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# Net Family Assets

HUD Multifamily Housing  
HOTMA Training Series for Owners

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April 2024

# MFH HOTMA Video Series for Owners



Overview of Notice H2023-10  
Implementation Guidance



Interim Reexaminations



Annual Reexamination



Mandatory Deductions and  
Hardship Relief/Exemptions



Asset Limitation



**Net Family Assets**



Determining Income



Verification and Other  
Related Topics

A close-up photograph of a hand holding a black and gold pen, poised to write on a lined notebook. The notebook is open, and the pen is held in a tripod grip. The background is softly blurred, showing more of the notebook and the hand.

# Agenda

- Background of HOTMA
- New Definition of “Assets”
- Exclusions and Inclusions in Net Family Assets
- Determining Net Family Assets
- Calculating Asset Income



# Today's Training Objectives

- Become familiar with the revised definition of Net Family Assets
- Describe the use of self-certification of Net Family Assets
- List what assets are now excluded and included in Net Family Assets
- Implement newly required program regulations related to determining Net Family Assets and calculating asset income
- Know when to impute income from Net Family Assets



# HOTMA Background

**July 29, 2016**

HOTMA signed into law.

- Consists of 14 sections affecting public and assisted rental assistance programs.

**February 14, 2023**

Final rule for implementing Sections 102, 103, and 104 of HOTMA published.

- Only Sections 102 and 104 apply to HUD's MFH programs.
- Section 102 changes the requirements related to income reviews.
- Section 104 sets maximum asset limitations.

**September 29, 2023**

Notice H 2023-10 issued.

- Provides guidance on Section 102.

**February 2, 2024**

Revised Notice H 2023-10 issued.

- Provides guidance for Sections 104 and technical clarifications.

**NOTE:** HOTMA more closely aligns MFH and PIH policies.

# MF Programs Affected



**Notice H 2023-10 applies only to** the following MFH programs:

- Section 8 Project-Based Rental Assistance (PBRA)
- Section 202/8 Supportive Housing for the Elderly and Persons with Disabilities
- Section 202/162 Project Assistance Contract (202/162 PAC)
- Section 202/811 Capital Advance with Project Rental Assistance Contract (202/811 PRAC)
- Non-insured 236 projects with Interest Reduction Payments (236 IRP)
- Section 811 Project Rental Assistance Demonstration (811 PRA)
- Senior Preservation Rental Assistance Contract (SPRAC)

**NOTE:** The Asset Limitation provision only applies to Section 8 PBRA and Section 202/8. It does not apply to any other MFH programs.

# HOTMA Compliance Dates



**January 1, 2024**

Effective date of the Final Rule.

**May 31, 2024**

MFH owners must:

- Update their Tenant Selection Plans and EIV policies and procedures to reflect HOTMA rules and discretionary policies.
- Make the updated Tenant Selection Plan and EIV policies and procedures publicly available.

**January 1, 2025**

MFH owners **must be fully compliant** with the HOTMA Final Rule.

# Key Changes in “Net Family Assets”



- + New definition of “Net Family Asset.”
- + New exclusions from Net Family Assets.
- + Imputed asset threshold raised from \$5,000 to \$50,000 (adjusted annually for inflation).
- + Total asset income is calculated as the sum of all actual asset income plus imputed asset income (where applicable).



# Key Changes in “Net Family Assets”



- + Owners no longer use the greater of actual asset income or imputed asset income to determine total income from assets.
- + Owners may accept self-certification of net family assets equal to or less than \$50,000 (adjusted annually for inflation).
- + When owners accept self-certification, they must verify all assets every 3 years via third-party verification.

# HOTMA's Asset Limitation

- HOTMA also includes a new Asset Limitation.
- Owners:
  - Must deny admission of an applicant if they are determined not to meet the requirements of the Asset Limitation.
  - Have discretion over whether and how to enforce this requirement at annual and interim reexaminations for program participants.
  - Must comply with federal fair housing and civil rights requirements, including reasonable accommodation requirements.
- Policy decision must be documented in the owners' written policies.
- Additional detail on HOTMA's Asset Limitation provision may be found in the accompanying Asset Limitation video.

## HOTMA Asset Limitation

A family is out of compliance with the asset limitation if they have either of the following:

- Net family assets that exceed \$100,000, adjusted for inflation, **OR**
- Real property that is suitable for occupancy

**NOTE:** The Asset Limitation provision applies only to Section 8 PBRA and Section 202/8. It does not apply to any other MFH programs

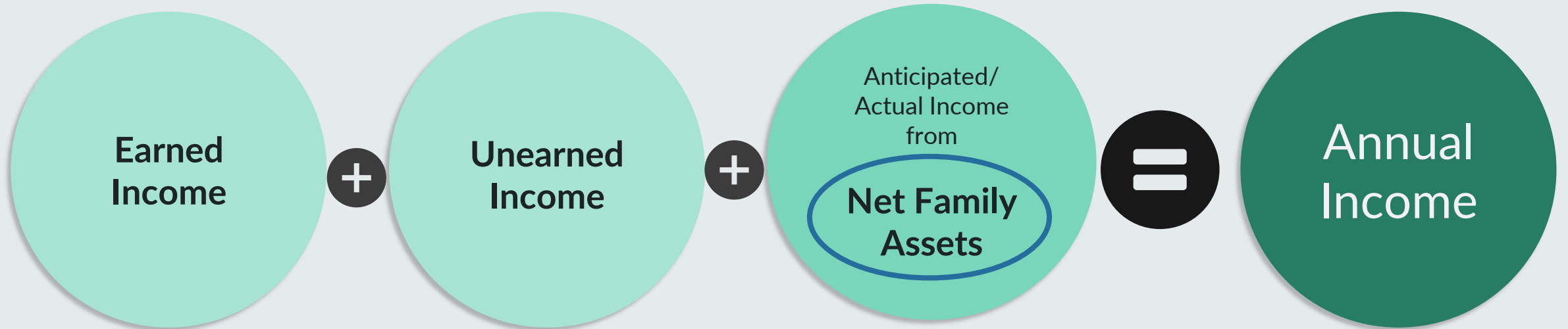
# What Is an Asset?

