RBD Asset Inclusions & Exclusions – Summary Provided by RBD
Treatment of Assets for Certifications Effective 1/1/2024 or Later

Please note that this list may change at any time as HUD releases additional guidance related to HOTMA.

The Housing Opportunity Through Modernization Act (HOTMA) is implemented for all certifications effective 1/1/2024 or later. For HOTMA, HUD has modified asset inclusions and exclusions, methods to determine income from assets and, for the Section 8 program, asset disqualifiers.

As a service to our customers, RBD has compiled an updated list of asset inclusion and exclusions based on 24 CFR 5.609 which can be found at http://www.gpo.gov/fdsys/pkg/CFR-2012-title24-vol1/xml/CFR-2012-title24-vol1-sec5-609.xml *(which will be updated on 1/1/2024 when the new rules go in to effect) and* 24 CFR 5.603 which can be found at https://www.govinfo.gov/app/details/CFR-2012-title24-vol1/CFR-2012-title24-vol1-sec5-603 *(which will be updated on 1/1/2024 when the new rules go in to effect)*, the HOTMA Final Rule and previous instruction related to the treatment of asset. This document is meant to act as an unofficial update to Exhibit 5-2 of HH 4350.3, R1, C4 which does not include recent changes to 24 CFR.

Please note that this is not an official list endorsed by the Department of Housing & Urban Development (HUD), but rather our interpretation of instruction provided by HUD to industry stakeholders.

RBD does not act as a legal advisor nor as a regulatory governing agency. Users of this document should understand that any materials or comments contained herein are not designed for, nor should be relied upon as a source of legal guidance or as a final authority with respect to any particular circumstance.

Ross Business Development, Inc. makes no warranty of merchantability or fitness for a particular purpose or any other warranty of any type. Owner/agents and other industry stakeholders should seek competent legal advice in developing and carrying out policies and procedures. While we have been diligent in our efforts to provide comprehensive and accurate regulatory information, Ross Business Development, Inc. shall not be responsible for errors or inaccuracies.

<table>
<tr><th>Asset Type</th><th>Notes
Do not include assets for Live-in Aides or Foster Children/Adults
Do not include assets invested in a retirement account, a Coverdell Education Savings Account (ESA) or an ABLE Account.</th></tr>
<tr><td>ABLE Accounts - Excluded</td><td>Do not count the value of ABLE accounts or income earned by the ABLE account. The Achieving a Better Life Experience (ABLE) Act of 2014 allows states to create tax-advantaged savings programs for eligible people with disabilities (designated beneficiaries).</td></tr>
<tr><td>Annuity – Non-necessary Personal Property</td><td>Include the cash value of the annuity which is the current value less any fees or penalties to convert the annuity to cash. If the annuity is earning income based on a percentage rate, multiply the current value by the current percentage rate.

If earnings from the annuity are unknown and when the net cash value of all assets is more than $50000 (as adjusted annually by an inflationary factor), the income from the annuity will be imputed.

If the annuity is making regular periodic payments, do not include the cash value of the annuity when determining the net cash value of all assets and include the regular periodic payments as income.</td></tr>
<tr><td>Asset Disposed of for Less Than Fair Market Value – Non-necessary Personal Property</td><td>Owners must count assets disposed of for less than fair market value during the two years preceding certification or recertification. To determine the amount that has been given away, owners must compare the cash value of the asset to any amount received in compensation.
a. Any asset that is disposed of for less than its full value is counted, including cash gifts, and charitable contributions as well as property.
b. This rule applies only when the fair market value of all assets given away during the past two years exceeds the gross amount received by more than $1,000.

Generally, the income from assets disposed for less than fair market value is $0.

