Housing Opportunity Through Modernization Act (HOTMA) Video Series for Multifamily Housing Owners and Property Managers

# Net Family Assets

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| Slide No. | Slide Title | Script |
| 1 | *Cover* | Welcome to HUD Multifamily Housing’s HOTMA video series for Owners. As you may know, HOTMA stands for the Housing Opportunity Through Modernization Act. Today’s session will cover Net Family Assets. |
| 2 | Multifamily Housing HOTMA Video Series for Owners – Net Family Assets | Net Family Assets is one of a series of eight HOTMA training videos created specifically for Multifamily Housing property Owners.  Video recordings and the accompanying slide decks for the other topics are currently or will soon be available on HUD’s MFH HOTMA site. |
| 3 | Agenda | Today’s agenda includes:   * A brief background of HOTMA, * A review of the new definition of “Assets,” * A review of exclusions and inclusions in Net Family Assets. and * We will also cover determining Net Family Assets and * Calculating asset income. |
| 4 | Today’s Training Objectives | This training will provide Multifamily Housing Property Owners and property managers with the knowledge and tools to:   * 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, and * Know when to impute income from Net Family Assets. |
| 5 | HOTMA Background | On July 29th, 2016, HOTMA was signed into law. It consists of 14 sections that affect HUD’s rental assistance programs.  On February 14th, 2023, the Final Rule for implementing Sections 102, 103, and 104 of HOTMA was published.  Only Sections 102 and 104 apply to HUD’s Multifamily Housing programs.   * Section 102 changes requirements related to income reviews. * Section 104 sets maximum asset limitations.   Then on September 29th, 2023, Notice H 2023-10 was issued, which provided guidance on Section 102.  Recently, on February 2nd, 2024, Revised Notice H 2023-10 was issued. This provided guidance for Sections 104 and technical clarifications.  As a side note, HOTMA more closely aligns MFH and Public and Indian Housing policies. |
| 6 | MFH Programs Affected | The information in this training is applicable 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)  Please note that HOTMA’s Asset Limitation provision, discussed in detail in the Asset Limitation Training included in this training series, applies only to Section 8 Project-Based Rental Assistance and Section 202/8. |
| 7 | HOTMA Compliance Dates | The following are key HOTMA compliance dates:   * January 1, 2024, is the effective date of the Final Rule. * By May 31, 2024, all Multifamily Housing Owners must: * Update their Tenant Selection Plans and Enterprise Income Verification policies and procedures to reflect HOTMA’s rules and discretionary policies, and also * Owners must make the updated Tenant Selection Plan and Enterprise Income Verification policies and procedures publicly available.   Then, by January 1, 2025, all MFH Owners must be fully compliant with the HOTMA Final Rule. |
| 8 | Key Changes in “Net Family Assets” | HOTMA has brought about several key changes related to Net Family Assets. For example,   * HOTMA has changed the definition of “asset,” which now means all family assets, including previously excluded personal property and equity accounts in certain HUD programs. * HOTMA establishes new exclusions from Net Family Assets, including retirement accounts, educational savings accounts, “baby bonds” accounts, irrevocable trusts, and non-necessary personal property with a combined value of $50,000 or less (adjusted annually for inflation). * HOTMA raises the imputed asset threshold from $5,000 to $50,000 (adjusted annually for inflation). Asset income is imputed only for those assets where the actual asset income cannot be computed. * Total asset income is calculated as the sum of all actual income from assets plus imputed income (where applicable). |
| 9 | Key Changes in “Net Family Assets” | * Owners no longer use the greater of actual income from assets 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 three years via third-party verification. |
| 10 | HOTMA’s Asset Limitation | HOTMA also includes a new 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. * Owners must deny admission of an applicant if they are determined not to meet the requirements of the Asset Limitation. * Owners have discretion over whether and how to enforce this requirement at annual and interim reexaminations for program participants. This policy decision must be documented in the Owners’ written policies. * Regardless of their policy decision, Owners must comply with federal fair housing and civil rights requirements, including reasonable accommodation requirements.   Additional details on HOTMA’s Asset Limitation provision may be found in the accompanying Asset Limitation video.  **Note:** The Asset Limitation provision applies only to Section 8 PBRA and 202/8. It does not apply to any other MFH programs |
