



Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

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

Owner/agents may wait to implement HOTMA until HOTMA compliant site software is available and implemented. If owner/agents implement any part of HOTMA prior to implementation of HOTMA compliant site software, owner/agents must make a note to the tenant file explaining which rules have been implemented.

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 was updated on 1/1/2024) 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 was updated on 1/1/2024), the HOTMA Final Rule and previous instruction related to the treatment of assets. 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 in HSG Notice 2023-10 (revised 2/2024). In regards to assets, there are some key things to note when implementing HOTMA Rules.

ASSET TYPES

Under HOTMA There are six types of assets:

1. Excluded Assets – When the cash value of the asset and any asset earnings are excluded. In some cases, regular periodic payments from these assets are listed as income using proposed new RT or AS income codes.
2. Necessary Personal Property (cash value and earnings are excluded);
3. N - Non-necessary Personal Property (NNPP);
4. R - Real Property Suitable for Occupancy;
5. O - Other Real Property (Real Property not Suitable for Occupancy);
6. T - Federal Tax Refunds/Tax Credits.

Necessary Personal Property (NPP). Necessary Personal Property is excluded and is not listed on HUD Form 50059. Necessary Personal Property is 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.

Excluded Assets That Are Not Listed On the 50059.

Note: Excluded Assets, for the purpose of this document, are not included on the 50059. Do not include the cash value of the assets or income/earnings from the asset in Section E of the 50059. Regular periodic payments from some of these assets are included as income.

Excluded Assets are assets where HUD has indicated that the cash value of the asset and any asset earnings are excluded. These assets are not listed on the 50059 Section E Assets & Income from Assets. In some cases, regular periodic payments from these assets are listed as income using new RT or AS income codes. Examples include, but are not limited to:

- **Retirement Accounts:** Under HOTMA, the cash value of retirement accounts and any earnings generated by the retirement account are excluded. However, when a retirement account begins making regular periodic payments, including any Required Minimum Distribution (RMD), the Regular Periodic Payment is included in *Section D Income* and is coded to *RT – Retirement Account Distribution*.

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- **Annuities:** The cash value of an annuity and any earnings from an annuity are included in *Section E Assets & Income from Assets* as NNPP until the annuity begins making regular periodic payments. Once the annuity begins making regular periodic payments, the cash value of the annuity and any earnings generated by the annuity are no longer listed in *Section E Assets & Income from Assets*. However, the Regular Periodic Payment is included in *Section D Income* and is coded to *AS – Asset Distribution*.
- **Abel Accounts:** The cash value of an Abel Account and any earnings from an Abel Account are excluded and are never listed in *Section E Assets & Income from Assets*. Any regular periodic payments/distributions are also excluded so these payments/distributions are not included in *Section D Income*.

Non-Necessary Personal Property (NNPP). Items of personal property that do not qualify as Necessary Personal Property will be classified as Non-Necessary Personal Property. Examples include, but are not limited to, bank accounts or other financial investments (e.g., checking account, savings account, stocks/bonds), recreational car/vehicle not needed for day-to-day transportation (e.g. campers, motorhomes, travel trailers, all-terrain vehicles (ATVs)), and collectibles (e.g., coins/stamps), etc.

- If the cash value of NNPP is \$0 AND income/earnings are \$0, do not list on the 50059.
- Except when NNPP is an Excluded Asset (e.g. Retirement Accounts), NNPP is listed on HUD Form 50059.
- Actual Income earned through NNPP is included when determining Total Income From Assets;
- If the total cash value of all NNPP held by the family does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), then the cash value of NNPP is not included in Total Included Assets **but any Actual Income is included.**
- If the total cash value of all NNPP held by the family exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), then the cash value of NNPP is included in Total Included Assets **and Actual Income is included.** When income is unknown, owner/agents will multiply the cash value by the Passbook Rate, in effect based on the effective date of the certification, to determine imputed income from those assets.

Note: We assume that Assets Disposed of For Less Than Fair Market Value are listed with an Asset Type of NNPP. Income is Unknown and will be imputed if the cash value of NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787).

Real Property Suitable for Occupancy. The cash value of Real Property Suitable for Occupancy is listed on HUD Form 50059 even if the cash value is zero or negative and income is \$0. If the cash value of Real Property is negative, owner/agents must use zero. HUD has determined that this property must be shown. The cash value of Real Property Suitable for Occupancy is always included when determining Total Assets and Total Included Assets. A dwelling will be considered “suitable for occupancy” unless the family demonstrates that it 1) Does not meet the disability-related needs for all members of the family (e.g., physical accessibility requirements, disability-related need for additional bedrooms, proximity to accessible transportation, etc.); 2) Is not sufficient for the size of the family; 3) Is geographically located so as to be 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); 4) Is not safe to reside in because of the physical condition of the property (e.g., property’s physical condition poses a risk to the family’s Health & safety and the condition of the property cannot be easily remedied); or 5) Is not a property that a family may reside in under the State or local laws of the jurisdiction where the property is located.