<table>
<tr><th colspan="2">Example</th></tr>
<tr><td>Home value</td><td>$150,000</td></tr>
<tr><td>Less Outstanding Mortgage</td><td>$45,000</td></tr>
<tr><td>Less Cost to Sell (7%)</td><td>$10,500</td></tr>
<tr><td>Cash Value</td><td>$94,500</td></tr>
<tr><td>Less Amount Received</td><td>$5,000</td></tr>
<tr><td>Cash Value of Asset Disposed</td><td>$89,500</td></tr>
</table></td></tr>
<tr><td>Assets NOT Effectively Owned By The Resident/Applicant. - Excluded</td><td>Do not count assets that are not effectively owned by the resident/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.</td></tr>
<tr><td>Assets Owned by Non-family Members - Excluded</td><td>Do not include the assets owned by foster adults or foster children.
Do not include assets owned by Live-in Aides.
Do not include assets owned by a member with a Relationship Code of “None of the Above”.</td></tr>
<tr><td>Baby Bond Accounts - Excluded</td><td>Do not include the cash value of any “Baby Bond” account created, authorized, or funded by Federal, State, or local government.</td></tr>
</table>

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<tr><td></td><td>Do not include as income any earnings or distributions from any “Baby Bond” account.</td></tr>
<tr><td>Bonds – Non-necessary Personal Property</td><td>Include the value of bonds when determining the net cash value of all assets. Use the current value of the bond less any fees or penalties to convert the bond to cash. If the bond cannot be converted to cash, use $0 as the cash value.

For income, determine the amount of each coupon payment and the number of remaining payments.

<table>
<tr><th colspan="2">Example</th></tr>
<tr><td>If the coupon rate on a five-year $1,000 Treasury bond (T-bond) is 1.62%, the bond earns $16.20 per year. The final payment includes the face value of the bond. Do not count the face value as earnings</td><td>$1,000</td></tr>
<tr><td>Coupon Rate</td><td>1.62%</td></tr>
<tr><td>Issue Date</td><td>Sep-23</td></tr>
<tr><td>Mature Date</td><td>Sep-28</td></tr>
<tr><td>AR Effective Date</td><td>Nov-24</td></tr>
<tr><td>Earnings 2024</td><td>$16.20</td></tr>
<tr><td>Earnings 2025</td><td>$16.20</td></tr>
<tr><td>Earnings 2026</td><td>$16.20</td></tr>
<tr><td>Earnings 2027</td><td>$16.20</td></tr>
<tr><td>Earnings 2028</td><td>$16.20</td></tr>
</table></td></tr>
<tr><td>Burial Insurance – Non-necessary Personal Property</td><td>Burial life insurance is generally a permanent life insurance product. As a result, most policies technically build a cash value. However, the actual cash value is usually very modest. The cash value of all types of life insurance depends partially on the premiums paid and the face value of the insurance.

Include the cash value of any burial insurance. The cash value of burial insurance is the current value less any fees or penalties to convert the policy to cash.

When a burial insurance policy has a guaranteed rate of return, apply that amount to the current value of the policy before applying fees or penalties.

If earnings from the burial insurance policy are unknown and when the net cash value of all assets is more than $50000 (as adjusted annually by an inflationary factor), the income from the burial insurance policy will be imputed.</td></tr>
<tr><td>Cash – Non-necessary Personal Property</td><td>Do not count personal cash (Necessary Personal Property).

Residents are not required to “open their wallet”. However, if a resident keeps money in a safe deposit box or in a safe space in their unit or in some other space, the resident should self-certify the amount of cash held. This cash is earning $0 income and the income should not be imputed when the total net cash value of assets for the family is more than $50000 (or an amount adjusted for inflation).</td></tr>
</table>