| 11 | What Is an Asset? | What is an asset?   * One definition is that an asset is a resource with economic value that a family owns or controls with the expectation that it will provide a future benefit. * Under HOTMA, assets are categorized as either real property (for example, a parcel of land or a home) or personal property. Personal property can be tangible items, like a car or a boat, as well as intangible items, like a bank account.   In the HOTMA Final Rule, HUD notes that real property, as used in 24 C.F.R Part 5, has the same meaning as that provided under the state law in which the property is located. |
| 12 | Net Family Assets: Relevancy | Let’s talk about why assets are relevant.   * The annual income calculation, used for determining initial program eligibility and ongoing rental payments, relies on Net Family Assets as part of its calculation. * Income from assets is considered income and must be used when determining annual income and calculating rent at both: * Initial program eligibility and * Continued program participation. |
| 13 | Net Family Assets: Relevancy | The process that Owners follow to determine asset income is:   1. Collect information on all family-owned assets. 2. Determine whether the assets should be included in Net Family Assets. We will talk about this in detail in upcoming slides. 3. Tally the value of family’s Net Family Assets. 4. Calculate income from Net Family Assets.   In the upcoming sections, we will review how this process has been impacted by HOTMA. |
| 14 | *Divider slide* | In this section, we will discuss HOTMA specifics for collecting family asset information. |
| 15 | Verification of Assets | Families must report all family-owned assets and the income that the family anticipates receiving from them. Owners then review that information and clarify for the family what assets are included and excluded from Net Family Assets.  Under HOTMA, Owners *may* adopt a policy to accept the family’s self-certification that their total family assets are equal to or less than $50,000, adjusted for inflation, without taking additional steps to verify the accuracy of the declaration at admission and/or reexamination.  If Owners implement the self-certification policy for assets, they   * May accept self-certification of Net Family Assets for two years in a row, and then must fully verify assets, via third party verification, in the third year.   Owners who do not accept self-certification of assets 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. |
| 16 | Family Self-Certification of Assets | If Owners implement the self-certification policy for assets, they:   * **Must** include this policy in their Tenant Selection Plan.   When deciding whether to accept self-certification, Owners are encouraged to consider the local needs and priorities in their communities along with the potential risks of accepting self-certification of Net Family Assets, including the requirement to repay funds for participants or tenants who are later found to be ineligible for assistance.  Notice 2023-10 provides a sample Net Family Asset Self-Certification Form. |
| 17 | *Divider slide* | Next, we will look at when an asset is included in Net Family Assets under HOTMA. |
| 18 | New Definition of Net Family Asset | When calculating asset income, Owners must use HUD’s new definition of Net Family Assets, which is provided in Section 5.603(b) of the HOTMA Final Rule:  *“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.*   * Considerations must be taken for assets disposed of for less than market value within the two-year period before application or re-examination. We will talk about this in an upcoming slide. * The following are excluded from the calculation of Net Family Assets: * The value of necessary personal items. * The combined value of non-necessary personal items up to $50,000, adjusted annually for inflation. * And other exclusions. * HOTMA has expanded the list of exclusions from Net Family Assets. See 25 C.F.R. Section 5.603(b), “Net Family Assets.” We will review that list in an upcoming slide. |
| 19 | Net Family Assets: Necessary Personal Property | Let’s take a look at what’s excluded under the new definition of Net Family Assets.  First, we’ll look at necessary personal property, which are items that are essential to the family for maintenance, use, and occupancy of the residence, or necessary for employment, education, or health and wellness. Necessary personal property also includes items that assist persons with disabilities, including items for disability-related needs and items required for reasonable accommodation. Necessary personal property does not include luxury items.  Property Owners must determine whether an item or asset is considered necessary or non-necessary to determine whether it should be included in Net Family Assets.  This is a highly fact-specific determination. Therefore, it is incumbent on Owners to collect enough facts to make this determination.  If an item or asset is considered necessary personal property, it is not included in Net Family Assets. |
| 20 | Net Family Assets: Necessary Personal Property | To assist Owners in making the determination of whether an asset is necessary or non-necessary personal property, HUD has developed a list of examples of necessary personal property. This includes items such as cars the family relies on for personal or business use, personal effects, and medical and healthcare related items. Note that this is **not** an exhaustive list.  Again, necessary personal property is always excluded from Net Family Assets. |