- A resource with economic value that a family owns or controls with the expectation that it will provide a future benefit.
- Either:
  - Real property (parcel of land, a home) or
  - Personal property (car, boat, or bank account)

**Note:** Under HOTMA, real property is defined by the state law in which the real property is located.



# Net Family Assets: Relevancy



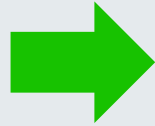
# Net Family Assets: Relevancy

## How to Determine Asset Income:



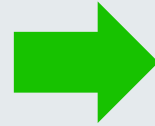
### Step 1

Collect information  
on all family assets



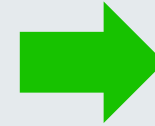
### Step 2

Determine whether  
asset should be  
considered in  
Net Family Assets



### Step 3

Tally value of family's  
Net Family Assets



### Step 4

Calculate income  
from Net  
Family Assets





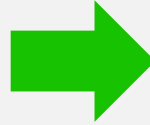
# Step 1: Collect Family Asset Information





# Verification of Assets

Family reports all  
family-owned assets



Owner clarifies for family what assets are  
included and excluded from Net Family Assets

Owners *may* adopt a policy to accept a family's self-certification of assets.

If Owner **chooses to accept** self-certification of assets, then:

1. Family self-certifies that Net Family Assets are equal to or less than \$50,000, adjusted annually for inflation.
2. Owner accepts self-certification, and no further verification is required for 2 years in a row.
3. Owner fully verifies assets via third party in the third year.

If Owner **chooses not to accept** self-certification of assets, Owner **must** verify families' assets annually.

**NOTE:** Third-party verification is always required when net family assets exceed the \$50,000 threshold, adjusted annually for inflation.

# Family Self-Certification of Assets

- Owners **are not** required to accept self-certification of assets.
  - Owners who **choose not** to accept self-certification of assets **must** verify assets annually, using third-party verification when net family assets exceed \$50,000, adjusted annually for inflation.
- Owners **must** include whether they accept self-certification of assets in their Tenant Selection Plan.
- Owners **should** consider local needs and potential risks for accepting self-certification.

➤ Notice 2023-10 provides a sample Net Family Asset Self-Certification Form





# Step 2: Determine If Asset is Included in Net Family Assets





# New Definition of Net Family Asset

Net Family Assets

=

Cash value of all assets (personal and real property)

- Reasonable cost for disposal  
*(considerations for assets disposed of for less than market value)*
- Necessary personal property
- Value of non-necessary personal property up to \$50,000  
*(adjusted annually for inflation)*
- Other exclusions  
*(including retirement plans, education savings accounts, and other items)*




# Net Family Assets: Necessary Personal Property

## Necessary Personal Property

- **Not** included in Net Family Assets.
- Essential for maintenance, use, and occupancy of the residence.
- Necessary to the family for employment, education, or health and wellness.
- Includes items that assist persons with disabilities.
- Does not include luxury items.

| Net Family Assets =                                       |
|---|
| Cash value of all assets                                  |
| - Reasonable cost for disposal                            |
| - Necessary personal property                             |
| - Value of non-necessary personal property up to \$50,000 |
| - Other exclusions  |

 **Owners must determine whether an item or asset is considered necessary or not.**

- Highly fact-specific.
- Requires owners to gather sufficient facts.

# Net Family Assets: Necessary Personal Property

## Examples of Necessary Personal Property:

- Car(s)/vehicle(s) that a family relies on for transportation for personal or business use (e.g., bike, motorcycle, skateboard, scooter)
- Furniture, carpets, linens, kitchenware
- Common appliances
- Common electronics (e.g., radio, television, DVD player, gaming system)
- Clothing
- Personal effects that are not luxury items (e.g., toys, books)
- Wedding and engagement rings
- Jewelry used in religious/cultural celebrations and ceremonies
- Religious and cultural items
- Medical equipment and supplies
- Healthcare-related supplies
- Musical instruments used by the family
- Personal computers, phones, tablets, and related equipment
- Professional tools of trade (e.g., professional books)
- Educational materials and equipment used by the family, including equipment to accommodate persons with disabilities
- Equipment used for exercising (e.g., treadmill, stationary bike, kayak, paddleboard, ski equipment)

**Note:** This is not an exhaustive list.

# Net Family Assets: Non-Necessary Personal Property

- If personal property is not deemed to be necessary personal property, it is considered non-necessary personal property.
- Anticipated income from non-necessary personal items with a total value of up to \$50,000, adjusted annually for inflation, is excluded from annual income.
- Anticipated income from non-necessary personal items with a total value over \$50,000, adjusted annually for inflation, is included in annual income.

| Net Family Assets =                                       |
|---|
| Cash value of all assets                                  |
| − Reasonable cost for disposal                            |
| − Necessary personal property                             |
| − Value of non-necessary personal property up to \$50,000 |
| − Other exclusions  |

# Net Family Assets: Non-Necessary Personal Property

## Examples of Non-Necessary Personal Property:


- Recreational car/vehicle not needed for day-to-day transportation (e.g., campers, motorhomes, travel trailers, all-terrain vehicles (ATVs))
- Bank accounts or other financial investments (e.g., checking account, savings account, stocks/bonds)
- Recreational boat/watercraft
- Expensive jewelry without religious or cultural value, or which does not hold family significance
- Collectibles (e.g., coins/stamps)
- Equipment/machinery that is not used to generate income for a business
- Items such as gems/precious metals, antique cars, artwork, etc.

