



Module 3

Income

Annual Income

- ❖ **Defined as:**

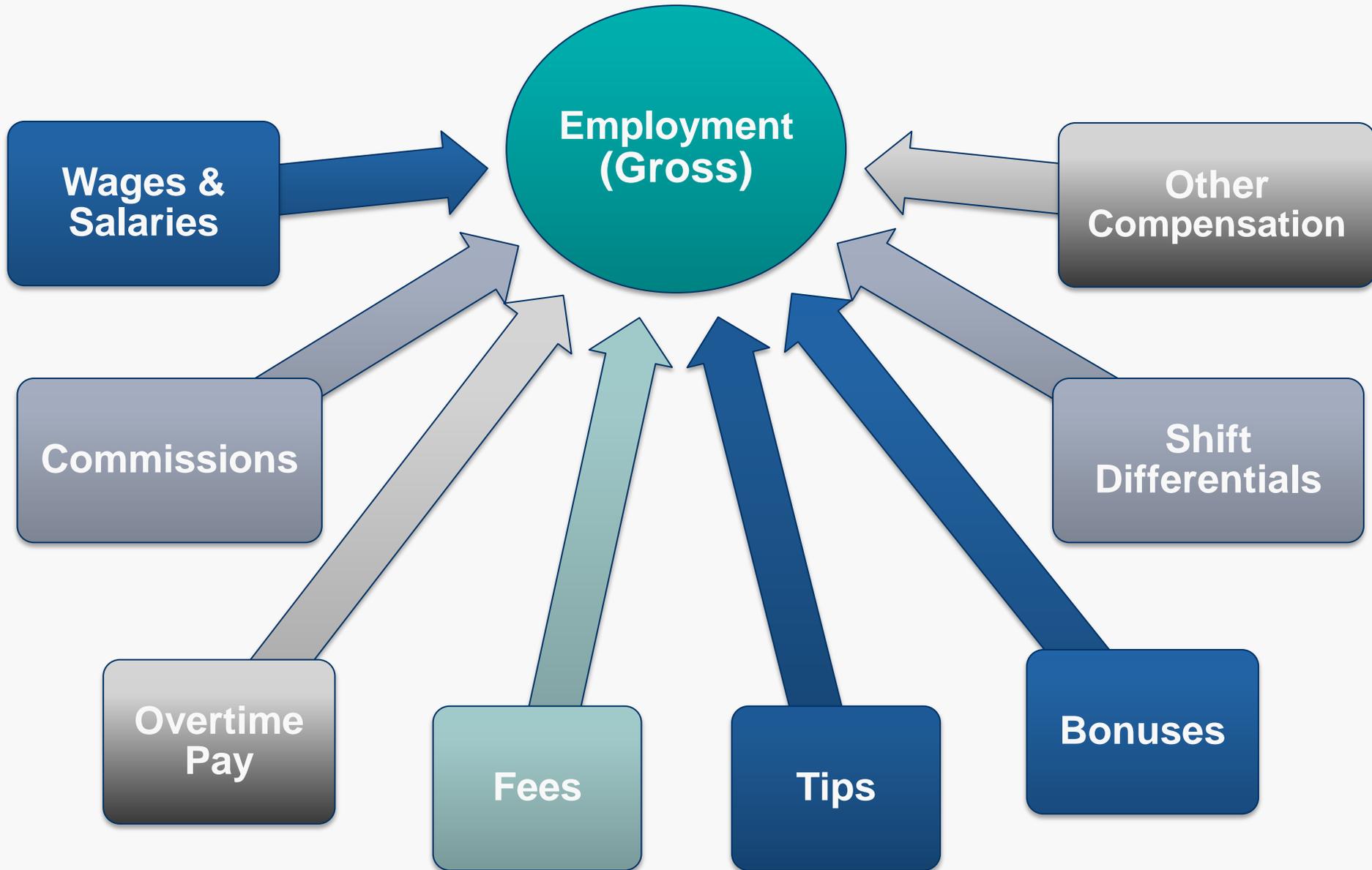
- ❖ **All amounts, monetary or not, that go to or are received on behalf of the Head, Spouse, or Co-Head (even if the member is temporarily absent), or any other member;**

OR

- ❖ **All amounts anticipated to be received from a source outside the applicant group during the 12-month period following admission or certification**



Earned Income



Earned Income

TRUE OR FALSE

- ❖ The annual wage calculation from the following 3 check stubs is \$24,903.

Check #1

Employee: xxx-xx-0398

Period 10/01/2014 TO 10/31/2014

Healthy Pets Inc
 Statement of Earnings

EARNINGS	HRS	CURRENT	YR-TO-DT	DEDUCT	CURRENT	YR-TO-DT
REGULAR PAY	184:00	2175.25	19577.25	FED W/H TAX	130.33	1172.97
-FSA HLTH		100.00	900.00	OASDI TAX	62.51	562.59
SOC SEC GROSS		2075.25	18677.25	MEDICARE TAX	12.11	108.99
MEDICARE GROSS		2075.25	18677.25	FSA HLTH	100.00	900.00
FED W/H GROSS		1944.73	17502.57	CHLD SUPPORT	155.00	1395.00
				TOT DEDUCTS	459.95	4139.55
PYMT DATE	11/01/2014		TOTAL NET PAY	1715.30		15437.70

Earned Income

TRUE OR FALSE

Check #2

Employee: xxx-xx-0398

Period 11/01/2014 TO 11/30/2014

Healthy Pets Inc
 Statement of Earnings

EARNINGS	HRS	CURRENT	YR-TO-DT	DEDUCT	CURRENT	YR-TO-DT
REGULAR PAY	160:00	2175.25	21752.50	FED W/H TAX	130.33	1303.30
-FSA HLTH		100.00	1000.00	OASDI TAX	62.51	625.10
SOC SEC GROSS		2075.25	20752.50	MEDICARE TAX	12.11	121.10
MEDICARE GROSS		2075.25	20752.50	FSA HLTH	100.00	1000.00
FED W/H GROSS		1944.73	19447.30	CHLD SUPPORT	155.00	1550.00
				TOT DEDUCTS	459.95	4599.50
PYMT DATE	12/01/2014		TOTAL NET PAY		1715.30	17153.00

Earned Income

TRUE OR FALSE

Check #3

Employee: xxx-xx-0398

Period 12/01/2014 TO 12/31/2014

Healthy Pets Inc
 Statement of Earnings

EARNINGS	HRS	CURRENT	YR-TO-DT	DEDUCT	CURRENT	YR-TO-DT
REGULAR PAY	184:00	2175.25	2175.25	FED W/H TAX	130.33	130.33
-FSA HLTH		100.00	100.00	OASDI TAX	62.51	62.51
SOC SEC GROSS		2075.25	2075.25	MEDICARE TAX	12.11	12.11
MEDICARE GROSS		2075.25	2075.25	FSA HLTH	100.00	100.00
FED W/H GROSS		1944.73	1944.73	CHLD SUPPORT	155.00	155.00
				TOT DEDUCTS	459.95	459.95
PYMT DATE	01/01/2015		TOTAL NET PAY		1715.30	15437.70

