VIRGINIA VILES SERVICES, LLC

HOTMA Quick Reference Desk Guide

For PHA staff: Public Housing, HCV, PBV, RAD PBV, and MTW agencies
Housing Opportunity Through Modernization Act (HOTMA), Sections 102 and 104

2027 Edition, Revision 2 (October 2026) | Effective January 1, 2027 | Updated for HUD Notices PIH 2026-09 and PIH 2026-15 and HUD's September 29, 2026 HOTMA FAQs
Always verify current HUD guidance and your agency's approved ACOP/Administrative Plan before implementation.

This quick reference summarizes key HOTMA requirements for income determination, asset eligibility, deductions, interim reexaminations, and certification workflow. It is a desk tool and does not replace agency policy, HUD regulations, or comprehensive HOTMA training materials.

Where HOTMA stands, and which date applies to you

> HUD will enforce the remaining Section 102 and 104 provisions (assets, deductions and hardship relief, Safe Harbor, interim reexamination procedures) for Form HUD-50058 transactions effective on or after **January 1, 2027** (PIH 2026-15). Apply the dollar amounts in effect on the **effective date of the transaction**. If your software cannot yet produce the 2024 Form HUD-50058, HUD has issued temporary alternative reporting instructions. Document any system limitation in the file and follow your agency's approved policy.

Program	HOTMA 102/104 date
Public Housing, HCV, PBV (and Mod Rehab)	**January 1, 2027** (PIH 2026-15)
RAD: converted to PBV	Follows the PBV rules. HUD's notices do not address RAD separately, so confirm with your HUD RAD transaction manager.
Moving to Work (initial and Expansion) and FRS-only agencies	DATE PENDING Exempt from January 1, 2027. HUD will communicate the date. The MTW exemption covers the whole agency (HUD FAQ, Sept. 29, 2026).

Earlier dates that apply to every PHA, MTW included: ending Earned Income Disregard enrollment (Jan. 1, 2024), Form HUD-9886-A (Feb. 1, 2025), and the new income exclusions and de minimis error rules (July 1, 2025). Multifamily owners and RAD PBRA projects follow HUD's Multifamily notices instead of this desk guide.

1. Annual income overview

The way income is estimated depends on the type of action. It is not a single blanket 12-month-forward rule (24 CFR 5.609(c)).

- **Initial occupancy and interim reexaminations:** estimate income for the **upcoming 12-month period**, based on current circumstances and anticipated changes.

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- **Annual reexaminations:** use the family's income for the **previous 12-month period**, adjusted for any changes not already accounted for through an interim reexamination.

In both cases, all amounts are counted unless HUD specifically excludes the income.

Common income sources to include

- Wages, salaries, and tips
- Overtime and bonuses
- Self-employment income
- Social Security benefits
- Unemployment benefits
- Pension or retirement income
- Periodic payments from annuities or insurance policies
- Regular contributions from individuals outside the household

Common income exclusions

- Income of children under age 18
- Foster care payments
- Lump-sum insurance payments
- Reimbursements for medical expenses
- Earned Income Tax Credit refunds
- Certain student financial assistance (see the Student Income Desk Chart)

> **Staff tip:** If income is not specifically excluded by HUD, it should generally be counted.

2. Asset eligibility requirements

> **At admission, HUD gives agencies no discretion.** An applicant family must be denied if its net family assets exceed the HUD asset limitation, or if any member owns real property suitable for occupancy that the family has the legal right and authority to sell. HUD recognizes exceptions (for example, property receiving homeownership assistance, property jointly owned with someone outside the household who lives there, survivors of domestic violence, dating violence, sexual assault or stalking, and property the family is actively offering for sale). 24 CFR 5.618.

> **Existing families found over the limit at reexamination:** this is a PHA policy choice. HUD's options are total non-enforcement, total enforcement (termination proceedings may be delayed up to 6 months), or limited enforcement with a cure period of up to 6 months, with an optional exception policy. Follow your agency's adopted policy.

3. Asset verification requirements

Net family assets	Verification
At or below the self-certification threshold	Self-certification is **permitted if your policy accepts it**. Your policy decides this separately for admission and for annual reexamination. If you accept it at reexamination, obtain **third-party verification of all assets at least every 3 years** (24 CFR 960.259(c)(2) Public Housing; 982.516(a)(3) HCV/PBV).
Above the self-certification threshold	Third-party verification of assets is required.

Income from assets: use actual income from the asset. When net family assets exceed the threshold and the actual return cannot be calculated, use imputed income at the HUD passbook rate (24 CFR 5.609(b)(3)).

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HOTMA threshold amounts

Item	2026	2027 (effective Jan. 1, 2027)
Net family asset limitation	$105,574	$109,797
Self-certification / imputed asset income threshold	$52,787	$54,898
HUD passbook rate	0.40%	0.38%
Dependent deduction	$500	$525
Elderly/disabled family deduction	$550	$575
Dependent full-time student earned income allowance	$500	$525

These amounts apply to agencies that are complying with HOTMA Sections 102 and 104 for the transaction. HUD adjusts them each year for inflation. Use the amount in effect on the transaction's effective date. Source: HUD CY2027 inflation-adjusted values (HUD User).

4. Adjusted income deductions

Deduction	Regulation base (2024–2025)	2026	2027
Dependent deduction (per dependent)	$480	$500	$525
Elderly or disabled family deduction	$525	$550	$575
Health and medical care expense threshold	Expenses above **10%** of annual income (24 CFR 5.611)		

Childcare deduction

Childcare expenses may be deducted if required for employment, job search, or education. The deduction cannot exceed the earned income it makes possible.

