

Community Affairs Income Calculator

USER GUIDE

Community Affairs Department
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Purpose of the Community Affairs Income Calculator

The Community Affairs Income Calculator is a tool that simplifies the making of income eligibility determinations for beneficiaries of the Authority's Single Family Trust Fund Programs. Just enter the required data, and the Income Calculator will generate a summary of the beneficiary's household income and program eligibility.

Structure of the Income Calculator

The Income Calculator is composed of these four sections:

- **Household Information:** A listing of all household members and characteristics, Illinois County of residence, and the proposed AMI % Limit group.
- **Household Members:** Detailed individual income data as broken down by employment wages, assets, and other income.
- **Adjusted Income:** Applicable adjustments and deductions that may alter a beneficiary's annual income.
- **Eligibility + Signatures:** A final signature page that denotes if a beneficiary is in fact eligible based on their entered income information.

Policy Questions

The Community Affairs Income Calculator was built in compliance with the Affordable Housing Program provisions of 47 ILCS part 360, and the rules and regulations provided in Chapter 5 (Determining Income and Calculating Rent) of the HUD Occupancy Handbook, which incorporates the requirements of 24 CFR, Part 5, Section 8, Definition of Annual Income. Additional inputs include the HUD Passbook Rate, and the HUD Fiscal Year Income Limits.

These materials can be accessed by searching on the IHDA and Department of Housing and Urban Development websites.

- <https://www.ihda.org/>
- <https://www.hud.gov/>

Note: When changes are made to these sources, the Income Calculator is updated accordingly. Should an update be made to the Income Calculator during an active program round, Community Affairs staff will notify all program grantees of the change and provide an updated version of the Calculator.

The Income Calculator can also be found on the IHDA website, specifically the Revitalization and Repair Programs page.

- <https://www.ihda.org/my-community/revitalization-programs/>

Technical Issues

Should you have difficulties using the Income Calculator, please notify the Community Affairs staff responsible for administering your grant program. Consider reaching out to your Program Officer via the program's designated proxy email, listed below:

- Home Accessibility Program
 - TFHAPinfo@ihda.org
- Single Family Rehabilitation Program
 - TFSFRinfo@ihda.org
- Habitat for Humanity Program
 - TFCIFinfo@ihda.org

Community Affairs Disclaimer

The Community Affairs Income Calculator is a tool to help grantees calculate income eligibility based upon the amount of income and applicable adjustments/deductions entered by the grantee. The Calculator does not verify income. It only determines eligibility based on the data that has been entered.

The Calculator is not meant to replace supporting documentation or the grantee's own calculations, therefore, all results produced by this tool should be thoroughly reviewed.

Using the Income Calculator


The following subsections provide instruction on using the Income Calculator. Grantees should enter beneficiary data into the yellow boxes and drop down options within the Calculator. Always navigate through the Calculator in the same order as the sections are listed in this user guide. This ensures that necessary information will be entered, and that the corresponding selections will be made to produce an accurate eligibility result.

Household Information Tab

This first section is where grantees enter the primary inputs, which the Calculator uses to determine eligibility. These include the Beneficiary's Illinois County of residence, household size, individual member characteristics, and the proposed AMI % Limit. Without this information, (highlighted in red) the Calculator cannot provide an eligibility result. A completed example of this tab is shown below:

Community Affairs

Income Calculator



**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

INSTRUCTIONS

Navigate through this form's tabs, completing all yellow answer boxes as applicable. Complete one tab (HH Member #) per income- or assistance-earning household member 18 years and older. Report all types of income and assistance earned. If you need to report income or assistance for more than 8 household members, contact IHDA's Community Affairs Department. After reporting income, complete the **Adjusted Income** tab, and review the household's income eligibility on the **Eligibility + Signatures** tab. After obtaining all necessary signatures, return this completed form and all accompanying documents to the corresponding Trust Fund Program at the Illinois Housing Development Authority.

If you have questions, please contact your Program Officer.

