

National Housing Compliance

HOTMA
Summary of Changes

This list is not all inclusive, read HUD Notice H 2023-10 Issued on 2-2-2024 for specific details.
Rules that must be included in the TSP are marked with (***)

New Rules	Required Actions
Full Compliance with HOTMA by 1/1/28	• Observations & O/A guidance are provided by NHC until 1/1/28. • Observations issued in MORs conducted in 2025 & 2026 must be corrected by the O/A. NHC will issue HOTMA findings starting on 1/1/28.
TRACS 2.0.3-A & O/As software readiness	• Must be completed before full implementation of the final rule. • Certifications effective 1/1/24 and after, processed in the previous TRACS 202-D, do not have to be corrected to reflect HOTMA rules.
EIV monitoring & policies: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment J, Paragraph J.3 "Mandated and Discretionary Use of HUD EIV", Page 113	• EIV policy must be updated by 5/31/24. • O/As are not required to use EIV to verify employment and income information for IRs. • O/As are not required to use the New Hires report at ARs if Mean-Tested verification is used to determine income. • At annual recertification, O/As are not required to use the Income Detail report or Income Discrepancy report if Means-Tested verification was used in prior or current AR.
Updated written policies & procedures (P&P)	TSP, EIV, and other P&Ps, House Rules, updated by 5/31/24. Applicable to existing tenants at lease renewal and new move-ins.
Using the new lease (When software is compliant): HOTMA Notice H 2023-10, Issued on 2-2-2024, Paragraph 6.2, "Compliance Date and Required Actions", Page 11	• O/As must provide a 60-day notice to existing tenants that the lease will be modified at the end of their lease term. Notice must **not** be delivered to the tenant electronically. • The notice must be served by first class mail to the family at the unit address, **and** the owner must deliver a copy of the notice to any adult person

	answering the door at the unit. If no adult answers the door, the notice may be placed under the door or through the door or affixed to the door. • The 60-day notice must include the new lease, and a letter stating that; 1) the family can either accept the modification or move, and 2) a response is due in 30 days. • Owners may incorporate existing HUD-approved lease addenda into the new model leases if the addenda do not conflict with the requirements of the HOTMA Final Rule. • If the family refuses the new lease, or does not respond within 30 days, the owner may begin procedures to terminate tenancy.
Using revised eligibility & other forms (when software is compliant): HOTMA Notice H 2023-10, Issued on 2-2-2024, Paragraph 6.2, "Compliance Date and Required Actions", Page 10	• Tenant Consent Form (9887 / 9887A) • Fact Sheets (How your rent is determined) • VAWA Lease Addendum • Race and Ethnicity Reporting Form
Households required notification. (When software is compliant): HOTMA Notice H 2023-10, Issued on 2-2-2024, Paragraph 6.2, "Compliance Date and Required Actions", Page 10	O/A must inform households prior to their first certification, that income determination will be conducted in accordance with HOTMA Final Rule.
New definition of family includes a single person who is: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment E, Paragraph E.1 "Definition of Family", Page 53	• 18-24 years of age; left foster care or leaving within 90 days; homeless or at risk of at 16 years of age or older. • A child temporarily away from home because of placement in foster care is still considered a member of the family.
Definition of family & foster adult/child: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment E, Paragraph E.1 "Definition of Family", Page 53, and Paragraph E.2 "New Definition of Foster Adult and Foster Child", Page 53 & 54	• Foster income/assets are **not counted**. • Foster children childcare expense is **deducted**. • Fosters are **not subject** to non-citizen rule. • Fosters are **not included** in number of HH members for the purpose of income limits determination. • Fosters are **included** in determining the unit size.

***** De Minimis error:** HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment B, Paragraph B.4 "De Minimis Errors", Page 36	• No finding is issued for an error that results in a difference in determination of adjusted income by $30 or less per month ($360/yr.) • O/A still must correct the certification, and the tenant may not be penalized if the rent is increased; however, if the rent is decreased, the tenant must be refunded. • The TSP must indicate if the refund to the tenant is by payment or credit.
Nonrecurring income: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment G, Paragraph G.1 "Nonrecurring Income", Page 76, and Attachment F, Paragraph F.2 "Earned Income", Pages 57 & 58	Income earned as an independent contractor, day laborer and/or seasonal worker is **counted** as income.
Recurring income: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment F, Paragraph F.1 "Annual Income", Page 56	• Recurring payments from non-members outside of the unit **are counted**. • Only payments that are actually received, not amounts that a family is entitled to receive, **are counted** (e.g. child support).
Income exclusions: Notice H 2023-10, Issued on 2-2-2024, Attachment G, Paragraph G, Page 76	• Non-recurring income that will not be repeated in the coming year. • Non-monetary or in-kind donations. • Gifts received on holidays, birthdays, milestones such as wedding, baby showers, anniversaries, etc. • Veterans regular aid and attendance. • Income exclusion of earned income of dependent full-time student $480. ***(Adjusted to $525 effective 1/1/27)***. • Income exclusion of adoption assistance payment $480. ***(Adjusted to $525 effective 1/1/27)***.
Student financial assistance: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment G, Paragraph G.16 "Student Financial Assistance", Page 86	• Assistance received from 479B of the higher Education Act (HEA) or the Bureau of Indian Education are **excluded**. This includes Federal Pell Grants, Teach Grants, Federal Work-Study Programs, Federal Perkins Loans, Higher Education Tribal Grants, and Tribally Controlled Colleges or Universities Grant. • The definition of tuition now includes books and supplies, room and board, and other fees required and charged to students.

