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CHAPTER 6: INCOME, ASSETS AND RENT DETERMINATIONS

This document is part of the Admissions and Continued Occupancy Policy (ACOP) Development Guide. The full ACOP Guide includes nine chapters on different topics addressed in a typical ACOP.

To see the full ACOP Guide go to: **https://www.hudexchange.info/programs/public-housing/admissions-and-continued-occupancy-policy-toolkit/**

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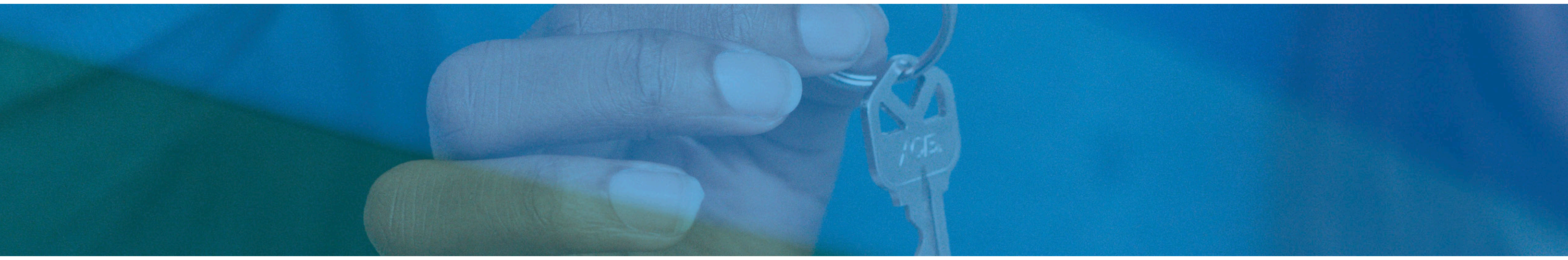

CHAPTER 6: INCOME, ASSETS AND RENT DETERMINATIONS

OVERVIEW

This chapter provides Public Housing Agencies (PHAs) with guidance for drafting income determination policies in the Admissions and Continued Occupancy Policy (ACOP). HUD requires PHAs to review household income to determine eligibility and continued occupancy in the public housing program.

The ACOP describes the definitions of annual income and adjusted income and provides clear guidance on how to determine assets, income, and what adjustments are allowed. While HUD does have specific requirements related to income determination, PHAs do have flexibility to establish local policies and procedures related to income verification and total tenant payment (TTP) calculations.

The guidance provided here pertains to all PHAs, and **does not** include forthcoming changes regarding income and assets under the Housing Opportunity Through Modernization Act of 2016 (HOTMA). Please note that MTW agencies do have additional flexibilities to adjust or change aspects of income determination policies.

When drafting Income Determination policies, PHAs must consider the distinction between **Mandatory** (non-Discretionary) and **Discretionary** policies.

Mandatory Policies
Mandatory policies <u>must</u> comply with HUD and other regulations and <u>must</u> be included in the ACOP. Mandatory policies are those prescribed in statute and regulation that must be part of the ACOP and for which PHAs have no flexibility.

Discretionary Policies
Discretionary policies are areas where the PHA has flexibility to define policies, typically within a given set of parameters. They may be unique to the PHA and based on industry best practices. These policies must still comply with Federal, State and local laws as well as HUD guidance.

TOPICS COVERED IN THIS CHAPTER

The following are key components of a typical ACOP chapter on Income Determination that are described in this chapter.

6.1. Household Characteristics
6.2. Determining Household Income
6.3. Exclusions to Annual Income
6.4. Anticipated Annual Income
6.5. Tracking Business Income
6.6. Assets
6.7. Lump Sum Receipts
6.8. Deductions

Learn More About Income Determination in the Public Housing Occupancy Guidebook

This chapter outlines the U.S. Department of Housing and Urban Development's (HUD) income determination requirements for participating in the public housing program and provides guidance to Public Housing Agencies (PHAs) on how to determine income.

INCOME DETERMINATION

6.1. HOUSEHOLD CHARACTERISTICS

Helpful Tips

- ✓ Household characteristics are important for determining annual and adjusted income, including the types of income included in the calculation, and the applicable deductions. PHAs must ensure that household characteristics are entered properly in their system of record and, subsequently, on the Form HUD-50058, Family Report.
- ✓ Systems of record often assign certain calculations automatically based on the characteristics entered, so it is very important staff enter these accurately. This section summarizes certain household characteristics and the impact on annual and adjusted income.
- ✓ Once all household characteristics and sources of income are known and verified, the PHA must anticipate the family's income for the next 12 months.
- ✓ Once HOTMA becomes effective, at annual reexaminations the PHA will instead calculate the family's income over the previous 12-month period, making adjustments as needed to reflect current income.

Mandatory Policies

- HUD regulations provide standard definitions of family types and characteristics in 24 CFR § 5.403. PHAs must follow those definitions and include them in the ACOP. HUD regulations define "family," including what constitutes an elderly family, a near-elderly family, a disabled family, and a displaced family, among other definitions. For example, HUD defines a disabled family as "a family whose head (including co-head), spouse, or sole member is a person with a disability. It may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides" (24 CFR § 5.403).
- Each family member must be identified and counted when determining family composition and the impact on income. PHAs must ensure that household characteristics are entered properly in their system of record and, subsequently, on the HUD-50058. Systems of record often assign certain calculations automatically based on the characteristics entered, so it is very important that these be entered accurately.

Discretionary Policy Considerations

- PHAs have discretion to determine when or if a family member should be removed from the lease based on the length of time they have been absent from the unit. HUD regulations do not define "temporarily or permanently absent" or specify a timeframe associated with a temporary versus a permanent absence. PHAs have discretion to define this and the policy choices in the ACOP. For example, a best practice is to consider the household member permanently absent after 180 consecutive days.

Sample ACOP Language

HOUSEHOLD CHARACTERISTICS

To determine annual income, the ***USA HOUSING AGENCY*** counts the income of all family members, except the types and sources of income that are specifically excluded. Once the annual income is determined, the ***USA HOUSING AGENCY*** subtracts all allowable deductions (allowances) to determine the Total Tenant Payment. All income is to be verified pursuant to the HUD verification hierarchy and this ACOP's verification requirement section. ***USA HOUSING AGENCY*** must use HUD's verification hierarchy when verifying each household's income, assets, deductions, and expenses. The following sections describe how annual income is determined.

