



RBD Income Inclusions & Exclusions – Summary Provided by RBD Treatment of Income for HUD MFH Certifications

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. Owner/agents have from 1/1/2024 until site software is updated to comply with HOTMA changes to implement new income exclusions and new verification methods. Site software updates must be implemented no later than 1/1/2025.

For HOTMA, HUD has provided guidance explaining that Annual Income includes all income that is not specifically excluded under 24 CFR 5.609.

As part of the list of exclusions, HUD includes Federally Mandated Exclusions From Income –Updated Listing” (Docket No. FR-5741-N-01) in the *Federal Register*, <https://www.federalregister.gov/documents/2024/01/31/2024-01873/federally-mandated-exclusions-from-income-updated-listing> .

However, HUD does not include those exclusions in their list. This means that, in order for owner/agents to have a complete list of income exclusions, owner/agents must refer to both 24 CFR 5.609 and the Federal Register.

In addition, HOTMA does not call for HUD to describe any specific income inclusions in 24 CFR 5.609.

In response, RBD has compiled an updated list of income 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>, the HOTMA Final Rule, the Federal Register and previous instruction related to income inclusions. This document is meant to act as an unofficial update to Exhibit 5-1 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.

This list may be edited at any time to include new guidance from HUD.

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.



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Income Type Exclusions	Notes Related to the Income Exclusion	
1	The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b)).	This exclusion also applies to assets;
2	Payments, including for supportive services and reimbursement of out-of-pocket expenses, for volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5044(f)(1), 42 U.S.C. 5058),	Excluded from income except that the exclusion shall not apply in the case of such payments when the Chief Executive Officer of the Corporation for National and Community Service appointed under 42 U.S.C. 12651c determines that the value of all such payments, adjusted to reflect the number of hours such volunteers are serving, is equivalent to or greater than the minimum wage then in effect under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) or the minimum wage, under the laws of the State where such volunteers are serving, whichever is the greater (42 U.S.C. 5044(f)(1)). This exclusion also applies to assets;
1	Income from Assets Based on Net Family Assets (new with HOTMA)	Do not include imputed income for any assets with unknown income when the net cash value of included assets totals \$50000 or less and no actual income from the net family assets can be determined. <i>(The \$50,000 threshold is subject to annual adjustment by HUD). See also Treatment of Assets</i>
2	Irrevocable Trusts or Revocable Trusts Not Controlled by a Member (new with HOTMA)	For an irrevocable trust, or a revocable trust outside the control of the family or household, excluded from the definition of net family assets under § 5.603(b): a. Distributions of the principal or corpus of the trust; and b. Distributions of income from the trust when the distributions are used to pay the costs of medical expenses for a minor. <i>See also Treatment of Assets</i>
3	Revocable Trusts Controlled by a Member	For a revocable trust under the control of the family or household, any distributions from the trust, except that any actual income earned by the trust, regardless of whether it is distributed, shall be considered income to the family at the time it is received by the trust. <i>See also Treatment of Assets</i>
4	Earned Income Of Dependents Under 18	Earned income of children 17 or younger is always excluded. Unearned income is included.
5	Payments For Foster Children/Adults	Exclude payments received for the care of foster children or foster adults, or state or Tribal kinship or guardianship care payments.
6	Insurance Payments/Settlements	Exclude insurance payments and settlements for personal or property losses, including but not limited to payments through health insurance, motor vehicle insurance, and workers' compensation.
7	Civil Action/settlement payments (new with HOTMA)	Exclude any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member arising out of law, that resulted in a member of the family becoming disabled. This is true regardless of whether the payments are made in one lump sum or via periodic payments. <i>See also Treatment of Assets</i>
8	Income Of Live-In Aide/Foster Children/Adults (modified with HOTMA)	Exclude income of a live-in aide, foster child, or foster adult as defined in 24 CFR 5.403 and 5.603.
9	Student Financial Aid (modified with HOTMA) <i>Please note that this rule now applies to all of HUD's</i>	Subject to a superseding change in federal law, any assistance that section 479B of the Higher Education Act of 1965 (20 U.S.C. 1087uu) is included as part of a family's income <u>for the Section 8 program</u> if the amount of assistance under 479B of the HEA exceeds tuition and mandatory fees as described below. This is true unless the student is the HOH, co-HOH/spouse who is 24 years of age or older with a dependent child (as defined by HUD).