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FED W/H GROSS		1944.73	1944.73	CHLD SUPPORT	155.00	155.00
				TOT DEDUCTS	459.95	459.95
PYMT DATE	01/01/2015		TOTAL NET PAY		1715.30	15437.70

FALSE
 $\$2175.25 \times 12 = \$26,103$
 Income is \$26,103

Based on check stubs Applicant receives a monthly salary

Earned Income

TRUE OR FALSE

- ❖ The annual wage calculation from this verification is **\$26,690.72. TRUE**

II. THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: <u>Vincent Salas</u>	Job Title: <u>Laborer</u>
Presently Employed: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	Date First Employed: <u>2/11/2013</u> Last Day of Employment: _____ or <input type="checkbox"/> Not Applicable
Current Wages/Salary: \$ <u>11.21</u> (circle one) <u>hourly</u> / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
Average # of regular hours per week: <u>40</u>	Year-to-date earnings: \$ <u>515.68</u> through <u>1</u> / <u>9</u> / <u>15</u>
Overtime Rate: \$ <u>16.82</u> per hour	Average # of overtime hours per week: <u>3</u>
Shift Differential Rate: \$ <u>n/a</u> per hour	Average # of shift differential hours per week: <u>n/a</u>
Commissions, bonuses, tips, other: \$ <u>750</u> (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / <u>yearly</u> / other: _____	
List any anticipated change in the employee's rate of pay within the next 12 months: <u>None</u> Effective date: _____	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): <u>n/a</u>	
Do Employees have access to an Employer Retirement Account prior to termination or retirement? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
Additional remark(s):	

~~23316.80~~ ~~16.82~~ ~~40~~ ~~28.90~~ ~~80~~ ~~25.02~~ ~~36~~ ~~\$0.00~~ ~~90.72~~

Seasonal or Sporadic Employment

- ❖ **Include amounts that can be verified**
 - ❖ **Use reasonable judgment as to the most reliable approach to estimating what the applicant will receive during the Certification period.**
 - ❖ **If unable to verify the restrictions of the seasonal or sporadic employment, assume it will continue throughout the certification period.**

Seasonal or Sporadic Employment

TRUE OR FALSE

- ❖ Paul operates a Zamboni during the hockey season. The season runs October through mid-April, roughly 26 weeks. The verification indicates that he works during home games (14 wks this year). Paul works an average of 15 hours a week making \$16.25 an hour (no overtime, shift differentials or bonuses). His income is calculated as \$3,412.50.

TRUE

$$16.25 \times 15 \times 14 = \$3,412.50$$



Self-Employment

❖ Include Net Income

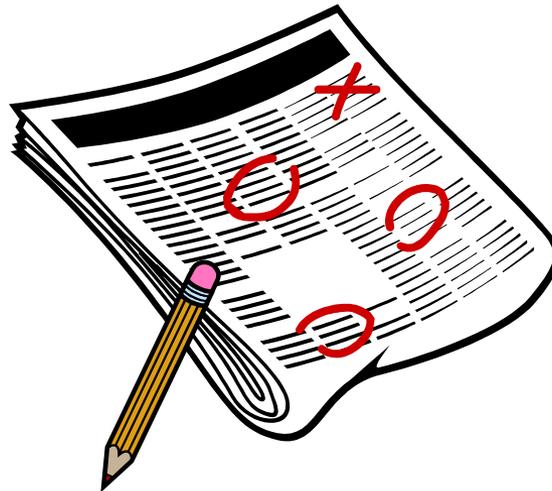
- ❖ **Net Income = Gross Income - business expenses, the interest on loans and depreciation computed on a straight line basis**
- ❖ **If Net Income is negative, Count as ZERO**

❖ In addition, count:

- ❖ **Salaries (or other amounts) distributed to:**
 - ❖ **The applicant; and/or**
 - ❖ **Any other member of the applicant group**
- ❖ **Cash or assets withdrawn by family members**
 - ❖ **Exception: Unless withdrawal is a reimbursement of cash or assets invested in the business**

Unemployment

- ❖ **Calculate assuming current circumstance will last a full twelve (12) months**
- ❖ **If the Agency is reducing the benefit to adjust for a prior overpayment count the amount that is actually provided after the adjustment**



Unemployment TRUE OR FALSE

- ❖ Based on the unemployment benefit statement \$7,416 should be included in annual income.

UNEMPLOYMENT COMPENSATION ACCOUNT INFORMATION

We will pay you a maximum of **\$ 309** (weekly benefit amount) for one full week of unemployment. Maximum payments totaling **\$ 7416** may be made to you during the Unemployment Compensation eligibility period. You will be notified in writing of any change in your eligibility period. We will only pay you for weeks of unemployment that occur in the Unemployment Compensation eligibility period. You will not receive payment for any amount remaining in your account at the end of the Unemployment Compensation eligibility period.

EMPLOYER NAME	ST	YOUR CLAIM IS BASED ON THESE WAGES				TOTALS
		Jan-Mar 2014	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	
SWIFT BOTTLING INC	TX	7174.36	5292.96	6095.17	7032.99	25595.48

FALSE

\$309 x 52 = \$16,068

Child Support or Alimony

- ❖ **Count amounts reported**
 - ❖ **Not court ordered (no marriage/other reason)**
 - ❖ **Verification can include a Certification stating amount received**
- ❖ **Court Ordered**
 - ❖ **Gather Divorce Decree or Court Order**
 - ❖ **Include amounts awarded; and**
 - ❖ **Cash Medical Payments**
 - ❖ **Any Arrearages**



Child Support

TRUE OR FALSE

- ❖ The amount of Child Support Income to be included in income is \$2,988.

Child Support

IT IS ORDERED that *TAYLOR BRAND* is obligated to pay and shall pay *MARGIE BRAND* child support of \$ 249.00 per month, with the first payment being due and payable on April 1, 2013 and a like payment being due and payable on the first day of each month thereafter until the first month following the date of the earliest occurrence of one of the events specified below:

TRUE

$$249 \times 12 = \$2,988$$

Child Support TRUE OR FALSE

- ❖ Child Support income in the amount of \$4,992 should be included. **FALSE**

ORDER INFORMATION: This document is based on the support or withholding order from TEXAS. You are required by law to deduct these amounts from the employee/obligor's income until further notice.

\$ <u>416.00</u>	Per <u>monthly</u>	current child support
\$ <u>35.00</u>	Per <u>monthly</u>	Past-due child support – Arrears greater than 12 weeks?
\$ <u>0.00</u>	Per <u>monthly</u>	current cash medical support
\$ <u>0.00</u>	Per <u>monthly</u>	Past-due cash medical support
\$ _____	Per _____	current spousal support
\$ _____	Per _____	past-due spousal support
\$ _____	Per _____	other (must specify) _____

For a total of \$ 451.00 Per monthly to be forwarded to the payee below.

AMOUNTS TO WITHHOLD: You do not have to vary your pay cycle to be in compliance with the Order Information. If your pay cycle does not match the ordered payment cycle, withhold one of the following amounts:

\$ <u>104.00</u>	per wkly pay period.	\$ <u>225.50</u>	per semimonthly pay period (twice a month).
\$ <u>208.15</u>	per biwkly pay period	\$ <u>451.00</u>	per monthly pay period
\$ _____	ONE-TIME LUMP SUM PAYMENT Do not stop any existing IWO unless you received a termination order.		