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Certificates of Deposit – Non-necessary Personal Property	Use the current value of the CDs. Interest earned by the CD is treated as income from the asset regardless of whether the resident receives the money in cash or reinvests it in a new CD. Owner/agents should ask residents to provide a current statement showing the value of the CD, cost for early withdrawal and earnings interest rate.
Checking Accounts – Non-necessary Personal Property	For checking accounts, prior to HOTMA, owner/agents used the average balance for the last six months. In many cases, this entails collecting six, current consecutive bank statements. With the implementation of HOTMA, **owner/agents are only required to obtain one statement.** Owner/agents may establish a policy to collect more statements. If the owner/agent chooses to do so, the owner/agent must apply that policy consistently. Use the current interest rate applied to the average balance to determine income from a checking account. *Note: If the balance for a single month or multiple months is negative, use the negative value when determining the average balance. If the average balance is negative, the asset value is $0. The cash value of an asset entered on a 50059 may not be negative. TRACS will not accept an asset with a cash value of $0 and $0 income unless the asset is Real Property suitable for occupancy.* Assets held in foreign countries are considered assets.
Crowdfunding Account (GoFundMe, Kickstarter) – Non-necessary Personal Property	If the resident owns the account and the resident can withdraw funds from the account, the crowdfunding account is included in the determination of net value of assets. Use the current balance less any fees to withdraw the funds as the cash value. Deposits to crowdfunding accounts are included when determining income.
Cryptocurrency – Non-necessary Personal Property	*Currently, HUD provides no guidance explaining how owner/agents should treat Cryptocurrency.* Include the amount the resident would receive based on the current balance less fees and penalties for converting cryptocurrency to cash. Because the value of cryptocurrency undergoes extreme fluxuations, we recommend indicating that earnings are unknown. If earnings are unknown and when the net cash value of all assets is more than $50000 (as adjusted annually by an inflationary factor), the income from this asset will be imputed.
Debit Cards (e.g., Direct Express, Way2Go Debit MasterCard®, EPPI Card) – Non-necessary Personal Property	*Currently, HUD provides guidance explaining how to treat Direct Express cards, but not other debit cards.* Treat these debit cards, used to receive payments or benefits, as a savings account. Count the current balance based on a printout or ATM receipt that is not more than 120 days old on the date of receipt. If the card earns no interest use $0 as the income amount. If the card pays interest multiply the current balance by the interest rate to determine income from the Debit Card.
Education Savings Accounts (ESA) Coverdell education savings account under Section 530 of the Internal Revenue Code of 1986 or	Do not include the cash value of any Coverdell education savings account under Section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under Section 529 of such Code.

Asset Type	Notes *Do not include assets for Live-in Aides or Foster Children/Adults* *Do not include assets invested in a retirement account, a Coverdell Education Savings Account (ESA) or an ABLE Account.*
any qualified tuition program under Section 529 of such Code. - Excluded	Also exclude income and distributions from these accounts.
Family Self-Sufficiency Escrow Accounts - Excluded	Do not include the cash value of the FSS Escrow account. Do not include any earnings from this account.
Investment Accounts – Non-necessary Personal Property	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. Owner/agents may use the current value less any fees and penalties that will be incurred if these assets are converted to cash. Alternatively, owner/agents may want to establish a policy to determine an average value over a specific period of time (e.g., over a quarter or over the last year). If developing such a policy, it must be applied consistently. The tenant may request an interim recertification at any time thereafter that a decrease in the value of an investment portfolio may result in a decrease in rent. If earnings from an investment portfolio are unknown and when the net cash value of all assets is more than $50000 (as adjusted annually by an inflationary factor), the income from the investment portfolio will be imputed.
Irrevocable Trust - Excluded	Trusts that are irrevocable or not under the control of a family or household member are excluded from a family's net family assets so long as the funds continues to be held in a trust that are not revocable by, or under the control of, any member of the family or household. However, distributions from the irrevocable trust may be included when determining annual income. If the value of the trust is not considered part of the family's net assets, then distributions from the trust are part of income and are included on the 50059 using the new Income Code AD – Asset Distribution. • All distributions from the trust's principal are excluded from income. • Distributions of income earned by the trust (i.e., interest, dividends, realized gains, or other earnings on the trust's principal), are included as income unless the distribution is used to pay for the health and medical expenses for a minor. Until 2.0.3.A software is implemented, use Income Code *N – Other Non-wage source.* Owner/agents must be careful to distinguish between distributions of principal and distributions of earnings on a trust's principal when verifying family income from irrevocable trusts and revocable trusts where the grantor is not part of the assisted family or household, so as not to unintentionally include distributions of principal that are not considered income. ***Note:*** *The policy implemented under HOTMA is a change from the previous policies of both PIH and MFH.*