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<p><i>Multifamily Housing programs.</i></p>	<p>Subject to a superseding change in federal law, any assistance that section 479B of the Higher Education Act of 1965 (20 U.S.C. 1087uu) is excluded when determining a family’s income <u>for any non-Section 8 program</u> even if the amount of assistance under 479B of the HEA exceeds tuition and mandatory fees as described below.</p> <p>Student financial assistance for tuition, books, and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, and other fees required and charged to a student by an institution of higher education (as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)).</p> <p>(A) Student financial assistance, for purposes of this paragraph (9)(ii), means a grant or scholarship received from—</p> <ol style="list-style-type: none"> (1) The Federal government under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.); (2) A State, Tribal, or local government; (3) A private foundation registered as a nonprofit under 26 U.S.C. 501(c)(3); (4) A business entity (such as corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, or nonprofit entity); or (5) An institute institution of higher education. <p>(B) Student financial assistance, for purposes of this paragraph (9)(ii), does not include—</p> <ol style="list-style-type: none"> (1) Any assistance that is excluded pursuant to paragraph (9)(i); (2) Financial support provided to the student in the form of a fee for services performed (e.g., a work study or teaching fellowship that is not excluded pursuant to paragraph (9)(i)); (3) Gifts, including gifts from family or friends; or (4) Any amount of the scholarship or grant that, is not excluded pursuant to paragraph (9)(i) exceeding either by itself or in combination with assistance excluded under this paragraph or paragraph (9)(i), exceeds the actual cost of tuition, books and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution, as this calculation is described in paragraph (b)(9)(ii)(E) of this section. <p>(C) Student financial assistance, the grant or scholarship must be either:</p> <ol style="list-style-type: none"> (1) Expressly for tuition, books, room and board, or other fees required and charged to a student by the education institution; or (2) Expressly to assist a student with the costs of higher education. <p>(D) Student financial assistance may be paid directly to the student or to the educational institution on the student’s behalf. Student financial assistance paid to the student must be verified by the responsible entity as student financial assistance consistent with this paragraph (9)(ii).</p> <p>(E) The amount of student financial assistance that exceeds the actual cost of tuition, books and supplies (including supplies and equipment to support students</p>



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		<p>with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution to be excluded from income when the student is also receiving assistance that is excluded is determined as follows:</p> <p>(1) If the amount of assistance excluded is equal to or exceeds the actual cost of tuition, books and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution, none of the assistance is considered student financial assistance is excluded from income.</p> <p>(2) If the amount of assistance excluded is less than the actual cost of tuition, books and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution, the amount of assistance considered student financial assistance excluded is the lower of:</p> <p>(i) the total amount of student financial assistance received, or</p> <p>(ii) the amount by which the actual cost of tuition, books and supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, or other fees required and charged to a student by the education institution exceeds the assistance excluded.</p>
10	Coverdell Savings Accounts, Baby Bonds, ABLE Accounts (modified with HOTMA)	Exclude income and distributions from any Coverdell Education Savings Account (ESA) under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code; and income earned by government contributions to, and distributions from, “baby bond” accounts created, authorized, or funded by Federal, State, or local government. <i>See also Treatment of Assets</i>
11	Hostile Fire Payments	Exclude the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
12	PASS/Training Programs/Resident Service Stipend (modified with HOTMA)	<p>Exclude (i) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);</p> <p>(ii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (e.g., special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;</p> <p>(iii) Amounts received under a resident service stipend not to exceed \$200 per month. A resident service stipend is a modest amount received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development.</p> <p>(iv) Incremental earnings and benefits resulting to any family member from participation in training programs funded by HUD or in qualifying Federal, State, Tribal, or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under</p>



