North Carolina Housing Finance Agency: Policy Update 8.0
Housing Opportunity Through Modernization Act (HOTMA)

Required for all certifications effective 7/1/2025 or later (effective date not signature date)

Note: Blended properties with HUD rental assistance must implement HOTMA for all certifications effective 1/1/2028

Income (inclusions, exclusions, calculations)

24 CFR § 5.609 (c)

- Inclusions: HOTMA removed the sources of income listed in 24 CFR § 5.609 (b) and instead replaced by an expanded and clarified list of income exclusions found in 24 CFR § 5.609 (c)
  - Note: See Student Financial Assistance Section
  - Student employment income: Earned income of dependent full-time students is excluded in excess of the amount of the deduction for a dependent
  - Adoption Assistance: Include Adoption Assistance up to an amount equal to the current Dependent Deduction
- Exclusions:
  - Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization
  - Lump-sum additions to net family assets, including but not limited to lottery and other contest winnings
  - Temporary, nonrecurring, or sporadic income
    - Income that will not be repeated in the coming year (12 months following) based on information provided by the family (example: Census takers)
    - Day laborers, independent contractors, and seasonal workers are NOT considered temporary, nonrecurring, or sporadic and are all specifically included in family income
  - Workman's Compensation 24 CFR § 5.609 (c)(5)
  - Earned income of children under the age of 18 years
- Verifications:
  - Only required to obtain a minimum of TWO consecutive paystubs, no matter how often individual is paid
    - If property is HOME/NHTF only: requirement remains unchanged: two MONTHS worth of pay stubs
  - When utilizing the safe harbor means-tested income determination:
    - The NCHFA form must be utilized; OR
    - The documentation provided by the administering agency must include all documentation being requested on the NCHFA form

Assets (exclusions, verifications, calculations)

24 CFR § 5.659 (e)

Note: Annual Asset Self-Certification Threshold (2024 = $50,000. 2025 = $51,600. To be adjusted annually by HUD)

- Asset Exclusions 24 CFR § 5.609 (b)(3)
  - Necessary personal property
    - Items essential to the household for day-to-day employment, education, health & wellness
    - Examples: furniture, clothing, medical equipment, common electronics
  - Non-necessary personal property with a combined value less than annual asset self-certification threshold is excluded
    - Items not essential to the household for day-to-day employment, education, health & wellness
    - Examples: recreational vehicles, bank accounts, collectibles
  - Retirement plans recognized as such by the IRS (www.irs.gov)
    - Annuities, Stocks, Bonds, CDs, etc. that are part of a retirement account are also excluded
    - If receiving a distribution, the distribution is considered income
  - Federal & state tax refunds
    - If total net family assets exceed annual asset self-certification threshold the value of the tax returns must be verified
- Real Property in NC:
  - Land/building or structure/permanent fixture: Always counted as an asset 24 CFR § 5.100
  - A single/double wide home: if local office deems it personal property, it is not included as an asset and not listed on TIC
  - Real property where the household does not have the legal authority to sell is excluded
- Asset Verification:
  - Asset Self Certification:
    - If property is HOME/NHTF only: must continue third party verification of ALL assets at move-in
    - When total household assets are below annual asset self-certification threshold, certify using the Asset Self Certification
    - When total household assets exceed annual asset self-certification threshold, all assets must be 3rd party verified

        - Unless tax return reduces household assets below the annual asset self-certification threshold
    - For ALL funding sources, the Asset Self Certification is permissible at annual recert
    - Checking Accounts: 6-month average is no longer required. New requirement is the current balance, just as a savings account
    - Joint Assets: Total cash value of the asset is counted (no matter the % of ownership to the household member), unless the asset is otherwise excluded or unless the household can demonstrate the asset is inaccessible
- Asset Income:
    - Impute assets only when total assets exceed annual asset self-certification threshold
    - Impute ONLY those where asset income is not verifiable
        - Impute using current HUD passbook rate
        - Never impute ALL asset value (unless ALL do not have verifiable income)
        - Example of imputed assets: Land does not have a verifiable asset income because it does not produce income (land will always be imputed)
- Disposed of Assets: All disposed of assets need to be considered. Removed the $1,000 threshold.
- Actual income from assets is always counted, regardless if the asset itself is excluded (i.e. interest on a checking account)
- Note: Guidance, particularly related to assets, is constantly changing, more information on asset requirements to come in the future

Student Financial Assistance

24 CFR § 5.609(b)(9)

Applies to ALL households, not just those receiving Section 8 assistance

- All student financial assistance over covered cost of education is included in income, except HEA Title IV Assistance
    - Actual Covered Costs: Tuition, Fees, Books & Supplies, Room & Board
    - Example of HEA Title IV Assistance: Federal Pell Grants
    - Applies to both full-time and part-time students

Child Support

24 CFR § 5.609(a)(1)(a)(2)

- Annual income includes “all amounts received”, not the amount that a family may be legally entitled to receive but which they do not receive
    - If Child Support Enforcement is not involved and no CSE printout is available, NCHFA will allow the use of the Child Support Certification to be used as a self-affidavit
    - When calculating income: only the actual amount received is to be calculated

Foster Adult & Child

24 CFR § 5.609(b)(8)

To be considered a foster adult/child; that adult/child must be placed with the family by an authorized placement agency (e.g. public child welfare agency). Note: does not apply if the foster child/adult is the head of household

- ALL income received by fosters is excluded from income
- Any assets held by fosters must be excluded
- Fosters must not be included when determining household size for income limits
    - Are included when determining bedroom size

Additional Guidance

- Published PIH/MFH housing notices, webinars, and other implementation assistance
    - Refer to the HOTMA MFH Webpage https://www.hud.gov/program_offices/housing/mfh/hotma

Change History:

HOTMA 8.0: 1) Added note regarding blended properties with HUD rental assistance – HOTMA postponed until 1/1/2028. 2) removed the Form Changes section; 3) added note under foster child & adult section

HOTMA 7.0: Update to align with HOME & NHTF Final Rule changes and including the Safe Harbor changes

HOTMA 6.0: Blended properties with HUD rental assistance must implement HOTMA for all certifications effective 1/1/2026