



# Proficiency in Income Part 1

July 30, 2024



Sponsored by the  
FLORIDA HOUSING FINANCE CORPORATION

Presented by:

**Michael Chaney**, Catalyst Program Director

**Tamara West**, Technical Advisor

Florida Housing Coalition

[www.flhousing.org](http://www.flhousing.org)



# Our Thanks to the Florida Housing Catalyst Program



---

## AFFORDABLE HOUSING CATALYST PROGRAM

Sponsored by the Florida Housing Finance Corporation



we make housing affordable™

THE FLORIDA HOUSING COALITION



# FHC Presenters



**Michael Chaney,**  
Catalyst Program Director  
[Chaney@flhousing.org](mailto:Chaney@flhousing.org)



**Tamara West,**  
Technical Advisor  
[West@flhousing.org](mailto:West@flhousing.org)



# Register for Part 2 Webinar

## Proficiency in Income Qualification Part 2

August 7 at 10 am

Register at

<https://attendee.gotowebinar.com/register/337306418194253145>

# Webinar Logistics

- All participants are on mute
- Please type in your questions and comments into the chat
- We will not identify who has asked a question unless the question is made public
- Webinar is recorded
- PPT is provided as a handout
- For follow-up information or problems downloading handouts, please contact: [west@flhousing.org](mailto:west@flhousing.org)



# Catalyst Training Schedule

Fine Tune Your SHIP Program  
REGISTER NOW FOR  
**CATALYST  
TRAINING**

Register Now for SHIP Catalyst Training!

The Coalition is Florida's affordable housing training and technical assistance provider.

[www.flhousing.org](http://www.flhousing.org)

THE FLORIDA HOUSING COALITION



# Overview of Resources for Determining Income

- Code of Fed Regulation: 24 CFR Part 5
- Income and asset inclusions and exclusions
- Acceptable forms of verification
- HUD Handbook 4350.3: Chapter 5, Appendices 3 and 6C
- Income and rent limits chart
- FHC Technical Assistance hotline: 1-800-677-4548

# Three Methods for Determining Income Eligibility

- 24 CFR Part 5 (HOME, SHIP, CDBG)
- IRS FORM 1040 (HOME, SHIP, CDBG)
- Census Long Form (SHIP)

**Regardless of definition used...** “Income shall be calculated by annualizing **verified** sources of income...to be received...during the **12 months following** the effective date of the determination.



# Annual Income Definition (24 CFR Part 5)

All amounts, monetary or not, which:

1. Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any family member.
2. Are anticipated to be received from a source outside the household during the 12-month period.
3. Annual income also means amounts derived from assets.

# Income Qualification Process

Step 1: Application

Step 2: Income Verification

Step 3: Asset Verification

Step 4: Calculation

Step 5: Certification

Step 6: Award



THE FLORIDA HOUSING COALITION



# Step 1: Application

- The application is signed by all adult household members, including students age 18 and older.
- Date Stamp/number applications as they arrive
- Keep the applicant informed – Preferably in writing. If calls are made, document file.



**Electronic signatures are acceptable including**

THE FLORIDA HOUSING COALITION



# Included above Applicant Signature is Information about Florida Statute 817

Florida Statute 817 provides that willful *false statements* or misrepresentation concerning income, asset or liability information relating to financial condition is a *misdemeanor of the first degree*, punishable by fines and imprisonment provided under Statutes 775.082 or 775.083.

“I certify that the application information provided is *true and complete* to the best of my knowledge.”

# Social Security Cards

- Use another identifier for household members
- Not required in SHIP File
- City/County must give written explanation of purpose and authority if collecting social security numbers.
- FL Statutes Section 119.071(5)(a)2.a., (I) and (II): “an agency may not collect an individual’s social security number (SSN) unless the agency has stated in writing the purpose for its collection and unless it is imperative for the performance of that agency’s duties ... as prescribed by law.



# Determining Household Size

- Count Children in joint custody, present 50% or more of the time
- Count Children away at school who live in household during school recesses
- Count Children in the process of being adopted
- Count Temporarily absent family members



## Scenario: Household Members Permanently in a Hospital, Nursing Home

- The family decides if such persons are included when determining family size for income limits. If you count the Household member, count the income.

# Separated but Not Divorced

Count *unless* you can document that separation is permanent.