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	employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program unless those amounts are excluded under paragraph (b)(9)(i) of this section.
13	Reparation Payments Exclude reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
14	Full-Time Student Income (modified with HOTMA) Exclude earned income of any dependent full-time students in excess of the amount of the deduction for a dependent in § 5.611 (\$480 in 2024).
15	Adoption Assistance (modified with HOTMA) Exclude Adoption Assistance payments for a child in excess of the amount of the deduction for a dependent in § 5.611. <i>Note: Adoption Assistance now has its own Income Code AD.</i>
16	Deferred SSA/SSI/VA Disability Benefits Exclude deferred periodic amounts from Supplemental Security Income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.
17	Veterans Aid/Attendance Payments (new with HOTMA) Exclude payments related to VA Aid and Attendance under 38 U.S.C. 1521 to veterans in need of regular aid and attendance. This exclusion applies only to payments made to the veteran and not to payment made to the veterans survivors (e.g., spouse, dependents, etc.) <i>(Note from RBD: When VA Aide/Attendance income is excluded, Medical expenses paid with VA Aide and Attendance benefits are not included when determining the Medical Expense Deduction because these are not out-of-pocket expenses. These expenses are paid via the VA Aid and Attendance benefit.)</i>
18	State/Local Tax Refunds/Rebates (formalized with HOTMA) Exclude amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit. <i>See also Treatment of Assets</i>
19	Payments To Enable Disabled Family Member To Reside In Unit. (modified with HOTMA) Exclude payments made by or authorized by a State Medicaid- managed care system or other State agency to a family to keep enable a family member who has a disability to reside in the family’s assisted unit. Authorized payments may include payments to a member of the assisted family through the State Medicaid-managed care system or other State agency for caregiving services the family member provides to enable a family member who has a disability to reside in the family’s assisted unit.
20	Loan Proceeds (formalized with HOTMA) Exclude loan proceeds (the net amount disbursed by a lender to or on behalf of a borrower, under the terms of a loan agreement) received by the family or a third party (e.g., proceeds received by the family from a private loan to enable attendance at an educational institution or to finance the purchase of a car).
21	Payments To Tribal Members Exclude payments received by Tribal members as a result of claims relating to the mismanagement of assets held in trust by the United States, to the extent such payments are also excluded from gross income under the Internal Revenue Code or other Federal law.
22	FRN Exclusions Exclude income from sources identified as federally mandated exclusions under Federal Register Notice (FRN) A notice will be published in the Federal Register identifying the benefits that qualify for this exclusion. Updates will be published when necessary. See below for a list of FRN Exclusions as of 1/31/2024.
	FRN Exclusions As of 1/31/2024 https://www.federalregister.gov/documents/2024/01/31 Federally Mandated Exclusions From Income-Updated Listing HUD’s regulations provide for HUD to periodically publish in the Federal Register a notice that lists sources of income specifically excluded by any Federal