**Note:** This is not an exhaustive list.

# Net Family Assets: Exclusions

The value of the following assets is excluded from net family assets under HOTMA:

- Necessary personal items
- Non-necessary personal property less than \$50,000, adjusted annually for inflation
- Retirement accounts under IRS-recognized retirement plan (e.g., IRAs, employer retirement plans, and retirement plans for self-employed individuals)
- Real property without legal authority to sell
- Legal settlements from civil actions or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a family member, for an incident resulting in a disability
- Coverdell or 529 education savings accounts, ABLE accounts, “baby bonds” accounts
- Interest in Indian land trusts
- Equity in a manufactured home where the family receives assistance under 24 C.F.R. Part 982
- Equity in property under the Homeownership Option for which a family receives assistance under 24 C.F.R. Part 982
- Family Self-Sufficiency Accounts
- Federal tax refunds or refundable tax credits from the past 12 months (e.g., Earned Income Tax Credits)
- Trust funds that are not revocable by, or under the control of, any family member, as long as they continue to be held as such

| Net Family Assets  |   |
|---|---|
| Cash value of all assets  |   |
|                  | Reasonable cost for disposal                            |
|                  | Necessary personal property                             |
|                  | Value of non-necessary personal property up to \$50,000 |
|                  | Other exclusions  |



# Knowledge Check

To calculate Net Family Assets, which of the following are subtracted from the cash value of all the family's assets?

(Select all that apply.)

Net Family Assets =

Cash value of all assets

☐ All non-necessary personal property

☐ All necessary personal property

☐ 401(k) and other retirement accounts up to \$50,000

☐ Federal tax refunds and credits

- A. All non-necessary personal property
- B. All necessary personal property
- C. 401(k) and other retirement accounts
- D. Federal tax refunds and credits

# Knowledge Check

To calculate Net Family Assets, which of the following are subtracted from the cash value of all the family's assets?

(Select all that apply.)

Net Family Assets =

Cash value of all assets

☐ Reasonable cost for disposal

☐ Necessary personal property

☐ Value of non-necessary personal property up to \$50,000

☐ Other exclusions

- A. All non-necessary personal property
- ☒ B. All necessary personal property
- ☒ C. 401(k) and other retirement accounts
- ☒ D. Federal tax refunds and credits

# Trusts as Net Family Assets

## Don't Count



### Excluded from Net Family Assets:

- Irrevocable trusts and
- Revocable trusts not under family's control

## Count



### Included in Net Family Assets:

- Revocable trusts under family's control (grantor is a member of the household):
  - Calculate imputed income of the revocable trust if Net Family Assets are greater than \$50,000.

**Note:** For this calculation, asset income is based only on the actual interest earned on the trust, **not** on the distributions of interest earned on the trust's principal.

# Trust Distributions and Net Family Assets

- ▶ If the value of a revocable trust is considered part of Net Family Assets:
  - Then distributions from the trust are not considered income.



However, for revocable or irrevocable trusts that are not considered part of Net Family Assets:

- Distributions from the trust's principal are excluded from income.
- Distributions of income earned by the trust (i.e., interest, dividends, realized gains, or other earnings on the trust's principal) are included as income unless the distribution is used to pay for the health and medical expenses of a minor.

# Lump Sum Payments

| Lump Sum Payment Types  | Annual Income | Net Family Assets  |
|---|---------------|--|
| Civil rights settlements  | Excluded      | Included <b>only if</b> held in a savings account or other asset that is included in Net Family Assets |
| Cash value of life insurance policies   | Excluded      | Included <b>only if</b> the cash value of life insurance policies are available before death           |
| Disbursements or distributions of periodic payments made on an asset (such as IRAs or other retirement plans) | Included      | Excluded under HOTMA   |



# Federal Tax Refunds or Refundable Tax Credits



All Federal tax refunds or refundable tax credits are excluded from Net Family Assets for 12 months after receipt.

However, the anticipated income earned by the asset into which it has been deposited is counted.



Only the amount the family receives is excluded from Net Family Assets.


Owners are not required to verify the amount of the family's Federal tax refund or refundable tax credit if the family's net assets are equal to or below the \$50,000 threshold