Summary of Income Included and Excluded by Family Member Type

Household Member Type	**Earned Income** (24 CFR § 5.609(b)(1))	**Asset Income** (24 CFR § 5.609(a)(4) and (b)(3))	**Benefit Income** (24 CFR § 5.609(b)(4)-(6))	**Regular Contributions or Gifts** (24 CFR § 5.609(b)(7))
Head, spouse, or co-head; Other adult family members	Included Except participants qualifying for an earned income disallowance (EID)*	Included	Included	Included
Children under 18 years of age	Excluded	Included	Included	Included
Full-time students 18 years of age or older (not head, spouse, or co-head)	Included up to $480. Include the entire amount if the income is less than $480 annually or if the full-time student is a head, cohead or spouse.	Included	Included	Included
Live-in aides, foster child or foster adult	Excluded	Excluded	Excluded	Excluded

* Note that the Earned Income Disallowance will be eliminated when HOTMA becomes effective.

Sample ACOP Language

Temporarily Absent Family Members
USA HOUSING AGENCY will count the income of family members approved to live in the unit, even if the family member is temporarily absent from the unit.

Generally, an individual who is or is expected to be absent from the assisted unit for 180 consecutive days or less is considered temporarily absent and continues to be considered a public housing family member. With specific exceptions, an individual who is or is expected to be absent from the assisted unit for more than 180 consecutive days is considered permanently absent and no longer a public housing family member. Exceptions to this general policy are discussed below.

Absent Students
When a family member attends school away from home, that individual will continue to be considered a family member unless information becomes available to the ***USA HOUSING AGENCY*** indicating that the student has established a separate household or the family declares that the student has established a separate household. In the case of students living in off-campus student housing, this is not considered to be establishing a separate household.

Absences Due to Placement in Foster Care
If a child has been placed in foster care, the ***USA HOUSING AGENCY*** will verify with the appropriate agency whether and when the child is expected to be returned to the home. Unless the agency confirms that the child has been permanently removed from the home, the child will be counted as a family member.

Absent Head, Spouse, or Co-head
An employed head, spouse, or co-head absent from the unit more than 180 consecutive days due to employment will continue to be counted as a family member.

Individuals Confined for Medical Reasons
An individual confined to a nursing home or hospital on a permanent basis is not counted as a public housing family member. If there is a question about the status of a family member, the ***USA HOUSING AGENCY*** will request verification from a licensed medical professional and will use this determination. If the responsible medical professional cannot provide a determination as to their status of being absent from the household for medical reasons, the person generally will be considered temporarily absent. The family may present evidence that the family member is confined on a permanent basis and request that the person not be counted as a public housing family member.

Sample ACOP Language

Joint Custody of Children
Dependents that are subject to a joint custody arrangement will be considered a member of the family if they live with the applicant or tenant family 50 percent or more of the time.

When more than one applicant or assisted family (regardless of program) is claiming the same dependents as family members, the family with primary custody at the time of the initial examination or reexamination will be able to claim the dependents. If there is a dispute about which family should claim them, the ***USA HOUSING AGENCY*** will make the determination based on available documents such as court orders, an IRS income tax return showing which family has claimed the child for income tax purposes, school records, or other credible documentation.

Caretakers for a Remaining Minor Child
The approval of a caretaker is subject to the ***USA HOUSING AGENCY***'s screening criteria. If neither a parent nor a designated guardian remains in a household, the ***USA HOUSING AGENCY*** will take the following actions.

USA HOUSING AGENCY may permit a temporary adult guardian currently not on the lease to reside in the unit until a court-appointed guardian is established. Once established, ***USA HOUSING AGENCY*** may add the new guardian as the new head of household in accordance with its screening policies.

If a caretaker has assumed responsibility for a child without the involvement of a responsible agency or formal assignment of custody or legal guardianship, the caretaker will be treated as a visitor for 90 days. After the 90 days has elapsed, the caretaker will be considered a family member unless information is provided that would confirm that the caretaker's role is temporary. In such cases the ***USA HOUSING AGENCY*** will extend the caretaker's status as an eligible visitor.

At any time that custody or guardianship legally has been awarded to a caretaker, the lease will be transferred to the caretaker, as head of household.

During any period that a caretaker is considered a visitor, the income of the caretaker is not counted in annual income and the caretaker does not qualify the family for any deductions from income.

6.2. DETERMINING HOUSEHOLD INCOME

Helpful Tips

- ✓ HUD regulations are very specific about what gets included in household income. It is a best practice to include the direct reference to HUD regulation 24 CFR §5.609 in the ACOP in the section on household income.
- ✓ Note that HOTMA will make changes to the definition of annual income for clarity, and PHAs will need to revise their ACOP accordingly.

Mandatory Policies

- HUD defines annual income (24 CFR § 5.609) as all amounts, whether monetary or not, that are:
    - Provided to or on behalf of the family's head of household or spouse (even if temporarily absent) or to any other family member; or
    - Anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date and are not specifically excluded by regulation; and
    - Derived (during the 12-month period) from assets to which any member of the family has access.
- PHAs must include the required definitions of earned income, asset income, benefit income and define regular contributions or gifts in accordance with 24 CFR § 5.609.
- HUD regulations define what is considered annual income and what is not included in annual income. For example, student financial assistance received for tuition and other required fees is not included in annual income and is excluded from the calculation (24 CFR § 5.609(c)(6)).

Discretionary Policy Considerations

- Moving-to-Work (MTW) PHAs may have some flexibility pertaining to income determination; however, any deviations from the regulatory requirements must be clearly defined and described in the ACOP and MTW Agreement and Plan as required.