INCOME LIMIT INFORMATION

County:	Winnebago	AMI Requirements by Program Habitat for Humanity Below 80% AMI Home Accessibility Program Below 80% AMI Single Family Rehab Below 80% AMI
AMI% Limit:	Below 80% AMI	
Number of household members:	3	

HOUSEHOLD INFORMATION

Total number of household members: 3

	Borrower	Co-Borrower	Name:	Child Under 18	Full-Time Student 18 or Older	62 Years of Age or Older	Disabled
<input checked="" type="checkbox"/>	<input type="checkbox"/>		Test Case 1	(Select)	(Select)	Yes	(Select)
<input type="checkbox"/>	<input checked="" type="checkbox"/>		Test Case 2	(Select)	(Select)	Yes	(Select)
<input type="checkbox"/>	<input type="checkbox"/>		Test Case 3	(Select)	(Select)	(Select)	(Select)
<input type="checkbox"/>	<input type="checkbox"/>			(Select)	(Select)	(Select)	(Select)
<input type="checkbox"/>	<input type="checkbox"/>			(Select)	(Select)	(Select)	(Select)
<input type="checkbox"/>	<input type="checkbox"/>			(Select)	(Select)	(Select)	(Select)
<input type="checkbox"/>	<input type="checkbox"/>			(Select)	(Select)	(Select)	(Select)

Household Member Tabs

Individual household member's financial information should be entered on one of the eight Household Member tabs. These tabs are divided into sections which ask for detailed financial information on the individual's employment wages, assets, and other income. Please provide as detailed a breakdown as possible for each section. If you need clarification about what to enter in a given cell, hover over it and an instructional pop-up box will appear. To help grantees, this feature has been incorporated on these tabs, and throughout the Calculator as a whole. Additionally, make sure to engage all the applicable drop down selections on these tabs, as they are necessary for the proper operation of the Calculator.

Note: The names previously entered in the Household Information Tab will carry over to one of these eight Household Member tabs. Enter the individual household member's financial data on their corresponding tab.

Whose Income is Counted?

Adults: These persons will be either the head, spouse, or co-head; they are sometimes referred to as emancipated minors. Count the annual income of the head, spouse, or co-head, and other adult members of the family.

Note: If an emancipated minor is residing with a family member other than head, spouse, or co-head, the individual would be considered a dependent and his or her income would not be counted toward household annual income.

Dependents: A dependent is a family member who is under 18 years of age, is disabled, or is a full-time student.

- **Earned income** of minors (family members under the age of 18) is not counted toward annual household income.
- **Benefits** or other unearned income of minors is counted.

Members	Employment Income	Other Income (including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-head	Yes	Yes
Other adult (including foster adult)	Yes	Yes
Dependents		
Child under 18	No	Yes
Full time student over 18	See note	Yes
Foster child under 18	No	Yes
Non-Members		
Live-in aide	No	No

Note: The earned income of a full-time student 18 years old or older who is a dependent is excluded to the extent that it exceeds \$480.

Here is an example of a completed Household Member Tab.

Household Member 2

Test Case 2

Annual Income: \$ 20,018.00

EMPLOYMENT WAGES

Job/Position (1):	Job/Position (2):	Job/Position (3):
Cleaner		
Total Income: \$ 2,500.00	Total Income: \$ -	Total Income: \$ -
Hourly/Annual: Annual	Hourly/Annual: (Select)	Hourly/Annual: (Select)
Annual Income: \$ 2,500.00	Annual Income: (Select)	Annual Income: (Select)
Hourly Wage: N/A	Hourly Wage: \$ -	Hourly Wage: \$ -
Hours per Week: N/A	Hours per Week: 0.00	Hours per Week: 0.00
Weeks per Year: N/A	Weeks per Year: 0	Weeks per Year: 0
Calculated Income: N/A	Calculated Income: (Select)	Calculated Income: (Select)
Bonuses Received, YTD: \$ -	Bonuses Received, YTD: \$ -	Bonuses Received, YTD: (Select)
Bonuses Expected (remainder of year): \$ -	Bonuses Expected (remainder of year): \$ -	Bonuses Expected (remainder of year): (Select)
Total Annual Bonuses: \$ -	Total Annual Bonuses: \$ -	Total Annual Bonuses: \$ -
Do you anticipate a raise before year's end? No	Do you anticipate a raise before year's end? (Select)	Do you anticipate a raise before year's end? (Select)
If "yes," enter expected additional earnings from raise: N/A	If "yes," enter expected additional earnings from raise: (Enter Expected Earnings)	If "yes," enter expected additional earnings from raise: (Enter Expected Earnings)

Total Employment Income: \$ 2,500.00

ASSETS

Asset Type:	Asset Description:	Current Cash Value:	Actual Income from Asset:
Cash	Cash Balance	\$ 118.00	\$ 118.00
(Select)			
(Select)			
(Select)			
(Select)			
(Select)			
(Select)			
(Select)			
(Select)			
(Select)			