# Assets Disposed of for Less Than Market Value

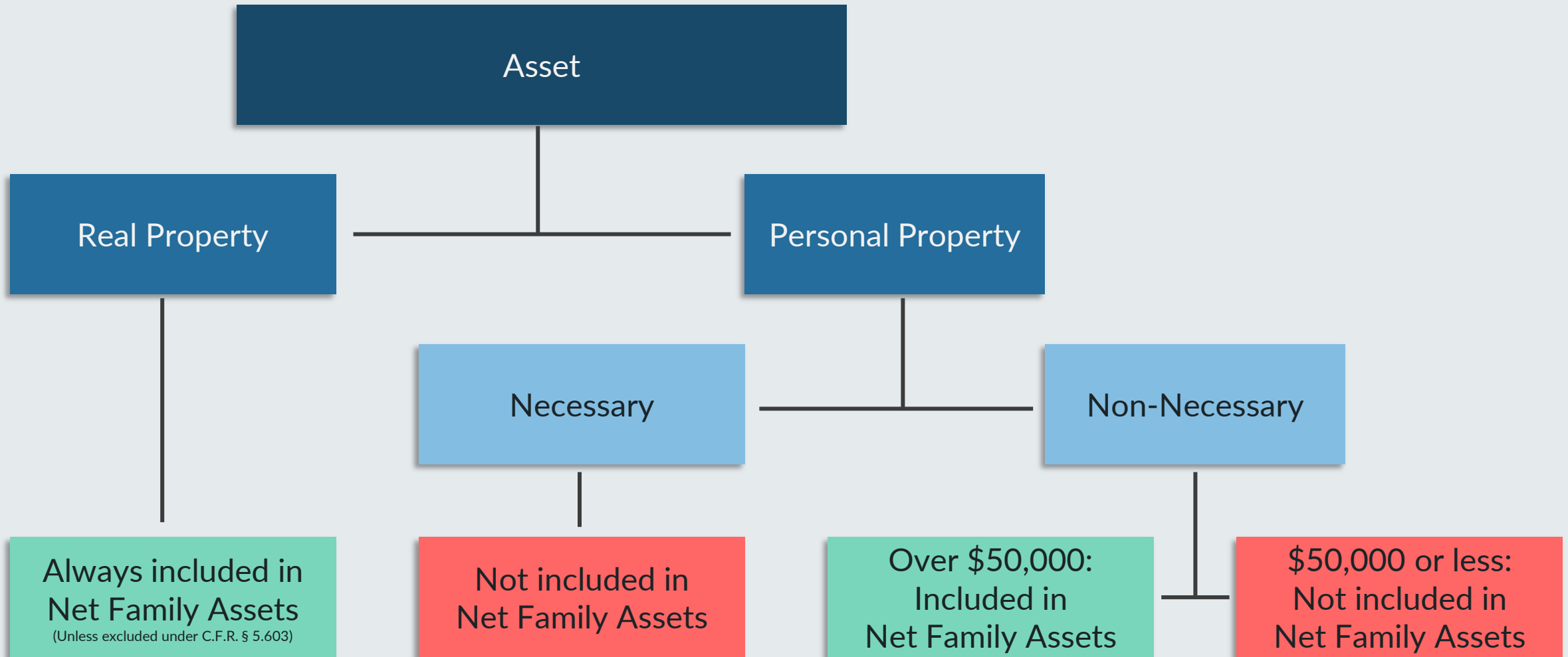
- ▶ For assets disposed of for less than market value:
  - Include in Net Family Assets for 2 years.
  - Use the value that exceeds the amount received in compensation
  - Includes disposition in a trust but not in a foreclosure or bankruptcy sale
- ▶ The disposition is not considered to be less than fair market value if it was part of a separation or divorce settlement, or if the resident or applicant receives compensation that is not measurable in dollar terms.



# Negative Equity

- 
- Negative equity:
    - Occurs when the value of real property or other assets is less than the outstanding balance owed on that asset.
    - Does not prohibit the owner from selling that asset.
    - Is not a basis for exclusion from Net Family Assets.
  - Assets with negative equity must be included when determining the total Net Family Assets for the purposes of calculating asset income.

# Summary: Determining Net Family Assets



# Example List of Net Family Assets

| Item             | Type of Asset                   | Consider When Determining Value of Net Family Assets?   |
|------------------|---------------------------------|---|
| Checking Account | Non-necessary personal property | <b>Yes.</b> Included in Net Family Assets calculation <b>only if</b> the total value of non-necessary personal property is over \$50,000, adjusted for inflation. |
| Engagement ring  | Necessary personal property     | <b>No.</b> Excluded from Net Family Assets.   |
| Parcel of land   | Real property                   | <b>Yes.</b> Real property, unless otherwise excluded by HOTMA, is always included when determining Net Family Assets.   |

# Example List of Net Family Assets

| Item  | Type of Asset                   | Consider When Determining Value of Net Family Assets?   |
|---|---------------------------------|---|
| Recreational vehicle (e.g., camper)             | Non-necessary personal property | <b>Yes.</b> Included in Net Family Assets calculation <b>only if</b> the total value of non-necessary personal property is over \$50,000, adjusted for inflation. |
| Value of an individual retirement account (IRA) | Personal property               | <b>No.</b> The value of IRS-recognized retirement plans is now excluded under HOTMA.  |
| Family car                                      | Necessary personal property     | <b>No.</b> Excluded from Net Family Assets.   |

# Example List of Net Family Assets

| Item  | Type of Asset                   | Consider When Determining Value of Net Family Assets?   |
|---|---------------------------------|---|
| Home that family doesn't have legal authority to sell     | Real property                   | <b>No.</b> Now excluded under HOTMA.  |
| Recently purchased, large, and luxurious diamond necklace | Non-necessary personal property | <b>Yes.</b> Included in Net Family Assets calculation <b>only if</b> the total value of non-necessary personal property is over \$50,000, adjusted for inflation. |

Which of the following are  
**necessary  
personal property**

and, therefore, are not included in  
**Net Family Assets** calculations?

- A. Each family member's personal smartphone
- B. Each family member's personal checking or savings bank account
- C. Stamps that are displayed or stored away as collectibles
- D. A motorcycle that is used only for recreation, not day-to-day transportation
- E. A laptop used for personal tasks



# Knowledge Check

Which of the following are  
**necessary  
personal property**

and, therefore, are not included in  
**Net Family Assets** calculations?



