VIRGINIA VILES SERVICES, LLC

HOTMA

POLICY READINESS GUIDE

ACOP • ADMINISTRATIVE PLAN • TENANT SELECTION PLAN

A Practical Reference for Public Housing Agencies and Multifamily Owners

CLEAR GUIDANCE
Navigate requirements with confidence.

STRONGER COMPLIANCE
Align policy with HUD standards.

CONSISTENT DECISIONS
Support staff and residents.

BETTER OUTCOMES
Build stronger communities.

PRACTICAL POLICY | STRONG DOCUMENTATION | EFFECTIVE OPERATIONS | MONITORING READY

Strategic Partnerships. Lasting Impact. Better Communities.

Version: August 2026 | Last Reviewed: August 18, 2026

HOTMA Policy Readiness Guide

ACOP • Administrative Plan • Tenant Selection Plan
A Practical Reference for Public Housing Agencies and Multifamily Owners

Prepared by Virginia Viles Services, LLC
"Helping agencies turn HUD requirements into practical policy."

This workbook-style guide is designed to make HOTMA policy updates easier to review, discuss, customize, and implement. Use it as an add-on reference for what to review, where language may belong, and what policy language can be copied, customized, and taken through your agency's normal approval process. It does not replace HUD regulations, HUD Notices, or Board-approved policy.

Have questions? We're here to help.
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Version: August 2026 | Last Reviewed: August 18, 2026
Always verify current HUD guidance and your agency's approved ACOP/Administrative Plan before implementation.

What this guide does:

- What needs to be updated?
- Where does it belong in my policy?
- What should the policy actually say?

Why this matters now: HOTMA is not simply a form update. It affects how agencies define income, evaluate assets, verify information, calculate rent, process interim reexaminations, apply deductions, issue notices, and document decisions. Strong policy protects the agency, supports staff consistency, gives residents clearer expectations, and reduces monitoring findings.

Policy-area add-on cards

Governing Authority
Defines which HUD regulations, Notices, and official guidance govern agency policy and how HOTMA fits into the local policy framework.

Annual Income
Defines included income, exclusions, student income treatment, and documentation requirements for every income decision.

Assets
Addresses asset limits, real property restrictions, self-certification, asset income, imputed income, and passbook rate documentation.

Interim Reexaminations
Explains required vs. optional processing, effective dates, reporting thresholds, notices, and file notes for both processed and not-processed changes.

Safe Harbor
Explains when another means-tested federal program's income determination may be used and what source documentation must be retained.

Documentation Standards
Identifies what every file should contain so a reviewer can follow the full decision path without staff explanation.

What strong policy language should do

Strong HOTMA policy language should be practical enough for staff to follow, specific enough for reviewers to test, and flexible enough to stay current when HUD updates thresholds. Each section should answer four questions: who does this apply to, when does it apply, what decision must staff make, and what documentation proves the decision was correct?

Common risk: Agencies often update the main rule but forget to update related forms, checklists, staff scripts, file note templates, software fields, and quality-control tools. Policy-to-practice alignment is what prevents findings.

Sample policy language and placement guide

How to use the choice-based sections:

1. Select only the option that matches the agency's Board-approved policy decision.
2. Insert only the policy language under the selected option.
3. Remove unselected options from the final ACOP, Administrative Plan, or TSP.
4. Choose only options permitted by current HUD regulations, HUD Notices, system readiness guidance, and program-specific requirements.
5. If HUD requires a specific approach, HUD's requirement controls over any local choice.
6. Customize only agency-specific details such as titles, timeframes, forms, notices, software fields, and file note locations.

Editorial note added August 2026: A small number of sections in this guide (Section 3 — asset limitation/over-asset families, and Section 7 — de minimis errors) have been revised from the original release to correctly distinguish HUD-mandatory rules (no local discretion) from genuine local policy choices. See those sections for the corrected framing.