Total Asset Income: \$ 118.00

Net Cash Asset Value: \$ 118.00

Total Actual Income: Asset \$ 118.00

Current Passbook Rate: 0.06%

OTHER INCOME

BENEFITS AND/OR PENSIONS				PUBLIC ASSISTANCE			OTHER INCOME				
Description:	Amount:	Frequency:	Annual Total:	Description:	Amount:	Frequency:	Annual Total:	Description:	Amount:	Frequency:	Annual Total:
SSI	\$ 930.00	Monthly	\$ 11,160.00			(Select)				(Select)	
Pension	\$ 520.00	Monthly	\$ 6,240.00			(Select)				(Select)	
		(Select)				(Select)				(Select)	
		(Select)				(Select)				(Select)	
		(Select)				(Select)				(Select)	

Total Other Income: \$ 17,400.00

Remember, you must enter each household member's financial information in the correct sections on the corresponding Household Member tab, even if the household member has no income through wages, assets, etc.

- **Earned income** must be entered in the Employment Wages section.
 - The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
- **Asset** derived income must be entered in the Assets section. Examples include:
 - Checking & savings account balances, Certificates of Deposit, stocks, value of home, etc.
- **Unearned income**, such as benefits, must be entered in the Other Income section. Examples include:
 - Pensions, Social Security Benefits, etc.

For additional clarification on what to include in each section, consult Appendix A for Income Inclusions and Exclusions, B for Assets. These supplementary materials come from the HUD Occupancy Handbook, specifically Chapter 5 which was used in the construction of the Income Calculator.

Adjusted Income Tab

Use this tab to enter adjustments and deductions for which the beneficiaries are eligible. Remember, the Elderly/Disabled deduction is only applicable if the household member is the head, spouse, or co-head of the household.

Household Income	
Adjustments and Deductions	
<i>Total Household Income</i>	\$ 44,961.00
<i>Total Adjustments</i>	\$ 400.00
<i>Adjusted Household Income</i>	\$ 44,561.00
DEPENDENT DEDUCTION	
	\$ -
Number of household members (excluding head or co-head) under 18, disabled, or non-degree seeking full-time students over 18:	<input type="text" value=""/>
CHILDCARE DEDUCTION	
	\$ -
Unreimbursable childcare expenses for children under 13 in the coming year:	\$ <input type="text" value="-"/>
Do these expenses allow another household member to work or pursue education?	<input type="text" value=""/>
Who?	<input type="text" value=""/>
Income of this household member:	\$ <input type="text" value="-"/>
DISABILITY DEDUCTION	
	\$ -
Unreimbursable disability expenses in the coming year:	\$ <input type="text" value="-"/>
Do these expenses allow another household member to work or pursue education?	<input type="text" value=""/>
Who?	<input type="text" value=""/>
Income of this household member:	\$ <input type="text" value="-"/>
ELDERLY/DISABLED DEDUCTION	
	\$ 400.00
Is the head, spouse, or co-head of the household older than 62 years or disabled?	<input type="text" value="Yes"/>
Unreimbursable medical expenses in the coming year (costs cannot be covered by insurance or other entities):	\$ <input type="text" value="-"/>
Are disability expenses reported?	<input type="text" value="No"/>

- For more clarification, consult Appendix C for Medical Expenses that are Deductible and Non-Deductible.

Eligibility + Signatures Tab

After entering the beneficiary's information in the previous sections, grantees should review the Calculator results on this tab to confirm eligibility.

If the adjusted Household Annual Income is significantly lower than the Program Income Limit, try changing the AMI % Limit that was previously entered on the Household Information tab to a lower limit such as the 50 % or the 30%. It is best to pair a beneficiary's Annual Income as closely as possible to an applicable AMI % Limit.

If a beneficiary is in fact eligible based on the income information that was entered, the grantee should obtain all the necessary signatures, and return the completed Income Calculator along with all accompanying documents to the Trust Fund Program at IHDA.

- Remember, the completed Income Calculator must be dated within six months of the date it is submitted to IHDA as part of a pre-approval package.
- Additionally, enter the beneficiary's Base Income in Mitas exactly as it appears in the red highlighted section found below.

Adjusted Income-Dependent Eligibility Assessment

FAMILY ELIGIBILITY

Eligible

Income Limits

Program Income Limit (2018) \$ 47,700.00

Household Income

Household Annual Income \$ 44,961.00

Adjusted Household Annual Income \$ 44,561.00

Income to Enter in Mitas Loan Reservation
Enter the following monthly household adjusted income once under the Mortgage screen; DO NOT enter any income under the Co-Mortgagor screen

Base Income \$ 3,713.42

Category	Amount
Adjusted Household Annual Income	\$44,561.00
Program Income Limit (2018)	\$47,700.00

SIGNATURES (mandatory for eligible households)

Based on the Review of Source Documentation, the Sponsor has completed an Income Eligibility Analysis and has determined that the household is eligible for the Authority's Trust Fund Program.