	• Room and board expenses do not apply to HOH, co-head, or spouse.
Calculating income at new admission and interim reexamination: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment B, Paragraph B.1 "New Admission and Interim Reexamination", and Paragraph B.2 "Annual Reexamination", Page 28	When calculating household's income at admission and interim reexamination, owner must use anticipated income.
Calculating income at interim reexamination	Owner may set a lower percentage threshold than 10% but may not use a dollar amount.
Methods for projecting annual income at annual recertifications: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment J, Paragraph J.5.a, "Written, Third-Party Verification (Level 4)", Page 123	1) Streamlined fixed income verification (optional). For fixed income sources, a statement dated within the appropriate benefit year is acceptable documentation.
*** HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment J, Paragraph J.4 "Determination of Income Using Other Mean Tested Public Assistance", Page 118.	2) Means-tested Income verifications (safe Harbor) income on the '59 (optional). 3) Traditional owner verification (mandatory if the other 2 are not used).
Zero income: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment J, Paragraph J.8 "Zero Income Procedures", Page 126	Owner may accept families' self-certification of zero income at admission and recertification without taking further steps to verify the zero reported income. HUD does not require such self-certification to be notarized.
Calculating income at AR: HOTMA Notice H 2023-10, Issued on 2-2-2024, Paragraph B.2 "Annual Reexamination", Page 28	1) Use previous year income if no income change occurred. 2) Use IR income if it was conducted since last AR and there have been no income changes since the last IR. 3) Use current income if there has been a change, and no IR was conducted.
Calculating HH's income using pay stubs: HOTMA Notice H 2023-10, Issued on 2-2-2024, Paragraph 2.1, Page 3. Attachment J, Paragraph J.5.a, "Written, Third-Party Verification (Level 4)", Page 123	Owners are required to obtain a minimum of two (2) current and consecutive pay stubs for determining projected annual income from wages.
Calculating income from fixed income sources: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment J, Paragraph J.5.a, "Third-Party Verification Descriptions and Guidance", Page 123	For fixed income sources, a statement dated within the appropriate benefit year is acceptable documentation.

COLA adjustments: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment B, Paragraph B.3 "Applying the Current SSA COLA at Next Annual and Interim reexamination", Page 36	Must be factored in SS and SSI income on the day after the COLA notice is announced for ARs and IRs that have not yet been completed and that are effective on January 1 or later of the upcoming certification year.
Asset income:	
HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment F, Paragraph F.6.a, "Actual Income", Page 70	Actual income from Assets is always included in a family's annual income, regardless of the total value of net family assets.
HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment J, Paragraph J.5.a, "Third-Party Verification Descriptions and Guidance", Page 123	When verifying assets, owners are required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts.
*** HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment F, Paragraph F.7 "Self-Certification of Net Family Assets Equal or Less Than $50,000", Page 73, and Attachment A, Paragraph A.1 "Asset Limitation", Page 17	Households with net family assets that total $50,000 ***(Adjusted to $54,898 effective 1/1/27)*** or less, can self-certify all assets for verification purposes. However, O/As must still obtain third-party verification of all assets every three (3) years.
HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment F, Paragraph F.1 "Annual Income", Page 56 & 57; Paragraph F.6,b "Imputed Income", Page 71; and Paragraph F.5 "Passbook Rate", Page 69.	• Imputed income is calculated when the actual income cannot be determined, and when total cash value of assets is over $50,000 ***(Adjusted to $54,898 effective 1/1/27)***. • Total income from assets is the combined total of actual income plus imputed income. • For 2024, the passbook rate is 0.40 percent ***(Adjusted to 0.38% effective 1/1/27)***. • Income from assets is always anticipated regardless of certification type.
Asset restrictions (also applies to 202/8): HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment A, Paragraph A.1 "Asset Limitation", Page 17	• Applicable to new applicants. Owners may choose not to enforce asset limitation at annual and interim re-examination. **Must be stated in the TSP.** • Owners may deny admission to applicants who own real property suitable for occupancy and/or whose total net cash value of included assets exceeds $100,000. ***(Adjusted to $109,797 effective 1/1/27)*** • Household is not eligible for assistance at move-in or recertification if it has ownership interest in, legal right to reside in, and legal authority to sell real property that is suitable for occupancy.