A. Each family member's personal smartphone

B. Each family member's personal checking or savings bank account

C. Stamps that are displayed or stored away as collectibles

D. A motorcycle that is used only for recreation, not day-to-day transportation



E. A laptop used for personal tasks



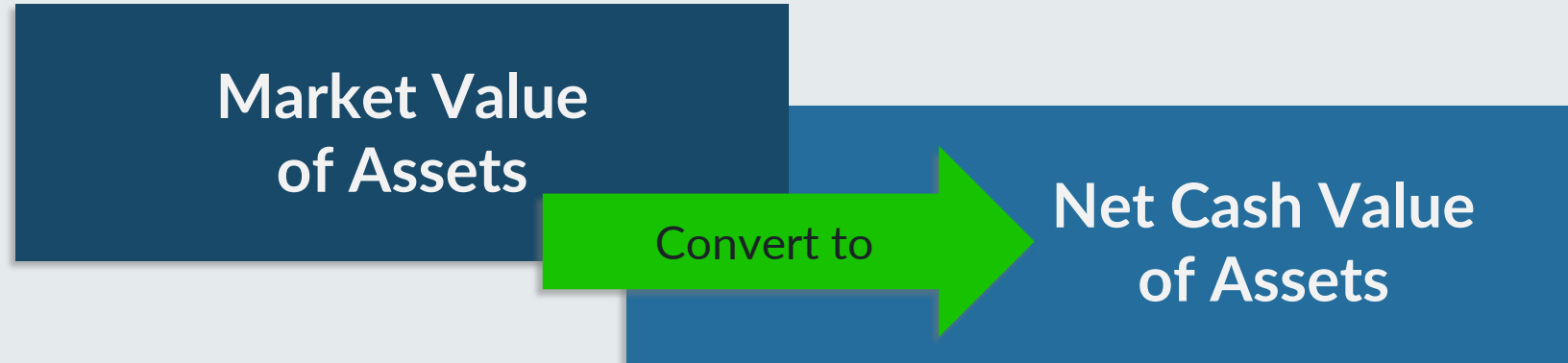


# Step 3: Tallying the Value of Net Family Assets

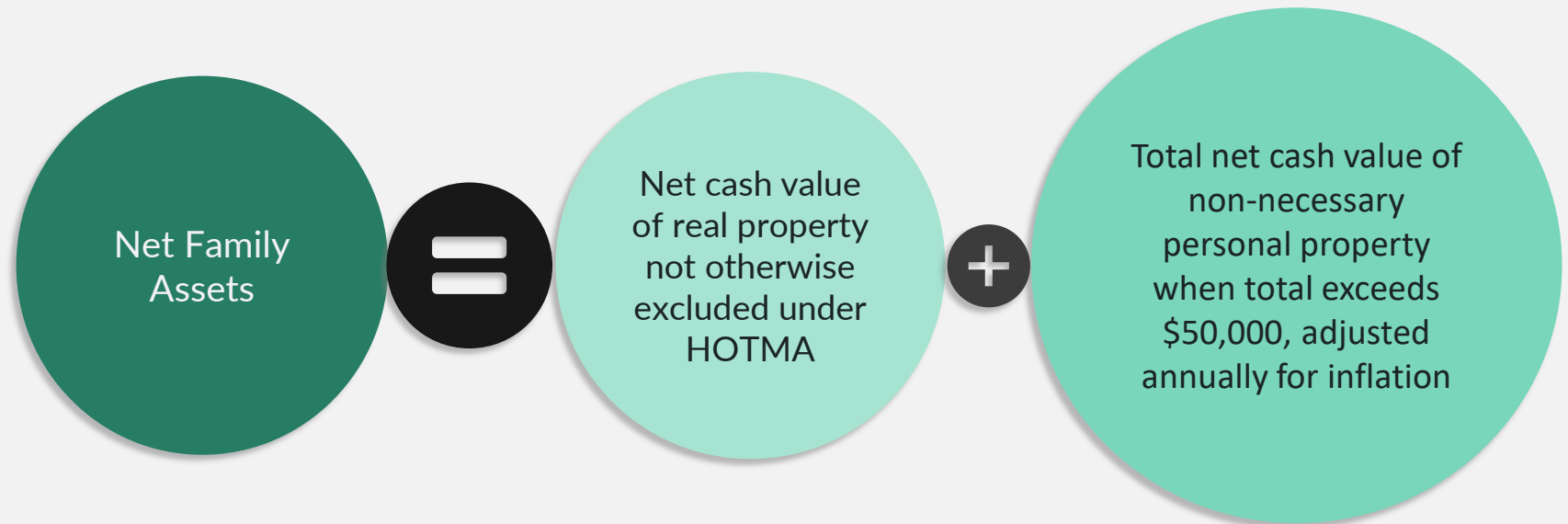




# Calculating Net Cash Value



*"Net Family Assets" is **the net cash value of all assets** owned by the family, after deducting reasonable costs that would be incurred in disposing real property, savings, stocks, bonds, and other forms of capital investment.*



# Calculating Net Cash Value



- The cash value is the amount the family could actually receive in cash if the family converted an asset to cash.
- Example – Calculating the Cash Value of an Asset
  - A family has a certificate of deposit (CD) in the amount of \$5,000 paying interest at 4 percent. The penalty for early withdrawal is 3 months of interest.
  - $\$5,000 \times 0.04 = \$200$  in annual income
  - $\$200 / 12 \text{ months} = \$16.67$  interest per month
  - $\$16.67 \times 3 \text{ months} = \$50.01$
  - $\$5,000 - \$50 = \$4,950$  cash value of CD

# Tallying Net Cash Value

## Example: Combined Net Family Assets

| Family's Assets<br>(excluding necessary personal property) | Net Cash Value  |
|--|---|
| <b>Real Property</b>                                       |   |
| Parcel of Land   | \$30,000 (impute asset income using passbook rate)    |
| Home Unsuitable for Residence                              | (\$75,000 – excluded under HOTMA)                     |
| Total:   | \$30,000  |
| <b>Non-Necessary Personal Property</b>                     |   |
| Checking Account   | \$5,000 (calculate actual income using interest rate) |
| Certificate of Deposit                                     | \$15,000  |
| Savings Account  | \$10,000  |
| Recreational Boat  | \$25,000 (impute asset income using passbook rate)    |
| Stamp Collection   | \$5,000   |
| IRA Account  | (\$20,000 – excluded under HOTMA)                     |
| Total:   | \$60,000  |

Include in asset income

**\$30,000** (Real property)

+

**\$60,000** (Non-necessary personal property)

Exceeds \$50,000 yearly threshold -  
include in net family (and asset  
income) calculation.

