FAMILY ASSETS: $ 94,878.25
(O) Total Imputed Income: $ 0.00
(P) TOTAL INCOME FROM ASSETS [(M) + (O)]: $ 6,084.97
(Q) Total Annual Household Income from all Sources [Add (E) + (P)] $ 54,635.53

PART V. HOUSEHOLD SET ASIDE DESIGNATION

Income: ☐15% ☐20% ☐30% ☐40% ☐50% ☐60% ☑70% ☐80% ☐O/I
Rent: ☐20% ☐30% ☐40% ☐50% ☐60% ☑70% ☐80%

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Learning Point: Real Property; Land

How much are closing costs for a seller in Texas?

In Texas, the average closing costs for buyers are typically 2–6% of the home's purchase price. Sellers can expect to pay around 6–10% of the home's purchase price (including real estate agent commissions). Oct 17, 2023

Property Values

Improvement Homesite Value:	$0 (+)
Improvement Non-Homesite Value:	$0 (+)
Land Homesite Value:	$0 (+)
Land Non-Homesite Value:	$29,880 (+)
Agricultural Market Valuation:	$0 (+)
Market Value:	$29,880 (=)

Real Property; Land

Actual Income: **$**

Since net family assets are over $51,600 we must calculate imputed income on the land because there is no determinable rate of return.

Market Value: **$29,880.00**

Cost to Convert: **$**

($29,880 x 10%)

Cash Value: **$**

Imputed Income: **$**

($26,892 x .45%)

Real Property does have a cost to convert, before we can determine the cash value, we need to know that information.

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Learning Point: The Income Certification

TOTALS	$ 69,480.54	$	$	$	
Add totals from (A) through (D) above				TOTAL INCOME (E):	$ 69,480.54

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 - WF	C	N	$2,832.09	A	$0.00
1/2	Savings- WF	C	N	$48,000.00	A	$960.00
3	Checking - RBFCU	C	N	$650.00	A	$0.00
4	Savings - RBFCU	C	N	$350.00	A	$4.20
1/2	Real Property - Land	C	R	$29,880.00	I	$121.01

(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:	$ 51,832.09	(M) Total Actual Income:	$ 964.20
(N) TOTAL NET FAMILY ASSETS:	$ 81,712.09	(O) Total Imputed Income:	$ 121.01
		(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:	$ 1,085.21
		(Q) Total Annual Household Income from all Sources [Add (E) + (P)]	$ 70,565.75

PART V. HOUSEHOLD SET ASIDE DESIGNATION

Income:	☐ 15%	☐ 20%	☐ 30%	☐ 40%	☐ 50%	☑ 60%	☐ 70%	☐ 80%	☐ O/I
Rent:		☐ 20%	☐ 30%	☐ 40%	☐ 50%	☑ 60%	☐ 70%	☐ 80%	

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Learning Point: Real Property

Real Property is always included in net family assets, **true or false?**

a) True
b) False

Real property must always be 3rd party or 1st hand verified.

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Learning Point: Real Property Income

Real Property always has actual income, **true or false?**

a) True
b) False

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Learning Point: Tax Returns

Tax Returns are added back into net family assets after verified, **true or false?**

a) True
b) False

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Disposed of for Less than Fair Market Value

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Assets: Disposed of for Less than Fair Market Value (FMV)

Assets disposed of for less than FMV

- Cash Value = Market Value less the disposed of amount and the cost to convert
- Actual Income = No actual income

- Include Cash Value if:
  - Fair Market Value (FMV) of asset(s) disposed of exceeds the gross amount received for the asset
  - The Certification period is within the 2-year period following disposal
    - When 2-year period expires imputed income, if any, 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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Assets: Imputed Income

- Imputed income is a percentage of the value of assets where the actual rate of return is not determinable when the net family assets are more than $51,600 based on the **current passbook savings rate of .45%**
- *Imputed* income is determined by calculating:

Asset Cash Value × **Passbook Rate** = **Imputed Income**

2025 Passbook Rate = 0.45%
HUD will evaluate and update this annually

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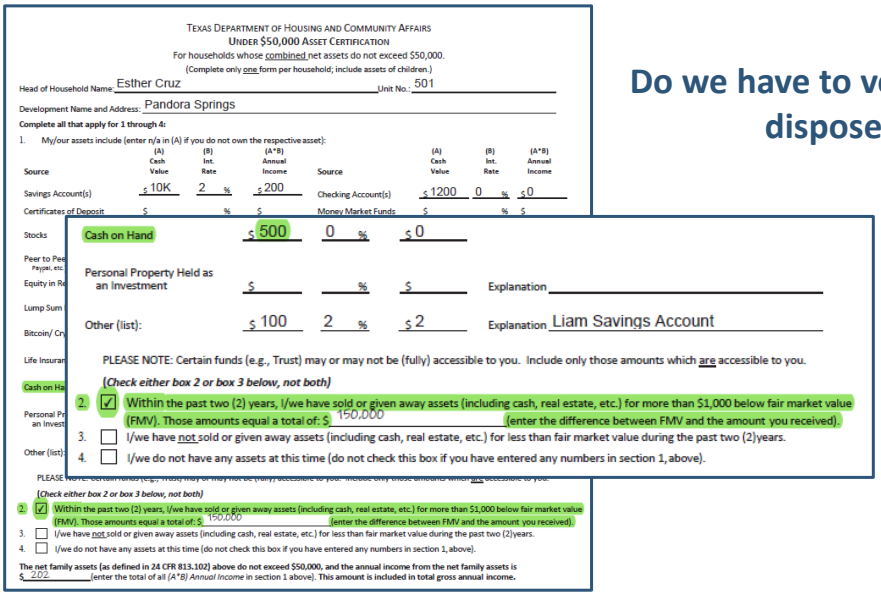
Learning Point: Assets Certification of Net Family Assets



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
UNDER $50,000 ASSET CERTIFICATION
For households whose combined net assets do not exceed $50,000.
(Complete only one form per household; include assets of children.)

Head of Household Name: Esther Cruz Unit No.: 501

Development Name and Address: Pandora Springs

Complete all that apply for 1 through 4:

1. My/our assets include (enter n/a in (A) if you do not own the respective asset):

Source	(A) Cash Value	(B) Int. Rate	(A*B) Annual Income	Source	(A) Cash Value	(B) Int. Rate	(A*B) Annual Income
Savings Account(s)	$ 10K	2 %	$ 200	Checking Account(s)	$ 1200	0 %	$ 0
Certificates of Deposit	$	%	$	Money Market Funds	$	%	$
Stocks							
Peer to Peer Payout, etc.							
Equity in Real Estate							
Lump Sum							
Bitcoin/ Crypto							
Life Insurance							
Cash on Hand	$ 500	0 %	$ 0				
Personal Property Held as an Investment	$	%	$	Explanation			
Other (list):	$ 100	2 %	$ 2	Explanation Liam Savings Account			

PLEASE NOTE: Certain funds (e.g., Trust) may or may not be (fully) accessible to you. Include only those amounts which are accessible to you.

(Check either box 2 or box 3 below, not both)

2. ☑ Within the past two (2) years, I/we have sold or given away assets (including cash, real estate, etc.) for more than $1,000 below fair market value (FMV). Those amounts equal a total of: $ 150,000 (enter the difference between FMV and the amount you received).
3. ☐ I/we have not sold or given away assets (including cash, real estate, etc.) for less than fair market value during the past two (2)years.
4. ☐ I/we do not have any assets at this time (do not check this box if you have entered any numbers in section 1, above).

The net family assets (as defined in 24 CFR 813.102) above do not exceed $50,000, and the annual income from the net family assets is $ 202 (enter the total of all *(A*B) Annual Income* in section 1 above). This amount is included in total gross annual income.