I further certify that the information contained in this certification is true and accurate to the best of my knowledge.

Signature of Reviewer: _____ Date: _____

Printed Name: _____

I/we certify that the information contained in this certification is true and accurate to the best of my/our knowledge.

Signature of Borrower: _____ Date: _____

Signature of Co-Borrower: _____ Date: _____

****Attach source documents used for the review; maintain a copy in the homeowner's file****

Appendices

The following appendices come from the HUD Occupancy Handbook, specifically referencing Chapter 5 (Determining Income and Calculating Rent), and Chapter 3 (Eligibility for Assistance and Occupancy). These materials provide a brief, but detailed, overview of what considerations to make when calculating Household Annual Income and selecting applicable deductions.

Appendix A

Exhibit 5-1: Income Inclusions and Exclusions

Appendix B

Exhibit 5-2: Assets

Appendix C

Exhibit 5-3: Examples of Medical Expenses That Are Deductible and Nondeductible

Appendix D

Chapter 3 Extract (Pages 48-51): Definitions of Elderly & Disabled Persons

Exhibit 5-1: Income Inclusions and Exclusions

24 CFR 5.609(b) and (c)

Examples included in parentheses have been added to the regulatory language for clarification.

INCOME INCLUSIONS

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
- (4) The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a **periodic amount (e.g., Black Lung Sick benefits, Veterans Disability, Dependent Indemnity Compensation, payments to the widow of a serviceman killed in action). See paragraph (13) under Income Exclusions for an exception to this paragraph;**
- (5) Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay, except as provided in paragraph (3) under Income Exclusions;
- (6) Welfare Assistance.
 - (a) Welfare assistance received by the family.
 - (b) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as

income shall consist of:

- (c) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
- (d) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling; and
- (8) All regular pay, special pay, and allowances of a member of the Armed Forces, except as provided in paragraph (7) under Income Exclusions.
- (9) For Section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph "financial assistance" does not include loan proceeds for the purpose of determining income.
(Note: This paragraph also does not apply to a student who is living with his/her parents who are applying for or receiving Section 8 assistance.)

INCOME EXCLUSIONS:

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are unable to live alone);
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses, except as provided in paragraph (5) under Income Inclusions;
- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in aide, as defined in 24 CFR 5.403;
- (6) The full amount of student financial assistance paid directly to the student or to the educational institution (see Income Inclusions (9), above, for students receiving Section 8 assistance);
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm);
- (8) (a) Amounts received under training programs funded by HUD (e.g., training received under Section 3);

- (b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of supplemental security income eligibility and benefits because they are set-aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - (c) Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
 - (d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the project. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident-initiative coordination. No resident may receive more than one such stipend during the same period of time; or
 - (e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as a resident management staff person. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
- (9) Temporary, nonrecurring, or sporadic income (including gifts);
 - (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. (Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era);
 - (11) Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
 - (12) Adoption assistance payments in excess of \$480 per adopted child;
 - (13) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts;
 - (14) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
 - (15) Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
 - (16) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the *Federal Register* and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

The following is a list of income sources that qualify for that exclusion:

- (a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 [b]);
- (b) Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058) (employment through AmeriCorps, Volunteers in Service to America [VISTA], Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- (c) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626[c]);
- (d) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
- (e) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624[f]);
- (f) Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552[b]); (effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998 [29 U.S.C. 2931], e.g., employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs, career intern programs, Americorps);
- (g) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04);
- (h) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408);
- (i) Amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);
- (j) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056[f]), e.g., Green Thumb, Senior Aides, Older American Community Service Employment Program;
- (k) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent*-product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- (l) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- (m) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
- (n) Earned income tax credit (EITC) refund payments received on or after January 1, 1991, including advanced earned income credit payments (26 U.S.C. 32[j]);
- (o) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);
- (p) Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637[d]);

- (q) Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran (38 U.S.C. 1805);
- (r) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602); and
- (s) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931).

Exhibit 5-2: Assets

NOTE: There is no asset limitation for participation in HUD assisted-housing programs. However, the definition of annual income includes net income from family assets.

A. Net Family Assets include the following:

1. Cash held in savings and checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are considered assets.
2. Revocable trusts. Include the cash value of any revocable trust available to the family. See discussion of trusts in paragraph 5-7 G.1.
3. Equity in rental property or other capital investments. Include the current fair market value less (a) any unpaid balance on any loans secured by the property and (b) reasonable costs that would be incurred in selling the asset (e.g., penalties, broker fees, etc.).