Sample ACOP Language

INCOME

Annual income includes but is not limited to (24 CFR §5.609):

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.
2. The net income from operation of a business or profession, including any withdrawal of cash or assets from the operation of the business. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining the net income from a business. An allowance for the straight-line depreciation of assets used in a business or profession may be deducted as provided in IRS regulations. Withdrawals of cash or assets will not be considered income when used to reimburse the family for cash or assets invested in the business.
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 the straight-line depreciation of real or personal property is permitted. Withdrawals of cash or assets will not be considered income when used to reimburse the family for cash or assets invested in the property.
4. If the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook savings rate as determined by HUD.
5. The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts. (See #14 under EXCLUSIONS TO ANNUAL INCOME for treatment of delayed or deferred periodic payment of Social Security or Supplemental Security Income benefits.)
6. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay. (See #4 under EXCLUSIONS TO ANNUAL INCOME concerning treatment of lump-sum additions as family assets.)
7. All welfare assistance payments, Temporary Assistance to Needy Families (TANF), or General Assistance received by or on behalf of any family member.
8. Periodic and determinable allowances, such as alimony and child support payments, and regular cash and non-cash contributions or gifts received from agencies or persons not residing in the dwelling made to or on behalf of family members.
9. All regular pay, special pay, and allowances of a family member in the Armed Forces. (See EXCLUSIONS TO ANNUAL INCOME concerning pay for exposure to hostile fire.)

6.3. EXCLUSIONS TO ANNUAL INCOME

Helpful Tips

- ✓ HUD regulations are equally very specific about what does not get included in household income. Be sure to reference the regulation (24 CFR §5.609) language. All income exclusions, disallowances, and disregards must be clearly described in the ACOP along with how PHAs will apply these policies when determining annual income.
- ✓ When the HOTMA Final Rule becomes effective in 2024, the Earned Income Disallowance will be eliminated. Families receiving the disallowance on the effective date will be able to continue receiving the benefit until they reach the end of the 24 consecutive month period.

Mandatory Policies

- Public Housing program participants qualifying for an Earned Income Disallowance or Disregard (EID) may be eligible to have a portion of their earned income excluded from annual income for a maximum period of 24 consecutive months. EID does not apply when determining annual income for public housing applicants.
- PHAs must include the definitions of annual income in accordance with 24 CFR §5.609. The regulations define both what is considered annual income and what is not included in annual income.
- Specifically, the list of what is not considered income is outlined at 24 CFR §5.609(c) and the sample ACOP language below summarizes the regulatory language.

Discretionary Policy Considerations

- PHAs may adopt additional, or "permissive," deductions from annual income, but it must be a written policy (24 CFR § 5.611(b)). Some PHAs may include that in the ACOP or another standalone policy document. Permissive deductions may be used to incentivize or encourage self-sufficiency and economic mobility. A permissive deduction might include, for example, an amount of any family earned income, established at the discretion of the PHA, which may be based on:
  - the amount earned by particular members of the family;
  - the amount earned by families having certain characteristics; or
  - the amount earned by families or members during certain periods or from certain sources.
- PHAs may establish a policy for Individual Savings Accounts as an alternative to the Earned Income Disallowance and if they do so, they must advise families that the option for a savings account is available.

Discretionary Policy Considerations
(Continued)

- Families selecting the savings account option instead of EID will be required to pay the income-based rent and PHAs will be required to deposit the total amount that would have been disallowed into a savings account. Amounts deposited on behalf of the family may only be withdrawn for the purpose of:
  - Buying a home;
  - Paying education costs for family members;
  - Moving out of public housing; or
  - Paying any other expenses authorized by the PHA to promote the economic self-sufficiency of residents of public housing.
- When implementing the EID, PHAs may exclude more than 50% during the second 12-month period if it is noted in the ACOP.

Sample ACOP Language

EXCLUSIONS TO ANNUAL INCOME

To determine annual income, the ***USA HOUSING AGENCY*** counts the income of all family members, except the types and sources of income that are specifically excluded. Once the annual income is determined, the ***USA HOUSING AGENCY*** subtracts all allowable deductions (allowances) to determine the Total Tenant Payment. All income is to be verified pursuant to this ACOP's verification requirement section. The following sections describe how annual income is determined.

Annual income does not include the following:

1. Income from the employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the resident family, who are unable to live alone).
3. Kinship Guardian Assistance Payments (Kin-GAP) and other similar guardianship payments are also excluded from annual income. These payments serve as an alternative to foster care and are now interpreted as equivalent to foster care payments [PIH-2012-1 (HA)].
4. Lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance, and worker's compensation), capital gains, one-time lottery winnings, and settlement for personal property losses. (See below for treatment of delayed or deferred periodic payments of Social Security or Supplemental Security Income benefits.)
5. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
6. Income of a live-in aide provided the person meets the definition of a live-in aide.
7. The full amount of student financial assistance paid directly to the student or the educational institution.
8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Certain amounts received that are related to participation in the following programs:
    a. Amounts received under HUD-funded training programs (e.g., Step-up program: excludes stipends, wages, transportation payments, childcare vouchers, etc. for the duration of the training).
    b. Amounts received by a person with disabilities that are disregarded for a limited time for purposes of Supplemental Security Income and benefits that are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
    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.) to allow participation in a specific program.
    d. A resident services stipend. A resident services stipend is a modest amount (not to exceed $200/month) received by a Public Housing resident for performing a service for ***USA HOUSING AGENCY***, on a part-time basis, that enhances the quality of life in Public Housing. Such services may include but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time.
    e. Incremental earnings and/or benefits to any family member from participation in qualifying state or local employment training program (including training programs not affiliated with the local government), and training of family members 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.

Sample ACOP Language

10. Temporary, non-recurring, or sporadic income (including gifts).
11. Reparation payments paid by foreign governments pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of the household and spouse).
13. Adoption assistance payments in excess of $480 per adopted child.
14. Deferred periodic amounts from Supplemental Security Income (SSI) 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 or in prospective monthly amounts;
15. Amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
16. 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 the United States Housing Act of 1937.
17. Unreimbursed childcare expenses for children under 13 years of age (including foster children) may be deducted from annual income if they enable an adult to work, actively seek work, attend school full time, or attend full-time vocational training.

EARNED INCOME DISALLOWANCE

The earned income disallowance (EID) promotes self-sufficiency for families in public housing by not including the full value of increases in earned income for a period of time. Eligibility criteria and limitations on the disallowance are summarized below.