\$451 x 12 = \$5,412
Income is ~~\$5,412~~

Child Support of Alimony

- ❖ **Do not have to include if:**

- ❖ **Applicant certifies**

Payments are not being received AND he/she has taken all reasonable legal actions to collect amounts due, including filing with the appropriate courts or agencies responsible for enforcing payment

AND

- ❖ **Verification gathered of action taken. Can Include:**

- ❖ **Printouts from the court/agency responsible for enforcing payments**
- ❖ **Indicating the frequency and amount of payments being received; and**
- ❖ **The status of the case (showing in “enforcement” or comparable language)**

Periodic Social Security Payments

- ❖ **Count gross amount (prior to any deductions)**
- ❖ **Include payments received by:**
 - ❖ **Adults on behalf of members under the age of 18**
 - ❖ **Members under the age of 18**
- ❖ **If the Agency is reducing the benefit to adjust for a prior *overpayment*, count the amount that is actually provided after the adjustment**
 - ❖ **If the reduction is for any other reason (such as alimony or child support payments) the adjusted amount cannot be used. The gross benefit amount must be counted.**

Social Security Payments

TRUE OR FALSE

- ❖ The annual income for this Social Security verification is \$8,808 (734x12). **FALSE**

How Much Will I Get And When?

* Your monthly amount (before deductions) is	<u>826.00</u>
* The amount we are deducting for Medicare medical insurance is (If you did not have Medicare as of Nov. 19, 2014. or if someone else pays your premium, we show \$0.00)	<u>92.00</u>
* The amount we are deducting for your Medicare prescription drug plan is (if you did not elect withholding as of Nov. 1, 2014, we show \$0.00.)	<u>0.00</u>
* The amount we are deducting for voluntary federal tax withholding is (if you did not elect withholding as of Nov. 1, 2014, we show \$0.00.)	<u>0.00</u>
* After taking any other deductions, we will deposit into your bank account on January 20, 2015.	<u>734.00</u>

Always review verification for signs of other income or assets

\$826 x 12 = \$9,912

Social Security Payments

TRUE OR FALSE

- ❖ The annual income from the Social Security benefit statement is \$10,944 (912 x 12). **FALSE**

Information About Current Social Security Benefits

Beginning December 2014, the full monthly Social Security benefit before any deductions is **\$912.80**

We deduct \$0.00 for medical insurance premiums each month.

The regular monthly Social Security payment is\$912.00
(We must round down to the whole dollar.)

Social Security benefits for a given month are paid the following month. (For Example, Social Security benefits for March are paid in April.)

Your Social Security benefits are paid on or about the third of each month.

$$\text{\$912.80} \times 12 = \text{\$10,953.60}$$

Income is \$10,953.60

Regular Cash Contributions and Gifts

- ❖ **Count any amounts received from persons not comprising the applicant group**
 - ❖ **Examples include:**
 - ❖ **Rent or utility payments paid on behalf of the applicant**
 - ❖ **Cash contributions received on a regular basis**
 - ❖ **Financial assistance provided for the support of a child**
 - ❖ **Exceptions include:**
 - ❖ **Groceries and/or contributions paid directly to a child care provider by persons not comprising the applicant group**
 - ❖ **Temporary, nonrecurring, or sporadic income (including gifts)**

Regular Cash Contributions & Gifts

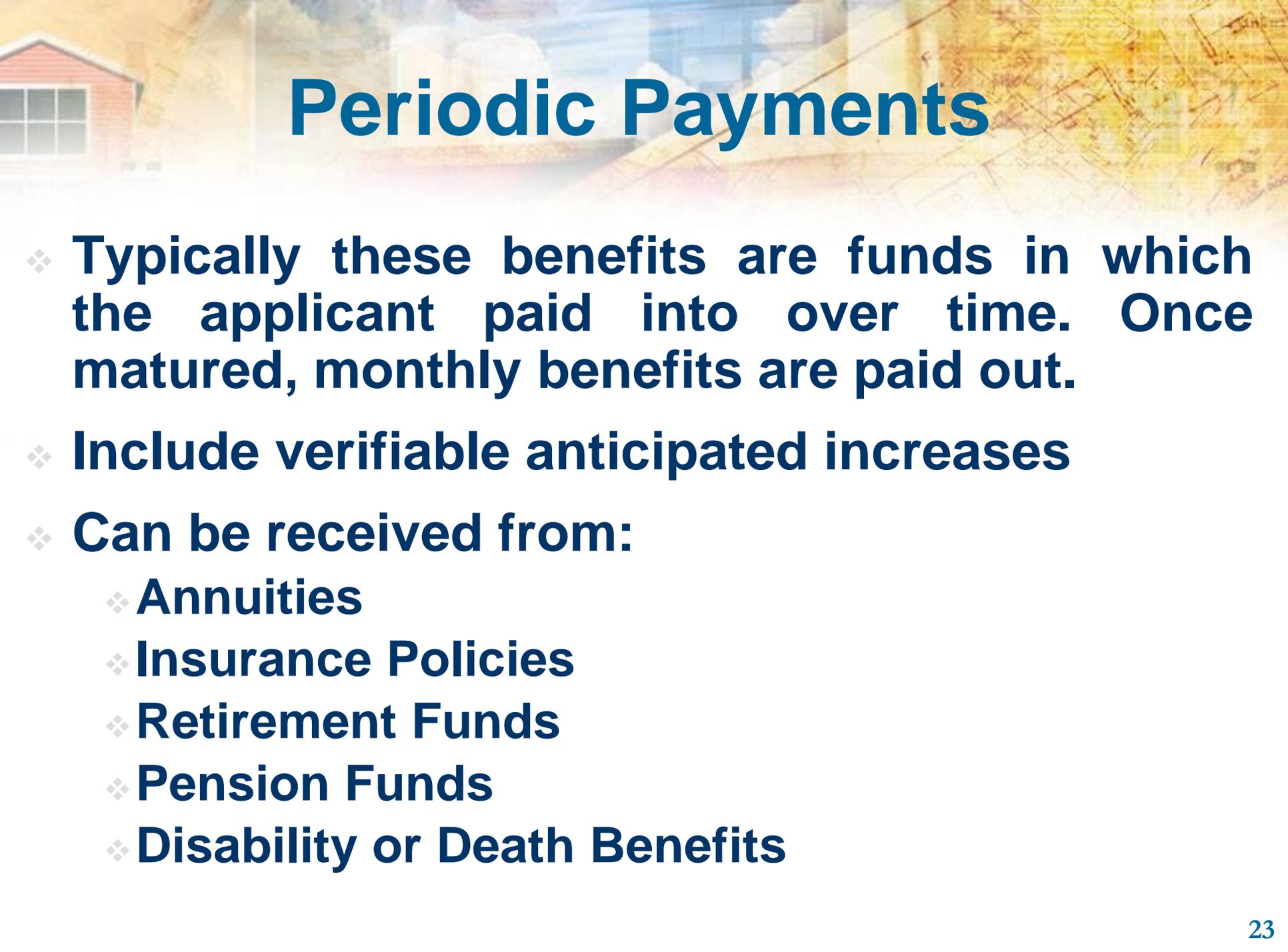
TRUE OR FALSE

- ❖ **The amount of Regular Cash Contribution Income to be included in income is \$3,000.**

I, May Perez, provide my daughter, June Perez, \$250 a month for help with utilities and rent. You can reach me at 555-6547 with any questions.