Asset Type	Notes *Do not include assets for Live-in Aides or Foster Children/Adults* *Do not include assets invested in a retirement account, a Coverdell Education Savings Account (ESA) or an ABLE Account.*
	Previously, PIH considered all distributions of principal or income earned on the principal as income unless the distribution qualified as an income exclusion. In determining whether a distribution from a trust should be counted as income to the beneficiary, *MFH considered how the trust was funded, whether the distribution was from trust income or principal, and whether any distribution from trust income met an existing income exclusion.* *The policy under HOTMA aligns the policies of MFH and PIH and clarifies that the term "income" means "trust income" and not **any** distribution from the trust to the beneficiary.*
Life Insurance (Whole Life, Variable Life or Universal Life) – Non-necessary Personal Property	Count the 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).* The cash value of the life insurance is the current value less any fees or penalties to convert the policy to cash. When a life insurance policy has a guaranteed rate of return, apply that amount to the current value of the policy before applying fees or penalties. If the earnings for a life insurance policy are unknown, and when the net cash value of assets exceeds $50000, the income from the policy will be imputed. Assets do not include a value for term life insurance which has no cash value before death.
Lump-sum receipts or one-time receipts. These include inheritances, 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.	Do not count lump-sum or one-time receipts when determining annual income. These amounts are generally invested in another type of asset such as a checking account, a savings account, an investment account, etc. If the resident gives away any portion of a lump sum receipt or one-time receipt, the owner/agent should determine if the gift meets the definition of an asset disposed of for less than fair market value. Refer to asset disposed of for less than fair market value.
Money Market – Non-necessary Personal Property	For Money Market accounts, use the current balance. To determine income from a Money Market account, multiply the current balance by the current interest rate. When a Money Market has a guaranteed rate of return, apply that amount to the current value of the balance before applying fees or penalties. If the earnings for a Money Market are unknown, and when the net cash value of all assets exceeds $50000, the income from the Money Market will be imputed.

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Mortgage or Deed of Trust – Non-necessary Personal Property	Include the value of the asset which is the unpaid principal as of the effective date of the certification. 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 effective date. d. If there is no interest, the income from the asset is zero. e. If the interest rate is unknown, use an imputed income calculation.
Mutual Funds – Non-necessary Personal Property	Use the fair value pricing of a mutual fund less any fees or penalties that would be incurred if the mutual fund is converted to cash. Fair value pricing is the process by which fund managers estimate the value of a security within a fund where a current price isn't readily available. The concept was introduced by the Investment Company Act of 1940 and established that fund managers may act in good faith to determine the fair market value of a security if they feel it more accurately reflects its current value. Generally, mutual funds do not earn based on a flat interest rate, but rather earn based on market performance. When this is the case, owner/agents may establish a policy to use prior year earnings or to determined that earnings are unknown. If earnings are unknown and when the net cash value of all assets is more than $50000 as adjusted annually by an inflationary factor, the income from this asset will be imputed.
Necessary Personal Property - Excluded	Do not include the value of necessary personal property. Necessary personal property are items essential to the family for the maintenance, use, and occupancy of the premises as a home; or they are necessary for employment, education, or health and wellness. Necessary personal property includes more than merely items that are indispensable to the bare existence of the family. It may include personal effects (such as items that are ordinarily worn or utilized by the individual), items that are convenient or useful to a reasonable existence, and items that support and facilitate daily life within the family's home. Necessary personal property also includes items that assist a household member with a disability, including any items related to disability-related needs, or that may be required for a reasonable accommodation for a person with a disability. Necessary personal property does not include bank accounts, other financial investments, or luxury items.
Non-necessary Personal Property (e.g., financial accounts, coin collections, water vehicles, ATVs, RVs, etc.).	Non-necessary Personal Property with a combined value greater than $50,000, as adjusted by inflation, is considered part of net family assets. When the combined value of all non-necessary personal property does not exceed $50,000 (amount subject to annual adjustment by HUD), all non-necessary personal property is excluded from net family assets. Even when the cash value of Non-necessary Personal Property is excluded, because the net cash value of the family's Non-necessary Personal Property does not exceed