Eligibility

This disallowance applies only to individuals in families already participating in the public housing program (not at admission). To qualify, the family must experience an increase in annual income that is the result of one of the following events:

- Employment of a family member who was previously unemployed for one or more years prior to employment. Previously unemployed includes a person who annually has earned not more than the minimum wage applicable to the community multiplied by 500 hours. The applicable minimum wage is the federal minimum wage unless there is a higher state or local minimum wage.
- Increased earnings by a family member whose earnings increase during participation in an economic self-sufficiency or job-training program. A self-sufficiency program includes a program designed to encourage, assist, train, or facilitate the economic independence of HUD-assisted families or to provide work to such families (24 CFR §5.603(b)).
- New employment or increased earnings by a family member who has received benefits or services under Temporary Assistance for Needy Families (TANF) or any other state program funded under Part A of Title IV of the Social Security Act within the past six months. If the benefits are received in the form of monthly maintenance, there is no minimum amount. If the benefits or services are received in a form other than monthly maintenance, such as one-time payments, wage subsidies, or transportation assistance, the total amount received over the six-month period must be at least $500.

Sample ACOP Language

Calculation of Income Disallowances
The ***USA HOUSING AGENCY*** defines prior income, or prequalifying income, as the family member's last certified income prior to qualifying for the EID. The actual exclusion amount is based on an individualized calculation and is not standard across all participants.

First 12-Month Exclusion
During the first 12 months after the date when the resident qualified for the EID, the qualified family's rent will not increase because of the new earned income. Rent during this period will be based on the qualified family's income before qualifying for the EID, plus any increases in unearned income that may occur after qualifying for the EID. The initial EID exclusion period will begin on the first of the month following the date an eligible member of a qualified family is first employed or first experiences an increase in earnings.

Second 12-Month Exclusion and Phase-In
During the second 12 months after the date the resident qualified for the EID, the ***USA HOUSING AGENCY*** will exclude 50% of the increase in income. The resident's rent will increase by an amount equal to 50% of what the increase would be if not for the EID.

Lifetime Limitation
Residents are eligible for EID benefits for a maximum of 24 calendar-months. Even if the full 24 months of disallowance (12 months of 100% disallowance plus 12 months of 50% disallowance) have not been used, the EID will terminate 24 months from the date when the resident first qualified for the EID.

The disallowance periods only occur while the resident is employed. If the resident stops working for any reason, the disallowance stops and resumes when the resident goes back to work. Only one EID may be granted to a resident in a lifetime.

Individual Savings Accounts
The ***USA HOUSING AGENCY*** does not establish a system of individual savings accounts (ISAs) for families who qualify for the EID.

Sample ACOP Language

TRACKING EARNED INCOME DISALLOWANCE
The ***USA HOUSING AGENCY*** will report EID on the HUD 50058 form. Documentation will be included in the family's file. Documentation will include:

- Date the increase in earned income was reported by the family.
- Name of the family member whose earned income increased.
- Reason (new employment, participation in job training program, within 6 months after receiving TANF) for the increase in earned income.
- Amount of the increase in earned income (amount to be excluded).
- Date the increase in income is first excluded from annual income.
- Date(s) earned income ended and resumed during the initial cumulative 12-month period of exclusion (if any).
- Date the family member has received a total of 12 months of the initial exclusion.
- Date the 12-month phase-in period began.
- Date(s) earned income ended and resumed during the second cumulative 12-month period (phase-in) of exclusion (if any).
- Date the family member has received a total of 12 months of the phase-in exclusion.
- Ending date of the maximum 24-month (two years) disallowance period from the date of the initial earned income disallowance.

The ***USA HOUSING AGENCY*** will maintain a tracking system to ensure correct application of the earned income disallowances.

6.4. ANTICIPATED ANNUAL INCOME

Helpful Tips

- ✓ PHAs are required to use the Enterprise Income Verification (EIV) System to help with income determination and verification. The web-based system contains employment, wage, unemployment compensation and Social Security benefit information for tenants in assisted housing programs.
- ✓ In some cases, a PHA may need to obtain written or oral third-party verification of the income, in addition to EIV or if information is not in EIV.
- ✓ It is important to retain any documentation in the household's file, so there is clear rationale for how the PHA determined anticipated annual income.
- ✓ When the HOTMA Final Rule becomes effective in 2024, at annual reexaminations PHAs will examine a family's income during the previous 12-month period, rather than anticipating their income for the following 12-month period.

Mandatory Policies

- PHAs need to calculate amounts anticipated to be received from a source outside the family during the 12-month period following admission or the annual reexamination effective date (24 CFR § 5.609(a)(2)).
- The Enterprise Income Verification (EIV) system is used to validate (not calculate) tenant-reported income information and may be a useful tool to estimate future income-based information by validating recent wage, unemployment, and social benefit activities. PHAs must use EIV including pulling the family's Income Report within certain time-frames of reexaminations and new admissions.

Discretionary Policy Considerations

- If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal, or cyclic income) or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to redetermination at the end of the shorter period (24 CFR § 5.609(d)).For example, if the family member has a seasonal schedule and only works during the summer months, the PHA may choose to annualize income based on a 4-month period to cover the summer months. The PHA will need to redetermine income at the end of the 4-month period.
- PHAs may choose among several methods of annualizing income to determine anticipated annual income. These policies need to be included in the ACOP, and PHAs must inform the families of the income calculation method that would be applied to them so that the family can plan accordingly (24 CFR § 960.253(e)).

Sample ACOP Language

ANTICIPATED ANNUAL INCOME

USA HOUSING AGENCY must use HUD's verification hierarchy when verifying each household's income, assets, deductions, and expenses. ***USA HOUSING AGENCY*** is required to access the EIV system and obtain an Income Report for each household.

To verify income, ***USA HOUSING AGENCY*** will start with the highest level of the six verification techniques. If the EIV Income Report does not contain any employment and income information for the family, then ***USA HOUSING AGENCY*** will attempt the next lower-level verification technique. The chart below dictates the verification technique hierarchy to be followed, starting with Level 6 and moving down to Level 1 as needed.