1. Governing authority and HOTMA implementation status

Place in: ACOP: Introduction, Fair Housing/General Policy, or Eligibility chapter. Administrative Plan: Introduction, General Administrative Policies, or Eligibility chapter. TSP: Purpose, Applicability, or Eligibility section.

MANDATORY: Every ACOP, Administrative Plan, and TSP must identify the governing authority, recognize current HUD guidance, and make clear that HUD rules control over local policy when there is a conflict.

Insert this language: The agency will administer income, asset, eligibility, verification, and rent determination requirements in accordance with applicable HUD regulations, HUD Notices, HUD guidance, and this policy. If HUD delays, supersedes, or modifies any HOTMA requirement, the agency will follow the most current HUD-issued compliance guidance. Staff must document the applicable rule, effective date, threshold amount, verification used, and decision basis in the applicant, resident, or participant file.

Customize if needed: Add the agency's Board approval process, local implementation date, software transition language, or program-specific effective date.

2. Annual income determination

Place in: ACOP and Administrative Plan: Income and Rent Determination chapter. TSP: Income Eligibility, Income Determination, or Certification Procedures section.

MANDATORY: Policies must require staff to apply HUD's annual income definition, identify included and excluded income, and document the basis for each income decision in the file.

Insert this language: Annual income will be determined using HUD's definition of annual income and applicable income exclusions. Staff will review all reported income sources, determine whether each source is included or excluded, and retain documentation supporting the determination. The file must identify the income source, verification used, whether the income was included or excluded, and the basis for any exclusion applied. Where an income exclusion or deduction is subject to a HUD-published annual threshold or dollar amount, the agency will apply the HUD-published amount currently in effect, as adjusted annually by HUD in accordance with CPI-W. For staff reference, the 2026 HOTMA student earned income exclusion excludes a dependent full-time student's earned income <u>in excess of</u> $500 (the applicable dependent deduction amount) where applicable — it does <u>not</u> exclude the first $500 and count the remainder; the 2026 HOTMA dependent deduction is $500 where enforced; and the 2026 HOTMA elderly/disabled household deduction is $550 where enforced. PIH programs must continue to follow current HUD implementation guidance for deductions that are not yet enforced.

Corrected: The prior version of this paragraph described the student earned-income exclusion as "$500 per dependent full-time student," which could be misread as excluding the first $500 of earnings. HOTMA excludes earned income <u>above</u> the dependent deduction amount — the amount up to that figure is still counted.

Customize if needed: Add whether the agency will use prior-year income, projected income, or other HUD-permitted methods based on the transaction type and current guidance.

3. Asset limitation, over-asset families, and real property (CORRECTED)

Where this section belongs: Insert the mandatory admission language, the selected reexamination-enforcement language, and the selected real property language in the same policy area because all three affect eligibility and continued occupancy. ACOP/Admin Plan: Eligibility, Continued Occupancy, Assets, Over-Income/Over-Asset

Families, Denial/Termination, Notices, and Grievance/Informal Hearing. TSP: Eligibility Criteria, Assets, Over-Income/Over-Asset Standards, Rejection Criteria, Continued Eligibility, Notices, and Appeal/Review Procedures.

Corrected: The prior version of this section presented admission-stage enforcement as one of several equally selectable options. HUD's discretionary-policy guidance draws a hard line here: there is **no discretion over enforcement at admission.** A household that fails the asset test at admission must be denied assistance (subject only to any HUD-recognized exception). The genuine policy choice concerns how the agency enforces the limitation against **existing households** at annual or interim reexamination.

MANDATORY (admission — no discretion): At admission, the agency must deny assistance to any household whose net family assets exceed the HUD-published asset limitation, or that owns real property suitable for occupancy without a HUD-recognized exception. This rule applies regardless of the reexamination enforcement option selected below.

Insert this language: At admission, the agency will deny assistance to any household whose net family assets exceed the HUD-published asset limitation, currently $105,574 effective January 1, 2026, as adjusted annually by HUD in accordance with CPI-W, unless a HUD-recognized exception applies. Staff must document the threshold amount used, effective year, asset determination, and notice issued.