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<p>1/2024-01873/federally-mandated-exclusions-from-income-updated-listing</p> <p><i>Industry stakeholders should be aware that these exclusions can be changed, at any time, with the release of a new Federal Register announcement.</i></p>	<p>statute from consideration as income for purposes of determining eligibility or benefits in a HUD program. HUD last published a notice that listed federally mandated exclusions from consideration of income on January 31, 2024. This notice replaces the previously published version, adds new exclusions, and removes exclusions that are now codified in HUD regulations.</p> <ol style="list-style-type: none"> (1) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b)); <i>See also Treatment of Assets</i> (2) Payments to volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5044(f)(1), 5058); <i>See also Treatment of Assets</i> (3) Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c)); <i>See also Treatment of Assets</i> (4) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e); <i>See also Treatment of Assets</i> (5) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f)); <i>See also Treatment of Assets</i> (6) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, section 6); <i>See also Treatment of Assets</i> (7) The first \$2000 of per capita shares received from judgment funds awarded by the National Indian Gaming Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, and the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408). This exclusion does not include proceeds of gaming operations regulated by the Commission; <i>See also Treatment of Assets</i> (8) Amounts of student financial assistance funded under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070), including awards under Federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu) For section 8 programs only (42 U.S.C. 1437f), any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 <i>et seq.</i>), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall not be considered income to that individual if the individual is over the age of 23 (24 or older) with dependent children (Pub. L. 109-115, section 327) (as amended); (9) Payments received from programs funded under title V of the Older Americans Act of 1965 (42 U.S.C. 3056g); (10) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund (Pub. L. 101-201) or any other fund established pursuant to the settlement in <i>In Re Agent Orange Liability Litigation</i>, M.D.L. No. 381 (E.D.N.Y.); <i>See also Treatment of Assets</i>



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	<p>(11) Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 25 U.S.C. 1728); <i>See also Treatment of Assets</i></p> <p>(12) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);</p> <p>(13) Earned income tax credit (EITC) refund payments received on or after January 1, 1991, for programs administered under the United States Housing Act of 1937, title V of the Housing Act of 1949, section 101 of the Housing and Urban Development Act of 1965, and sections 221(d)(3), 235, and 236 of the National Housing Act (26 U.S.C. 32(l)); <i>See also Treatment of Assets</i></p> <p>(14) The amount of any refund (or advance payment with respect to a refundable credit) issued under the Internal Revenue Code is excluded from income and assets for a period of 12 months from receipt (26 U.S.C. 6409);</p> <p>(15) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433); <i>See also Treatment of Assets</i></p> <p>(16) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d)); <i>See also Treatment of Assets</i></p> <p>(17) Any allowance paid under the provisions of 38 U.S.C. 1833(c) to children of Vietnam veterans born with spina bifida (38 U.S.C. 1802-05), children of women Vietnam veterans born with certain birth defects (38 U.S.C. 1811-16), and children of certain Korean service veterans born with spina bifida (38 U.S.C. 1821) is excluded from income and assets. <i>See also Treatment of Assets</i></p> <p>(18) Any amount of crime victim compensation that provides medical or other assistance (or payment or reimbursement of the cost of such assistance) under the Victims of Crime Act of 1984 received through a crime victim assistance program, unless the total amount of assistance that the applicant receives from all such programs is sufficient to fully compensate the applicant for losses suffered as a result of the crime (34 U.S.C. 20102(c)). This exclusion also applies to assets; (xviii) Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931(a)(2)); <i>See also Treatment of Assets</i></p> <p>(19) Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 reauthorized as the Workforce Innovation and Opportunity Act of 2014 (29 U.S.C. 3241(a)(2));</p> <p>(20) Any amount received under the Richard B. Russell School Lunch Act (42 U.S.C. 1760(e)) and the Child Nutrition Act of 1966 (42 U.S.C. 1780(b)), including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC); <i>See also Treatment of Assets</i></p>