Sincerely,
May Perez

TRUE
250 x 12 = \$3,000



Periodic Payments

- ❖ Typically these benefits are funds in which the applicant paid into over time. Once matured, monthly benefits are paid out.
- ❖ Include verifiable anticipated increases
- ❖ Can be received from:
 - ❖ Annuities
 - ❖ Insurance Policies
 - ❖ Retirement Funds
 - ❖ Pension Funds
 - ❖ Disability or Death Benefits

Periodic Payments – Special Rule

- ❖ **Specific to “DEFERRED” Veterans *Disability* Benefits received through the Department of Veterans Affairs:**
 - ❖ **The August 7, 2013 update to HUD Handbook 4350.3 added Paragraph 5-6.Q.3 and *excluded* these payments received in a lump sum or in prospective monthly payments for SECTION 8 Recipients.**

NOTE:

This rule does not apply to HOME funded Developments

Periodic Payments

TRUE OR FALSE

- ❖ The amount of Retirement benefits to be included in income is \$7,224 (602 x 12). **FALSE**

<u>7/16/2011</u>	Retirement Date	
CURRENT GROSS AMOUNT OF MONTHLY PAYMENT	EFFECTIVE DATE OF COMMENCEMENT OF PYMT FROM – THROUGH	EFFECTIVE DATE OF CURRENT PAYMENT
<u>652.84</u>	<u>07/15/11 – FOR LIFE</u>	<u>07/15/11</u>
<u>652.84</u>		
<u>-NONE-</u>		
<u>50.84</u>		
<u>602.00</u>		
	Gross Total of All Monthly Payments	
	Total Federal Income Tax Withheld Monthly	
	Total Insurance Premium Withheld Monthly	
	New Amount of All Monthly Payments	

$$\$652.84 \times 12 = \$7,834.08$$

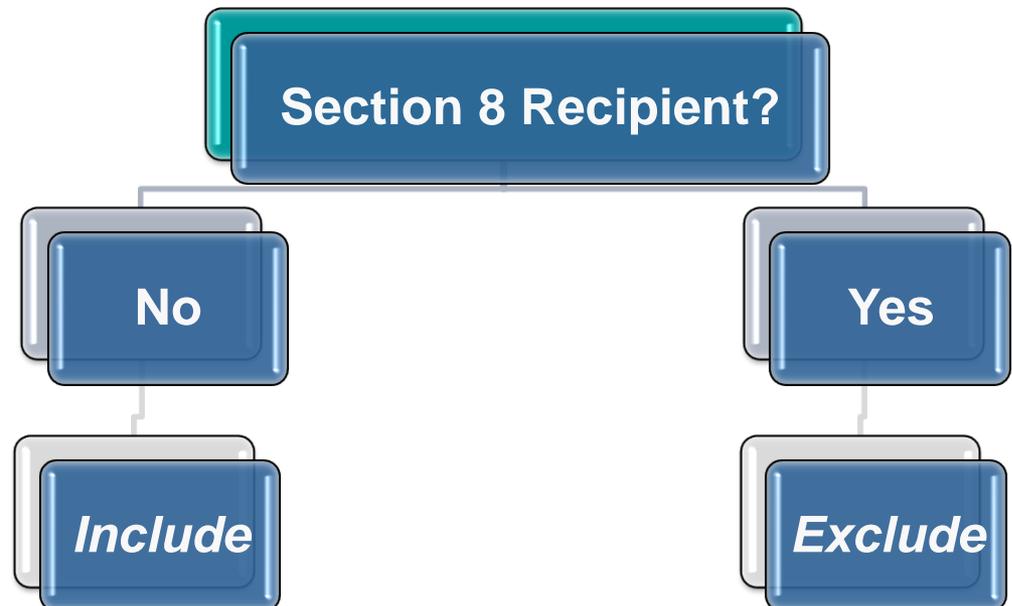
income is \$7,834.08

Periodic Payments

TRUE OR FALSE

- ❖ Barry provides a benefit award letter from the Department of Veterans Affairs indicating that he will receive deferred disability benefits in the amount of \$175 a month. Income in the amount of \$2,100 ($\175×12) should be included.

**As long as this is
Non-HOME funded it
depends on the
Section 8 Status**



Pension Funds – Special Rule

- ❖ Any portion of a fund paid directly to an applicant's former spouse pursuant to the terms of a divorce decree, annulment or legal separation are excluded from their income
 - ❖ Applies to pensions, social security, state, local or private pensions authorized by the Office of Personnel Management (OPM)
 - ❖ If the former spouse is applying, the court ordered amount would be included in their income



Resident Service Stipend

- ❖ **Generally, modest amounts of concessions or money received for performing a service**
 - ❖ **For an owner or management company**
- ❖ **Determination of amount to include is based on the amount received per month:**
 - ❖ ***Greater* than \$200 a month – *Include* the Entire Amount**
 - ❖ ***Less* than \$200 a month – *Exclude* the Entire Amount**

Resident Service Stipend

TRUE OR FALSE

- ❖ Mike distributes fliers to resident doors once a month. Management provides him a \$125 rental credit. Income of \$1,500 should be included in annual income.

FALSE

Income is \$0

Amount is less than \$200 a month



Military Income

- ❖ **Include**

- ❖ **Regular Pay**
- ❖ **Special Pay**
- ❖ **All Allowances**

- ❖ **Exclude:**

- ❖ **Hostile Fire Pay**

- ❖ **Only acceptable form of verification:**

- ❖ **Leave and Earnings Statement**



Military Income

TRUE OR FALSE

- ❖ Applicant is paid monthly and provides the following LES (Leave and Earning Statement). Income should be calculated as \$13,967.16 (1163.93 x 12). **FALSE**

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT									
ID	NAME (Last, First, MI)	SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	DSSN	PERIOD COVERED
	Green, Derrick, A	XXX-XX-4542	E3	020115	03	100210	AF	4542	1-31 DEC 14
ENTITLEMENTS			DEDUCTIONS			ALLOTMENTS		SUMMARY	
Type	Amount	Type	Amount	Type	Amount	+Amt Fwd		0.00	
A	BASE PAY	2,247.30	FEDERAL TAXES	88.46	DISCRETIONARY ALT	1,521.00	+Tot Ent		4266.73
B	BAS	294.43	FICA-SOC SECURITY	139.33	HUMANA DENTAL	11.58	-Tot Ded		1570.22
C	BAH	1,725.00	FICA-MEDICARE	32.59			-Tot Alt		1532.58
D			SGLI	27.00			-Net Amt		1163.93
E			AFRH	0.50			-Cr Fwd		0.00
F			FAMILY SGLI	5.50			-EOM Pay		1163.93
G			TSP	112.37					
H			MID-MONTH-PAY	1164.47					
I									
TOTAL		4266.73		1570.22		1532.58			

$$\$4,266.73 \times 12 = \$51,200.76$$

Financial Aid

❖ Includes:

- ❖ All financial assistance under the Higher Education Act of 1965
- ❖ Grants
- ❖ Scholarships
- ❖ Educational entitlements
- ❖ Work study
- ❖ Financial aid packages
- ❖ All financial assistance from an institution of higher education
- ❖ All financial assistance from private sources





Financial Aid

- ❖ **The situation of the student will determine if income from the educational grants and/or scholarships should be included:**
 - ❖ **The following 3 questions should be answered:**
 - 1. Section 8 Recipient?**
 - 2. Is student 23 years of age or older with dependent children?**
 - 3. Is student living with his or her parents who are applying for or receiving Section 8?**

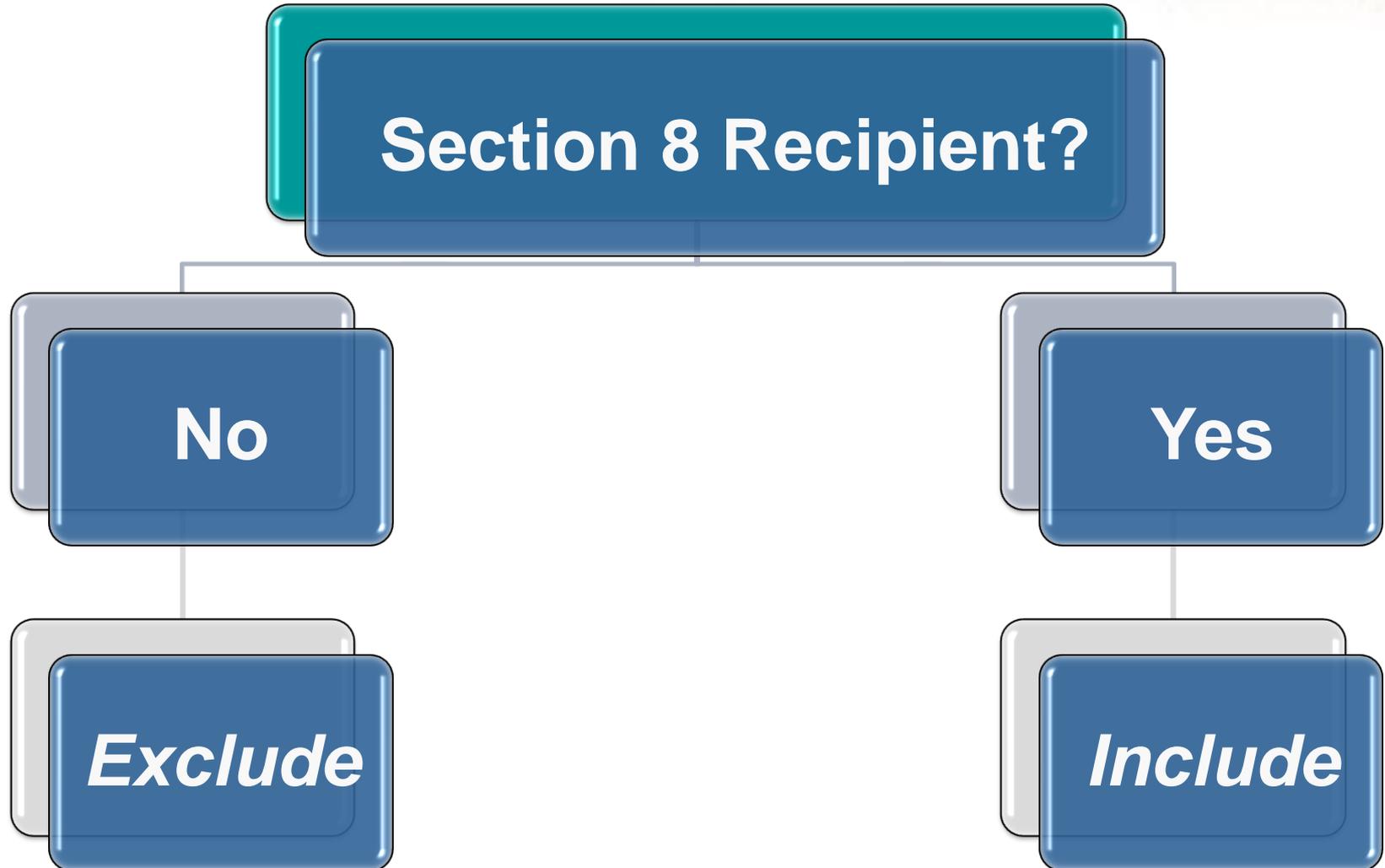


Financial Aid

- ❖ **When answering questions:**
 - ❖ **If “Include” is the end product:**
 - ❖ **Continue to the next question until all 3 questions are answered**
 - ❖ **If “Exclude” is the end product of any question**
 - ❖ **The process is done**
 - ❖ **Income Excluded**

Financial Aid

Question 1



Financial Aid

Question 2

Is student 23 years of age or older with dependent children?

No

Include

Yes

Exclude

Financial Aid

Question 3

Is student living with his or her parents who are applying for or receiving Section 8?

No

Include

Yes

Exclude

Financial Aid

❖ If Included

- ❖ Only count amount received in excess of tuition
- ❖ Obtain documentation to support the amount in excess of tuition

❖ If Excluded

- ❖ Applies to all student financial assistance



Financial Aid

TRUE OR FALSE

- ❖ **Steven (age 21) is a Section 8 recipient who receives a grant to help pay for college. His grant is in the amount of \$8,000 a year. Tuition is \$7,000, books \$450, enrollment fees \$600, and lab fees \$250. Income in the amount of \$1,000 (\$8,000 - \$7,000) should be included.**

TRUE

Ask the 3 questions:

- 1. Section 8 recipient? YES (Include)**
- 2. 23 yrs of age or older ? NO (Include)**
- 3. Living w/ his parents? NO (Include)**

Financial Aid

TRUE OR FALSE

- ❖ Alex (age 22) and Brittany (age 21) apply with their daughter Spring (age 2). Alex is a full-time student who receives a scholarship in the amount of \$12,000 a year. Tuition is \$8,640; fees \$1,040; books \$950. Income from the scholarship in the amount of \$3,360 ($\$12,000 - \$8,640$) should be included. **FALSE**
Income is \$0

Ask the 3 questions:

1. Section 8 recipient? NO (Exclude)

Process done....end product exclude

Anticipated Changes

- ❖ **Can include changes to:**
 - ❖ **Rate of Pay**
 - ❖ **Benefits received**
 - ❖ **Hours worked**
- ❖ **If applicant anticipates increase in income:**
 - ❖ **Take it into account when determining eligibility**
 - ❖ **If verification not possible gather a self-certification**

Tips

- ❖ Not always reflected on paystubs or verifications
 - ❖ Obtain statement of anticipated tips and include
- Tip income is typically earned in these industries**

						
Waiter	Hair Stylist	Bartender	Taxi Driver	Delivery Driver	Valet	Nail Tech

This list is not exhaustive!