NOTE: If the person's main business is real estate, then count any income as business income under paragraph 5-6 G of the chapter. Do not count it both as an asset and business income.

4. Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts. Interest or dividends earned are counted as income from assets even when the earnings are reinvested. The value of stocks and other assets vary from one day to another. The value of the asset may go up or down the day before or after rent is calculated and multiple times during the year thereafter. The owner may assess the value of these assets at any time after the authorization for the release of information has been received. The tenant may request an interim recertification at any time thereafter that a decrease in stock value may result in a decrease in rent.
5. Individual retirement, 401K, and Keogh accounts. These are included when the holder has access to the funds, even though a penalty may be assessed. If the individual is making occasional withdrawals from the account, determine the amount of the asset by using the average balance for the previous six months. (Do not count withdrawals as income.)

Example – Withdrawals from a Keogh Account

Ly Pham has a Keogh account valued at \$30,000. When she turns 70 years old, she begins drawing \$2,000 a year. Continue to count the account as an asset. Use the guidance in paragraph 5-7 to determine the cash value and imputed income from the asset. Do not count the \$2,000 she withdraws as income.

6. Retirement and pension funds.

- a. While the person is employed. Include only amounts the family can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs. Follow paragraph 5-7 G.4 of the chapter on determining the value of assets.
- b. At retirement, termination of employment, or withdrawal. Periodic receipts from pension and retirement funds are counted as income. Lump-sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income, as provided below.
- (1) If benefits will be received in a lump sum, include the lump-sum receipt in net family assets.
 - (2) If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.
 - (3) If the individual initially receives a lump-sum benefit followed by periodic payments, count the lump-sum benefit as an asset as provided in the example below and treat the periodic payment as income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset.

NOTE: This paragraph and the example below assume that the lump-sum receipt is a one-time receipt and that it does not represent delayed periodic payments. However, in situations in which a lump-sum payment does represent delayed periodic payments, then the amount would be considered as income and not an asset.

Example – Retirement Benefits as Lump-Sum and Periodic Payments

Upon retirement, Eleanor Reilly received a lump-sum payment of \$15,000. She will also receive periodic pension payments of \$350 a month.

The lump-sum amount of \$15,000 is generally treated as an asset. In this instance, however, Eleanor spent \$5,000 of the lump sum on a trip following her retirement. The remaining \$10,000 she placed in her mutual fund with other savings. The entire mutual fund will be counted as an asset.

The owner has verified that Eleanor is now not able to withdraw the balance from her pension. Therefore, the owner will count the \$350 monthly pension payment as annual income and will not list the pension account as an asset.

7. Cash value of life insurance policies available to the individual before death (e.g., the surrender value of a whole life policy or a universal life policy). It would not include a value for term insurance, which has no cash value to the individual before death.
8. Personal property held as an investment. Include gems, jewelry, coin collections, or antique cars held as an investment. Personal jewelry is NOT considered an asset.
9. Lump-sum receipts or one-time receipts. (See paragraph 5-6 **P** for additional information on what is counted as a lump-sum receipt and how to treat lump-sum receipts.) These include inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.
10. A mortgage or deed of trust held by an applicant.
 - a. Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset.
 - b. This combined figure needs to be separated into the principal and interest portions of the payment. (This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.)
 - c. To count the actual income for this asset, use the interest portion due, based on the amortization schedule, for the 12-month period following the certification.
 - d. To count the imputed income for this asset, determine the asset value ****as of the effective date of the certification****. Since this amount will continually be reduced by the principal portion paid during the previous year, the owner will have to determine this amount at each annual recertification. See the following example:

Example – Deed of Trust and Imputed Income

Computation of imputed income:

An elderly tenant sells her home and holds the mortgage for the buyer. The cash value of the mortgage is \$60,000. The combined payment of principal and interest expected to be received for the upcoming year is \$5,000. The amortization schedule breaks that payment into \$2,000 in principal and \$3,000 in interest. In completing the asset income calculation, the cash value of the asset is \$60,000, and the projected annual income from that asset is \$3,000. ****The imputed income would be calculated by multiplying the cash value of \$60,000 by the 2% imputed passbook rate.**** Each subsequent year, the cash value of the asset should be reduced by the principal portion paid. In this example, it would be reduced to \$58,000 in the following year (\$60,000 – \$2,000 principal payment = \$58,000). ****When calculating the imputed income for the following year, the owner would multiply the cash value of \$58,000 by the 2% passbook savings rate.****

Regulatory References

(These references are current as of the date of publication. Readers should refer to the latest edition of the Code of Federal Regulations.)