Existing households at annual or interim reexamination — this is where local policy choice applies

MANDATORY + POLICY CHOICE: The agency must address how it enforces the HOTMA asset limitation against existing households found over the limit at reexamination. HUD permits several enforcement approaches; HUD-required eligibility rules still control over any local choice.

Step 1 — Select ONE enforcement approach for existing households and insert that option's policy language:

☐ **Option A: Total non-enforcement.**

Insert this policy language: The agency will not terminate assistance or initiate eviction or non-continuation proceedings against an existing household solely because net family assets, discovered at reexamination, exceed the HUD-published asset limitation. This approach applies uniformly to all households in the program. Staff must document the threshold amount used, effective year, and asset determination.

☐ **Option B: Full enforcement.**

Insert this policy language: The agency will initiate termination of assistance (or eviction, as applicable) within the HUD-permitted timeframe (e.g., within six months) of the reexamination that determines an existing household exceeds the HUD-published asset limitation, currently $105,574 effective January 1, 2026, as adjusted annually by HUD in accordance with CPI-W, unless a HUD-recognized exception applies. Staff must document the threshold amount used, effective year, asset determination, notice issued, and applicable review, hearing, or grievance rights.

☐ **Option C: Limited enforcement with an opportunity to cure.**

Insert this policy language: The agency will provide an existing household found over the HUD-published asset limitation at reexamination with an opportunity to return to compliance within the HUD-permitted cure period (up to six months), with additional flexibility considered for households that include a person with a disability. Enforcement action will proceed only if the household does not return to compliance within the cure period. Staff must document the threshold amount used, cure period, and outcome.

☐ **Option D: Exception policy layered onto the selected approach.**

Insert this policy language: In addition to the enforcement approach selected above, the agency will apply the following HUD-permitted exception categories to defer or waive enforcement for specified existing households: [insert agency-defined categories, e.g., age, disability, income source, or access to supportive services]. Any applicable exception must be documented in the file along with the enforcement option it modifies.

Step 2 — Select ONE real property suitability option and insert that option's policy language directly after the selected asset limitation language:

☐ **Option A: Treat suitable real property as disqualifying unless an exception applies.**

Insert this policy language: The agency will treat ownership of real property suitable for occupancy by the family as a basis for denial, termination, or non-continuation of assistance unless a HUD-recognized exception applies. The file must document the property interest, suitability determination, exception review, notice issued, and final eligibility decision.

☐ **Option B: Require a suitability review before adverse action.**

Insert this policy language: Before taking adverse action based on real property ownership, staff must complete a suitability review considering ownership interest, legal right to occupy, location, accessibility, occupancy restrictions, physical condition, household size and needs, and any barriers preventing occupancy. The file must include the completed review and supporting documentation.

☐ **Option C: Require supervisory approval before notice.**

Insert this policy language: A real property suitability determination must be reviewed and approved by a supervisor, Compliance Officer, or designee before any denial, termination, or non-continuation notice is issued. The approval must confirm the property was reviewed under this policy, any exceptions were considered, and the notice accurately states the basis for the decision.

Step 3 — Where to place the selected language:

Insert the mandatory admission paragraph, the selected reexamination-enforcement paragraph, and the selected real property paragraph together in the agency's asset eligibility or continued-eligibility section, in that order. Do not place real property language in a separate unrelated section unless the policy also cross-references it from the asset eligibility section.

Optional bridge paragraph to place before the selected choices: The agency will apply HUD's asset limitation and real property eligibility requirements as applicable to the program, household status, and implementation date. Net family assets will be evaluated according to HUD requirements, including applicable exclusions, ownership of real property suitable for occupancy, asset income, and imputed asset income when required. The asset limitation is the HUD-published amount currently in effect, currently $105,574 effective January 1, 2026, as adjusted annually by HUD in accordance with CPI-W. When total assets exceed the HUD-published imputed income threshold, currently $52,787 effective January 1, 2026, as adjusted annually by HUD, the agency will calculate asset

income using the greater of actual income or imputed income based on the HUD-published passbook rate, currently 0.40% effective January 1, 2026. Staff must document the asset threshold used, imputed income threshold used, passbook rate used, calendar year, asset verification, selected reexamination-enforcement option, selected real property option, and whether the household meets applicable asset eligibility requirements.