Annual Income includes all amounts not specifically excluded by regulation

For a complete listing of ALL income inclusions and exclusions, refer to Exhibit 5-1 of HUD's 4350.3



Module 4

Assets

ESG clients CAN have assets

❖ **Common findings:**

- Not including checking or savings accounts
- Not calculating checking or savings accounts toward the asset or asset total correctly.



Assets

- ❖ **Assets are items of value that may be turned into cash**
 - ❖ **Not all items of value are considered an asset**
- ❖ **Determination of income from assets is based on**
 - ❖ **“CASH VALUE” The total cash value of the family’s assets**

AND

- ❖ **“ACTUAL INCOME” The amount of income those assets are earning or could earn**

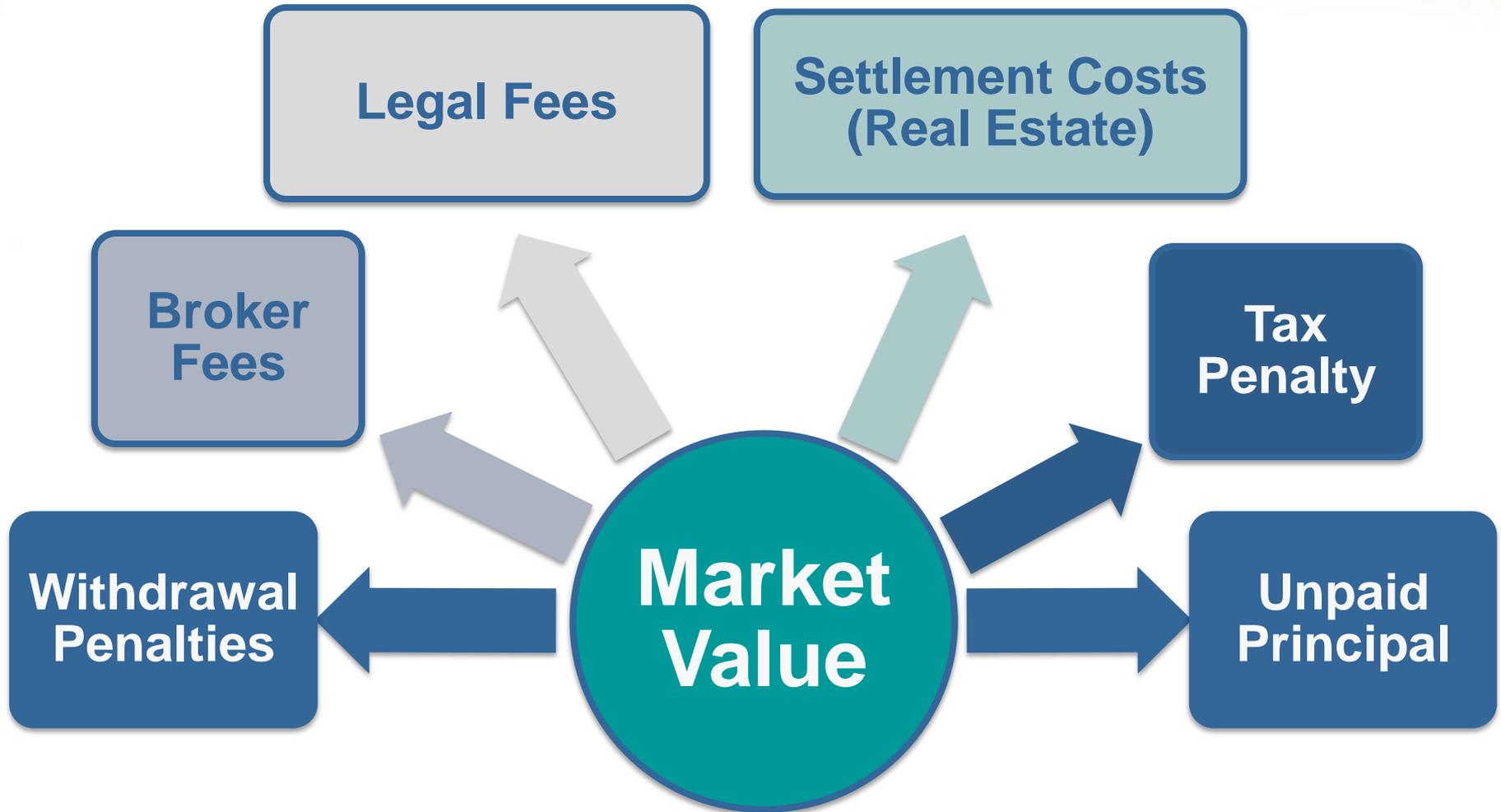
Determine the Cash Value of an Asset

- ❖ The “Cash Value” of an asset is the amount the holder would receive if the non-cash asset was turned in for cash



The Applicant is NOT required to convert the asset to cash

Reasonable Costs to Convert Include...