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		<p>(21) Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b)); <i>See also Treatment of Assets</i></p> <p>(22) Payments from any deferred U.S. Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts (42 U.S.C. § 1437a(b)(4)); <i>See also Treatment of Assets</i></p> <p>(23) Any amounts (i) not actually received by the family, (ii) that would be eligible for exclusion under 42 U.S.C. 1382b(a)(7), and (iii) received for service-connected disability under 38 U.S.C. chapter 11 or dependency and indemnity compensation under 38 U.S.C. chapter 13 (25 U.S.C. 4103(9)(C)) as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111–269 section 2) to the definition of income applicable to programs under the Native American Housing Assistance and Self Determination Act (NAHASDA) (25 U.S.C. 4101 et seq.);</p> <p>(24) A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled <i>Elouise Cobell et al. v. Ken Salazar et al.</i>, 816 F.Supp.2d 10 (Oct. 5, 2011 D.D.C.), for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010 (Pub. L. 111-291); <i>See also Treatment of Assets</i></p> <p>(25) Any amounts in an “individual development account” are excluded from assets and any assistance, benefit, or amounts earned by or provided to the individual development account are excluded from income, as provided by the Assets for Independence Act, as amended (42 U.S.C. 604(h)(4));</p> <p>(26) Per capita payments made from the proceeds of Indian Tribal Trust Settlements listed in IRS Notice 2013– 1 and 2013–55 must be excluded from annual income unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe’s private bank account in which the Tribe has deposited the settlement proceeds. Such amounts received in excess of the Tribal Trust Settlement are included in the gross income of the members of the Tribe receiving the per capita payments as described in IRS Notice 2013–1. The first \$2,000 of per capita payments are also excluded from assets unless the per capita payments exceed the amount of the original Tribal Trust Settlement proceeds and are made from a Tribe’s private bank account in which the Tribe has deposited the settlement proceeds (25 U.S.C. 117b(a), 25 U.S.C. 1407);</p> <p>(27) Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288, as amended) and comparable disaster assistance provided by States, local governments, and disaster assistance organizations (42 U.S.C. 5155(d)). <i>See also Treatment of Assets</i></p>
23	Gap Housing Payments (new with HOTMA)	Exclude replacement housing “gap” payments made in accordance with 49 CFR part 24 that offset increased out of pocket costs of displaced persons that move from one federally subsidized housing unit to another federally subsidized housing unit. Such replacement housing “gap” payments are not excluded from annual income if the increased cost of rent and utilities is subsequently reduced or



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		eliminated and the displaced person retains or continues to receive the replacement housing “gap” payments.
24	<p>Nonrecurring Income (formalized with HOTMA)</p> <p>Also see Attachment 1</p>	<p>Exclude nonrecurring income, which is income that will not be repeated in the coming year based on information provided by the family. Income received as an independent contractor, day laborer, or seasonal worker is not excluded from income, even if the source, date, or amount of the income varies. Nonrecurring income includes:</p> <p>(i) Payments from the U.S. Census Bureau for employment (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not culminating in permanent employment.</p> <p>(ii) Direct Federal or State payments intended for economic stimulus or recovery.</p> <p>(iii) Amounts directly received by the family as a result of state refundable tax credits or state tax refunds at the time they are received.</p> <p>(iv) Amounts directly received by the family as a result of Federal refundable tax credits and Federal tax refunds at the time they are received.</p> <p>(v) Gifts for holidays, birthdays, or other significant life events or milestones (e.g., wedding gifts, baby showers, anniversaries).</p> <p>(vi) Non-monetary, in-kind donations, such as food, clothing or toiletries, received from a food bank or similar organization.</p> <p>(vii) Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings.</p> <p>Please see additional notes in the Attachments to this list of Income Inclusions and Exclusions.</p>
25	Civil Rights Settlements (new with HOTMA)	Exclude civil rights settlements or judgments, including settlements or judgments for back pay. <i>See also Treatment of Assets</i>
26	Earnings income from a Retirement Plan (Modified with HOTMA)	Exclude income received from any account under a retirement plan recognized as such by the Internal Revenue Service, including individual retirement arrangements (IRAs), employer retirement plans, and retirement plans for self-employed individuals; except that any distribution of periodic payments from such accounts shall be income at the time they are received by the family. <i>See also Treatment of Assets</i>
27	ABLE Accounts	Exclude income earned on amounts placed in a family’s Family Self Sufficiency Account. <i>See also Treatment of Assets</i>
28	Self-Employment – Gross Income (new with HOTMA)	<p>Exclude gross income a family member receives through self-employment or operation of a business; except that the following shall be considered income to a family member:</p> <p>(i) Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations; and</p>



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	(ii) Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
Solar Credits (Effective 8/3/2023)	In all foreseeable instances as of the date of this Notice, if the solar credit is tied to the cost of consumption (i.e., utility allowance is affected) (addressed in HSG Notice 2023-09), then the credit will not count toward income. If a solar benefit appears on a household’s electricity bill as an amount credited from the total cost of the bill, HUD has determined that the credit should be treated as a discount or coupon to achieve a lower energy bill (rather than a cash payment or cash-equivalent payment being made available to a resident). In this case, the credit will not be counted toward income, as discounts on items purchased by a tenant are not viewed as “annual income” to the family. Generally, income is not generated when a family purchases something at a cheaper rate than it otherwise would.