| 21 | Net Family Assets: Non-Necessary Personal Property | If the personal property is not deemed necessary, as we just discussed, then it is considered non-necessary personal property and may need to be included in Net Family Assets.  Under HOTMA, the combined value of non-necessary personal items up to $50,000, adjusted for inflation, is excluded from Net Family Assets.  The Owner must determine the total value of the non-necessary personal items. If that value is $50,000, adjusted annually for inflation, or less, then the anticipated income from those assets is not included in the calculation of annual income.  If the total value of the non-necessary personal items exceeds $50,000, adjusted annually for inflation, then the anticipated income from those assets is included in the calculation of annual income. |
| 22 | Net Family Assets: Non-Necessary Personal Property | HUD has prepared this list of examples of non-necessary personal property. This includes items such as recreational cars or vehicles, collectibles, and antiques cars. Note that this is **not** an exhaustive list.  Non-necessary items such as art, recreational vehicles, coins or other rare-item collections, etc. that contribute to Net Family Assets that total more than $50,000, adjusted annually for inflation, must be included in Net Family Assets, and income from these assets must be counted toward family income. |
| 23 | Net Family Assets: Exclusions | HOTMA has expanded the exclusions from Net Family Assets. The list on this slide shows all the exclusions provided for under 25 C.F.R. Section 5.603(b), “Net Family Assets.” A few examples from the list include non-necessary personal property less than $50,000, adjusted annually for inflation; IRAs; real property without legal authority to sell; Coverdell or 529 education savings accounts; and Federal tax refunds.  None of these assets will be included in Net Family Assets. As such, their anticipated income is not included in the calculation of the family’s annual income. |
| 24 | Knowledge Check | Let’s take a minute to check what we have learned so far.  To calculate Net Family Assets, which of the following are subtracted from the cash value of all the family’s assets?   1. All non-necessary personal property 2. All necessary personal property 3. 401(k) and other retirement accounts 4. Federal tax refunds and credits |
| 25 | Knowledge Check | The answers are:   1. All necessary personal property 2. 401(k) and other retirement accounts 3. Federal tax refunds and credits |
| 26 | Trusts as Net Family Assets | The value of irrevocable trusts and revocable trusts that are not under the control of the family are excluded from Net Family Assets. Therefore, you would not calculate or include asset income from these items in the family’s annual income.  However, revocable trusts that **are** under the family’s control (that is, the grantor is a member of the household) are included in Net Family Assets.  **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. |
| 27 | Trust Distributions and Net Family Assets | Regarding trusts:   * 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, * But distributions of income earned by the trust (that is, interest, dividends, realized gains, or other earnings on the trust’s principle) are included as income, unless the distribution is used to pay for the health and medical expenses of a minor. |
| 28 | Lump Sum Payments | A civil rights settlement, regardless of how the settlement is paid (that is, lump sum or several distributions), is excluded from annual income; however, the amounts would be considered part of Net Family Assets if they are held in a savings account, revocable trust, or some other asset that is included in Net Family Assets.  The cash value of life insurance policies that are available to the participant before death are included in Net Family Assets (for example, the surrender value of a whole life policy or a universal life policy). Net Family Assets do not include the value of term life insurance, which has no cash value to the individual before death.  In some cases, disbursements—or periodic payments made on an asset, such as an IRA or other retirement plan, that is excluded from Net Family Assets under HOTMA—are counted as annual income. |
| 29 | Federal Tax Refunds or Refundable Tax Credits | All amounts received by a family in the form of federal tax refunds or refundable tax credits are excluded from their Net Family Assets for 12 months after receipt by the family.   * However, any anticipated income earned by the asset into which they have 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(s) if the family’s net assets are equal to or below $50,000 (adjusted annually for inflation), even in years when full verification of assets is required or if the Owner does not accept self-certification of assets. The Owner must verify the amount of the family’s federal tax refund or refundable tax credits only if the family’s net assets are greater than $50,000. |