Examples:

Lease

Driver's license

Vehicle registration

Homestead

Tax returns

# Household Member in Prison

Best Practice:

- Count as household member if released within 12 months
- Do not count if release date is more than 12 months

Search [www.dc.state.fl.us](http://www.dc.state.fl.us)

- “Inmate Population Info Search”
- Enter name, SS # or Birth date & inmate #
- Print scheduled release date for the file

# Count Foster Children

HUD Handbook 4350.3 Chapter 3:

“The owner must also count all anticipated children. Anticipated children include the following:

- Foster children who will reside in the unit;”
- ALSO: “g. The owner must count foster adults living in the unit.”

HUD Handbook 4350.3 Chapter 5:

- “Payments received by the family for the care of foster children or foster adults are not counted.”



# Roommates and Tenants

Roommates are household  
members, Tenants are not  
Count roommate's income  
Count rent paid by tenant

# Boyfriend, Girlfriend or Fiancé

Count if currently part  
of household or will be  
residing in home when  
purchased

# Live-In Aide

- Is essential to the care, well-being of the person(s)
- Is not obligated to support the person(s)
- Would not be living in the unit except to provide the necessary supportive services
- Note: Do not include the live-in aide as a household member and do not count their income



# Income Qualification Process

Step 1: Application

**Step 2: Income Verification**

Step 3: Asset Verification

Step 4: Calculation

Step 5: Certification

Step 6: Award



THE FLORIDA HOUSING COALITION



# Step 2: Income Verification Process

Verify:

- Employment including overtime and tips
- Social Security
- Child Support/Alimony
- Regular Cash Contributions
- Unemployment Compensation

# Step 2: Income Verification Methods

Methods: Written or Oral Third-Party Verification

Acceptable method: Upfront-income verification (UIV)



THE FLORIDA HOUSING COALITION



# Acceptable Method: Upfront-Income Verification (UIV)

- UIV is “the verification of income through an independent source that... maintains income information in computerized form...”

## The Work Number



You can pay to access applicant information through the work number.



Tenants who are employed by companies that use The Work Number can obtain paystubs online for free.



They need to set up a log-in and password to obtain the needed documents at [www.Theworknumber.com](http://www.Theworknumber.com).

# “I Can’t Get a Third-Party Verification”

1. Include copy of the date-stamped original request sent
2. Written notes of follow-up efforts
3. Indicate how long the request has been outstanding without response



# Acceptable Verification: Applicant Provided Document

- Applicant-provided document considered 3rd party verification
- Dated within last 120 days
- Defined in Section 5-13 of HUD Handbook 4350.3, Chapter 5
- Examples: Pay stubs, SSA retirement benefit letter, Unemployment benefit notices.
- Most recent consecutive pay stubs (**New rule** only requires 2 pay stubs)





# Timing

Verifications shall be dated no more than **120 days** from each other.

- Re-verify those out of compliance

“Stop The Clock”

- Issue Award Letter
- Contract for Lease, Purchase or New Construction
- **Or** Fully provide assistance



# Calculating Income from Self Employed Applicants

- One or two tax returns
- Profit and Loss Statement  
Schedule C of tax return
- Signed statement estimating seasonal earnings or explaining circumstances



# Self Employed Applicants Count NET Income from a Business

- Count any salaries distributed to household members
- Check personal tax returns and business tax returns
- If the net income from a business is negative, count it as zero

# Periodic Payments are Income

- Annuities
- Insurance policies
- Retirement funds
- Pensions
- Disability or death benefits

# Unemployment Benefits

- Project benefits for a 12-month period regardless of the termination date
- Document amount of benefits received and frequency