Do we have to verify the $150,000 in disposed of assets?

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Learning Point: Real Property; Real Estate

January 9, 2025

I gave my home in Dimmit, Texas to my sister, Edith Cruz, in February of 2025 before I moved to the Austin area. She paid me $10,000 for this and I am still holding on to that money in my savings account. She does not pay me rent and there is no principal balance due on the house.

Certified as true & correct: Esther Cruz 1/9/2025

For privacy reasons not all exemptions are shown online.

Property Values

Improvement Homesite Value:	$150,140 (+)
Improvement Non-Homesite Value:	$0 (+)
Land Homesite Value:	$15,120 (+)
Land Non-Homesite Value:	$0 (+)
Agricultural Market Valuation:	$0 (+)
Market Value:	$165,260 (=)

Real Property; Real Estate
Actual Income: **$**

Since net family assets are over $51,600, we must calculate imputed income on the land because there is no determinable rate of return.

This asset will remain on the Income Certification until February 2027. The imputed income will go away at that time also.

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Learning Point: Real Property; Home – Disposed of Asset

How much are closing costs for a seller in Texas?

In Texas, the average closing costs for buyers are typically 2–6% of the home's purchase price. Sellers can expect to pay around 6–10% of the home's purchase price (including real estate agent commissions). Oct 17, 2023

Property Values

Improvement Homesite Value:	$150,140 (+)
Improvement Non-Homesite Value:	$0 (+)
Land Homesite Value:	$15,120 (+)
Land Non-Homesite Value:	$0 (+)
Agricultural Market Valuation:	$0 (+)
Market Value:	$165,260 (=)

Real Property; Land
Market Value: **$165,260.00**
Sale Price: **($10,000.00)**
= $
Cost to Convert: **$**
($155,260 x 10%)
Cash Value: **$**
Imputed Income: **$**
($139,734 x .45%)

Real Property does have a cost to convert, before we can determine the cash value we need to know that information.

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Learning Point: The Income Certification

TOTALS	$	$ 12,996.00	$	$ 900.00	
Add totals from (A) through (D) above			TOTAL INCOME (E):	$ 13,896	

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	$1,200.00	A	$0.00
1	Savings	C	N	$10,000.00	A	$200.00
1	Real Property - Disposed	D	R	$139,734.00	I	$628.80
2	Savings	C	N	$100.00	A	$2.00
1	Cash on Hand	C	N	$500.00	I	$2.25

(L) TOTAL NON-NECESSARY PERSONAL PROPERTY:	$ 11,800.00	(M) Total Actual Income:	$ 204.25
(N) TOTAL NET FAMILY ASSETS:	$ 139,734.00	(O) Total Imputed Income:	$ 628.80
		(P) TOTAL INCOME FROM ASSETS [(M) + (O)]:	$ 833.05
		(Q) Total Annual Household Income from all Sources [Add (E) + (P)]	$ 14,729.05

PART V. HOUSEHOLD SET ASIDE DESIGNATION

Income:	☐ 15%	☐ 20%	☑ 30%	☐ 40%	☐ 50%	☐ 60%	☐ 70%	☐ 80%	☐ O/I	
Rent:		☐ 20%	☑ 30%	☐ 40%	☐ 50%	☐ 60%	☐ 70%	☐ 80%		

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Learning Point: Disposed of Assets

Assets disposed of for less than Fair Market Value are included for a period of 5 years, **true or false?**

a) True
b) False

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Learning Point: Disposed of Assets

Assets disposed of for less than fair market value because of foreclosure, bankruptcy, divorce or separation are NOT counted, **true or false?**

a) True
b) False

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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

https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html

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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 7

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA)

WWW.TDHCA.TEXAS.GOV

INFO@TDHCA.TEXAS.GOV

221 EAST 11TH STREET
AUSTIN, TEXAS 78701

P.O. BOX 13941
AUSTIN, TX 78711

EQUAL HOUSING OPPORTUNITY

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