Income Type Inclusions	Notes Related to the Income Inclusions
	<i>HUD no longer provides a list of Income Inclusions. This list has been created to assist customers seeking guidance related to income determination for HUD Multifamily Housing programs.</i>
Adoption Assistance	Include Adoption Assistance up to an amount equal to the current Dependent Deduction. For HOTMA, <u>with the implementation of TRACS 2.0.3.A software at the site</u> , when completing data entry, the owner/agent will enter the full amount of Adoption Assistance and site software must limit the amount to the current Dependent Deduction (\$480 in 2024). <i>Note: Adoption Assistance now has its own Income Code AD.</i>
Alimony	Include alimony payments received from organizations or from persons not residing in the assisted unit.
ABLE Accounts	If the beneficiary has a portion of his/her wages directly deposited into his/her ABLE account, then all wage income received, regardless of which account the money is paid to, is included as income. Pre-tax employer contributions to an ABLE account (that are not deducted from wages) are excluded. If the designated beneficiary subsequently deposits any amount previously included as income into his/her ABLE account, that deposited amount must not be included in the household’s asset calculation or counted as income again when the beneficiary receives a distribution from the account. If someone other than the designated beneficiary contributes directly to the ABLE account, that contribution will not be counted as income to the designated beneficiary. If a relative provides a recurring gift of \$100 per month directly to the beneficiary, the recurring gift would be counted as income. If a relative deposits the \$100 recurring monthly gift directly into the ABLE account, then it will not be counted as income.



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Income Type Inclusions	Notes Related to the Income Inclusions
	<p style="text-align: center;"><i>HUD no longer provides a list of Income Inclusions. This list has been created to assist customers seeking guidance related to income determination for HUD Multifamily Housing programs.</i></p>
	<p><i>Note: Any person can contribute to an ABLE account. However, the Internal Revenue Service (IRS) limits the total annual contributions that any ABLE account can receive from all sources for a given calendar year.</i></p>
Annuities	Regular periodic payments from annuities are included when determining Annual Income.
Business Income	<p>Include the net income from the operation of a business. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations.</p> <p>Include withdrawal of cash or assets from the operation of a business or profession except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.</p>
Child Support	<p>Include child support payments received from organizations or from persons not residing in the assisted unit.</p> <p>A family’s child support or alimony income must be based on payments received, not the amounts to which the family is entitled by court or agency orders. A copy of a court order or other written payment agreement alone may not be sufficient verification of amounts received by a family.</p>
Educational Financial Assistance	<p>Include educational financial assistance in excess of tuition and other fees, and except as excluded above, when determining Annual Income unless the student is the HOH or co-HOH/spouse who is at least 23 years of age with a dependent child.</p> <p>It is important to note HUD’s definition of what is and is not financial assistance under this rule. It is also important to note exclusions described.</p>
Earned Income	<p>Include earned income as defined by HUD. Earned income is defined as income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment.</p> <p>Include Income earned as an independent contractor, day laborer, or seasonal worker (<i>This income is not considered “nonrecurring” income.</i>)</p> <p>Earned income does not include any pension or annuity, transfer payments (<i>meaning payments made or income received in which no goods or services are being paid for, such as welfare, social security, and governmental subsidies for certain benefits</i>), or any cash or in-kind benefits.</p> <p>Include Earned income up to an amount equal to the current Dependent Deduction for each full-time student 18 years old or older (<i>excluding the head of household and spouse</i>). For HOTMA, <u>with the implementation of TRACS 2.0.3.A software at the site</u>, when completing data entry, the owner/agent will enter the full amount of Adoption Assistance and site software must limit the amount to the current Dependent Deduction (\$480 in 2024).</p>