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<tr><td></td><td>$50,000 (amount subject to annual adjustment by HUD), Actual Income is still included unless specifically excluded by HUD.

When the cash value of Non-necessary Personal Property is included, because the net cash value of the family's Non-necessary Personal Property does exceed $50,000 (amount subject to annual adjustment by HUD), Actual Income and Imputed Income is included unless specifically excluded by HUD.</td></tr>
<tr><td>Peer-to-peer Payment Accounts or Digital Wallets (e.g., Venmo, PayPal, etc.) – Non-necessary Personal Property</td><td>Currently, HUD provides no guidance for owner/agents with residents who have access to digital wallets. In the interim, treat these accounts like savings accounts.

To derive income from the asset, apply any interest rate to the current balance. If the income is zero, use $0 as income from the asset on the 50059.

If earnings are unknown and when the net cash value of all assets is more than $50000 as adjusted annually by an inflationary factor, the income from this asset will be imputed.</td></tr>
<tr><td>Real Property Suitable for Occupancy – R – Real Property</td><td>Real property is included when determining the net cash value of assets, determining annual income from assets and determining if the family owns net family assets in excess of $100000 (as adjusted for inflation).

Include the cash value (the equity) of real property. To determine the cash value, reduce the current fair market value by applying:
(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.).

<table><tr><th colspan="2">Example</th></tr><tr><td>Home value</td><td>$150,000</td></tr><tr><td>Less Outstanding Mortgage</td><td>$45,000</td></tr><tr><td>Less Cost to Sell (7%)</td><td>$10,500</td></tr><tr><td>Cash Value</td><td>$94,500</td></tr></table>
If the cash value of real property is negative, use zero when entering the cash value on the 50059. For this asset only, HUD will accept an entry for Asset Type R - Real Property Suitable For Occupancy That A Member Has A Right To Sell with a $0 cash value and $0 income.

If no member of the household has the effective legal authority to sell real property, as defined by the applicable State or local law, the real property will not be counted as part of the net family assets.

For the Section 8 program, when an asset is Real Property suitable for occupancy, the resident may be ineligible for housing or housing assistance. When entering this asset on a 50059, owner/agents must indicate Asset Type R - Real Property Suitable for Occupancy.</td></tr>
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<tr><td></td><td>For Section 8 Only (including PBRA RAD and 202/8) - AT MI and AR, owner/agent must ask residents to self-certify whether or not they own Real Property Suitable for Occupancy. Under the amended 1937 Act, families that have a present ownership interest in, a legal right to reside in, and the legal authority to sell real property that is suitable for occupancy for the family are not eligible to receive rental assistance. This restriction does not apply if:
1. The property is jointly owned by a member of the family and at least one non-household member who does not live with the family, if the person resides in the jointly owned property;
2. The property is not large enough for the size of the family ;
3. If there are any disabled family members, the home does not provide for the disability-related needs. (e.g., physical accessibility requirements, disability-related need for additional bedrooms, proximity to accessible transportation, etc.);
4. The property is currently offered for sale. Under this proposed rule, in order to demonstrate that a family is offering property for sale, the owner/agent may require that the family provide evidence that the property has been listed for sale;
5. The property is considered unsafe to reside in when the property's physical condition poses a risk to the family's health and safety and the condition of the property cannot be easily remedied;
6. The family may not reside in the property under State or local laws of the jurisdiction where the property is located;
7. The property is owned by a survivor of a VAWA crime (domestic violence, dating violence, sexual assault, stalking) and such status prevents access to or use of the home or is there a possibility that the survivor could be in imminent danger if the survivor attempted to access the home;
8. The property is located so that the distance or commuting time between the property and the family's place of work or a family member's educational institution would create a hardship for the family? (e.g., the distance or commuting time between the property and the family's place of work or school would be a hardship to the family, as determined by the owner/agent);
9. The property is a manufactured home for which the family is receiving Section 8 tenant-based assistance;
10. The family receives homeownership assistance from a PHA;
11. The property part of an irrevocable trust. Note: If the real property is part of an irrevocable trust, then the trust is considered the asset, not the real property. Irrevocable trusts are excluded from net family assets under the revised 5.603.</td></tr>
<tr><td>Real Property Used as Rental Property O – Other Real Property</td><td>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.