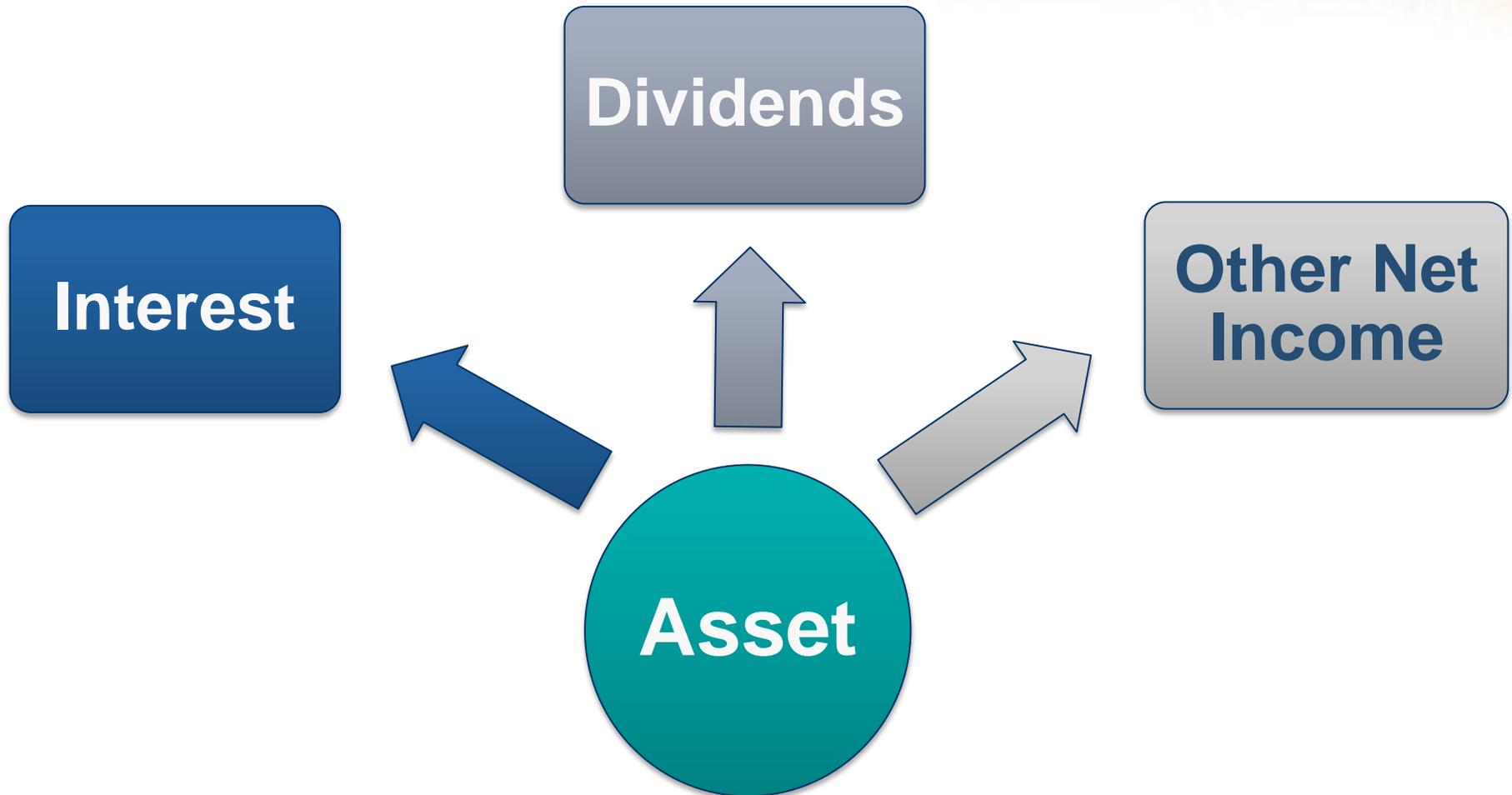
Calculating Asset Actual Income

- ❖ The “Actual Income” of an asset is typically determined by:



- ❖ When the total cash value of assets is LESS than \$5,000 the determination of income eligibility will include any asset “Actual” income

Actual Income Can Be Derived From



****Not All Assets Have Income****

Common Assets



Checking Account

- Cash Value = Six (6) months average balance
- Actual Income = Interest income (if any)



Savings Account

- Cash Value = Current Balance
- Actual Income = Interest income (if any)



Cash on Hand

- Cash Value = Amount of cash on hand
- Actual Income = Zero (not earning income)

These are the most common type of assets

Checking Account

TRUE OR FALSE

A. CHECKING ACCOUNT(s)

Account Holder	Account Number	Average 6 Month Balance	Interest Rate, if any
<i>Ian Peterson</i>	<i>XXXX764</i>	<i>\$892.54</i>	<i>n/a</i>

- ❖ Total cash value is \$892.54. **TRUE**
- ❖ Total actual income is \$0. **TRUE**

Checking Account

TRUE OR FALSE

A. CHECKING ACCOUNT(s)

Account Holder	Account Number	Average 6 Month Balance	Interest Rate, if any
<i>Al White</i>	<i>XXXX599</i>	<i>\$501.27</i>	<i>n/a</i>
<i>Sue White</i>	<i>XXXX201</i>	<i>\$1,364.94</i>	<i>.010%</i>

- ❖ Total cash value is \$1866.21. **TRUE**
 $501.27 + 1364.94 = \$1,866.21$
- ❖ Total actual income \$.19.

FALSE

$$\$1364.94 \times .01\% = \$0.14$$

Savings Account

TRUE OR FALSE

SAVINGS	Your balance at the beginning of the period		2411.98
Suffix -02	1-Jul Dividend through 30Jun2014	1.12=	2413.10
	ANNUAL PERCENTAGE YIELD EARNED: 0.20% FOR A 91 DAY PERIOD		
	Average Daily Balance:	2211.05	
	15-Jul Deposit	50.00=	2463.10
	15-Aug Deposit	50.00=	2513.10
	28-Aug Deposit	30.00=	2543.10
	20-Sep Deposit	20.00=	2563.10
	Your new balance on 30SEP14		2563.10
	Dividends Paid To You In 2014 on Suffix 02	\$	3.21
	Dividends to be paid on 01OCT14	\$	1.18

- ❖ Total cash value is \$2211.05. **FALSE**
Cash Value is \$2563.10
- ❖ Total actual income is \$3.21. **FALSE**
Actual Income is \$5.13 (2563.10 x .20%)

Assets for Screening



Stocks

- Cash Value = Full Value – any penalties or fees
- Actual Income = Dividend income



Bond

- Cash Value = Redemption Value (Current Mkt Price)
- Actual Income = Interest income



Mutual Funds

- Cash Value = Full Value – any penalties or fees
- Actual Income = Interest/Dividend, or Capital Gains



Certificate of Deposit (CD)

- Cash Value = Full Value – any penalties or fees
- Actual Income = Interest Income

These type of assets typically have a Withdrawal Penalty⁵⁶

Assets for Screening (cont 2)



Individual Retirement Accounts (IRA)

- Cash Value = Amt which can be withdrawn – any penalties
- Actual Income = Interest income (if any)



401K

- Cash Value = Amt which can be withdrawn – any penalties
- Actual Income = Interest income (if any)



Keogh Account

- Cash Value = Amt which can be withdrawn – any penalties
- Actual Income = Zero (not earning income)

If accessible, these assets typically have a Withdrawal Penalty

Assets for Screening (cont 3)

- ❖ If you find an asset that is less common, refer to Asset Learning Opportunity:
 - <http://www.tdhca.state.tx.us/community-affairs/esgp/video-library.htm>

Monthly ESG Learning Opportunities	Length
Minimum Habitability Standards – July 7, 2016 Minimum Habitability Standards (PDF)	01:02:31
Coordinated Access – June 1, 2016 Coordinated Access (PDF)	01:07:03
Fair Market Rent and Rent Reasonableness – May 4, 2016 Fair Market Rent and Rent Reasonableness (PDF)	00:49:32
ESG Written Standards – April 6, 2016 ESG Written Standards (PDF)	00:38:34
Calculating Assets – February 3, 2016 Calculating Assets (PDF)	00:51:59
Coordinated Access and Fair Housing – January 6, 2016	00:51:00

Types of Assets

- ❖ Pension/Retirement Funds
 - ❖ Balances counted as an asset if accessible
 - ❖ Include those amounts which can be withdrawn without retiring or terminating employment
 - ❖ Amounts received through periodic payments are counted in annual income
 - ❖ Amount remaining in the account is Not an asset
 - ❖ If amounts only accessible upon retiring
 - ❖ Not counted as an asset



Retirement Accounts

TRUE OR FALSE

- ❖ Trevor Cole is employed by the City and contributes to a retirement account. The value of the account is verified at \$54,812. The employer indicates that City employees do not have access to their retirement account until they reach retirement age or are no longer employed. Trevor is 49 years old and has no plans of leaving his job. The cash value of the retirement account would not be included as an asset.