Customize only after selection: Add agency-specific details such as local cure period if any, approval title, notice timeframe, hearing/grievance language, appeal rights, software field, file note location, and any HUD-permitted exception language adopted by the agency.

4. Self-certification of assets

Where this section belongs: ACOP/Admin Plan: Verification chapter, Income and Assets chapter, Asset Verification Methods, or Annual Reexamination procedures. TSP: Verification Procedures, Certification Procedures, or Assets section.

MANDATORY + POLICY CHOICE: The policy must explain when asset self-certification is permitted, when third-party verification is still required, and what documentation must be retained. The selected option must remain consistent with current HUD guidance.

Step 1 — Select ONE asset self-certification option and insert that option's policy language:

☐ **Option A: Accept self-certification whenever HUD permits.**

Insert this policy language: When total net family assets are at or below the current HUD-published self-certification threshold, currently $52,787 effective January 1, 2026, as adjusted annually by HUD in accordance with CPI-W, and HUD permits self-certification, the agency will accept the family's signed asset declaration in lieu of third-party verification unless conflicting or incomplete information is present. The file must include the signed declaration, total asset amount, threshold amount used, threshold year, and staff reasonableness review.

☐ **Option B: Accept only at annual reexamination.**

Insert this policy language: The agency will accept asset self-certification at annual reexamination when permitted by HUD and when total net family assets are at or below the current HUD-published self-certification threshold, currently $52,787 effective January 1, 2026, as adjusted annually by HUD in accordance with CPI-W. Third-party verification is required at admission and at least once every three years, or more frequently when required by HUD or this policy.

☐ **Option C: Accept unless red flags or close-to-threshold concerns exist.**

Insert this policy language: The agency may accept asset self-certification when permitted by HUD and when total net family assets are at or below the current HUD-published self-certification threshold, currently $52,787 effective January 1, 2026, as adjusted annually by HUD in accordance with CPI-W, unless the file contains inconsistent information, missing information, questionable values, suspected undisclosed assets, or asset totals close to the current threshold. In those cases, staff must obtain additional verification before completing the determination.

☐ **Option D: Do not use self-certification except when required.**

Insert this policy language: The agency will require third-party verification of assets unless HUD requires or expressly directs acceptance of self-certification for the applicable transaction. If self-certification is used, the file must cite the HUD authority permitting or requiring its use and identify the HUD-published self-certification threshold currently in effect, currently $52,787 effective January 1, 2026, as adjusted annually by HUD in accordance with CPI-W.

Step 2 — Where to place the selected language:

Insert the selected asset self-certification paragraph in the agency's asset verification section. If the policy has a separate verification hierarchy section, also cross-reference this language there so staff know when self-certification replaces third-party verification.

Step 3 — Customize only after selection: Add agency-specific details such as form name, certification frequency, staff reasonableness review wording, quality-control review, third-party verification triggers, software field, and file note location.

5. Interim reexaminations

Where this section belongs: ACOP/Admin Plan: Interim Reexaminations, Family Obligations, Reporting Changes, or Rent Determination chapter. TSP: Interim Certification, Reporting Changes, or Recertification Procedures section.

MANDATORY + POLICY CHOICE: The policy must address interim reexamination processing, reporting obligations, effective dates, notices, and documentation. Local choices may not conflict with HUD-required interim processing standards.