# Income from Minors

*Earned* income of family members under 18 *is not* counted

- Example: Part time job after school

Benefits or other *Unearned* income of minors *is* counted

- Example: Savings account interest, disability payments

# Educational Scholarships & Grants

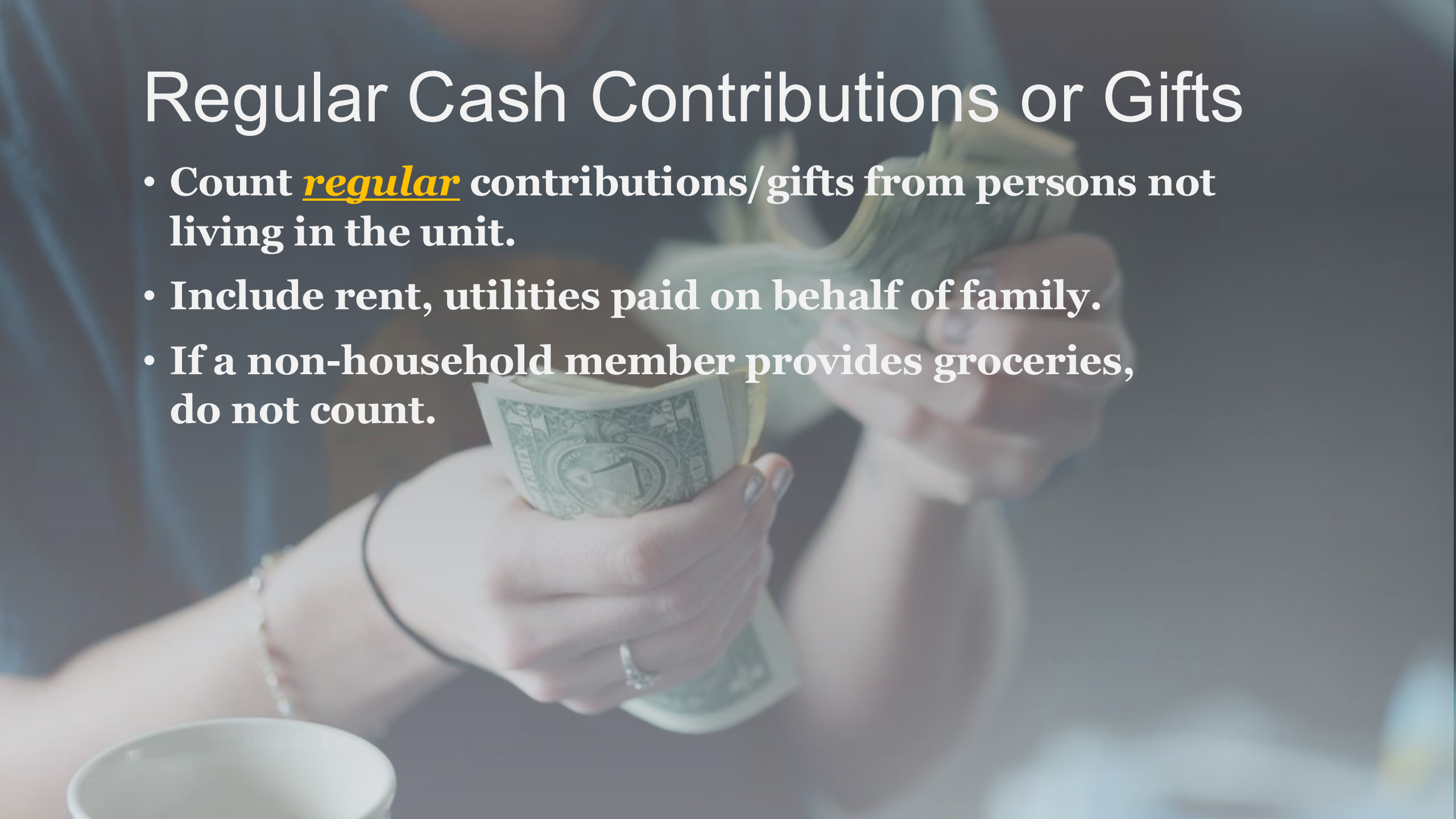
All forms of student financial assistance are ***excluded*** from annual income, whether paid to the student or directly to the educational institution...

***...unless the household is a Section 8 recipient.***



# Regular Cash Contributions or Gifts

- Count **regular** contributions/gifts from persons not living in the unit.
- Include rent, utilities paid on behalf of family.
- If a non-household member provides groceries, do not count.



# Questions?



THE FLORIDA HOUSING COALITION





# Step 3: Verification of Assets

Count all:

- Bank accounts:
  - Checking, savings, Certificate of Deposit (CD)
- Stocks or Bonds
- Mutual funds or Money Market Accounts
- Lump sum receipts
- Whole Life Insurance surrender value
- Personal property held as investment

**Review bank statements for potential income**

# Do Not Count

- House that applicant lives in
- Personal property (furniture, cars, wedding ring)
- Term life insurance policies
- Assets not accessible to and that provide no income for the applicant
- Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