**\$90,000** Net Family Assets



# Knowledge Check

What is the **net cash value** of the following non-necessary personal property?

## Diamond bracelet

- Appraised at \$8,000 for insurance
- Similar pieces sell for \$5,000 through broker
- Broker charges 20% fee

A. \$5,000

B. \$8,000

C. \$4,000  
 $= \$5,000 - (\$5,000 \times 0.2)$   
 $= \$5,000 - \$1,000$

D. \$6,400  
 $= \$8,000 - (\$8,000 \times 0.2)$   
 $= \$8,000 - \$1,600$

# Knowledge Check

What is the **net cash value** of the following non-necessary personal property?

## Diamond bracelet

- Appraised at \$8,000 for insurance
- Similar pieces sell for \$5,000 through broker
- Broker charges 20% fee

A. \$5,000

B. \$8,000




C. \$4,000

$$\begin{aligned} &= \$5,000 - (\$5,000 \times 0.2) \\ &= \$5,000 - \$1,000 \end{aligned}$$

D. \$6,400

$$\begin{aligned} &= \$8,000 - (\$8,000 \times 0.2) \\ &= \$8,000 - \$1,600 \end{aligned}$$






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# Step 4: Calculate Income from Net Family Assets

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# Asset Income to Be Counted

- ▶ Income from assets to be counted in family's annual income:
  - Actual income earned from assets is always counted.
  - Imputed return on Net Family Assets over \$50,000 (adjusted annually for inflation), when actual income cannot be determined.

**NOTE:** The previous threshold for imputing assets was \$5,000.

- ▶ Whenever possible, property owners should calculate and use actual returns (income) from an asset.
- ▶ When imputing asset income, use HUD's most recent passbook savings rate, which can be found on HUD's website here:  
<https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html>
- ▶ The value of Net Family Assets must be verified by a third-party when Net Family Assets exceed \$50,000, adjusted for inflation.

# Actual Income From Assets

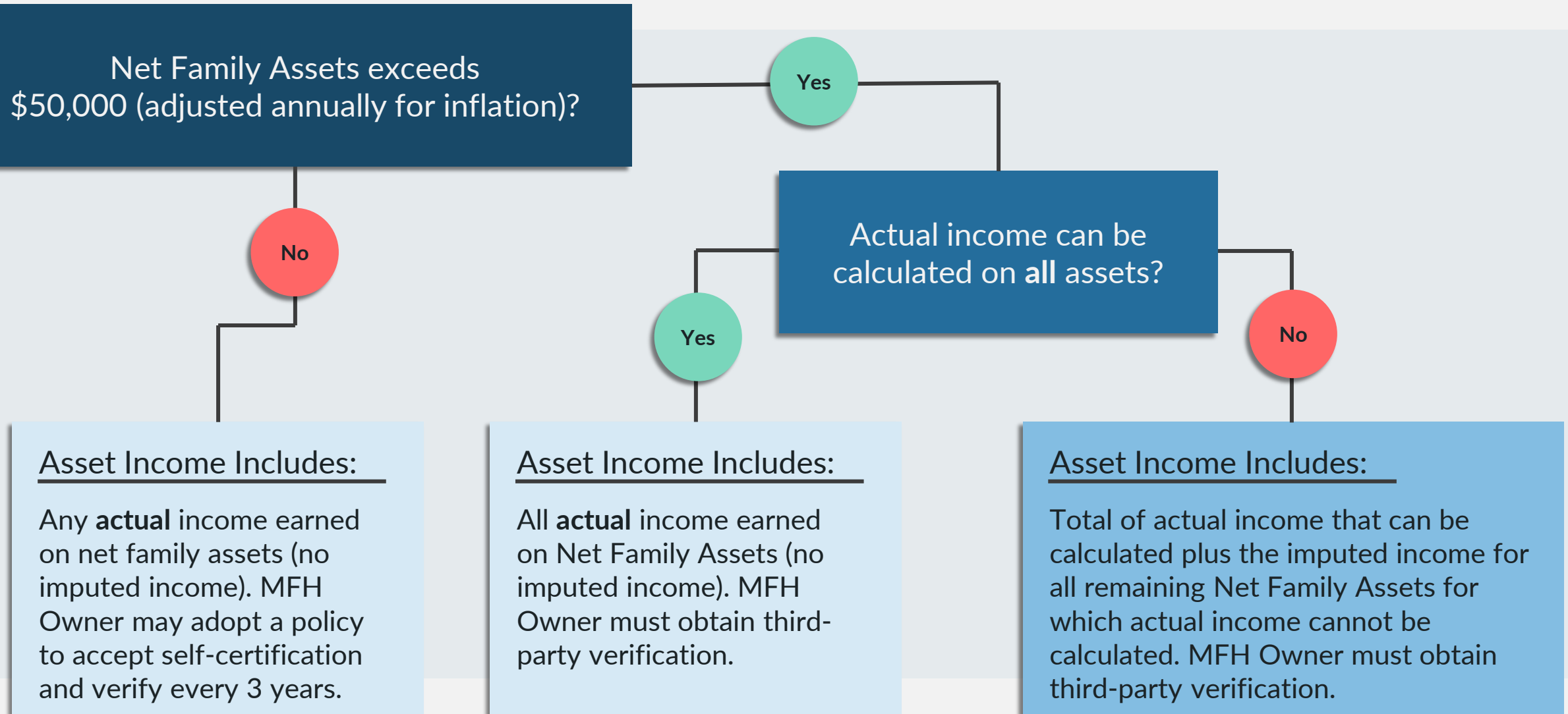
- Actual income earned from assets is always included in annual income, regardless of
  - The total value of Net Family Assets, **or**
  - Whether the asset is included in Net Family Assets, **unless**
  - The income is excluded under HOTMA.
- Income from assets comprises interest, dividends payments, and other actual income earned on that asset.



