# SEA HAVEN BMR HOMEOWNERSHIP
## Income & Asset Definitions and Qualifications

## INCOME

**Gross Household Income:** the gross (pre-tax) amount of income of all adult household members that is anticipated to be received during the coming 12-month period, as further defined in Code of Federal Regulations Title 24, Part 5 (the "Part 5 method"). The Part 5 definition of gross household income is based on a list of income and asset inclusions and exclusions used to determine gross annual income. The definition of what is and is not included in annual income will be in accordance with the definition described in the U.S. Code of Federal Regulations in affect at time of application and may be located on the website of the U.S. Department of Housing and Urban Development at: https://www.govinfo.gov/content/pkg/CFR-2000-title24-vol1/pdf/CFR-2000-title24-vol1-sec5-609.pdf

The following table presents the Part 5 Annual Income inclusions as stated in the Code of Federal Regulations as of the date of adoption of these Guidelines

### Income Inclusions

| General Category | Statement from 24 CFR 5.609 (b) Annual income includes, but is not limited to: |
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| Income from wages, salaries, tips, etc. | **(1)** The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services |
| Business Income | **(2)** The 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. 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 |
| Interest & Dividend Income | **(3)** Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph **24 CFR 5.609 (b)(2)** of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all net family assets or a |

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| | percentage of the value of such assets based on the current passbook savings rate, as determined by HUD |
| Retirement & Insurance Income | **(4)** The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph **24 CFR 5.609 (c)(14)** – Income Exclusions) |
| Unemployment & Disability Income | **(5)** Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph **24 CFR 5.609 (c)(3)** – Income Exclusions). |
| Welfare Assistance | **(6)** Welfare section assistance payments.<br>i. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:<br>a. Qualify as assistance under the TANF program definition at 45 CFR 260.31; and<br>b. Are not otherwise excluded under paragraph **24 CFR 5.609 (c)** – Income Exclusions.<br>ii. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:<br>a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus<br>b. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage. |
| Alimony, Child Support, & Gift Income | **(7)** Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling |
| Armed Forces Income | **(8)** All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph **24 CFR 5.609 (c)(7)** – Income Exclusions). |

**Income Exclusions**

This following table presents the Part 5 Annual Income exclusions as stated in the Code of Federal Regulations effective on the date of adoption of these Guidelines.

| **General Category** | **Statement from 24 CFR 5.609 (c) Annual income does not include the following:** |
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| Income of Children | **(1)** Income from employment of children (including foster children) under the age of 18 years |
| Foster Care Payments | **(2)** Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone) |
| Inheritance and Insurance Income | **(3)** Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph **24 CFR 5.609(b)(5) -** Income Inclusions). |
| Medical Expense Reimbursement | **(4)** Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member |
| Income of Live-in Aides | **(5)** Income of a live-in aide (as defined in 24 CFR5.403) |
| Student Financial Aid | **(6)** Subject to item 9 of the list of exclusions, the full amount of student financial assistance paid directly to the student or to the educational institution |
| "Hostile Fire" Pay | **(7)** The special pay to a family member serving in the Armed Forces who is exposed to hostile fire |
| Self-Sufficiency Program Income | **(8)**<br>a. Amounts received under training programs funded by HUD<br>b. 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)<br>c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program<br>d. Amounts received under a resident service stipend**.** A resident service stipend is a modest amount (not to exceed $200 per month) received by a |

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| | resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time<br>e. Incremental earnings and benefits resulting to any family member from participation in qualifying State 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 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 |
| Gifts | **(9)** Temporary, nonrecurring, or sporadic income (including gifts) |
| Reparation Payments | **(10)** 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 |
| Income from Full-time Students | **(11)** Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household or spouse) |
| Adoption Assistance Payments | **(12)** Adoption assistance payments in excess of $480 per adopted child |
| Family Support Act | **(13)** Reserved |
| Social Security & SSI Income | **(14)** 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. |
| Property Tax Refunds | **(15)** 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 |
| Home Care Assistance | **(16)** Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home |