The applicant or resident is exempt from the Real Property Rule if:

1. The assisted property contract is a non-S8 contract (e.g. PRAC, 202 PAC, etc.). This rule applies only to the HUD Section 8 program;
2. Any 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;
3. The member is a survivor of a VAWA crime (domestic violence, dating violence, sexual assault, or stalking); or
4. The family is offering such property for sale;
5. The family is receiving assistance under 24 CFR 982.620; or under the Homeownership Option in 24 CFR part 982.

Other Real Property. The cash value of Other Real Property is listed on HUD Form 50059 even if the cash value is zero and income is \$0. If the cash value of Real Property is negative, owner/agents must use zero. HUD has determined that this

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property must be shown. The cash value of Other Real Property is always included when determining Total Assets and Total Included Assets. Other Real Property is property that does not meet the definition of Real Property Suitable for Occupancy (e.g. buildings, dwellings, land, etc.).

Federal Tax Refunds/Credits. All amounts received by a family in the form of federal tax refunds or refundable tax credits are excluded from a family's assets for a period of 12 months after receipt by the family. Each refund/credit is listed separately because individuals may receive refunds/credits at different times and these amounts may only be used for 12 months. If the federal tax refund was received during the 12 months preceding the effective date of the recertification, then the amount of the refund that was received by the family is subtracted from Total Included Assets. When the subtraction results in a negative number, then Included Assets are considered \$0. 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 Total Included Assets is equal to or below the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) (adjusted annually for inflation), even in years when full verification of assets is required or if the owner/agent does not have implemented 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 Total Included Assets is greater than the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) (adjusted annually for inflation).

HOW ASSETS ARE TREATED

Owner/agents will be collecting several values:

- **Total Assets:** This is the total value of Assets except those Excluded Assets (assets where the cash value of an asset and the asset earnings are both excluded) (e.g. Retirement Accounts, Baby Bonds, ABLE accounts, etc.) This value is used to determine whether or not the owner/agent may accept Resident Self-certification that the net cash value of assets does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787).
- **Actual Income From Assets:** HOTMA Change. If an owner/agent is able to project Actual Income for a particular asset, because the owner/agent knows the current earnings interest rate, earning percentage or dividend amount, that Actual Income is used when projecting income from assets. This is true when the actual income is \$0. This is true even if the cash value of the asset is not included in "Included Assets" (see below).
- **Total Included Assets:** HOTMA Change. HOTMA distinguishes between "Assets" and "Included Assets." A separate category is necessary because, under HOTMA, the Actual Income from an asset may be included even when the cash value of an asset is not included (see discussion surrounding NNPP above).
- **Total Non-Necessary Personal Property (NNPP):** HOTMA Change. For each family, owner/agents must total the cash value of assets classified as NNPP (financial accounts, luxury items, etc.). If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), then the owner/agent will include the cash value of all NNPP when determining Total Included Assets. If the cash value of all NNPP is equal to or less than the current threshold, then the cash value of NNPP is not included, when determining the value of Total Included Assets. Regardless of whether the cash value of NNPP is included in Total Included Assets, any Actual Income earned by any asset classified as NNPP is included when projecting Total Income From Assets.
- **Imputed Income from Assets:** HOTMA Change. When an asset is an Included Asset but income for that asset is not known, the owner/agent will impute income. Owner/agents must determine the cash value of Included Assets, when deciding whether to impute income when an individual asset's earnings are unknown. When the Total Included Assets exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), then the owner/agent will multiply the cash value of any Included Assets with unknown earnings, by the Passbook Rate, in effect as of the effective date of the certification, to determine Imputed Income from any Included Assets. The owner/agent will continue to use Actual Income for Assets when asset earnings are known.
- **Total Income From Assets:** HOTMA Change. Prior to HOTMA, Total Income from Assets was defined as the greater of 1) Actual Income from Assets or 2) the Total Assets multiplied by the Passbook Rate, in effect as of the effective date of the certification. Once HOTMA rules are implemented, the Total Income From Assets is the sum of Actual Income from assets with known income and Imputed Income from Included Assets with unknown income.