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	Do not include earned income for non-family members such as Live-in Aides, Fosters and those members with a relationship code of “None of the Above”.
Income from Assets Not Listed on the 50059	Include income from assets that are not included/listed on the 50059 (e.g., appropriate distributions from a trust). With the release of TRACS v 2.0.3.A, use the new Income Type Code AS to record these payments.
Military Pay	Include regular pay, special pay and allowances of a member of the Armed Forces. Do not include the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
Payments Made on Behalf of a Resident	If a person is making regular payments on behalf of a resident, those payments are counted as income. For example, if an adult child (who is not a member) is paying a parent’s mortgage payment, the amount of the mortgage is counted as income.
Pensions	Include any distribution of periodic payments from a pension including foreign pensions.
Retirement Accounts – Regular Periodic Payments	Any distribution of periodic payments from retirement accounts, including RMDs, shall be income at the time they are received by the family. With the release of TRACS 2.0.3.A, use Income Type Code of RT to record these payments. <i>Note: OAs may want to access online tools to determine an RMD. To access the AARP RMD Calculator, visit their web site at https://www.aarp.org/work/retirement-planning/required-minimum-distribution-calculator.html.</i>
Severance Pay	Include payments received in lieu of earnings such as severance pay.
Social Security & SSI	<p>The gross amount of periodic amounts received from Social Security. If the Social Security verification used to determine Annual Income includes cents, include cents in the calculation even if the resident does not receive the cents.</p> <p>Prior to the implementation of HOTMA, HUD excluded the enhanced benefit portion of the SSI that is provided to pay for services. This amount is no longer excluded</p> <p><i>(Note from RBD: Owner/agents must use the gross award amount, including cents if cents are indicated on the verification document. Please note HH 4350.3 R1, C4, Paragraph 5-6-J “If an agency is reducing a family’s benefits to adjust for a prior overpayment - e.g., social security, SSI, TANF, or unemployment benefits-count the amount that is actually provided after the adjustment.” If the gross amount is reduced to cover unpaid child support, unpaid student loans, unpaid taxes, etc. the owner/agent continues to use the gross amount or the gross amount less any repayment for a prior overpayment as appropriate.)</i></p> <p>Owner/agents must apply annual COLA starting with any certifications completed the day after the COLA is announced.</p>
Unearned Income	<p>HUD defines Unearned Income as any annual income, as calculated under § 5.609, that is not earned income.</p> <p>For all family members, including minors, include unearned income that is not specifically excluded.</p> <p>Do not include unearned income for non-family members such as Live-in Aides, Fosters and those members with a relationship code of “None of the Above”.</p>
Unemployment	Include payments received in lieu of earnings such as unemployment and disability compensation, and severance pay.



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Veterans Administration Disability Benefits	Include payments received from VA Disability programs. Do not include payments made via the VA's Aid and Attendance program. <i>(Note from RBD: Medical expenses paid with VA Aide and Attendance benefits are not included when determining the medical expense deduction because these are not out-of-pocket expenses. These expenses are paid via the VA Aid and Attendance benefit.)</i>
Veterans Administration Pension or Survivors Pension	Include payments received from a VA Pension. Include payments received through the Survivors Pension program that provides payments to surviving spouses and children. This is unearned income for the child.
Withdrawal of Cash or Assets from A Business	Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family. <i>See also Treatment of Assets</i>



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ATTACHMENT 1: NONRECURRING INCOME

The nonrecurring income exclusion replaces the former exclusion for temporary, nonrecurring, and sporadic income (including gifts), but it provides a narrower definition of excluded income in contrast to the former broad exclusion of temporary, nonrecurring, or sporadic income.