	(Exceptions apply) • O/A has the option to delay enforcement of asset disqualifiers.
Assets exclusions: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment F, Paragraph F.4.b "Exclusion from Net Family Assets", Page 60	• Federal tax refunds & refundable tax credits. • The value of retirement accounts, recognized by IRS. • Assets owned jointly by non-member of the HH and the assisted member does not have access and/or cannot dispose without consent from the other joint owner who refuses to consent. • Assets of foster children and adults. • The asset is only payable upon death, is not accessible. • Interest in Indian Trust. • Equity accounts in HUD Homeownership or FSS programs. • Inaccessible/irrevocable trust funds. • Settlements due to actions resulting in disability of a HH member. • Tax protected education savings accounts. • ABLE Accounts.
Assets Categories	
Real property: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment A, Paragraph A.1 "Real Property that Is Suitable for Occupancy", Page 73	Real property suitable for occupancy with the right to sell (house, trailer, etc..) and other real property (land).
Necessary personal property: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment F, Paragraph F.4.c, "Necessary and Non-Necessary Personal Assets", Page 61, and Table F1, "Examples of Necessary and Non-Necessary Personal Property", Page 62	Necessary personal property (personal car, furniture, etc.) is excluded from net family assets.
Non-necessary personal property: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment F, Paragraph F.4.c, "Necessary and Non-Necessary Personal Assets", Page 61, and Table F1, "Examples of Necessary and Non-Necessary Personal Property", Page 62	Counted only if total combined value exceeds $50,000. If over $50,000, actual & imputed income is counted. Included in total assets ***(Adjusted to $54,898 effective 1/1/27)***.

Elderly/disabled deduction: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment C, Paragraph C.2, "Elderly/Disabled Family Deduction", Page 38	$525 per household. Effective 1/1/2024. Adjustable by HUD annually no later than September 1. ***(Adjusted to $575 effective 1/1/27)***.
Dependent deduction: HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment C, Paragraph C.1, "Dependent deduction", Page 38	Remain $480; however, adjustable by HUD annually no later than September 1. ***(Adjusted to $525 effective 1/1/27)***.
***** Childcare expense deduction & hardship exemption:** Notice H 2023-10, Issued on 2-2-2024, Attachment C, Paragraph C.5, "Child-Care Expenses Deduction and Hardship Exemption", Page 45	Based on out-of-pocket expenses; foster children qualify the household for the deduction. Household may request financial hardship exemption if childcare expense stops.
***** Medical expense deduction & hardship exemption:** HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment C, Paragraph C.4.a, "Phased-in Relief", Page 41. Table C2, Page 43.	• Threshold for the amount deducted increased from 3% to 10%. • May be phased in at 5%, 7.5% and 10% for current residents. Other conditions apply. • Hardship relief applies to eligible families when expenses exceed 5% of annual income.
***** HUD Form 9887 & 9887/A:** HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment J, Paragraph J.1 "Authorization of Release of Information", Page 112	• Once the new consent form 9887 is signed, it does not have to be signed again at any recertification during the tenancy. • O/As must have policies in place to proceed with termination of assistance if the HH member revokes previously signed consent form.
Acceptable SS# verification HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment J, Paragraph J.6 "Verification of Social Security Number (SSN)", Page 125	• If traditional verification attempts fail, self-certification of SS# and one third-party document such as utility bill with the name of the HH member may be used. • If verifying SS# using this method, owner must document why the other SS# documentation was not available. • If tenant's SS# fails SSA identify match, a valid SS# card must be obtained.
***** Interim recertifications:** HOTMA Notice H 2023-10, Issued on 2-2-2024, Attachment I, Paragraph I1 & I2, "Interim Reexaminations", Pages 99 to 103	• IRs are now performed when adjusted income is changed by 10%. • O/As may decline to perform an IR if the adjusted income is decreased by less than 10%, or if the decrease is reported within three (3) months from the next AR.

	• O/As must perform an IR if the adjusted income increased by 10%, unless it is within three (3) months from the next AR. • Families must report changes to family composition & adjusted income. • O/As (at their discretion) must determine the timeframe in which reporting must occur to be considered timely.