| 30 | Assets Disposed of for Less Than Market Value | Owners must include the value *exceeding the amount received in compensation* from any business of family asset disposed of for less than fair market value during the two years preceding the application or reexamination.   * This includes disposition in a trust, but not in a foreclosure or bankruptcy sale.   The disposition is not considered 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. |
| 31 | Negative Equity | Negative equity occurs when the value of real property or other assets is less than the outstanding balance owed on that asset.   * Negative equity does not prohibit the Owner from selling that asset. * Nor is it a basis for exclusion from Net Family Assets because that asset can still be sold or exchanged for some monetary value.   This means that assets with negative equity must be included when determining the Net Family Assets in order to calculate asset income. |
| 32 | Summary: Determining Net Family Assets | Let’s recap this section on determining Net Family Assets.   * Assets fall into two categories: real property and personal property. * The value of real property, unless it is excluded under C.F.R. 5.603, is always counted in Net Family Assets. * Personal property is considered to be either necessary or non-necessary. Necessary personal property is always excluded from Net Family Assets. Non-necessary personal property is only included in Net Family Assets when its total value exceeds $50,000, adjusted annually for inflation. |
| 33 | Example List of Net Family Assets | Let’s look at a few examples of assets to identify whether they should be considered when determining the value of Net Family Assets.   * A checking account is considered non-necessary personal property and is included in Net Family Assets only if the total combined value of non-necessary personal property is more than $50,000, adjusted for inflation. * An engagement ring is considered necessary personal property and is excluded from Net Family Assets. * A parcel of land is considered real property and is included in Net Family Assets. |
| 34 | Example List of Net Family Assets | Here are some additional items, the type of asset it is considered, and whether it should be considered when determining the value of Net Family Assets. |
| 35 | Example List of Net Family Assets | And here are a few more items. |
| 36 | Knowledge Check | Now let’s test our knowledge.  Which of the following are **necessary personal property** and, therefore, are not included in **Net Family Assets** calculations?   1. Each family member’s personal smartphone 2. Each family member’s personal checking or savings bank account 3. Stamps that are displayed or stored away as collectibles 4. A motorcycle that is used only for recreation, not day-to-day transportation 5. A laptop used for personal tasks |
| 37 | Knowledge Check | The answers are:   1. Each family member’s personal smartphone, and 2. A laptop used for personal tasks   These items are excluded from Net Family Assets. |
| 38 | Divider Slide | Now we will discuss tallying the value of Net Family Assets. |
| 39 | Calculating Net Cash Value | Under HOTMA’s new definition,  *“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.*  This means that we must calculate the net cash value for all assets before we can calculate asset income. This process has not changed with HOTMA.  Once we determine the net cash value of assets, we always include the combined net cash value of real property that is not otherwise excluded under HOTMA in Net Family Assets.  Then, we compare the combined net cash value of all non-necessary personal property up to the $50,000, adjusted annually for inflation, threshold to determine whether it is included in Net Family Assets. If the total non-necessary personal property exceeds $50,000, adjusted annually for inflation, then it is included in Net Family Assets. If it does not, then it is not included in Net Family Assets. |
| 40 | Calculating Net Cash Value | The “cash value” of an asset is the market value less reasonable expenses that would be incurred in selling or converting the asset to cash, such as: (1) Penalties for premature withdrawal; (2) Broker and legal fees; and (3) Settlement costs for real estate transactions.  The cash value is the amount that the family could receive in cash if they converted an asset to cash.  In this example:   * A family has a certificate of deposit in the amount of $5,000 that is paying interest at 4 percent. The penalty for early withdrawal is three months of interest. * $5,000 x 0.04 = $200 in annual income * $200 / 12 months = $16.67 interest per month * $16.67 x 3 months = $50.01 * $5,000 – $50 = $4,950, the cash value of the CD |
| 41 | Tallying Net Cash Value | Once you have determined the net cash value of all the assets, you can categorize the assets into the following categories:   * Real property, both the property that is now excluded under HOTMA and the property that is included. * Non-necessary personal property, which will be compared to the $50,000 threshold (adjusted annually for inflation).   You can then calculate the total Net Family Assets.  *In this example, a family has two real property assets. The parcel of land is included in Net Family Assets, while the home unsuitable for residence is not.*  *The have several assets considered non-necessary personal property, all of which are included in Net Family Assets, except their IRA account. For this family, the net cash value of their Net Family Assets includes the $30,000 from real property and the $60,000 from non-necessary personal property, for a total of $90,000 in Net Family Assets.* |