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Asset Type	Notes <i>Do not include assets for Live-in Aides or Foster Children/Adults</i>
ABLE Accounts – The Asset & Income from Assets is excluded. Do not list in Section E Asset & Income from Assets. Do not list distributions in Section D Income.	Do not include the cash value of ABLE accounts. 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). Do not include as income any earnings or distributions from any ABLE account.
Annuity (not a Retirement Account or part of a Retirement Account) – N - Non-necessary Personal Property (NNPP) List in Section E Asset & Income from Assets unless the asset is making regular periodic payments. If annuity is making regular periodic payments, the asset is Excluded and those payments are included in Section D Income.	<p>Include the cash value of any Annuity when determining the cash value of Total Assets and the Cash Value of all NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Include the cash value of the Annuity which is the current value less any fees or penalties to convert the annuity to cash.</p> <p>If the Annuity is earning income based on a percentage rate, multiply the current value (not cash value) by the current percentage rate. This is Actual Income and is included even if the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787)</p> <p>If the net cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from the annuity are unknown, the income from the annuity will be imputed. If the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from the annuity are unknown, the income from the annuity will be \$0.</p> <p>If the annuity is making regular periodic payments, do not include the cash value of the annuity when determining the net cash value of Included Assets and include the regular periodic payments as income (not income from assets).</p> <p><i>Note: An Annuity, in and of itself, is not a Retirement Account; however, an Annuity may be part of a Retirement Account such as a 401K. If the Annuity is part of a Retirement Account (as recognized by the IRS), do not include the Annuity as an asset. It should be treated as a Retirement Account.</i></p>
Asset Disposed of for Less Than Fair Market Value – N - Non-necessary Personal Property (NNPP) Listed as an asset for two years from the date of divestiture. List in Section E Asset & Income from Assets.	<p>Include the cash value of Asset Disposed of for Less Than Fair Market Value when determining the cash value of Total Assets and the Cash Value of all NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Owners must include the value of Assets Disposed Of For Less Than Fair Market Value during the two years preceding certification or recertification.</p> <p><i>Note: Pre-HOTMA. This rule applies only when the of the difference between the cash value of the Disposed Asset and the amount received during the past two years exceeds \$1,000. HOTMA. Capturing the value of Assets Disposed of For Less Than Fair Market Value is required; there is no minimum value. Value must be more than \$0.</i></p>

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	<p style="text-align: center;"><i>Do not include assets for Live-in Aides or Foster Children/Adults</i></p> <p>To determine the amount that has been given away, owners must compare the cash value of the asset to any amount received in compensation.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Example – Asset Disposed of For Less Than Fair Market Value</th> </tr> </thead> <tbody> <tr> <td>Home value</td> <td style="text-align: right;">\$150,000</td> </tr> <tr> <td>Less Outstanding Mortgage</td> <td style="text-align: right;">\$45,000</td> </tr> <tr> <td>Less Cost to Sell (7%)</td> <td style="text-align: right;">\$10,500</td> </tr> <tr> <td>Cash Value</td> <td style="text-align: right;">\$94,500</td> </tr> <tr> <td>Less Amount Received (Quick Claim Deed)</td> <td style="text-align: right;">\$5,000</td> </tr> <tr> <td>Cash Value of Asset Disposed</td> <td style="text-align: right;">\$89,500</td> </tr> </tbody> </table> <p>Any asset that is disposed of for less than its full value is counted, including cash gifts, and charitable contributions as well as property. Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorces, or separation, are <i>not</i> counted.</p> <p>Actual Income from Assets Disposed For Less Than Fair Market Value is \$0. Since the income from an Asset Disposed For Less Than Fair Market Value is known, do not impute income.</p> <p>This asset is included on the 50059 for two years from the date of disposal. When the two-year period expires, the income assigned to the disposed asset also expires.</p> <p><i>Note: In determining the value of net family assets, owner/agents must 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). A disposition in trust is when the family creates a trust for the benefit of someone outside of the assisted family. It would not be considered an asset disposed of for less than fair market value if the family establishes a nonrevocable trust for the benefit of someone in the assisted family.</i></p> <p><i>Note: An asset moved to a retirement account held by a member of the family is not considered to be an asset disposed of for less than fair market value.</i></p>	Example – Asset Disposed of For Less Than Fair Market Value		Home value	\$150,000	Less Outstanding Mortgage	\$45,000	Less Cost to Sell (7%)	\$10,500	Cash Value	\$94,500	Less Amount Received (Quick Claim Deed)	\$5,000	Cash Value of Asset Disposed	\$89,500
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Assets NOT Effectively Owned By The Resident/Applicant. The Asset & Income from Assets is excluded. Do not list in Section E Asset & Income from Assets.	<p>Do not list the cash value or earnings generated by assets that are not effectively owned by the resident/applicant.</p> <p>Assets are not effectively owned when they are held in an individual's name, but:</p> <ol style="list-style-type: none"> 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. <p>This can be true when a resident is a signatory on a parent’s accounts, but those accounts are used only on behalf of the parent. The resident is simply providing support services to the parent by ensuring that the parent’s bills are paid.</p> <p>This is often true when a resident is a Social Security Rep Payee for a person who does not live in the unit with the resident. The Rep Payee may have an account in</p>														