Level	Verification Technique	Mandatory or Optional	Description
Level 6	Enterprise Income Verification (EIV)	Mandatory (i.e., must review EIV Income Report for all families when verifying income).	• Includes wages, Social Security/SSI, unemployment. • Cannot be used to calculate earned income.
Level 5	Upfront Income Verification (UIV)	Optional.	• UIV sources are those that can be accessed directly by the PHA either online or via automated telephone system. • There are paid services that provide wage information, like The Work Number. • PHAs may also be able to access local and state government databases.
Level 4	Written Third-Party Verification	Mandatory to supplement EIV-reported income sources and for income sources not in EIV.	• Third-party generated documents, e.g., paystubs, bank statement, print outs from online system, benefit letter. • Must collect at least two consecutive paystubs for employment income.
Level 3	Written Third-Party Verification Form	Mandatory if higher levels not available or unacceptable.	• PHA sends form via e-mail, fax, or mail directly to third-party (e.g., employer, bank) requesting information required to accurately calculate annual income.
Level 2	Oral Third-Party Verification	Mandatory if higher levels not available or unacceptable.	• PHA calls third-party (e.g., employer, bank) requesting information required to accurately calculate annual income.
Level 1	Tenant Declaration	Only use as a last resort if higher levels are not available.	• A signed statement from the tenant. • PHA must document why higher levels were not available.

Sample ACOP Language

When EIV is obtained and the family does not dispute the EIV employer data, the ***USA HOUSING AGENCY*** will use current tenant-provided documents to project annual income. The ***USA HOUSING AGENCY*** will obtain written and/or oral third-party verification in accordance with the hierarchy verification requirements and policies in this ACOP.

When necessary, the ***USA HOUSING AGENCY*** will review and analyze current data to anticipate annual income. In all cases, the family file will be documented with a clear record of the reason for the decision, and a clear audit trail will be left as to how the ***USA HOUSING AGENCY*** annualized projected income.

When the ***USA HOUSING AGENCY*** cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the ***USA HOUSING AGENCY*** will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income.

Any time current circumstances are not used to project annual income, a clear rationale for the decision will be documented in the file. In all such cases the family may present information and documentation to the ***USA HOUSING AGENCY*** to show why the historic pattern does not represent the family's anticipated income.

6.5. TRACKING BUSINESS INCOME

Helpful Tips

✓ There are many considerations and details that need to be tracked when a family member has their own business and reports income from it. It is a best practice to keep the information in this section of the ACOP clear and understandable for staff so they can use it as a reference when tracking business income.

Mandatory Policies

- When calculating household income, PHAs must count the net income from the operation of a business or profession, if applicable.
- Expenditures for business expansion or amortization of capital indebtedness are not deducted.
- Withdrawal of cash or assets from a business is counted as income except when the withdrawal is for reimbursement of amounts the family has invested in the business (24 CFR § 5.609(b)(2)).
- If the business is operating as a loss, the income on the Form HUD-50058 for that source of income is not deducted from other sources of income the family receives but will be recorded as $0.

Discretionary Policy Considerations

- PHAs have discretion to offer a deduction when calculating income. PHAs may deduct an allowance for depreciation of assets used in a business or profession. The deduction must be based on straight line depreciation, as provided in Internal Revenue Service regulations (26 CFR § 1.167(b)-1).

Sample ACOP Language

TRACKING BUSINESS INCOME

Annual income includes "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 (24 CFR § 5.609(b)(2))."

Business Expenses

To determine business expenses that may be deducted from gross income, the ***USA HOUSING AGENCY*** will use current applicable Internal Revenue Service (IRS) rules for determining allowable business expenses [see IRS Publication 535], unless a topic is addressed by HUD regulations or guidance as described below.

Business Expansion

USA HOUSING AGENCY cannot, in accordance with HUD regulation, deduct from gross income expenses for business expansion.

Withdrawal of Cash or Assets from a Business

Acceptable investments in a business include cash investments and contributions of assets or equipment. For example, if a member of a tenant family provided an up-front investment of $2,000 to help a business get started, the ***USA HOUSING AGENCY*** will not count as income any withdrawals from the business up to the amount of this investment until the investment has been repaid. Investments do not include the value of labor contributed to the business without compensation.

Co-owned Business

If a business is co-owned with someone outside the family, the family must document the share of the business it owns. If the family's share of the income is lower than its share of ownership, the family must document the reasons for the difference.

6.6. ASSETS

Helpful Tips

- ✓ HUD does not explicitly require PHAs to have verification procedures under certain circumstances such as verifying assets; however, having written procedures is in the PHA's best interest for a variety of reasons as they:
  - Ensure that tenants receive fair and consistent treatment.
  - May protect the PHA in the case of an audit or legal inquiry.
  - Serve as a training tool for new staff.
- ✓ PHAs may wish to list out the types of assets they will consider when determining income. It is a best practice to include copies of the documents in the household's file.
- ✓ The HOTMA Final Rule will make significant changes to asset income calculation when it becomes effective in 2024.

Mandatory Policies

- For households with less than or equal to $5,000 of assets, PHAs must obtain third-party verification of all family assets at the time of admission and again at least every three years thereafter (24 CFR §960.259).
- When the cash value of net family assets total $5,000 or less, actual income from the assets is used to determine asset income. The family's declaration must show each asset and the amount of income expected from that asset. This amount must be included in the family income.
- If family assets exceed $5,000, annual income must include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. To calculate net family assets for households with more than $5,000, PHAs must calculate the cash value after deducting reasonable costs that would be incurred if the family disposed of the assets (24 CFR § 5.603). The cash value of the assets is based on the market value - which is essentially, what a buyer would pay for the asset with cash.
- Interest, dividends, other net income from real or personal property, etc. must be included in the calculation for annual income. Any withdrawal of cash or assets from an investment will be included as income, unless it is for the reimbursement of cash or assets invested by the family.
- HUD specifies that if assets are disposed of as part of a separation or divorce settlement and the applicant or tenant receives important consideration not measurable in dollar terms, those assets are not considered disposed of for less than fair market value.

Discretionary Policy Considerations

- The requirements for asset verification and the determination of income from assets depends on the amount of the family's assets.
- The PHA may accept self-certification that the family's assets are equal to or less than $5,000.
- For jointly owned assets, the PHAs can detail the way in which the assets are prorated based on ownership if the state or local law does not specify. For example, a best practice is to prorate the asset evenly across all owners of the jointly-owned asset.
- PHAs may deduct an allowance for depreciation of assets used in a business or profession. The deduction must be based on straight line depreciation, as provided in Internal Revenue Service regulations (26 CFR § 1.167(b)-1).
- For assets that are disposed of for less than fair market value, the PHA may set a threshold below which those assets will not be counted. The Public Housing Occupancy Guidebook includes an **example scenario** for reference.