| 42 | Knowledge Check | Let’s look at what we’ve learned so far.  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 a broker. * The broker charges a 20-percent fee. |
| 43 | Knowledge Check | The answer is:   1. $4,000   In this instance, the insurance appraiser’s value, $8,000, does not matter, because the family would likely only receive the $5,000 price if the item were sold through a broker.  Therefore, we use the $5,000 broker’s value and subtract from that the broker’s fee of 20 percent, or $1,000, which gives us a total net cash value of $4,000. |
| 44 | *Divider slide* | Now that we know how to determine Net Family Income and have calculated its net cash value, we will discuss calculating anticipated income from Net Family Assets. |
| 45 | Asset Income to Be Counted | When calculating income from assets to be included in a family’s annual income:   * Actual income earned from assets is always counted. * Imputed returns on Net Family Assets over $50,000 (adjusted annually for inflation) are used when actual income cannot be determined.   **Note the following:**   * 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 included in Net Family Assets must be confirmed via third-party verification when Net Family Assets exceed $50,000, adjusted for inflation. |
| 46 | Actual Income from Assets | Actual income from assets is **always** included in a family’s annual income, regardless of the total value of Net Family Assets or whether the asset itself is included in Net Family Assets, unless that income is specifically excluded by HOTMA.  This is true for annual reexaminations, which under HOTMA now use the previous year’s income, and initial examinations and interim reexaminations, which now project income for the coming year.  Income from assets is generally considered to be interest, dividends payments, and other actual income earned on that asset. |
| 47 | Imputed Income | The income from assets is no longer determined based on the greater of actual or imputed income from those assets. Instead, imputed asset income must be calculated for specific assets when three conditions are met:   * 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 actual income can be calculated for some of the assets, use actual income first, then calculate imputed income for the remainder of assets.  Imputed income is never calculated on assets that are excluded from Net Family Assets. |
| 48 | Asset Income Calculation Decision Chart | This asset income calculation decision chart walks you through when to use actual asset income and when to use imputed asset income.   * If the family’s Net Family Assets do not exceed $50,000, adjusted annually for inflation, then Owners count any actual income received. * If the family’s Net Family Assets exceed $50,000, adjusted annually for inflation, then there are two options: * First, if the Owner can calculate actual income for **all** assets, then this income is counted, and no imputing is necessary. * Second, if the Owner cannot calculate actual income for **all** assets, then they use any actual income that is available and impute the asset income of the remaining assets. * In both instances, since the assets exceed the $50,000 threshold, then the Owner must verify the assets through a third party. |
| 49 | Passbook Rate | HUD publishes an annual passbook rate based on the FDIC’s National Deposit Rate for savings accounts. Owners must use HUD’s passbook rate when calculating the imputed income from Net Family Assets that exceed $50,000, updated annually for inflation.   * The passbook rate will be published on the HUDUser website.   For 2024, the passbook rate will be 0.40 percent.   * Owners will use the 2024 passbook rate once they have implemented the use of passbook rate   For reexaminations with effective dates before January 1, 2024, Owners must continue to use the 0.06 percent passbook rate. Similarly, for reexaminations after January 1, 2024, but prior to an Owner’s implementation of the new passbook rate, Owners may continue to use the 0.06 percent rate.  Note that the HOTMA final rule supersedes Notice H 2016-01, Passbook Savings Rate, effective February 1, 2016. |
| 50 | Inflationary Adjustment | HUD will also annually update the $50,000 threshold above which imputed income must be calculated on Net Family Assets.  The update will be published each year no later than September 1, to be effective January 1 of the following calendar year.  It will be posted, along with other inflationary adjustments, on the HUDUser website. The first adjustment for inflation will be made effective January 1, 2025. |
| 51 | Asset Income Calculation Scenarios | Here we illustrate three scenarios in which the value of non-necessary personal property is $50,000 or less.  Scenario 1.A family owns a savings account worth $5,000 which earns 1% annually and no other assets. Under this scenario, the Owner must use only the actual income of the asset only, which is $50.  Scenario 2. A family owns the same savings account but also owns a $15,000 recreational boat. Again, the Owner must use only the $50 actual income derived from the savings account, and must not impute income for the boat.  Scenario 3. A family owns only the $15,000 recreational boat. Since the boat is an asset that is worth less than $50,000, and actual income cannot be computed, the family’s income from assets zero. |