# Imputed Income

- Calculate imputed asset income for specific assets when:
  - The value of Net Family Assets exceeds \$50,000, adjusted annually for inflation,
  - The specific assets are included in Net Family Assets, and
  - Actual asset income cannot be calculated for a specific asset.
- If available for some assets, use actual income first. Then calculate imputed income for the remainder of the assets.
- Imputed income is never calculated on assets that are excluded from Net Family Assets.

# Asset Income Calculation Decision Chart



# Passbook Rate

Owners must use HUD's annually published passbook rate when calculating imputed income when Net Family Assets exceed \$50,000, updated for inflation.



- Passbook rate will be posted on HUDUser.
- 2024 passbook rate is 0.4 percent.
- Use 2024 rate once owner has implemented use of passbook rate.
  - For prior reexaminations, use the 0.06 percent passbook rate.
- HOTMA final rule supersedes Notice H 2016-01 – Passbook Savings Rate, effective February 1, 2016.

# Inflationary Adjustment

- The \$50,000 threshold above which imputed income must be calculated on Net Family Assets will be adjusted for inflation annually.
- Published each year by September 1, to be effective January 1 of the following year.
- Posted on HUDUser.



# Asset Income Calculation Scenarios

| Scenario  | Included in income                    | Example  |
|---|---------------------------------------|--|
| Value of non-necessary personal property of \$50,000* or less, and actual income can be computed for all assets.  | Actual income only.<br>Do not impute. | Savings account totaling \$5,000, earning 1% annually, no penalties for withdrawal.<br>No other assets.<br>Actual income on savings account = \$50   |
| Value of non-necessary personal property of \$50,000* or less, and actual income for some assets can be computed. | Actual income only.<br>Do not impute. | Savings account totaling \$5,000, earning 1% annually, no penalties for withdrawal. Recreational boat with net cash value of \$15,000.<br>Actual income on savings account = \$50<br>Do not impute income of boat. |
| Value of non-necessary personal property of \$50,000* or less, and actual income cannot be computed.              | No income included.<br>Do not impute. | Recreational boat with net cash value of \$15,000.<br>Do not impute income of boat.  |

\*Adjusted annually for inflation.



# Asset Income Calculation Scenarios

| Scenario   | Included in income   | Example   |
|--|--|---|
| Value of non-necessary personal assets exceeding \$50,000*, and actual income can be computed for all assets.  | Actual income only.<br>Do not impute.                        | Savings account totaling \$35,000, earning 1% annually, no penalty for withdrawal. Checking account of \$20,000, earning 3% annually, no penalty for withdrawal.<br>Actual income on savings account = \$350<br>Actual income on checking account = \$600   |
| Value of non-necessary personal assets exceeding \$50,000*, and actual income for some assets can be computed. | Actual income plus imputed returns for all remaining assets. | Savings account totaling \$35,000, earning 1% annually, no penalty for withdrawal. Checking account of \$20,000, earning 3% annually, no penalty for withdrawal. Recreational boat with net cash value of \$15,000. Passbook rate of 0.4%<br>Actual income on savings account = \$350<br>Actual income on checking account = \$600<br>Imputed income on boat = \$60 |
| Value of non-necessary personal assets exceeding \$50,000*, and actual income cannot be computed.              | Imputed returns for all assets.                              | Recreational boat with net cash value of \$15,000. Luxury jewelry with net cash value of \$40,000. Passbook rate of 0.4%<br>Total value of non-necessary personal property = \$55,000<br>Total Imputed income = \$220   |

\*Adjusted annually for inflation.

# When Net Family Assets Do Not Exceed Threshold

## Background:

Family owns a checking account with a net cash value of \$5,000 that earns 0 percent interest and a savings account with a net cash value of \$20,000, from which they earned \$500 last year.

They have no other assets.

## Analysis:

- All assets are non-necessary personal items.
- Total value (\$25,000) does not exceed \$50,000, adjusted annually for inflation.
- Actual asset income earned is \$500.

## Results:

- Net family assets = \$0. No imputed income calculated.
- Actual asset income to be included in calculation of annual income = \$500.

# When Net Family Assets Do Not Exceed Threshold

## Net Family Assets

| Family's Assets<br>(excluding necessary<br>personal property) | Net Cash Value |
|---|----------------|
| Real Property   |                |
| None Report   | N/A            |
| Total:  | \$0            |
| Non-Necessary Personal<br>Property                            |                |
| Checking Account  | \$5,000        |
| Savings Account   | \$20,000       |
| Total:  | \$25,000       |

No reported real property.

\$0 (Real Property)

+

\$0 (Non-Necessary personal property)

Total non-necessary personal property is under \$50,000 and not included in Net Family Assets.