# HOTMA Changes to Income Qualification Rules

NEW RULE:  
HOUSING  
OPPORTUNITY  
THROUGH  
MODERNIZATION  
ACT  
(HOTMA)  
Act of 2016



- Modifies the rules for determining household income and assets in HUD's HCV, Public Housing, PBRA, Section 202/811, HOPWA, HOME, and Housing Trust Fund programs
- Compliance date = January 1, 2025, FHFC's SHIP monitors will not cite HOTMA-related applicant file errors for income certification forms signed prior to this date
- You may choose to adopt these changes starting January 1, 2024



# Handouts and Resources

## Handouts

- New RICs
- HOTMA Highlights
- HOTMA Q&A
- Implementation Guide found at <https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10hsgn.pdf>

## HOTMA Training

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/hotmaresources](https://www.hud.gov/program_offices/public_indian_housing/hotmaresources)

[https://www.hudexchange.info/news/hotma-income-and-assets-training-series/?utm\\_medium=email&utm\\_source=govdelivery](https://www.hudexchange.info/news/hotma-income-and-assets-training-series/?utm_medium=email&utm_source=govdelivery)

THE FLORIDA HOUSING COALITION



# HOTMA impacted programs per FHFC

- State Housing Incentives Partnership (SHIP) program
- Community Development Block Grant- Disaster Recovery (CDBG-DR)
- HOME Investments Partnerships (HOME)
- HOME – American Rescue Plan (HOME-ARP)
- Housing Trust Fund (HTF)
- Low-Income Housing Tax Credit (LIHTC)
- Multifamily Mortgage Revenue Bonds (MMRB)
- State Apartment Incentive Loan Program (SAIL)

# Asset-Related HOTMA Changes in 2024



- Verify checking and savings accounts by collecting a minimum of one statement that reflects the current balance
- Educational savings accounts will no longer be counted. **Examples: Tax deferred accounts 529, Coverdell and Florida Prepaid. HUD says also ABLÉ accounts and "baby bond" accounts**
- Retirement accounts will not be counted as part of family assets
  - For retirement age applicants, still count income received periodically from a retirement account

Certificate of Deposit (CD)

**Individual Retirement Accounts (IRA)**

Checking and Savings Accounts

**Pension Account**

Stocks and Bonds

Revocable Trusts

**Roth IRAs**

Secondary Home (Vacation Property)

**Educational Savings**

Whole life insurance

**Annuities**

Personal Property as Investment  
(Jewelry, Antique car)

Highlighted  
Assets  
Are Not  
Counted

THE FLORIDA HOUSING COALITION



# Calculating Cash Value of Asset

## Step # 1: Calculate Cash Value

Cash Value = Market value of asset *minus* reasonable costs incurred to convert it to cash.

Examples:

- Early Withdrawal Penalty
- Broker/legal fees assessed to sell or convert the asset to cash
- **HOTMA Change: For Checking and Savings accounts use *current end balance***



# Calculating Income from Assets (continued)

## **Step # 2: Calculate Actual Income**

Savings Account or CD example:

\$125.00 most current balance

Interest rate 3%

Cash Value of the asset is \$125.00

Income from the asset is  $\$125.00 \times 3\% = \$3.75$

# Calculating Income from Assets

## **Step # 3: Calculate Imputed Income**

If total assets exceed **\$50,000**, “*impute*” income with a calculation involving the passbook rate, currently **.40%**, specified by HUD

Source: HUD Handbook 4350.3, Chapter 5,  
Section 5-7 (F)

# Imputed Income Calculation CHANGES in 2024

- Passbook rate has changed from .06% to **.40%**
- Staff will not calculate imputed income by multiplying the passbook savings rate unless the value of an applicant's assets exceeds **\$50,000**
- **Note** passbook rate is updated annually.



# New Approach to Asset Income Calculations

1. Actual Income: First, staff must add up income from any asset for which actual income can be calculated
2. Imputed Income: Next, calculate the imputed income for assets where actual income cannot be calculated
3. Combine Calculations: Finally, combine both amounts to account for income on assets valued over \$50,000



# Blue Asset Imputed Income is Calculated with .4% Rate

D. **Assets:** All household members including assets owned by minors

Member	Asset Description	Cash Value	Income from Assets
1	Savings Account	2,000	40
2	Rental Property	160,000	6,500
3	Antique Car Investment	150,000	
4			
5			
6			
7			
8			
Total Cash Value of Assets		D(a) \$ <b>312,000</b>	
Total Income from Assets		D(b)	\$ 6,540
If line D(a) is greater than \$ _____, multiply that amount by the rate specified by HUD (applicable rate _____) and enter results in D(c), otherwise leave blank.		D(c)	\$ 600 =