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	which Social Security Benefits for another person are deposited. The resident does not effectively own that account																						
Assets Owned by Non-family Members The Asset & Income from Assets is excluded. Do not list in Section E Asset & Income from Assets.	Do not list the cash value or earnings generated by assets owned by foster adults or foster children. Do not include the cash value or earnings generated by assets owned by Live-in Aides. Do not include the cash value or earnings generated by assets owned by a member with a Relationship Code of “None of the Above.”																						
Baby Bond Accounts The Asset & Income from Assets is excluded. Do not list in Section E Asset & Income from Assets. Do not list distributions in Section D Income.	Do not list the cash value, or earnings generated by Baby Bond Accounts or distributions from Baby Bond Accounts.																						
Bonds – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.	<p>Include the cash value of Bonds when determining the cash value of Total Assets and the Cash Value of all NNPP.</p> <p>Use the current value of the Bonds less any fees or penalties to convert the Bond to cash.</p> <p>For income, determine the amount of each coupon payment and the number of remaining payments.</p> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th colspan="2" style="text-align: center;">Example</th> </tr> </thead> <tbody> <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 style="text-align: right;">\$1,000</td> </tr> <tr> <td>Coupon Rate</td> <td style="text-align: right;">1.62%</td> </tr> <tr> <td>Issue Date</td> <td style="text-align: right;">Sep-23</td> </tr> <tr> <td>Mature Date</td> <td style="text-align: right;">Sep-28</td> </tr> <tr> <td>AR Effective Date</td> <td style="text-align: right;">Nov-24</td> </tr> <tr> <td>Earnings 2024</td> <td style="text-align: right;">\$16.20</td> </tr> <tr> <td>Earnings 2025</td> <td style="text-align: right;">\$16.20</td> </tr> <tr> <td>Earnings 2026</td> <td style="text-align: right;">\$16.20</td> </tr> <tr> <td>Earnings 2027</td> <td style="text-align: right;">\$16.20</td> </tr> <tr> <td>Earnings 2028</td> <td style="text-align: right;">\$16.20</td> </tr> </tbody> </table>	Example		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	\$1,000	Coupon Rate	1.62%	Issue Date	Sep-23	Mature Date	Sep-28	AR Effective Date	Nov-24	Earnings 2024	\$16.20	Earnings 2025	\$16.20	Earnings 2026	\$16.20	Earnings 2027	\$16.20	Earnings 2028	\$16.20
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Burial Insurance – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.	<p>Include the cash value of Burial Insurance when determining the cash value of Total Assets and the Cash Value of all NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Burial 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.</p>																						

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	<p>Include the cash value of any Burial Insurance only if the policy can be converted to cash. The cash value of burial insurance is the current value less any fees or penalties to convert the policy to cash.</p> <p>When a Burial Insurance policy has a guaranteed rate of return, apply that amount to the current value of the policy (not cash value).</p> <p>If earnings from the Burial Insurance policy are unknown and when the cash value of all Included Assets is more than the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), the income from the Burial Insurance policy will be imputed.</p> <p style="background-color: yellow;">If the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from the Burial Insurance is unknown, the income from the Burial Insurance will be \$0.</p>
<p>Cash – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.</p>	<p>Include the value of cash when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>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.</p> <p>Do not count personal cash (Necessary Personal Property). Residents are not required to “open their wallet.”</p> <p>This cash is earning \$0 income. Because the Actual Income is known (\$0), income should not be imputed when the total Net Cash Value Of Included Assets for the family is more than the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787).</p>
<p>Certificates of Deposit (not a Retirement Account or part of a Retirement Account) N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.</p>	<p>Include the cash value of CDs when determining the cash value of Total Assets and the Cash Value of all NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Owner/agents should ask residents to provide a current statement showing the value of the CD, cost for early withdrawal and earnings interest rate. The cash value of the CD is the current value less any costs to convert the CD account to cash.</p> <p>Generally, CDs earnings are based on a fixed percentage rate (guaranteed percentage). If the CDs are earning income based on a specific percentage rate, multiply the current value (not cash value) by the current percentage rate. This is Actual Income and is included even if the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787).</p> <p>Actual Income generated by the CD (interest) is included when projecting Total Income from Assets regardless of whether the resident receives the earnings in cash or reinvests earnings.</p>
<p>Checking Accounts – N - Non-necessary Personal Property</p>	<p>Include the value of checking accounts when determining the cash value of Total Assets and the cash value of NNPP.</p>