\$0 Net Family Assets

## Asset Income

| Family's Assets<br>(excluding necessary<br>personal property) | Net Cash Value |
|---|----------------|
| Real Property   |                |
| None Reported   | N/A            |
| Total:  | \$0            |
| Non-Necessary Personal<br>Property                            |                |
| Checking Account  | \$5,000        |
| Savings Account   | \$20,000       |
| Total:  | \$25,000       |

No reported real property. All assets are non-necessary personal property. **No imputed income will be calculated.**

= \$0 imputed income

+

Calculate actual income

\$5,000 x 0% (provided interest rate) = \$0

Calculate actual income

Actual income earned = \$500

= \$500 total actual income

\$500 Total Asset Income

# When Net Family Assets Exceed Threshold

Net Family Assets exceed the \$50,000 threshold, adjusted for inflation

## Background:

Family has non-interest-bearing savings account with a net cash value of \$15,000. They also own a stock portfolio with a net cash value of \$45,000, which earned \$450 last year, and a parcel of land with a net cash value of \$25,000.

## Analysis:

- The total counted as non-necessary personal property is \$60,000 (\$15,000 savings account + \$45,000 stock portfolio). This exceeds the threshold, so imputed asset income must be calculated when actual asset income is not available.
- The total value of real property is \$25,000. Asset income from real property is always counted, so asset income must be calculated.

## Results:

- Total Net Family Assets is \$85,000. This exceeds the threshold, so asset income must be calculated.
- Actual income earned is \$450.

# When Net Family Assets Exceed Threshold

## Net Family Assets

| Family's Assets<br>(excluding necessary<br>personal property) | Net Cash Value |
|---|----------------|
| Real Property   |                |
| Parcel of Land  | \$25,000       |
| Total:  | \$25,000       |
| Non-Necessary Personal<br>Property                            |                |
| Savings Account   | \$15,000       |
| Stock Portfolio   | \$45,000       |
| Total:  | \$60,000       |

Real property, unless excluded by HOTMA, is always included in net family assets (and asset income) calculation.

\$25,000 (Real property)

+

\$60,000 (Non-necessary personal property)

Exceeds \$50,000 yearly threshold; include in net family assets (and asset income) calculations.

**\$85,000 Net Family Assets**

## Asset Income

| Family's Assets<br>(excluding necessary<br>personal property) | Net Cash Value |
|---|----------------|
| Real Property   |                |
| Parcel of Land  | \$25,000       |
| Total:  | \$25,000       |
| Non-Necessary Personal<br>Property                            |                |
| Savings Account   | \$15,000       |
| Stock Portfolio   | \$45,000       |
| Total:  | \$60,000       |

Actual income not available.  
Calculate imputed income on passbook rate.

$(\$25,000 \times 0.40\%) = \$100$  imputed income

+

Calculate actual income

$\$15,000 \times 0\%$  (provided interest rate) = \$0

Calculate actual income

Actual income earned = \$450

= \$450 total actual income

**\$550 Total Asset Income**

# Knowledge Check

What would be the **asset income calculation** for the following situation?

- Money Market account with \$20,000, earning \$500 interest each year
- Parcel of land worth \$50,000 (real property)
- Recreational boat valued at \$30,000 (non-necessary personal property)

Total Net Family Assets = \$100,000

- A. \$200  
imputed income for real property  
( $\$50,000 * 0.004 = \$200$ )
- B. \$500  
actual interest income earned
- C. \$700  
actual income (\$500)  
+ imputed income for land (\$200)
- D. \$850  
actual income (\$500)  
+ imputed income for land (\$200)  
+ imputed income for boat (\$150)



# Knowledge Check

What would be the **asset income calculation** for the following situation?

- Money Market account with \$20,000, earning \$500 interest each year
- Parcel of land worth \$50,000 (real property)
- Recreational boat valued at \$30,000 (non-necessary personal property)

Total Net Family Assets = \$100,000

A. \$200

imputed income for real property  
( $\$50,000 * 0.004 = \$200$ )

B. \$500

actual interest income earned

C. \$700

actual income (\$500)  
+ imputed income for land (\$200)



D. \$850

actual income (\$500)  
+ imputed income for land (\$200)  
+ imputed income for boat (\$150)

# Resources



## **HOTMA Final Rule:**

<https://www.hud.gov/sites/dfiles/PA/documents/6057-F-03-HOTMA-Income-Final-Rule.pdf>



## **Notice H 2023-10, Implementation Guidance: Section 102 and 104 of HOTMA:**

<https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10hsgn.pdf>



## **HUD Multifamily Housing HOTMA Page:**

[https://www.hud.gov/program\\_offices/housing/mfh/hotma](https://www.hud.gov/program_offices/housing/mfh/hotma)



## **Summary of Key HOTMA Changes:**

[https://www.hud.gov/sites/dfiles/Housing/documents/HOTMA\\_One\\_pager.pdf](https://www.hud.gov/sites/dfiles/Housing/documents/HOTMA_One_pager.pdf)



## **List of Discretionary Policies to Implement HOTMA:**

[https://www.hud.gov/sites/dfiles/Housing/documents/MFH\\_List\\_Discretionary\\_Policies\\_Implement\\_HOTMA.pdf](https://www.hud.gov/sites/dfiles/Housing/documents/MFH_List_Discretionary_Policies_Implement_HOTMA.pdf)



## **HUD User Inflationary Adjustment Page:**

<https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html>





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# Thank you!

For technical assistance or for additional information,  
please contact the HOTMA Multifamily Housing  
Help Desk.

[MFH\\_HOTMA@hud.gov](mailto:MFH_HOTMA@hud.gov)

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