6,540  
plus  
600 =  
**\$7,140**

$$\$150,000 \times .004 = \$600$$

# Asset Income listed on Resident Income Certification Page 2

Member	Wages / Salaries (include tips, commission, bonuses and overtime)	Benefits / Pensions	Public Assistance	Other Income	Asset Income
1					(Enter the greater of box D(b) or box D(c), above, in box E(e) below)
2					
3					
4					
5					
6					
7					
8					
	(a)	(b)	(c)	(d)	(e)
Totals					7,140
Enter total of items E(a) through E(e). This amount is the <b>Annual Anticipated Household Income</b>					\$

F. **Recipient Statement:** The information on this form is to be used to determine maximum income for eligibility. I/we have provided, for each person set forth in Item C, acceptable verification of current and anticipated annual income. I/we certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury.

**WARNING:** Florida Statute 817 provides that willful false statements or misrepresentation

# FREQUENTLY ASKED QUESTION

**QUESTION:** If a financial institution informs us that the interest rate for a bank account is “0%” or “N/A”, do we need to calculate the imputed income for that particular asset when the total value of assets exceeds \$50,000.00?

**ANSWER:** No, imputed income does not need to be calculated for such an asset. Actual income can be \$0. When asset income can be calculated but is \$0, such as a bank account with 0% interest, that is not the same as an asset where income cannot be calculated. If the asset is a financial asset and there is no income generated (for example, a bank account with a 0 percent interest rate or a stock that does not issue cash dividends), then the asset generates zero actual asset income, and imputed income is not calculated.

# HOTMA Asset Verification: Self-Certification is Acceptable



- Accept self-certification of assets if total net assets is equal to or less than \$50,000.
  - Even if family assets exceed \$50,000, self-certification is still an acceptable form of verification, although HOTMA Guidebook lists other verification forms considered more reliable
- Alternative Verification: Collect a minimum of one statement that reflects the current balance of checking and savings accounts



# HOTMA Guidance on Asset Self-Certification

- “The family’s self-certification must state the amount of income the family anticipates receiving from such assets. The actual income declared by the family must be included in the family’s income, unless specifically excluded from income under 24 CFR § 5.609(b).”
- “PHAs/MFH Owners must clarify, during the self-certification process, which assets are included/excluded from net family assets.”

# HUD Does Not Require Self-Cert to be Notarized

- Self-Certification should list penalties for providing false information
- Page 109 of the HOTMA Notice includes this text:

**“I/We, the undersigned, certify under penalty of perjury that the information provided here is true and correct, to the best of my knowledge and recollection. WARNING: Anyone who knowingly submits a false claim or knowingly makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties.”**

# Not All Changes Impact SHIP



Confirmation from FHFC that HOTMA Asset Limits are not applicable to SHIP:

- Although Section 104 sets asset limits for the Section 8 and Public Housing programs, asset limits do not apply to the HOME program or LIHTC

# HOTMA Changes in 2024

- SHIP Does Not follow HOTMA Restriction on Other Real Property
- One HOTMA provision states that applicants cannot own other real property per changes to 24 CFR 5.618(a)(2).
- This is part of HOTMA asset limitations and does not apply to SHIP.
- A local government that prohibits addition real property must verify
  - 1) the owner's legal right to reside in the property,
  - 2) their legal authority to sell the property, and
  - 3) the property's suitability for occupancy.

# Go Fund Me

*Go fund me **ONLY** converts to an asset if it is deposited into a checking or savings account.*

FHFC Guidance:

Monitor the amount of money in a GoFundMe account. If the GoFundMe account plus the household's other assets total **\$50,000 or greater**, require that the GoFundMe balance be deposited into a checking or other bank account, so that imputed income from assets may be properly calculated.

# Questions?



THE FLORIDA HOUSING COALITION





Looking for Trainings?