24 CFR part 5.603 defines net family assets as follows:

Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and the equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded. . . . In determining net family assets, owners shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or recertification, as applicable, in excess of the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

B. Net family assets **DO NOT** include the following:

IMPORTANT: The owner does not compute income from any assets in this paragraph.

1. Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).
2. Interests in Indian trust land.
3. Term life insurance policies (i.e., where there is no cash value).
4. Equity in the cooperative unit in which the family lives.
5. Assets that are part of an active business. "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's or tenant's main occupation.

Example – Assets that are Part of an Active Business

- Laura and Lester Hines own a copier and courier service. None of the equipment that they use in their business is counted as an asset (e.g., the copiers, the FAX machines, the bicycles).
- Alice Washington rents out the home that she and her husband lived in for 42 years. This home is not an active business asset. Therefore, it is considered an asset and the owner must determine the annual income that Alice receives from it.

6. Assets that are NOT effectively owned by the applicant. Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not a member of the family, and (b) that other person is responsible for income taxes incurred on income generated by the assets.

NOTE: Nonrevocable trusts (i.e., irrevocable trusts) are not covered by this paragraph. See information on nonrevocable trusts in paragraph 5-7 G.1.

**Example – Assets not Effectively
Owned by the Applicant**

Net family assets do not include assets held pursuant to a power of attorney because one party is not competent to manage the assets, or assets held in a joint account solely to facilitate access to assets in the event of an emergency.

Example: Alexander Cumbow and his daughter, Emily Bornscheuer, have a bank account with both names on the account. Emily's name is on that account for the convenience of her father in case an emergency arises that would result in Emily handling payments for her father. Emily has not contributed to this asset, does not receive interest income from it, nor does she pay taxes on the interest earned. Therefore, Emily does not own this account. If Emily applies for assisted housing, the owner should not count this account as her asset. This asset belongs to Alexander and would be counted entirely as the father's asset should he apply for assisted housing.

7. Assets that are not accessible to the applicant and provide no income to the applicant. Nonrevocable trusts are not covered under this paragraph. See information on nonrevocable trusts in paragraph 5-7 G.1.

Example

A battered spouse owns a house with her husband. Because of the domestic situation, she receives no income from the asset and cannot convert the asset to cash.

Exhibit 5-3: Examples of Medical Expenses That Are Deductible and Nondeductible

The following are examples of eligible items for medical expense deductions. Please note that this list is not exhaustive.

Type of Medical Expenses	May Include*
Services of recognized health care professionals	Services of physicians, nurses, dentists, opticians, mental health practitioners, osteopaths, chiropractors, Christian Science practitioners, and acupuncture practitioners
Services of health care facilities; laboratory fees, X-rays and diagnostic tests, blood, oxygen	Hospitals, health maintenance organizations (HMOs), laser eye surgery, out-patient medical facilities, and clinics
Alcoholism and drug addiction treatment	
Medical insurance premiums	Expenses paid to an HMO; Medicaid insurance payments that have not been reimbursed; long-term care premiums (not prorated)
Prescription and nonprescription medicines	Aspirin, antihistamine only if prescribed by a physician for a particular medical condition
Transportation to/from treatment and lodging	Actual cost (e.g., bus fare) or, if driving in a car, a mileage rate based on IRS rules. *If the individual is receiving reimbursement for the cost of transportation to/from treatment or the lodging from another source, the cost or mileage is not eligible for the medical expense deduction*.
Medical care of permanently institutionalized family member IF his/her income is included in Annual Income	
Dental treatment	Fees paid to the dentist; x-rays; fillings, braces, extractions, dentures
Eyeglasses, contact lenses	
Hearing aid and batteries, wheelchair, walker, artificial limbs, Braille books and magazines, oxygen and oxygen equipment	Purchase and upkeep (e.g., additional utility costs to tenant because of oxygen machine [in properties with tenant paid utilities only])
Attendant care or periodic medical care	Nursing services, assistance animal and its upkeep
Payments on accumulated medical bills	Scheduled payments

* Or any other medically necessary service, apparatus, or medication, as documented by third-party verification.

Some items that **may not** be included in medical expense deductions are listed below.