Sample ACOP Language

ASSETS
USA HOUSING AGENCY includes the anticipated "interest, dividends, and other net income of any kind from real or personal property" (24 CFR § 5.609(b)(3)) in the calculation of annual income.

This section discusses how the income from various types of assets is determined. For most types of assets, the ***USA HOUSING AGENCY*** must determine the value of the asset in order to compute income from the asset.

Types of Assets
The ***USA HOUSING AGENCY*** will consider the following assets, to which any member of the family has access, when determining income:

- Checking and savings accounts
- Investment accounts to include stocks, bonds, saving certificates, and Money Market Funds
- Equity in real property or other capital investments
- Revocable Trusts
- Retirement accounts
- Personal property held as an investment such as gems, jewelry, coin collections, etc.
- Cash value of life insurance policies

Value of Assets and Asset Income
For families with net assets totaling $5,000 or less, ***USA HOUSING AGENCY*** will accept the family's self-certification of the value of family assets and anticipated asset income when applicable. The family's declaration must show each asset and the amount of income expected from that asset. All family members 18 years of age and older must sign the family's declaration.

USA HOUSING AGENCY will use third-party documentation for assets as part of the intake process, whenever a family member is added to verify the individual's assets, and every three years thereafter.

Sample ACOP Language

When a household 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 percentage of the value of such assets based on the current passbook savings rate, as determined by ***USA HOUSING AGENCY*** in accordance with HUD guidelines. The passbook rate is only used to determine the final asset income when the total cash value of all the family's assets is greater than $5,000.

USA HOUSING AGENCY sets the imputed asset passbook rate at the national rate established by the Federal Deposit Insurance Corporation (FDIC). ***USA HOUSING AGENCY*** will review the passbook rate annually in accordance with HUD guidelines. The rate will not be adjusted unless the current ***USA HOUSING AGENCY*** rate is no longer within 0.75 percent of the national rate. If it is no longer within 0.75 percent of the national rate, the passbook rate will be set at the current national rate.

Income from Assets

Annual income from assets includes interest, dividends, and 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 for depreciation of assets used in a business or profession, based on straight line depreciation, as provided in Internal Revenue Service regulations. 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.

The ***USA HOUSING AGENCY*** generally will use current circumstances to determine both the value of an asset and the anticipated income from the asset. As is true for all sources of income, HUD authorizes ***USA HOUSING AGENCY*** to use other than current circumstances to anticipate income, when (1) an imminent change in circumstances is expected, (2) it is not feasible to anticipate a level of income over 12 months, or (3) the ***USA HOUSING AGENCY*** believes that past income is the best indicator of anticipated income.

Any time current circumstances are not used to determine asset income, a clear rationale for the decision will be documented in the file. In such cases the family may present information and documentation to the ***USA HOUSING AGENCY*** to show why the asset income determination does not represent the family's anticipated asset income.

Jointly Owned Assets

If an asset is owned by more than one person and any family member has unrestricted access to the asset, the ***USA HOUSING AGENCY*** will count the full value of the asset. A family member has unrestricted access to an asset when he or she can legally dispose of the asset without the consent of any of the other owners.

If an asset is owned by more than one person, including a family member, but the family member does not have unrestricted access to the asset, the ***USA HOUSING AGENCY*** will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, the ***USA HOUSING AGENCY*** will prorate the asset evenly among all owners.

Sample ACOP Language

Disposing of Assets for Less Than Fair Market Value
Any business or household asset that was disposed of for less than fair market value during the two years prior to the effective date of admission or reexamination is considered an asset. This does not include assets divested in a foreclosure, bankruptcy, or in a divorce or separation settlement when the applicant or household received some important consideration not measurable in dollars.

Family Declaration
Families must sign a declaration form at admission and each annual recertification identifying all assets that have been disposed of for less than fair market value or declaring that no assets have been disposed of for less than fair market value. The ***USA HOUSING AGENCY*** may verify the value of the assets disposed of if other information available to the ***USA HOUSING AGENCY*** does not appear to agree with the information reported by the family.

6.7. LUMP SUM RECEIPTS

Helpful Tips

✓ There are many different types of lump sum payments that families might receive. It is important to distinguish between the payments that are considered income and those that are treated as assets.

Mandatory Policies

- Lump sum amounts such as insurance payments and settlements for personal or property losses are considered assets, not income (24 CFR § 5.609(c)(3)). This could include lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims, if retained and verifiable.
- Lump sum payments caused by delays in processing periodic payments, such as Social Security, Veterans Affairs disability benefits, unemployment or welfare assistance, are included as income (24 CFR § 5.609(b)(4)).

Sample ACOP Language

LUMP-SUM RECEIPTS
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, are considered assets, not income.

The specific types of lump-sum payments that are excluded from annual income include:

- Deferred, lump-sum payments: Deferred periodic amounts from supplemental security income (SSI) 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 or in prospective monthly amounts
- Lump-sum contributions: Lump-sum contributions to a household such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), and settlements for personal or property losses (except as provided under 24 CFR 5.609(b)(4)).

Prospective Calculation Methodology
If the payment is reported on a timely basis, the calculation will be done prospectively and will result in an interim adjustment calculated as follows:

- The entire lump-sum payment amount will be added to the household's file at the time of the interim. Then a calculation will determine how much of the lump-sum payment is considered income applicable to rent.
- ***USA HOUSING AGENCY*** will determine the percent of the year remaining until the next annual reexamination as of the date of the interim (for example, three months is considered 25% of the year).
- At the interim reexamination, the calculated amount of the lump sum (25% of the lump sum in this example) is added to the family's income.
- At the next annual reexamination, ***USA HOUSING AGENCY*** will apply the percentage balance (75% in this example) to the lump sum and add it to the rest of the annual income.
- The lump sum will be added in the same way for any interims that occur prior to the next annual reexamination.