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| Other Federal Exclusions | **(17)** Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in **24 CFR 5.609(c)** apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. The below list was published on **May 20, 2014**.<br>a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b));<br>b. Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058) (e.g., employment through AmeriCorps, Volunteers in Service to America [VISTA], Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);<br>c. Certain payments received under the Alaska Native Claims Settlement Act (43U.S.C.1626[c]);<br>d. Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);<br>e. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));<br>f. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04);<br>g. The first $2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, including 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. 1407-8) This exclusion does not include proceeds of gaming operations regulated by the Commission;<br>h. Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, 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 et seq.), 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 with dependent children (Pub. L. 109-11, section 327) (as amended); |

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| | i. Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056g);<br>j. Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange liability litigation, M.D.L. No. 381 (E.D.N.Y.) (Pub. L. 101-201 and 101-39);<br>k. Payments received under the Maine Indian Claims Settlement Act of 1980 (Public Law 96-420, 25 U.S.C. 1721) pursuant to 25 U.S.C. 1728(c);<br>l. The value of any childcare 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);<br>m. Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(l)) 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]);<br>n. 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);<br>o. Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d));<br>p. 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. 1821), and children of certain Korean service veterans born with spina bifida (38 U.S.C. 1821);<br>q. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602);<br>r. Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931);<br>s. Any amount received under the Richard B. Russell School Lunch Act (42 U.S.C.1780(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)); |

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| | t. Payments, funds or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b));<br>u. Deferred amounts from 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));<br>v. Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269) to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101) and administered by the Office of Native American Programs;<br>w. A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled Elouise Cobell et al. v. Ken Salazar et al., al., 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);<br>x. Any amounts in an “individual development account” as provided by the Assets for Independence Act, as amended in 2002 (Pub. L. 107-110, 42 U.S.C. 604(h)(4));<br>y. Per capita payments made from the proceeds of Indian Tribal Trust Cases as described in PIH Notice 2013-30 “Exclusion from Income of Payments under Recent Tribal Trust Settlements” (25 U.S.C. 117b(a)); and,<br>z. 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 the States, local government, and disaster assistance organizations (42 U.S.C. 5155(d)) |

## ASSETS

**Asset:** An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included in the determination of asset value. The definition of what is and is not included in Assets generally follows the current definition described in the U.S. Code of Federal Regulations and provided on the website of the U.S. Department of Housing and Urban Development.

The following table is primarily derived from the Part 5 Asset inclusions and exclusions as stated in the Code of Federal Regulations effective on the date of adoption of these Guidelines. **[24 CFR Part 5]**

| **Part 5 Annual Income Net Family Asset Inclusions and Exclusions** |
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| **Inclusions**<br>1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance.<br>2. Cash value of revocable trusts available to the applicant.<br>3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.<br>4. Cash value of stocks, Treasury bills, certificates of deposit, mutual funds and money market accounts.<br>5. Individual retirement, 401(K), and Keogh accounts (even if withdrawal would result in a penalty). While an individual is employed, count only amounts the family can withdraw without retiring or terminating employment. After retiring or terminating employment, count as an asset any amount the employee elects to receive as a lump sum.<br>6. Annuity where the applicant has the option of withdrawing a balance (even if withdrawal would result in a penalty).<br>7. Retirement and pension funds.<br>8. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).<br>9. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.<br>10. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, cash from sale of assets, victim's restitution, insurance settlements and other amounts not intended as periodic payments.<br>11. Mortgages or deeds of trust held by an applicant. |

12. Assets disposed of for less than fair market value (e.g. property) when the fair market value of all assets given away during the past two years exceeds the gross amount received by more than $1,000.

**Exclusions**

1. Necessary personal property, except as noted in number eight (8) of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.
8. Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce, or separation.
9. IRA, Keogh, and similar retirement savings accounts where benefits are being received through periodic payments
10. Lump sum payments where the money is used for something that is not an asset— e.g. a car or a vacation or education.