TRUE

Types of Assets



Annuities

- **Cash Value = Full value - withdrawal penalty, taxes or tax penalties**
- **Actual Income = Interest income (if any)**

- ❖ **Generally, when annuity payments received, it can no longer be converted to a lump sum of cash, in these cases:**
 - ❖ **The periodic payments will be treated as income**
 - ❖ **The annuity is not treated as an asset**
- ❖ **Ask if holder has the right to withdraw the balance**
 - ❖ **If Yes = Asset (even if payments received)**
 - ❖ **If No = Not an Asset**

Assets for Screening

❖ Real Estate – 3 Possible Situations



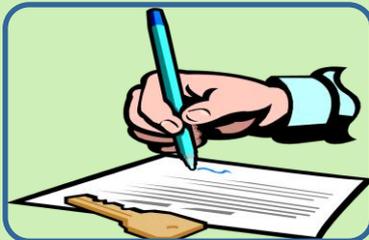
Currently owns

- Cash Value = Fair market value - unpaid principal and reasonable costs incurred to sell
- Actual Income = Zero (not earning income)



Currently owns but 3rd party living in it

- Cash Value = Fair market value - unpaid principal and reasonable costs incurred to sell
- Actual Income = Monthly rent amt - any interest, taxes, insurance & maintenance fees



“Deed of Trust” or “Contract Sale”

- Cash Value = Unpaid principal portion of mortgage (as of the certification effective date)
- Actual Income = Interest portion due during the 12 month period following certification



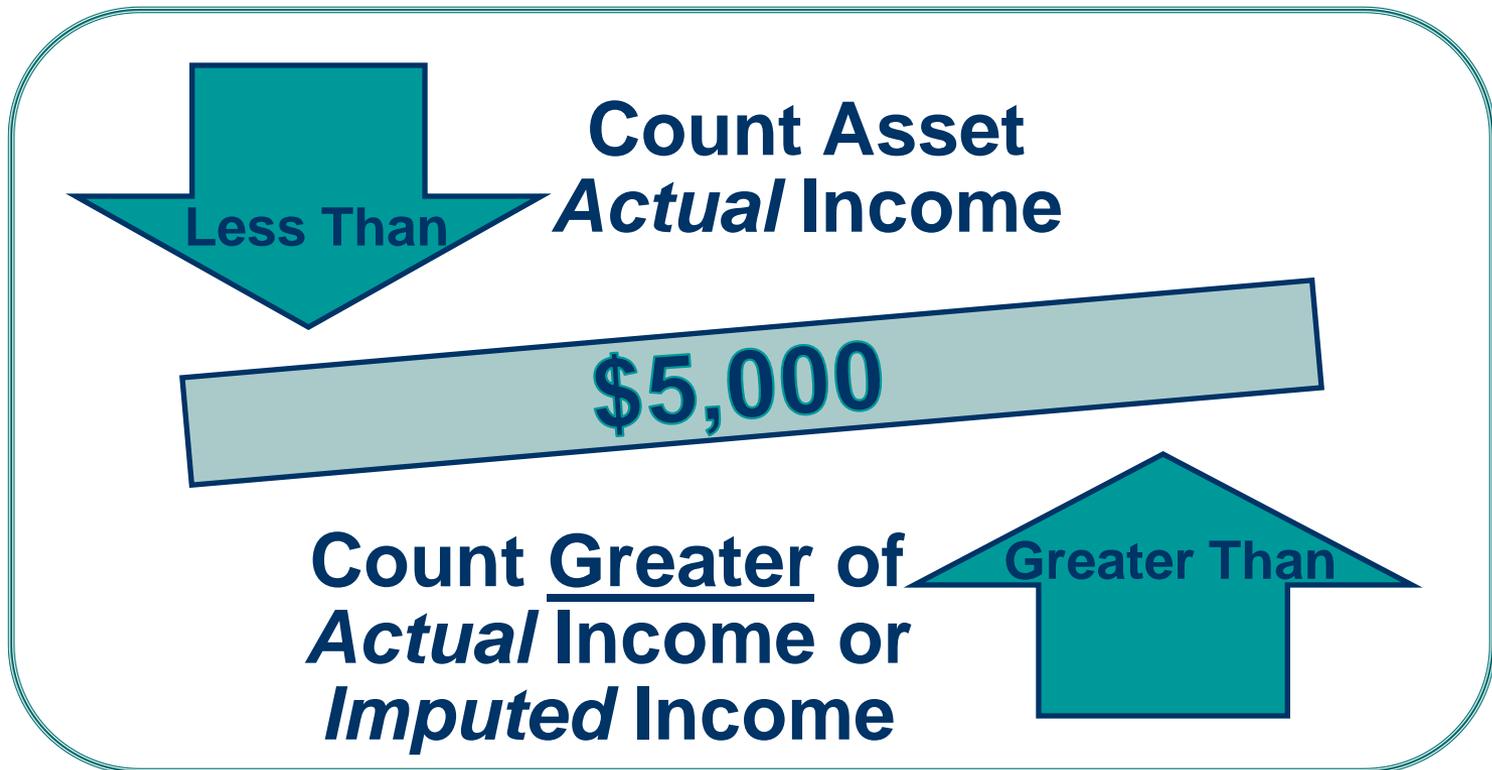
Real Estate

- ❖ **May need to gather the following verifications:**
 - ❖ **Mortgage statement**
 - ❖ **Tax statement**
 - ❖ **Obtain documentation on current broker fees and closing costs**
 - ❖ **Amortization Schedule**

Calculating Income From Assets

- ❖ How much income from assets to count depends on whether the Total Cash Value of all assets is...

More or Less than \$5,000



Imputed Income

- ❖ Imputed income is a percentage of the value of total assets based on the current passbook savings rate
- ❖ *Imputed* income is determined by calculating:



Have You
Heard?

Effective Feb 1, 2015
Passbook Savings Rate is

0.06%

Imputing Income

Certificate of Deposit Example

CERTIFICATE OF DEPOSIT				
Account Holder	Account Number	Present Balance	Annual Interest Rate	Withdrawal Penalty
<i>Gayle Jones</i>	<i>XXX234</i>	<i>\$18,750.00</i>	<i>4.5%</i>	<i>3 mos interest</i>

❖ 1st determine - Total cash value **\$18,539.07**

$$\$18,750 \times 4.5\% = \$843.75$$

$$\$843.75 / 12 = \$70.31$$

$$\$70.31 \times 3 = \$210.93$$

$$\$18,750 - \$210.93 = \$18,539.07$$

Imputing Income

Certificate of Deposit Example

CERTIFICATE OF DEPOSIT				
Account Holder	Account Number	Present Balance	Annual Interest Rate	Withdrawal Penalty
Gayle Jones	XXX234	\$18,750.00	4.5%	3 mos interest

- ❖ 2nd determine - Total actual income **\$843.75**
 $\$18,750 \times 4.5\% = \843.75
- ❖ 3rd determine - Total imputed income **\$11.12**
 $\$18,539.07 \times .06\% = \11.12
Include the **GREATER** of
Actual (\$843.75) or Imputed (\$11.12)



Assets

- ❖ **Things to consider:**
 - ❖ **Assets owned jointly**
 - ❖ **Prorate according to the percentage of ownership**
 - ❖ **If no percentage of ownership can be verified, prorate ownership of the asset evenly**
 - ❖ **All assets must verified, regardless of value**
 - ❖ **Some program rules allow the use of the “Under \$5,000 Asset Certification” form as the Verification.**



**For a complete listing of ALL
asset inclusions and
exclusions, please refer to
Exhibit 5-2 of HUD's 4350.3**



Break