Include the cash value (the equity) of rental property or other capital investments. To determine the cash value, Reduce the current fair market value by applying:
(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.).

To determine income from the rental property, verify the rental income. If the resident can provide a tax return (Form 1040 Schedule E) or a financial statement</td></tr>
</table>

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	with receipts. Owner/agents may use ordinary and necessary expenses to reduce the income from rental property. Examples of such expenses include mortgage interest (not the mortgage payment), property tax, operating expenses, depreciation, and repairs.
Real Property O – Other Real Property	This could include land, commercial property, etc. Include the cash value (the equity) of real property. To determine the cash value, Reduce the current fair market value by applying: (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.). When the owner/agent is unable to calculate the actual because the property neither generates any income nor could an income amount be computed as a matter of interest or dividend earnings the owner/agent will use imputed asset income for the real property.
Retirement Accounts as defined by the IRS. - Excluded	Do not include the cash value of retirement accounts when determining net cash value of all assets. Do not count earnings for retirement accounts. If the retirement account is making regular periodic payments, including a Required Minimum Distribution (RMD), those periodic payments are included when determining Annual Income using the new Income Code *RT – Retirement and Other Like Income*. Until 2.0.3.A software is implemented, use Income Code *N – Other Non-wage source.* See the IRS web site for information about accounts that are considered retirement accounts. https://www.irs.gov/retirement-plans/plan-sponsor/types-of-retirement-plans
Revocable Trusts Not Under Control of a Member - Excluded	The distinguishing feature of a revocable trust is that the grantor can terminate and/or amend the trust at any time for any reason before his or her death. In circumstances when a member of the assisted family is the beneficiary of a revocable trust, but the grantor is not a member of the assisted family, the beneficiary does not "own" the revocable trust, and the value of the trust is excluded from net family assets. For the revocable trust to be considered excluded from net family assets, no family or household member may be the account's trustee. This asset is not included on the 50059. The owner/agent must not consider actual income earned by the trust. If the value of the trust is not considered part of the family's net assets, then distributions from the trust are part of income and are included on the 50059 using the new Income Code AD – Asset Distribution. • All distributions from the trust's principal are excluded from income. • Distributions of income earned by the trust (i.e., interest, dividends, realized gains, or other earnings on the trust's principal), are included as income unless the distribution is used to pay for the health and medical expenses for a minor. Until 2.0.3.A software is implemented, use Income Code *N – Other Non-wage source.*