Retroactive Calculation Methodology
USA HOUSING AGENCY will go back to the date the lump-sum payment was received, or to the date of admission, whichever is sooner.

USA HOUSING AGENCY will determine the amount of income for each certification period, including the lump sum, and recalculate the tenant rent for each certification period to determine the amount due ***USA HOUSING AGENCY***.

At ***USA HOUSING AGENCY*** 's option, ***USA HOUSING AGENCY*** may enter into a Repayment Agreement with the family. The amount owed by the family is a collectible debt even if the family becomes unassisted.

6.8. DEDUCTIONS

Helpful Tips

- ✓ When determining a family's adjusted income, PHAs must consider certain mandatory deductions and may consider additional deductions. The discretionary deductions need to be detailed in the ACOP (24 CFR § 5.611(b)).
- ✓ When HOTMA becomes effective, the dependent deduction and the elderly and disabled family deduction will begin to be automatically adjusted for inflation annually. The threshold for the deduction for health and medical expenses will be raised.

Mandatory Policies

- Based on HUD regulations (24 CFR § 5.603(b) and 24 CFR § 5.611(a)), when calculating adjusted income, PHAs must deduct the following amounts from annual income:
  - $480 for each dependent.
  - $400 for any elderly family or disabled family.
- PHAs must deduct certain qualifying medical expenses and/or disability assistance expenses that exceed 3% of annual income, including:
  - Unreimbursed medical expenses of any elderly family or disabled family.
  - Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus.
- PHAs must also deduct reasonable childcare expenses, when the care is necessary to enable a family member to work, look for work, or further their education, and the expenses do not exceed the amount of employment income. In the ACOP, include a policy pertaining to what the PHA will consider "reasonable" childcare expenses.
- PHAs must have policies in their ACOP explaining what will be accepted as allowable medical expenses. PHAs must make exceptions to their policies on allowable medical expenses as a reasonable accommodation for a client with disabilities.
- Regarding a reasonable accommodation to modify a PHA's policy, the PHA must grant the reasonable accommodation request if there is a nexus between what is being requested and the person's disability unless the request poses an undue financial and administrative burden or a fundamental alteration to the program.

Discretionary Policy Considerations

- PHAs may adopt additional, or "permissive," deductions from annual income only if the PHA establishes a written ACOP policy for such deductions. Permissive deductions may be used to incentivize or encourage self-sufficiency and economic mobility.
- Additional permissive deductions might include, for example, an amount of any family earned income, which may be based on:
  - The amount earned by select family members of the family.
  - The amount earned by families having certain characteristics.
  - The amount earned by families or members during certain periods or from certain sources.
- PHAs have the discretion to establish guidelines for how to determine if the childcare costs are reasonable (24 CFR § 5.611(a)(4)). When inquiring about childcare expenses, PHAs are encouraged to clarify that the person and/or childcare facility does not need to be licensed to provide care and may also include relatives outside of the home; however, all expenses should be verifiable by third-party request.

Sample ACOP Language

VERIFYING MANDATORY DEDUCTIONS

Dependent and Elderly/Disabled Household Deductions USA HOUSING AGENCY will verify that:

- Any person under the age of 18 for whom the dependent deduction is claimed is not the head of household, spouse or co-head of the family and is not a foster child.
- Any person age 18 or older for whom the dependent deduction is claimed is not a foster adult or live-in aide and is a person with a disability or a full-time student.
- The head, spouse, or co-head is 62 years of age or older or a person with disabilities.

A. Medical Expense Deductions
For elderly and/or disabled households, unreimbursed, out-of-pocket medical expenses (including medical premiums) may be deducted to the extent that, in combination with any disability assistance expenses, they exceed 3% of annual income and are anticipated during the period for which annual income is calculated.

Medical expenses will be verified through:

- Written third-party documents provided by the family, such as pharmacy printouts or receipts.
- ***USA HOUSING AGENCY*** will make a best effort to determine what expenses from the past are likely to continue to occur in the future. ***USA HOUSING AGENCY*** will also accept evidence of monthly payments or total payments that will be due for medical expenses during the upcoming 12 months.
- Written third-party verification forms, if the family is unable to provide acceptable documentation.
- If third-party or document review is not possible, written family certification as to costs anticipated to be incurred during the upcoming 12 months.

In addition, the PHA must verify that:

- The household is eligible for the deduction.
- The costs to be deducted are qualified medical expenses.
- The expenses are not paid for or reimbursed by any other source.
- Costs incurred in past years are counted only once.

B. Eligible Households
The medical expense deduction is permitted only for households in which the head, spouse, or co-head is at least 62 or a person with disabilities. ***USA HOUSING AGENCY*** will verify that the family meets the definition of an elderly or disabled family provided in the Eligibility, Screening and Verification section of this ACOP.

C. Qualified Expenses
To be eligible for the medical expenses deduction, the costs must qualify as medical expenses.

D. Unreimbursed Expenses
To be eligible for the medical expense deduction, the costs must not be reimbursed by another source.

The family will be required to certify that the medical expenses are not paid or reimbursed to the family from any source. If expenses are verified through a third party, the third party must certify that the expenses are not paid or reimbursed from any other source.

Sample ACOP Language

E. Expenses Incurred in Past Years
When anticipated costs are related to ongoing payment of medical bills incurred in past years, ***USA HOUSING AGENCY*** will verify:

- The anticipated repayment schedules.
- The amounts paid in the past.
- Whether the amounts to be repaid have been deducted from the family's annual income in past years.

F. Disability Assistance Expenses
For elderly and/or disabled households, unreimbursed, out-of-pocket medical expenses (including medical premiums) may be deducted to the extent that, in combination with any disability assistance expenses, they exceed 3% of annual income and are anticipated during the period for which annual income is calculated.

Attendant Care
USA HOUSING AGENCY will accept written third-party documents provided by the family.

If family-provided documents are not available, ***USA HOUSING AGENCY*** will provide a third-party verification form directly to the care provider requesting the needed information. Expenses for attendant care will be verified through:

- Written third-party documents provided by the family, such as receipts or cancelled checks.
- Third-party verification form signed by the provider, if family-provided documents are not available.
- If third-party verification is not possible, written family certification as to costs anticipated to be incurred for the upcoming 12 months.