| 52 | Asset Income Calculation Scenarios | Next, we will go over three scenarios in which a family’s non-necessary personal assets exceed the $50,000 threshold.  Scenario 1. A family owns a savings account worth $35,000 that earned $350, and a checking account worth $20,000 that earned $600. In this example, the family’s actual asset income is calculated, and imputing is not necessary.  Scenario 2. A family owns the same two bank accounts but also owns a $15,000 recreational boat. Because the net family assets exceeds $50,000, the Owner must use the actual asset income from the bank accounts, plus the imputed asset income from the boat. To calculate the imputed income, multiply the passbook rate of 0.4% by the net cash value of the boat--$15,000, which equals an imputed income from the bot of $60.  Scenario 3. A family owns a $15,000 recreational boat and luxury jewelry with net cash value of $40,000. Since the actual income cannot be calculated for either asset, the Owner must impute income. Multiply the net cash value of the assets by the passbook rate to find the imputed cash value: $55,000 x 0.4% equals $220. |
| 53 | When Net Family Assets Do Not Exceed Threshold | Let’s go over a detailed example and analysis of a scenario where net family assets do not exceed the $50,000 threshold. |
| 54 | When Net Family Assets Do Not Exceed Threshold | First, let’s calculate the family’s net family assets. Since the total value of all non-necessary personal property is less than $50,000, it is not included in net family assets and therefore the net family assets is $0.  Next, we calculate income from assets. Since the savings account is the only account that generated income, the $500 from this account is the only amount included in income from assets. |
| 55 | When Net Family Assets Exceed Threshold | On this slide we go over another example, this time of a family whose net family assets exceed the $50,000 threshold. |
| 56 | When Net Family Assets Exceed Threshold | First we calculate net family assets. The family has a real property parcel of land whose net cash value is $25,000. The family also has a savings account worth $15,000 and a stock portfolio whose net cash value is $45,000. The total value for all net family assets is $85,000.  Next we calculate income from assets. The parcel of land has no actual income, so we calculate its imputed income by multiplying the passbook rate (0.4%) times its value of $25,000, which equals $100.  For the savings account, the actual asset income is zero, and for the stock portfolio the actual asset income is $450. So the total income from all assets is $100 + $450 = $550. |
| 57 | Knowledge Check | Now for our final knowledge check.  What would be the **asset income calculation** for the following situation?  The family has the following assets:   * A money market account with $20,000, earning $500 interest each year, * A parcel of land worth $50,000 (real property), and * A recreational boat valued at $30,000 (non-necessary personal property),   For total Net Family Assets of $100,000.   1. $200 imputed income for real property ($50,000 \* 0.004 = $200) 2. $500  actual interest income earned 3. $700 actual income ($500)  + imputed income for land ($200) 4. $850  actual income ($500)  + imputed income for land ($200) + imputed income for boat ($150) |
| 58 | Knowledge Check | The answer is D. $850, which includes actual income of $500 from the money market account, plus $200 in imputed income from the parcel of land, plus $150 in imputed income from the boat.  To explain further, actual income is always included ($500 from the money market).  Real property asset income is always included, and since there is no actual income here, it is imputed by calculating (the value of an asset x 0.4 , which is the percent passbook rate)  Because the family is over the $50,000 threshold, non-necessary personal property asset income is also included and also must be imputed. |
| 59 | Resources | For additional information, the following resources can be found on HUDs website:   * HOTMA Final Rule, ~~which~~ can be found at <https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10hsgn.pdf>. * Notice H 2023-10, which you can locate at <https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-10hsgn.pdf>. * HUD Multifamily Housing HOTMA Page, which you will find at <https://www.hud.gov/program_offices/‌housing/‌mfh/‌hotma>. * Summary of Key HOTMA Changes, available at <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>. * HUD User Inflationary Adjustment Page, located at <https://www.huduser.gov/portal/datasets/inflationary-adjustments-notifications.html>. |
| 60 | Thank You | Thank you for attending this session. For technical assistance or for additional information, please contact the HOTMA Multifamily Housing Help Desk at:  [MFH\_HOTMA@hud.gov](mailto:MFH_HOTMA@hud.gov) |