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	Owner/agents must be careful to distinguish between distributions of principal and distributions of earnings on a trust's principal when verifying family income from irrevocable trusts and revocable trusts where the grantor is not part of the assisted family or household, so as not to unintentionally include distributions of principal that are not considered income. ***Note:*** *The policy implemented under HOTMA is a change from the previous policies of both PIH and MFH.* *Previously, PIH considered all distributions of principal or income earned on the principal as income unless the distribution qualified as an income exclusion. In determining whether a distribution from a trust should be counted as income to the beneficiary,* *MFH considered how the trust was funded, whether the distribution was from trust income or principal, and whether any distribution from trust income met an existing income exclusion.* *The policy under HOTMA aligns the policies of MFH and PIH and clarifies that the term "income" means "trust income" and not* ***any*** *distribution from the trust to the beneficiary.*
Revocable Trusts Under Control of a Member – Non-necessary Personal Property	The distinguishing feature of a revocable trust is that the grantor can terminate and/or amend the trust at any time for any reason before his or her death. Since revocable trusts under the control of the family or household are considered part of the net family assets, the final rule clarifies at § 5.609(b)(2)(ii) that distributions from these trusts are not used to calculate annual income. Instead, the owner/agent must count all actual returns (*e.g., i*nterest earned) from the trust as income. Generally, revocable trusts do not earn based on a flat interest rate, but rather earn based on market performance. When this is the case, owner/agents may establish a policy to use prior year returns or to determined that earnings are unknown. If the trust has no actual returns and the total value of the combined net family assets exceeds $50,000 (subject to annual adjustment by HUD), impute income.
Savings Accounts – Non-necessary Personal Property	Include the current balance of any savings account owned by a family member. To determine income from a savings account, multiply the current balance by the interest rate. Assets held in foreign countries are considered assets.
Special Needs Trust– Non-necessary Personal Property	Determine if the SNT is an: 1. Irrevocable Trust; 2. Revocable Trust Under Control of a Member; 3. Revocable Trust Not Under Control of a Member.

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	Treat the SNT accordingly. Do not count the value of special needs trusts that are part of an ABLE Account.
Stocks – Non-necessary Personal Property	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. When a stock issues dividends in some years but not others (e.g., due to market performance), the dividend is counted as the actual return when it is issued, and when no dividend is issued, the actual return is $0. When the stock never issues dividends, the actual return is consistently $0.
Tax Refunds or Tax Credits	All amounts received by a family in the form of federal tax refunds or refundable tax credits are excluded from a family's net family assets for a period of 12 months after receipt by the family. At the time of an annual or interim reexamination of income, if the federal tax refund was received during the 12 months preceding the effective date of the reexamination, then the amount of the refund that was received by the family is subtracted from the total value of the account in which the federal tax refund or refundable tax credits were deposited. When the subtraction results in a negative number, then the balance of the asset is considered $0. If the tax refund or refundable tax credit is deposited into an excluded asset, such as a retirement account or a Coverdell Education Savings Account, then the deposit will have no effect on the net cash value of included assets (i.e., there is no need for the owner/agent to subtract the amount of the deposit from the value of the excluded asset). *Note: Only the amount that the family receives is excluded from net family assets. For example, if a family anticipates a $500 federal tax refund but only receives $250, then only $250 will be excluded from the net family assets because that is the amount that the family received.* Owner/agents are not required to verify the amount of the family's federal tax refund or refundable tax credit(s) if the family's net assets do not exceed $50,000 (amount subject to annual adjustment by HUD), even in years when full verification of assets is required or if the owner/agent does not accept self-certification of assets (Streamlined Verification of Assets). Owner/agents must verify the amount of the family's federal tax refund or refundable tax credits if the family's net assets are greater than $50,000 (amount subject to annual adjustment by HUD). The anticipated income earned by the assets in which a family has deposited their federal tax refund or refundable tax credits must be included in the family's annual income unless the income is specifically excluded.
Trust Fund	Determine if the Trust Fund is an: 4. Irrevocable Trust; 5. Revocable Trust Under Control of a Member; 6. Revocable Trust Not Under Control of a Member.

Asset Type	Notes *Do not include assets for Live-in Aides or Foster Children/Adults* *Do not include assets invested in a retirement account, a Coverdell Education Savings Account (ESA) or an ABLE Account.*
	Treat the Trust Fund accordingly.