Step 1 — Select the interim processing rules the agency will adopt and insert the selected policy language:

☐ **Option A: Use HUD's required interim thresholds only.**

Insert this policy language: The agency will process interim reexaminations only when required by HUD and when the reported change meets the applicable HUD threshold, currently the HUD-required interim reexamination standard in effect for the program and transaction type. Reported changes that do not meet the threshold will be reviewed, documented, and retained in the file without recalculating rent unless otherwise required by HUD. Staff must document the threshold applied, effective date, and reason the interim was processed or not processed.

☐ **Option B: Adopt a lower threshold for income decreases.**

Insert this policy language: The agency will process decreases in adjusted income when the decrease meets HUD's required threshold or the lower agency-adopted threshold of [insert local threshold amount or percentage] stated in this policy. The file must identify the threshold used, calculation comparison, effective date, and notice issued to the family.

☐ **Option C: Require families to report all changes but process only qualifying changes.**

Insert this policy language: Families must report all income and household changes within [insert reporting deadline] days of the change. Staff will review each reported change but will process an interim reexamination only when the change meets HUD or agency processing thresholds. The file must identify the reported change, threshold reviewed, whether the change was processed or not processed, and why.

☐ **Option D: Require a file note for every reported change.**

Insert this policy language: Staff must enter a written file note for every reported change, including changes that do not result in an interim reexamination. The note must identify the reported change, date reported, threshold reviewed, threshold amount or percentage used, decision made, effective date if applicable, and whether notice was issued.

Step 2 — Where to place the selected language:

Insert the selected interim language in the interim reexamination section and cross-reference it in family reporting obligations, rent change, notice, and file documentation procedures.

Step 3 — Customize only after selection: Add agency-specific details such as reporting deadline, effective-date rule, local threshold amount or percentage, notice process, software entry requirement, and required file note wording.

6. Safe Harbor income determination

Where this section belongs: ACOP/Admin Plan: Income Determination, Verification, Annual Reexamination, or Safe Harbor Verification. TSP: Income Determination, Verification, or Annual Certification Procedures section.

OPTIONAL / DISCRETIONARY: Safe Harbor is a local policy choice when HUD permits its use. If the agency chooses to use Safe Harbor, the policy must identify accepted sources, documentation, approval authority, and when current circumstances override the outside determination.

Step 1 — Select ONE Safe Harbor approach and insert that option's policy language:

☐ **Option A: Use Safe Harbor whenever HUD permits.**

Insert this policy language: The agency may use a current income determination from another means-tested federal public assistance program when HUD permits, the documentation is current and complete, and there is no conflicting information indicating the family's current income differs materially from the outside determination.

☐ **Option B: Use only for agency-approved programs.**

Insert this policy language: The agency will use Safe Harbor only for the means-tested federal programs specifically listed in this policy. Staff must verify the program source, date of determination, income amount, household members covered, and whether the determination remains representative of current circumstances.

☐ **Option C: Use only with supervisory approval.**

Insert this policy language: Safe Harbor may be used only after supervisory, Compliance Officer, or designee approval. The approval note must identify the source program, documentation reviewed, reason Safe Harbor is appropriate, and whether current circumstances were reviewed before acceptance.

☐ **Option D: Do not use Safe Harbor except when required.**

Insert this policy language: The agency will not use Safe Harbor income determinations unless HUD requires acceptance of another program's determination or the agency later adopts written policy authorizing its use. Staff must use standard income verification procedures when Safe Harbor is not applied.

Step 2 — Where to place the selected language:

Insert the selected Safe Harbor paragraph in the income determination or verification section. If Safe Harbor is used during annual reexamination only, cross-reference the annual reexamination procedures.

Step 3 — Customize only after selection: Add agency-specific details such as accepted programs, approval title, documentation source, expiration or document age limits, and when current circumstances override Safe Harbor.

7. De minimis errors and file correction (CORRECTED)

Where this section belongs: ACOP/Admin Plan: Rent Calculation, Quality Control, Repayment Agreements, Error Correction, or Corrections section. TSP: Certification Corrections, File Corrections, or Rent Calculation Procedures section.