Medical Expenses	May Not Include
Cosmetic surgery	<p>Do not include in medical expenses amounts paid for unnecessary cosmetic surgery. This applies to any procedure that is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease. Procedures such as face-lifts, hair transplants, hair removal (electrolysis), and liposuction generally are not deductible. However, if medical complications, e.g., infections, etc., occur as a result of the procedure that requires medical treatment, the medical treatment expenses would be treated as a medical expense deduction.</p> <p>Amounts paid for cosmetic surgery may be deducted if necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease.</p>
Health club dues	Do not include in medical expenses the cost of membership in any club organized for business, pleasure, recreation, or other social purpose, such as health club dues, YMCA dues, or amounts paid for steam baths for general health or to relieve physical or mental discomfort not related to a particular medical condition.
Household help	Do not include in medical expenses the cost of household help, even if such help is recommended by a doctor. However, certain expenses paid to a person providing nursing-type services may be deductible as medical costs.
Medical savings account (MSA)	Do not deduct as a qualified medical expense amounts contributed to an Archer MSA.
Nutritional supplements, vitamins, herbal supplements, "natural medicines"	Do not include in medical expenses the cost of nutritional supplements, vitamins, herbal supplements, "natural medicines," etc., unless they are recommended in writing by a medical practitioner licensed in the locality where practicing. These items must be recommended as treatment for a specific medical condition diagnosed by a physician or other health care provider licensed to make a diagnosis in the locality where practicing. Otherwise, these items are taken to maintain ordinary good health, and are not for medical care.

Medical Expenses	May Not Include
Personal use items	Do not include in medical expenses an item ordinarily used for personal, living, or family purposes unless it is used primarily to prevent or alleviate a physical or mental defect or illness. For example, the cost of a wig purchased upon the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease or incontinence supplies can be included with medical expenses
Nonprescription medicines	Do not include in medical expenses nonprescription medicines unless they are recommended in writing by a medical practitioner licensed in the locality where practicing. These items must be recommended as treatment for a specific medical condition diagnosed by a physician or other health care provider licensed to make a diagnosis in the locality where practicing.

Figure 3-6: Applicable Definitions of Elderly and Disability - Determining Project Eligibility

(taken from federal regulations as cited at each definition)

Elderly Definitions	
Definition A – Elderly Family. [24 CFR 5.403]	
Elderly Family. Elderly family means a family whose head or spouse or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together, or one or more persons who are at least 62 years of age living with one or more live-in aides.	
Definition B – Elderly Family. [24 CFR 891.505] Elderly families are:	
(1) Families of two or more persons, the head of which (or his or her spouse) is 62 years of age or older;	
(2) The surviving member or members of a family described in paragraph (1) living in a unit assisted under subpart E of this part (Section 202 loans) with the now deceased member of the family at the time of his or her death;	
(3) A single person who is 62 years of age or older; or	
(4) Two or more elderly persons living together or one or more such persons living with another person who is determined by HUD, based upon a licensed physician's certificate provided by the family, to be essential to their care or well-being.	
Definition C – Elderly Person. [24 CFR 891.205] An elderly person is a household composed of one or more persons at least one of whom is 62 years of age or more at the time of initial occupancy.	
Disability Definitions	
Definition D – Disabled Family. [24 CFR 5.403] A disabled family is a family whose head, spouse, or sole member is a person with disabilities. It may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides.	
(Continued)	

Figure 3-6: Applicable Definitions of Elderly and Disability - Determining Project Eligibility

(taken from federal regulations as cited at each definition)

Definition E – Person with Disabilities [24 CFR 5.403]. A person with disabilities for purposes of program eligibility:

- (1) Means a person who:
 - (i) Has a disability, as defined in 42 U.S.C. 423;
 - (A) Inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months; or
 - (B) In the case of an individual who has attained the age of 55 and is blind, inability by reason of such blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which he/she has previously engaged with some regularity and over a substantial period of time. For the purposes of this definition, the term blindness, as defined in section 416(i)(1) of this title, means central vision acuity of 20/200 or less in the better eye with use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for the purposes of this paragraph as having a central visual acuity of 20/200 or less.
 - (ii) Is determined, pursuant to HUD regulations, to have a physical, mental, or emotional impairment that:
 - (A) Is expected to be of long-continued and indefinite duration,
 - (B) Substantially impedes his or her ability to live independently, and
 - (C) Is of such a nature that the ability to live independently could be improved by more suitable housing conditions; or
 - (iii) Has a developmental disability, as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(8)), i.e., a person with a severe chronic disability that
 - (A) Is attributable to a mental or physical impairment or combination of mental and physical impairments;
 - (B) Is manifested before the person attains age 22;
 - (C) Is likely to continue indefinitely;
 - (D) Results in substantial functional limitation in three or more of the following areas of major life activity:
 - a. Self-care,
 - b. Receptive and expressive language,
 - c. Learning,
 - d. Mobility,
 - e. Self-direction,
 - f. Capacity for independent living, and
 - g. Economic self-sufficiency; and
 - (E) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.