Hardship relief

- **Phased-in medical relief:** eligible families deduct expenses above 5% of income for the first 12 months, above 7.5% for months 13–24, then above 10%. **Who qualifies is changing.** The regulation still refers to families receiving the deduction on January 1, 2024, but HUD's Sept. 29, 2026 FAQ says a final rule will move the eligibility date to the earlier of the date the PHA implements the relief or the date in HUD's enforcement notice. Watch the Federal Register.
- **Childcare hardship:** exemptions last up to 90 days and may be extended under your written policy. Verify the hardship through a third party, or document why that is unavailable.

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5. Interim reexaminations

HUD now sets most interim triggers. Your policy chooses only the size of a decrease that triggers an interim and the reporting deadline.

Reported change	Interim required?	Rule
Annual adjusted income increases by 10% or more	**Yes**	HUD sets the 10% figure. It cannot be lowered, and it must be a percentage, not a dollar amount.
A household member is added or removed (including a foster adult, foster child, or live-in aide)	**Yes**	Required whether income goes up, down, or stays the same (PIH 2026-09 / H 2026-05). Exception: if your policy skips income-increase interims in the last 3 months before the annual reexamination, these changes may be handled at that annual reexamination.
Annual adjusted income decreases	**Per your policy**	You may decline an interim for a decrease smaller than 10%, or a lower percentage you set. State the percentage in your policy.
Smaller change that meets no threshold	**No**	Document the reported change and the reason it was not processed.

Increases in earned income do not count toward the 10% threshold, except where your policy counts earned income that rises after a prior interim decrease (then review the EIV New Hires report at least quarterly). When a family reports several changes at once, see HUD's Sept. 29, 2026 FAQ (Q2).

Staff Notes: *(Specific PHA policy triggers and thresholds)*

6. Safe Harbor income verification

Safe Harbor lets a PHA rely on a current income determination already made by another **means-tested federal public assistance program**. It is not based on IRS tax transcripts, Social Security statements, or state wage databases. Those are ordinary third-party verification sources. 24 CFR 5.609(c)(3).

Programs commonly include TANF, Medicaid, SNAP, SSI, WIC, EITC, and other programs HUD recognizes.

- **Optional.** Agencies are not required to use Safe Harbor. You are compliant either way.
- **Your policy decides when to use it:** at admission, at annual reexamination, at interim reexamination, or any combination.
- **Required if you use it:** third-party verification from the other program that shows the family size, the household members covered (they must match your household), and the annual income, with a determination made within the previous 12 months.
- If the information is unavailable or disputed, calculate income the standard way.

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7. De minimis errors

The de minimis threshold is a specific dollar figure, not a range, and overcharges and undercharges are treated differently (24 CFR 5.609(c)(4)). A de minimis error is one where the PHA's determination deviates from the correct one by no more than **$30 per month in adjusted income ($360 per year)**, per family.

Guideline	Requirement
Within HUD threshold	No more than $30/month ($360/year) in adjusted income
If the family was overcharged	The PHA must still credit or repay the family. A de minimis error does not excuse an overcharge.
If the family was undercharged (agency error)	The family is not required to repay the agency.
Documentation	Required. Document the error, the discrepancy, and that it is within the de minimis threshold.
Future correction	Required going forward, regardless of any retroactive adjustment.

8. Certification workflow

When completing a certification or reexamination, follow this order: 1) determine annual income; 2) review asset eligibility; 3) apply allowable deductions; 4) calculate adjusted income; 5) determine tenant rent; 6) complete documentation and certification.

Application / Reexamination	Household Interview	Income Verification	Asset Verification	Apply HOTMA Rules	Finalize Certification

PHA NOTES:

9. Certification file checklist

Before finalizing a certification, confirm:

- ☐ Program and HOTMA date confirmed for this transaction
- ☐ Income verified
- ☐ Assets documented or self-certified (per policy)
- ☐ Deductions applied correctly, with the current-year amounts
- ☐ Household composition updated (and interim triggered if required)
- ☐ Tenant signatures obtained, including Form HUD-9886-A
- ☐ File documentation complete

PHA NOTES:

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10. Income inclusion and exclusion chart

This chart helps staff quickly decide whether income belongs in annual income.

Income type	Include or exclude	Notes
Wages / salaries	**Include**	Includes tips and regular overtime
Overtime / bonuses	**Include**	Anticipated income
Self-employment income	**Include**	Net income after expenses
Social Security benefits	**Include**	Retirement and disability benefits
Unemployment benefits	**Include**	Temporary income still counts
Pension / retirement income	**Include**	Periodic payments
Annuity payments	**Include**	If recurring
Regular outside contributions	**Include**	Financial support from others
Income of children under 18	**Exclude**	Unless head/spouse
Foster care payments	**Exclude**	HUD exclusion
Lump-sum insurance payments	**Exclude**	Not counted as annual income
Medical reimbursements	**Exclude**	Includes insurance reimbursements
Earned Income Tax Credit refunds	**Exclude**	Tax refund exclusion
Certain student financial aid	**Exclude**	See the HOTMA Student Income Desk Chart for the dependent-student earned-income and scholarship rules

Need a complete HOTMA training resource?
This quick reference highlights only the core HOTMA requirements staff encounter during certifications and reexaminations. It does not cover detailed income calculation scenarios, HOTMA implementation decision trees, Administrative Plan alignment guidance, staff onboarding exercises, or common audit findings and corrections.

For a deeper dive into HOTMA Sections 102, 103, and 104, Virginia Viles Services offers a **HOTMA Staff Training & Onboarding Manual** with step-by-step implementation guidance, staff training modules, and compliance tools for PHAs. Contact Virginia Viles Services, LLC at 214-235-0770 or support@virginiavilesservices.com.

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