Auxiliary Apparatus
Expenses for auxiliary apparatus will be verified through:

- Written third-party documents provided by the family, such as billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the upcoming 12 months.
- Third-party verification form signed by the provider, if family-provided documents are not available.
- If third-party or document review is not possible, written family certification of estimated apparatus costs for the upcoming 12 months.

In addition, ***USA HOUSING AGENCY*** must verify that:

- The family member for whom the expense is incurred is a person with disabilities.
- The expense permits a family member, or members, to work.
- The expense is not reimbursed from another source.

Family Member is a Person with Disabilities
To be eligible for the disability assistance expense deduction, the costs must be incurred for attendant care or auxiliary apparatus expense associated with a person with disabilities. ***USA HOUSING AGENCY*** will verify that the expense is incurred for a person with disabilities.

Sample ACOP Language

Family Member(s) Permitted to Work
USA HOUSING AGENCY will verify that the expenses claimed actually enable a family member, or members, (including the person with disabilities) to work.

USA HOUSING AGENCY will request third-party verification from a rehabilitation agency or knowledgeable medical professional indicating that the person with disabilities requires attendant care or an auxiliary apparatus to be employed, or that the attendant care or auxiliary apparatus enables another family member, or members, to work. This documentation may be provided by the family.

If third-party verification has been attempted and is either unavailable or proves unsuccessful, the family must certify that the disability assistance expense frees a family member, or members (possibly including the family member receiving the assistance), to work.

Unreimbursed Expenses
To be eligible for the disability expenses deduction, the costs must not be reimbursed by another source.

The family will be required to certify that attendant care or auxiliary apparatus expenses are not paid by or reimbursed to the family from any source.

G. Child Care Expenses
The amount of the income deduction for childcare will be verified following the standard verification procedures herein. In addition, ***USA HOUSING AGENCY*** will verify that:

- The child(ren) is/are being cared for is/are eligible (under the age of 13).
- The costs claimed are not reimbursed.
- The costs enable a family member(s) to work, actively seek work, or further their education.
- The costs are for an allowable type of childcare.
- The costs are reasonable and do not exceed the net amount of employment income if the care is to allow a family member(s) to work.

When childcare is necessary to permit employment, the amount deducted may not exceed the net amount of employment income included in annual income. When the childcare expense enables a family member to work, only one family member’s income will be considered to determine the maximum allowable child care expenses. ***USA HOUSING AGENCY*** generally will limit the allowable child care expenses to the earned income of the lowest-paid member. The family may provide information that supports a request to designate another family member as the person enabled to work. ***USA HOUSING AGENCY*** will review the request and make a determination about which family member’s income is being considered based on the information presented by the family.

Sample ACOP Language

Further detail about each component of the child care expense verification ***USA HOUSING AGENCY*** will consider, are listed below:

Eligible Child
To be eligible for the childcare deduction, the costs must be incurred for the care of a child under the age of 13. ***USA HOUSING AGENCY*** will verify that the child being cared for (including foster children) is under the age of 13.

Unreimbursed Expense
To be eligible for the childcare deduction, the costs must not be reimbursed by another source. The family and the care provider will be required to certify that the childcare expenses are not paid by or reimbursed to the family from any source.

Eligible Activities
The child care costs must enable a family member(s) to pursue an eligible activity. “Eligible activities” include any of the activities that may make the family eligible for a child care deduction: seeking work, pursuing an education, or being employed. The family member(s) that the family has identified as being enabled to seek work, pursue education, or be employed, must be currently pursuing those activities. ***USA HOUSING AGENCY*** will consider factors such as how the schedule for the claimed activity relates to the hours of care provided, and the time required for transportation.

Allowable Types of Child Care
USA HOUSING AGENCY will verify that the fees paid to the childcare provider cover only childcare costs (e.g., no housekeeping services or personal services) and are paid only for the care of an eligible child (e.g., prorate costs if some of the care is provided for ineligible family members).

USA HOUSING AGENCY will verify that the childcare provider is not an assisted family member. Verification will be made through the head of household’s declaration of family members who are expected to reside in the unit.

Reasonableness of Expenses
Only reasonable childcare costs can be deducted. To determine reasonableness, ***USA HOUSING AGENCY*** will compare actual costs with established standards of reasonableness for the type of care in the locality to ensure that the costs are reasonable. ***USA HOUSING AGENCY*** will compile the standards of reasonableness on an annual basis and make the standards available to families, including but not limited to providing a hard copy or posting the schedule on the website.

If the family presents a justification for costs that exceed typical costs in the area, ***USA HOUSING AGENCY*** will request additional documentation, as required, to support a determination that the higher cost is appropriate.

H. Pursuing an Eligible Activity

USA HOUSING AGENCY will verify the family member(s) which the family has identified as being enabled to seek work, pursue education, or be gainfully employed, and are pursuing those activities.

Sample ACOP Language

Seeking Work
Whenever possible ***USA HOUSING AGENCY*** will use documentation from a state or local agency that monitors work-related requirements (e.g., welfare or unemployment). In such cases the PHA will request family-provided verification from the agency of the member's job seeking efforts to date and require the family to submit to ***USA HOUSING AGENCY*** any reports provided to the other agency.

In the event third-party verification is not available, ***USA HOUSING AGENCY*** will provide the family with a form on which the family member must record job search efforts. ***USA HOUSING AGENCY*** will review this information at each subsequent reexamination when this deduction is claimed.

Furthering Education
USA HOUSING AGENCY will request third-party documentation to verify that the person permitted to further his or her education by the childcare is enrolled. The documentation must include information about the timing of classes the person is enrolled in. The documentation may be provided by the family.

Gainful Employment
USA HOUSING AGENCY will seek third-party verification of the work schedule of the person who is permitted to work by the childcare. In cases in which two or more family members could be permitted to work, the work schedules for all relevant family members may be verified. The documentation may be provided by the family.

I. Permissive Deductions
USA HOUSING AGENCY will deduct child support payments up to $480 annually, per child, made by any member of the family for the support and maintenance of any child who does not reside in the household. To verify payment, such payments must be tendered through an appropriate, governing child support collection entity. Payments must be verifiable by ***USA HOUSING AGENCY***.