Visit Our Calendar of Trainings

# Technical Assistance is Available

Available Daily: 1 (800) 677-4548

Options for Further Assistance Include:

- ❖ Phone and Email consultation
- ❖ Site Visits

Register at [www.flhousing.org](http://www.flhousing.org) for:

- ❖ Workshops
- ❖ Webinars

THE FLORIDA HOUSING COALITION

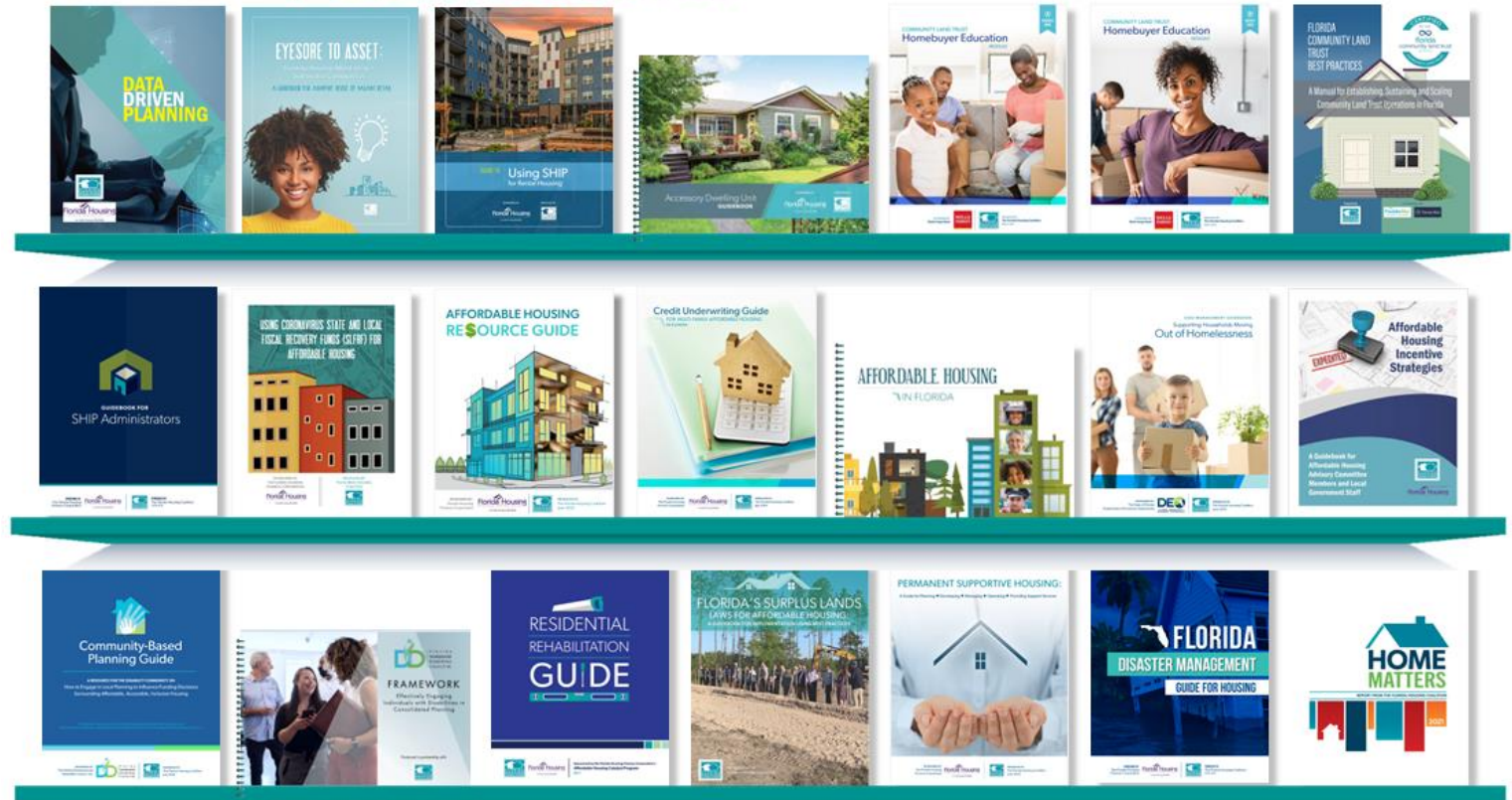


# Want to know more?

Visit us at  
[www.flhousing.org](http://www.flhousing.org)  
to find housing  
workshops, webinars,  
and publications!

## FLORIDA HOUSING COALITION PUBLICATIONS

Access these valuable resources and more  
under the Publications tab at [Flhousing.org](http://Flhousing.org)



THE FLORIDA HOUSING COALITION





# Please Complete the Evaluation!

---



Tamara West  
Technical Advisor [west@flhousing.org](mailto:west@flhousing.org)



Michael Chaney  
Catalyst Program Director  
[chaney@flhousing.org](mailto:chaney@flhousing.org)