Corrected: The prior version of this section listed the correction of overcharges/undercharges as one selectable option alongside purely procedural choices (who reviews an error). That basic correction rule comes directly from the regulation — it is a mandatory baseline, not a policy option. The agency's real discretion is limited to its internal review/QC process.

MANDATORY BASELINE (not a policy choice): A de minimis error is an error where the PHA's determination of family income or rent deviates from the correct determination by no more than $30 per month in monthly adjusted income ($360 per year in annual adjusted income), per family. Whenever the agency identifies a de minimis error — or any other HOTMA-related calculation error — the following baseline applies regardless of which internal review process is selected below: if the error caused the family to be overcharged, the agency must correct it retroactively (through reimbursement, credit, or adjustment); a family is never required to repay the agency when the agency's own miscalculation caused an undercharge, and the agency corrects an undercharge prospectively (going forward) unless HUD requires a different remedy.

Insert this language: When an error causes a family to be overcharged, the agency will correct the error retroactively through reimbursement, credit, or adjustment as required, regardless of whether the error qualifies for de minimis treatment. When an error causes a family to be undercharged, the family is not required to repay the agency, and the agency will correct the rent prospectively unless HUD requires a different remedy.

MANDATORY + POLICY CHOICE (internal review/classification process): The agency has discretion over how an error proposed for de minimis or other correction treatment is reviewed, classified, and approved internally — not over whether the baseline correction rule above applies.

Step 1 — Select ONE internal review/classification process and insert that option's policy language:

☐ **Option A: Require supervisor or quality-control review.**

Insert this policy language: Any error proposed for de minimis treatment must be reviewed by a supervisor, quality-control reviewer, Compliance Officer, or designee before classification. The reviewer must confirm the error qualifies, identify the correction method, and approve the file note before final action.

☐ **Option B: Allow trained staff to classify using a checklist.**

Insert this policy language: Trained occupancy staff may classify de minimis errors using the agency's required error review checklist. Completed corrections will be subject to quality-control sampling to confirm proper classification, notice, and file documentation.

☐ **Option C: Require compliance or executive review before repayment or reimbursement.**

Insert this policy language: Any repayment agreement, reimbursement, retroactive adjustment, or rent credit related to a HOTMA calculation error must be reviewed and approved by compliance, legal, executive leadership, or another designated reviewer before issuance.

Step 2 — Where to place the selected language:

Insert the mandatory baseline correction language and the selected internal review process in the agency's error correction, quality-control, rent calculation, repayment agreement, or file correction section. Cross-reference notice procedures when the correction affects rent or assistance.

Step 3 — Customize only after selection: Add reviewer title, checklist name, repayment agreement standard, reimbursement process, accounting procedure, notice template, and quality-control sampling method.

8. Annual threshold review and policy maintenance

Where this section belongs: ACOP/Admin Plan/TSP: General Administration, Policy Maintenance, Quality Control, Annual Review, Appendices, or Addenda section.

MANDATORY: HOTMA thresholds and the passbook rate are updated annually by HUD. The policy must include a process for reviewing, updating, and communicating the current-year HUD-published values before they are used in files.

Step 1 — Select ONE annual threshold update process and insert that option's policy language:

☐ **Option A: Assign review to Compliance Officer or designee.**

Insert this policy language: The Compliance Officer or designee will review HUD's annual HOTMA threshold updates each August or September and confirm the amounts effective the following January 1. The review will be documented and shared with affected staff before implementation.

☐ **Option B: Use an administratively updated threshold addendum.**

Insert this policy language: Because this policy uses "as adjusted annually by HUD" as the controlling standard, the agency may update the current-year HOTMA threshold table or addendum administratively without full Board amendment, unless Board action is otherwise required by local policy.

☐ **Option C: Require Board approval for each annual update.**

Insert this policy language: The agency will present each annual HOTMA threshold update to the Board for approval before revising staff tools, forms, software settings, or public-facing policy references. Staff will continue to follow the currently approved amounts until the Board-approved update is effective.