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(NNPP) Include in Section E Asset & Income from Assets.	<i>Do not include assets for Live-in Aides or Foster Children/Adults</i>
(NNPP) Include in Section E Asset & Income from Assets.	<p>If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Prior to HOTMA, owner/agents used the average balance for the last six months. In many cases, this entailed collecting six, current consecutive bank statements. With the implementation of HOTMA, owner/agents are only required to obtain one statement/current balance. Owner/agents may, but are not required to, 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 balance on the most current statement when determining the cash value of the Checking Account.</p> <p>Use the current interest rate applied to the most current balance to determine income from a Checking Account.</p>
Crowdfunding Account (GoFundMe, Kickstarter) – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets. Money deposited into a Crowdfunding account is considered “earning” for this asset.	<p>Include the value of any Donation Crowdfunding Account held in a family member’s name when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>If the resident owns the account and the resident can withdraw funds from the account, the Donation Crowdfunding Account is included in the determination of Total Assets. Use the current balance less any fees to withdraw the funds as the cash value. Fees generally range from 5% to 12%.</p> <p>Deposits to Donation Crowdfunding Accounts, owned by a family member, from outside sources, are included when determining income. This would be entered as Other Income and not as income from the Crowdfunding Account.</p> <p><i>Note: As of this writing, there is no clear HUD guidance related to Equity Crowdfunding, Debt Crowdfunding, Reward Crowdfunding or Litigation Crowdfunding.</i></p>
Cryptocurrency – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.	<p>Include the cash value of any Cryptocurrency held in a family member’s name when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p><i>Currently, HUD provides no guidance explaining how owner/agents should treat Cryptocurrency. The following guidance is based on treatment of other like assets.</i> Include the amount the resident would receive based on the current balance less fees and penalties for converting Cryptocurrency to Cash.</p> <p>Because the value of Cryptocurrency undergoes extreme fluctuations, we recommend indicating that earnings are unknown. If earnings are unknown and when the cash value of all Included Assets is more than the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), the income from this asset will be imputed. If the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from the annuity are unknown, the income from Cryptocurrency will be \$0.</p>

Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

Asset Type	Notes <i>Do not include assets for Live-in Aides or Foster Children/Adults</i>
Debit Cards (e.g., Direct Express, Way2Go Debit MasterCard®, EPPI Card) – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.	<p>Include the value of any Debit Cards held in a family member’s name when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p><i>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 you would a savings account. Include the current balance.</i></p> <p>If the card earns no interest use \$0 as the income amount.</p> <p>If the card pays interest multiply the current balance by the interest rate to determine income from the Debit Card.</p> <p><i>Note: Do not include the value of gift cards provided to commemorate special events such as birthdays, graduation, engagements, etc.</i></p>
Education Savings Accounts (ESA) 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. - The Asset & Income from Assets is excluded. Do not list in Section E Asset & Income from Assets. Do not list distributions in Section D Income.	<p>Do not list the cash value, or earnings generated by these ESAs.</p> <p>Do not include distributions from these ESAs.</p>
Family Self-Sufficiency Escrow Accounts The Asset & Income from Assets is excluded. Do not list in Section E Asset & Income from Assets. Do not list distributions in Section D Income.	<p>Do not list the cash value, or earnings generated by FSS Accounts.</p> <p>Do not list distributions from FSS Accounts.</p>
Federal Tax Refunds or Tax Credits – T – Tax Refund/Credit	<p>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.</p> <p>At the time of an Annual or Interim Recertification, if the federal tax refund was received during the 12 months preceding the Effective Date of the Recertification, then the amount of the refund that was received by the family is subtracted from the cash value of Included Assets. If the subtraction results in a negative number, then the balance is considered \$0.</p> <p><i>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.</i></p> <p>Owner/agents are not required to verify the amount of the family’s federal tax refund or refundable tax credit(s) if the cash value of Included Assets does not exceed the Asset Threshold based on the effective date of the certification</p>

Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

Asset Type	Notes
	<p style="text-align: center;"><i>Do not include assets for Live-in Aides or Foster Children/Adults</i></p> <p>(2024=\$50,000/2025=\$51,600/2026=\$52,787), 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).</p> <p>Owner/agents must verify the amount of the family’s federal tax refund or refundable tax credits if the cash value of Included Assets is greater than the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787).</p>
<p>Investment Accounts (not a Retirement Account or part of a Retirement Account) – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.</p>	<p>Include the value of any investment accounts held in a family member’s name when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>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. 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.</p> <p>The tenant may request an Interim Recertification when a decrease in the value of an Investment Portfolio may result in a rent decrease.</p> <p>Interest or dividends earned are counted as income even when the earnings and/or dividends are reinvested.</p> <p>If earnings from an Investment Portfolio are unknown and when the Net Cash Value Of Included Assets is more than the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), the income from the investment portfolio will be imputed. If the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from the annuity are unknown, the income from the investment account will be \$0.</p>
<p>Irrevocable Trust The Asset & Income from Assets is excluded. Do not list in Section E Asset & Income from Assets. Do not list distributions in Section D Income except under specific conditions.</p>	<p>Trusts that are irrevocable or not under the control of a family member are excluded from a family’s net family assets so long as the funds continues to be held in a trust that is not revocable by, or under the control of, any member of the family or household.</p> <p>Earnings generated by an Irrevocable Trust are not included.</p> <p>However, distributions from the Irrevocable Trust may be included when determining Annual Income. Distributions from the trust are part of income and are included on the 50059 using the new Income Code <i>AS – Asset Distribution</i>.</p> <ul style="list-style-type: none"> • All distributions from the trust’s <u>principal</u> are excluded from income. • <u>Distributions of income earned by the trust</u> (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. <p>Owner/agents must be careful to distinguish between distributions of</p>

Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

Asset Type	Notes <i>Do not include assets for Live-in Aides or Foster Children/Adults</i>
	<p>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, so as not to unintentionally include distributions of principal that are not considered income.</p> <p><i>Note: The policy implemented under HOTMA is a change from the previous policies of both PIH and MFH.</i></p> <p><i>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,</i></p> <p><i>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.</i></p> <p><i>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.</i></p>
<p>Life Insurance (Whole Life, Variable Life or Universal Life) – The Asset & Income from Assets is excluded. Include in Section E Asset & Income from Assets.</p>	<p>Include the value of any Life Insurance held in a family member’s name when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Count the cash value of Life Insurance Policies when a resident can convert the Life Insurance Policy to cash. (e.g., the surrender value of a Whole Life Policy or a Universal Life Policy). The cash value of Life Insurance is the current value less any fees or penalties to convert the policy to cash.</p> <p>When a Life Insurance Policy has a guaranteed rate of return, apply that amount to the current value of the policy (not cash value).</p> <p>If the earnings for a Life Insurance Policy are unknown, and when the Net Cash Value Of Included Assets exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), the income from the policy will be imputed. If the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from the Life Insurance Policy is unknown, the income from the Life Insurance Policy will be \$0.</p> <p><i>Note: Do not include a value for Term Life Insurance which has no cash value before death.</i></p>
<p>Lump-Sum Receipts Or One-Time Receipts</p>	<p>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.</p> <p>Do not list lump-sum or one-time receipts in Section D Income. These amounts are generally deposited/invested in another type of asset such as a Checking Account, a</p>

Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

Asset Type	Notes <i>Do not include assets for Live-in Aides or Foster Children/Adults</i>
	<p>Savings Account, an Investment Account, etc. Refer to instruction about how to treat the specific account.</p> <p>If the lump sum receipt is being held as cash, include cash as NNPP on the 50059.</p> <p>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 which must be included for two years from the date of divestiture.</p>
<p>Money Market (not a Retirement Account or part of a Retirement Account) – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.</p>	<p>Include the value of any Money Market account when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>For Money Market accounts, use the current balance less any fees/penalties to close the account.</p> <p>When a Money Market has a guaranteed rate of return, to determine earnings generated by a Money Market account, multiply the current balance (not cash value) by the current interest rate.</p> <p>If the earnings for a Money Market account are unknown, and when the net cash value of all included assets exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), the income from the Money Market will be imputed. If the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from the Money Market account are unknown, the income from the Money Market account will be \$0.</p>
<p>Mortgage or Deed of Trust (Loan held by the resident) – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.</p>	<p>Include the remaining balance of any Mortgage or Deed of Trust (Loan held by the resident) as of the Effective Date of the certification when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Include the value of the asset which is the unpaid principal as of the Effective Date of the certification.</p> <ol style="list-style-type: none"> 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. <i>(This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.)</i> 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.
<p>Mutual Funds (not a Retirement Account or part of a Retirement Account) – N - Non-necessary Personal Property (NNPP)</p>	<p>Include the value of any Mutual Funds account when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p>

Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

Asset Type	Notes <i>Do not include assets for Live-in Aides or Foster Children/Adults</i>
<p>Include in Section E Asset & Income from Assets.</p>	<p>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.</p> <p>Generally, Mutual Funds do not generate earnings 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.</p> <p>If earnings are unknown and when the net cash value of all included assets is more than the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), the income from this asset will be imputed. If the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from the Mutual Fund is unknown, the income from the Mutual Fund will be \$0.</p>
<p>Peer-to-peer Payment Accounts or Digital Wallets (e.g., Venmo, PayPal, etc.) – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.</p>	<p>Include the value of any Peer-to-Peer Payment Account (aka Digital Wallet) when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Currently, HUD provides no guidance for owner/agents with residents who have access to Peer-to-Peer Payment Accounts (aka Digital Wallets). In the interim, treat these accounts like other financial accounts - using the current balance.</p> <p>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.</p> <p>If earnings are unknown and when the cash value of all Included Assets is more than the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), the income from this asset will be imputed. If the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from this asset are unknown, the income from the account will be \$0.</p>
<p>Real Property Suitable for Occupancy – R – Real Property Include in Section E Asset & Income from Assets.</p>	<p><i>See a complete explanation of Real Property Suitable for Occupancy at the beginning of this document.</i></p> <p>Include the cash value of Real Estate or Real Property when determining the cash value of Total Assets and do not include the cash value of Real Estate or Real Property when determining the Net Cash Value of NNPP.</p> <p>To determine the cash value, reduce the current fair market value by applying:</p> <ol style="list-style-type: none"> 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.).

Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

Asset Type	Notes <i>Do not include assets for Live-in Aides or Foster Children/Adults</i>												
<p style="text-align: center; background-color: #d9ead3; margin: 0;">Example</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 5px 0;"> <tr> <td style="width: 70%;">Home value</td> <td style="text-align: right;">\$150,000</td> </tr> <tr> <td>Less Outstanding Mortgage</td> <td style="text-align: right;">\$45,000</td> </tr> <tr> <td>Less Cost to Sell (7%)</td> <td style="text-align: right;">\$10,500</td> </tr> <tr> <td>Cash Value</td> <td style="text-align: right;">\$94,500</td> </tr> <tr> <td>Quick Claim \$ Received</td> <td style="text-align: right;">\$5,000</td> </tr> <tr> <td>Value of Asset Disposed</td> <td style="text-align: right;">\$89,500</td> </tr> </table>	Home value	\$150,000	Less Outstanding Mortgage	\$45,000	Less Cost to Sell (7%)	\$10,500	Cash Value	\$94,500	Quick Claim \$ Received	\$5,000	Value of Asset Disposed	\$89,500	<p>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 with a \$0 cash value and \$0 income.</p> <p>If no member of the family has the effective legal authority to sell Real Property, as defined by the applicable State or local law, the Real Property will be excluded.</p> <p>For the Section 8 program, when an asset meets the definition of Real Property Suitable For Occupancy (see above), the applicant/resident may be ineligible for housing or housing assistance. Also, if the cash value of Included Assets exceeds the current Asset Cap (2024=\$100,000/2025=\$103,200/2026=105,574), the applicant/resident may be ineligible for housing or housing assistance.</p> <p>When a resident is exempt from the Real Property Rule, the asset is still R – Real Property Suitable for Occupancy, but the resident is marked as “Exempt from the Real Property Rule”.</p>
Home value	\$150,000												
Less Outstanding Mortgage	\$45,000												
Less Cost to Sell (7%)	\$10,500												
Cash Value	\$94,500												
Quick Claim \$ Received	\$5,000												
Value of Asset Disposed	\$89,500												
<p>Real Property Used as Rental Property O – Other Real Property Include in Section E Asset & Income from Assets.</p>	<p>Include the cash value of Real Estate or Real Property when determining the cash value of Total Assets and do not include the cash value of Real Estate or Real Property when determining the cash value of NNPP.</p> <p><i>NOTE: If the person’s main business is real estate, then count any income as business income under HH 4350.3 Paragraph 5-6 G. Do not count it both as an asset and business income.</i></p> <p>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:</p> <ol style="list-style-type: none"> 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.). <p>To determine income generated by the Rental Property, verify the rental income. The resident can provide a tax return (Form 1040 Schedule E) or a financial statement 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.</p>												
<p>Real Property O – Other Real Property Include in Section E Asset & Income from Assets.</p>	<p>Include the cash value of Real Estate or Real Property when determining the cash value of Total Assets and do not include the cash value of Real Estate or Real Property when determining the Net Cash Value of NNPP.</p>												

Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

Asset Type	Notes <i>Do not include assets for Live-in Aides or Foster Children/Adults</i>
	<p>This could include land, commercial property, etc.</p> <p>Include the cash value (the equity) of Real Property. To determine the cash value, reduce the current fair market value by applying:</p> <ol style="list-style-type: none"> a. Any unpaid balance on any loans secured by the property and b. Reasonable costs that would be incurred when selling the asset (e.g., closing costs, broker fees, etc.). <p>When the owner/agent is unable to calculate Actual Income because the property neither generates any income or income cannot be computed as a matter of interest or dividend earnings the owner/agent will use imputed income.</p>
<p>Retirement Accounts as defined by the IRS The Asset & Income from Assets is excluded. Do not list in Section E Asset & Income from Assets. Regular periodic payment/distributions, including any RMD, included in Section D Income.</p>	<p>Do not include the cash value of Retirement Accounts (as defined by the IRS) when determining net cash value Of Assets. 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</p> <p>Do not count earnings generated by Retirement Accounts.</p> <p>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 <i>RT – Retirement and Other Like Income</i>. Until 2.0.3.A software is implemented, use Income Code <i>N – Other Non-wage source</i>.</p>
<p>Revocable Trusts Not Under Control of a Member The Asset & Income from Assets is excluded. Do not list in Section E Asset & Income from Assets. Distributions Regular periodic payment/distributions included in Section D Income using the new Income Code <i>AS – Asset Distribution</i>.</p>	<p>The distinguishing feature of a Revocable Trust is that the grantor (family member) can terminate and/or amend the trust at any time for any reason before his or her death.</p> <p><i>Note: When using the term “Family Member” this is a family member listed on the 50059. This is true even if this person is not related.</i></p> <p>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.</p> <p>Distributions from the trust are part of income and are included as income on the 50059 using the new Income Code <i>AS – Asset Distribution</i>.</p> <ul style="list-style-type: none"> • All distributions from the trust’s <u>principal</u> are excluded from income. • <u>Distributions of income earned by the trust</u> (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. <p>Until 2.0.3.A software is implemented, use Income Code <i>N – Other Non-wage source</i>.</p> <p>Owner/agents must be careful to distinguish between distributions of principal and distributions of earnings when verifying family income from Irrevocable Trusts and Revocable Trusts where the grantor is not part of the assisted family, so as not to unintentionally include distributions of principal that are not considered income.</p>

Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

Asset Type	Notes <i>Do not include assets for Live-in Aides or Foster Children/Adults</i>
	<p><i>Note: The policy implemented under HOTMA is a change from the previous policies of both PIH and MFH.</i></p> <p><i>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,</i></p> <p><i>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.</i></p> <p><i>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.</i></p>
<p>Revocable Trusts Under Control of a Family Member – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.</p>	<p>Include the value of Revocable Trusts Under Control of a Family Member when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p><i>Note: When using the term “Family Member” this is a family member listed on the 50059. This is true even if this person is not related.</i></p> <p>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.</p> <p>Since Revocable Trusts Under The Control Of The Family 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., interest earned) from the trust as income.</p> <p>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.</p> <p>If earnings are unknown and the total value of the Net Cash Value Of Included Assets exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), impute income. If the net cash value of all NNPP does not exceed the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787) and if earnings from this asset are unknown, the income from the revocable truse will be \$0.</p>
<p>Savings Accounts. – N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.</p>	<p>Include the value of Savings Accounts when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Include the current balance of any Savings Account owned by a family member.</p> <p>To determine earnings generated by a Savings Account, multiply the current balance (not cash value) by the interest rate.</p>

Asset Inclusions & Exclusions – Summary Provided by RBD Treatment of Assets Based on New HOTMA Rules

Asset Type	Notes <i>Do not include assets for Live-in Aides or Foster Children/Adults</i>
Special Needs Trust See Revocable Trusts	<p>Determine if the SNT is an:</p> <ol style="list-style-type: none"> 1. Revocable Trust Under Control of a Member - refer to page 16 for additional information about Revocable trusts; 2. Revocable Trust Not Under Control of a Member - refer to page 15 for additional information about Revocable trusts; <p>Treat the SNT accordingly.</p> <p>Do not count the value of Special Needs Trusts that are part of an ABLE Account or a Retirement Account.</p> <p>Also see Revocable trusts;</p>
Stocks (not a Retirement Account or part of a Retirement Account) N - Non-necessary Personal Property (NNPP) Include in Section E Asset & Income from Assets.	<p>Include the value of any stock portfolio when determining the cash value of Total Assets and the cash value of NNPP. If the cash value of all NNPP exceeds the Asset Threshold based on the effective date of the certification (2024=\$50,000/2025=\$51,600/2026=\$52,787), this is an Included Asset.</p> <p>Include the current value of the stock portfolio less any fees or other expenses that would be incurred if the stock portfolio were converted to cash.</p> <p>If the asset is a financial asset and there is no income generated (for example, a stock that does not issue cash dividends), then the asset generates zero actual asset income, and imputed income is not calculated.</p> <p>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.</p> <p><i>Note: If the stock portfolio is part of a Retirement Account (as recognized by the IRS), do not include the stock portfolio as an asset. It should be treated as a Retirement Account.</i></p>
Trust Fund See Revocable Trusts and Irrevocable Trusts	<p>Determine if the trust is an:</p> <ol style="list-style-type: none"> 1. Irrevocable Trust – refer to additional information about Revocable trusts; 2. Revocable Trust Under Control of a Member - refer to information about Revocable trusts; 3. Revocable Trust Not Under Control of a Member - refer to information about Revocable trusts; <p>Treat the Trust Fund accordingly.</p>