(Continued)

Figure 3-6: Applicable Definitions of Elderly and Disability - Determining Project Eligibility

(taken from federal regulations as cited at each definition)

Definition E – Person with Disabilities (continued)

- (2) Does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome;
- (3) For purposes of qualifying for low-income housing, does not include a person whose disability is based solely on any drug or alcohol dependence; and
- (4) Means person with disabilities (individual with handicaps), as defined in 24 CFR 8.3, for purposes of reasonable accommodation and program accessibility for persons with disabilities.

Definition F – Disabled Household. [24 CFR 891.305] Disabled household means a household composed of:

- (1) One or more persons at least one of whom is an adult (18 years or older) who has a disability;
- (2) Two or more persons with disabilities living together, or one or more such persons living with another person who is determined by HUD, based upon a certification from an appropriate professional (e.g., a rehabilitation counselor, social worker, or licensed physician) to be important to their care or well-being; or
- (3) The surviving member or members of any household described in paragraph (1) of this definition who were living in a unit assisted under this part (Section 811 Capital Advance) with the deceased member of the household at the time of his or her death.

Definition G – Disabled (Handicapped) Family. [24 CFR 891.505] Disabled (handicapped) family means:

- (1) Families of two or more persons the head of which (or his or her spouse) is a person with disabilities (handicapped);
- (2) The surviving member or members of any family described in paragraph (1) of this definition living in a unit assisted under subpart E of this part (Section 202 loans) with the deceased member of the family at the time of his or her death;
- (3) A single person with disabilities (handicapped person) over the age of 18; or
- (4) Two or more persons with disabilities (handicapped persons) living together, or one or more such persons living with another person who is determined by HUD, based upon a licensed physician's certificate provided by the family, to be essential to their care or well-being.

(Continued)

Figure 3-6: Applicable Definitions of Elderly and Disability - Determining Project Eligibility

(taken from federal regulations as cited at each definition)

Definition H – Person with a Disability (Handicapped Person). [24 CFR 891.505 and 891.305] A person with disabilities means:

- (1) Any adult having a physical, mental, or emotional impairment that is expected to be of long-continued and indefinite duration, substantially impedes his or her ability to live independently, and is of a nature that such ability could be improved by more suitable housing conditions.
- (2) A person with a developmental disability, as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(8)), i.e., a person with a severe chronic disability that:
 - (i) Is attributable to a mental or physical impairment or combination of mental and physical impairments;
 - (ii) Is manifested before the person attains age 22;
 - (iii) Is likely to continue indefinitely;
 - (iv) Results in substantial functional limitation in three or more of the following areas of major life activity:
 - (A) Self-care,
 - (B) Receptive and expressive language,
 - (C) Learning,
 - (D) Mobility,
 - (E) Self-direction,
 - (F) Capacity for independent living, and
 - (G) Economic self-sufficiency; and
 - (v) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.
- (3) A person with a chronic mental illness, i.e., a person who has a severe and persistent mental or emotional impairment that seriously limits his or her ability to live independently, and whose impairment could be improved by more suitable housing conditions.
- (4) Persons infected with the human acquired immunodeficiency virus (HIV) who are disabled as a result of infection with the HIV are eligible for occupancy in the Section 202 projects designed for the physically disabled, developmentally disabled, or chronically mentally ill depending upon the nature of the person's disability. (24 CFR 891.505)

Note: A person whose sole impairment is alcoholism or drug addiction (i.e., who does not have a developmental disability, chronic mental illness, or physical disability that is the disabling condition required for eligibility in a particular project) will not be considered to be disabled for the purposes of the Section 202 program.

- (5) A person infected with the human acquired immunodeficiency virus (HIV) and a person who suffers with alcoholism or drug addition, provided they meet the definition of "person with disabilities" in Section 811 (42 U.S.C) 8013(k)(2). A person whose sole impairment is a diagnosis of HIV positive or alcoholism or drug addiction (i.e., does not meet the qualifying criteria in Section 811 will not be eligible for occupancy in a section 811 project. (24 CFR 891.305)

Definition I – Nonelderly Disabled (Handicapped) Family. [24 CFR 891.505] A nonelderly disabled (handicapped) family means a disabled family in which the head of the family (and spouse, if any) is less than 62 years of age at the time of the family's initial occupancy of a project.