☐ **Option D: Assign updates to a cross-functional team.**

Insert this policy language: Annual HOTMA threshold updates will be reviewed by a cross-functional team that includes policy, compliance, operations, software, forms, notices, and quality-control staff. The team will confirm policy language, staff tools, forms, system settings, and file documentation templates are aligned before January 1.

Step 2 — Where to place the selected language:

Insert the selected annual update process in the policy maintenance or annual review section. If the agency uses appendices or addenda, cross-reference the HOTMA threshold table or current-year values addendum.

Step 3 — Customize only after selection: Add responsible position, review deadline, Board process if applicable, staff notice method, forms/software update process, and quality-control confirmation step.

9. Verification hierarchy and file documentation

Where this section belongs: ACOP/Admin Plan: Verification chapter, Documentation Standards, or File Review Procedures. TSP: Verification Procedures, Certification Procedures, or File Documentation section.

MANDATORY + POLICY CHOICE: The policy must include a verification hierarchy and file documentation standards. The agency may define local procedures only within HUD-permitted verification requirements.

Step 1 — Select the verification hierarchy rules the agency will adopt and insert the selected policy language:

☐ **Option A: Use highest available verification first.**

Insert this policy language: Staff will use the highest available HUD-acceptable verification method first and may move to a lower form of verification only when higher-level verification is unavailable, not required, or not applicable to the transaction. The file must document the verification obtained and why it was sufficient.

☐ **Option B: Permit tenant-provided documents when reliable.**

Insert this policy language: The agency may accept tenant-provided documents when they

The agency may accept tenant-provided documents when they are current, complete, legible, reliable, and consistent with other information in the file. Staff must document the document date, source, review, and determination made from the document. *(continued from previous page)*

☐ **Option C: Permit declarations only when HUD allows and no conflict exists.**

Insert this policy language: Tenant declaration or self-certification may be accepted only when HUD permits it and the file contains no conflicting, incomplete, or questionable information. Staff must retain the declaration and document the reason it was acceptable for the transaction.

☐ **Option D: Require third-party verification when concerns exist.**

Insert this policy language: Staff must obtain third-party verification when the file contains inconsistent information, missing information, suspected fraud, questionable documentation, or a quality-control concern. The file must identify the concern, verification requested, verification received, and final determination.

Step 2 — Where to place the selected language:

Insert the selected verification language in the verification hierarchy section. Cross-reference asset self-certification, Safe Harbor, income verification, and file documentation sections so staff know when special verification rules apply.

Step 3 — Customize only after selection: Add preferred verification order, document age limits, EIV procedures, acceptable tenant documents, third-party verification triggers, escalation process, and file note wording.

10. Deductions and hardship relief

Where this section belongs: ACOP/Admin Plan: Adjusted Income, Deductions, Medical/Disability Expenses, Childcare Expenses, Hardship Relief, Notices, or Grievance/Informal Hearing. TSP: Certification Procedures, Rent Calculation, Hardship Relief, Notices, or Appeal Procedures.

MANDATORY + POLICY CHOICE: The policy must address applicable deductions, hardship relief, notices, and documentation. Local hardship procedures must remain consistent with HUD requirements and program-specific implementation status.

Step 1 — Select the hardship relief rules the agency will adopt and insert the selected policy language:

☐ **Option A: Require written request and documentation.**

Insert this policy language: A family requesting hardship relief must submit a written hardship request form and supporting documentation before relief is approved. Staff must document the request date, hardship type, documentation received, eligibility review, decision, notice, and effective period.

☐ **Option B: Permit temporary relief for a defined period.**

Insert this policy language: Hardship relief may be approved for an initial temporary period identified in the approval notice. The family must recertify continued hardship before the expiration date if an extension is requested. Relief will expire automatically unless extended in writing.

☐ **Option C: Require supervisory approval for hardship decisions.**

Insert this policy language: All hardship approvals, denials, extensions, changes, and terminations must be reviewed and approved by a supervisor, Compliance Officer, or designee before notice is issued. The approval must be documented in the file.