Income that will not be repeated beyond the coming year (i.e., the 12 months following the effective date of the certification), based on information provided by the family, is considered nonrecurring income and is excluded from annual income. However, income received as an independent contractor, day laborer, or seasonal worker is not excluded from income even if the source, date, or amount of the income varies.

Income that has a discrete end date and will not be repeated beyond the coming year during the family's upcoming annual reexamination period will be excluded from a family's annual income as nonrecurring income. This does not include unemployment income and other types of periodic payments that are received at regular intervals (such as weekly, monthly, or yearly) for a period of greater than one year that can be extended.

For example, an increasing number of cities and states are piloting guaranteed income programs that have discrete beginning and end dates. This income can be excluded as nonrecurring in the final year of the pilot program. For example, for an annual reexamination effective 2/1/2024, guaranteed income that will be repeated in the coming year but will end before the next reexamination on 2/1/2025 will be fully excluded from annual income.

Example: Research Stipend Included As Annual Income

- Lillian Lopez's AR is effective 5/1/2024
- Lillian reports that she receives monthly payments for participation in a research project that is expected to last for 18 months and will end on 9/30/25.
- The owner/agent includes this income when creating the 5/1/2024 AR because the amounts will be received for the entire 12 month certification period beginning with the effective date of the AR.
- The owner/agent will exclude this income when creating the 5/1/2025 certification since verification documentation indicates that the income will end on 9/30/25.

Income amounts excluded under this category may include, but are not limited to, nonrecurring payments made to the family or to a third party on behalf of the family to assist with utilities, eviction prevention, security deposits to secure housing, payments for participation in research studies depending on the duration, and general one-time payments received by or on behalf of the family.

The following list of exclusions is codified at 24 CFR § 5.609(b)(24) as nonrecurring income. Please note that the list is not exhaustive:

- Payments from the U.S. Census Bureau for employment lasting no longer than 180 days and not culminating in permanent employment;
- Direct federal or state economic stimulus payments;
- Amounts directly received by the family as a result of state refundable tax credits or state tax refunds at the time they are received;
- Amounts directly received by the family as a result of federal refundable tax credits or federal tax refunds at the time they are received;
- Gifts for holidays, birthdays, or other significant life events or milestones (e.g., wedding, baby shower, or anniversary gifts);
- In-kind donations (e.g., food, clothing, or toiletries received from a food bank or similar organization); and
- Lump-sum additions to net family assets (e.g., lottery winnings, contest winnings, etc.).



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ATTACHMENT 2: EARNED INCOME

Earned Income is defined as income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment. Earned income does not include any pension or annuity, transfer payments (meaning payments made or income received in which no goods or services are being paid for, such as welfare assistance, Social Security, and other governmental subsidies/benefits), or any cash or in-kind benefits.

DEFINITION OF DAY LABORER

A day laborer is defined as an individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future.

Income earned as a day laborer is not considered nonrecurring income and must be included, unless specifically excluded (e.g., earnings of full-time students in excess of the dependent deduction, etc.).

DEFINITION OF INDEPENDENT CONTRACTOR

An independent contractor is an individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code federal income tax requirements and whose earnings are consequently subject to the self-employment tax.

Individuals considered “gig workers,” such as babysitters, landscapers, rideshare drivers, and house cleaners, typically fall into the category of independent contractor.

Income earned as an independent contractor must be included unless specifically excluded).

DEFINITION OF SEASONAL WORKER

A seasonal worker is defined as an individual who is:

1. Hired into a short-term position (e.g., for which the customary employment period for the position is 6 months or fewer); and
2. The employment begins about the same time each year (such as summer or winter). Typically, the individual is hired to address seasonal demands that arise for the employer or industry.

Some examples of seasonal work include employment limited to holidays or agricultural seasons. Seasonal work may include but is not limited to employment as a lifeguard, ballpark vendor, or snowplow driver.

Income earned as a seasonal worker must be included unless specifically excluded.