☐ **Option D: Require written notice for every hardship action.**

Insert this policy language: The agency will provide written notice for every hardship approval, denial, expiration, extension, change, or termination. The notice must state the decision, reason, effective date, documentation considered, family responsibility, and applicable review, hearing, grievance, or appeal rights.

Step 2 — Where to place the selected language:

Insert the selected hardship language in the hardship relief or deductions section. Cross-reference notice, grievance/hearing, and rent calculation procedures because hardship decisions affect rent and family rights.

Step 3 — Customize only after selection: Add form name, approval title, relief period, recertification interval, expiration notice process, appeal rights, documentation requirements, and file note wording.

11. Notices to families

Place in: ACOP and Administrative Plan: Notices, Informal Review/Hearing, Denial/Termination, or Rent Change section. TSP: Applicant Notices, Rejection Notices, Certification Notices, or Termination Procedures section.

MANDATORY: Written notice is required whenever a HOTMA-related decision affects eligibility, rent, assistance, admission, continued occupancy, denial, termination, hardship relief, or required family action.

Insert this language: The agency will provide written notice when a HOTMA-related determination affects eligibility, rent, assistance, admission, continued occupancy, denial, termination, hardship relief, or required family action. Notices must identify the decision, effective date, reason for the decision, household responsibility, documentation required, deadline to respond, and applicable review, hearing, or grievance rights.

Customize if needed: Add local notice timeframes, hearing office contact information, reasonable accommodation language, and translation or LEP procedures.

Final policy choice cross-check

Use this as a final review tool: Before adopting final ACOP, Administrative Plan, or TSP language, confirm the agency has made each required policy choice and inserted only the selected language in the correct section.

☐ Admission-stage asset enforcement applied without exception, plus the selected reexamination enforcement option (total non-enforcement, full enforcement, limited enforcement/cure, or exception policy) and any permitted notice, hearing, or grievance process.

☐ Real property suitability standards, exceptions, proof required, and approval authority.

☐ Asset self-certification use, form, frequency, third-party verification triggers, and close-to-threshold review.

☐ Safe Harbor use, accepted programs, approval authority, and documentation required.

☐ Interim reexamination reporting deadlines, thresholds, effective dates, and “not processed” file note standard.

☐ Verification hierarchy, document age limits, tenant declaration standards, and file note expectations.

☐ Hardship relief request process, approval, duration, recertification, expiration, and notice language.

☐ De minimis mandatory correction baseline (overcharges corrected retroactively; undercharges never repaid by the family) plus the selected internal review/classification process.

☐ Annual threshold review responsibility, timing, update method, staff notice, and forms/software alignment.

Final check: If a choice is selected in the workbook but not reflected in policy, forms, software, notices, staff procedures, and file notes, implementation is not complete.

Program timing snapshot

MANDATORY PROGRAM TIMING REMINDER: Agencies must distinguish between provisions that are currently enforced, provisions delayed pending HUD system readiness or guidance, and provisions drafted for readiness only. Do not apply delayed provisions early unless HUD permits or requires implementation for the applicable program.

PIH programs: Public Housing, HCV, and PBV. Agencies should prepare their ACOP and Administrative Plan for HOTMA Sections 102 and 104 and confirm current HUD enforcement guidance before applying each provision. Policies should avoid premature application of delayed provisions and should clearly document the agency’s implementation status.

Multifamily / PBRA programs. Tenant Selection Plans should be updated for full HOTMA readiness by January 1, 2027. Owners and agents should use the preparation period to update TSP language, verification procedures, forms, staff training, and file documentation practices. Threshold language should identify the current HUD-published year, state that amounts are adjusted annually by HUD, and require replacement of 2026 parenthetical figures with HUD’s 2027 published values before January 1, 2027.

Annual threshold reminder: HOTMA dollar amounts and the passbook rate are adjusted annually by HUD and become effective January 1. Policies should use “as adjusted annually by HUD” as the controlling language, with the current year’s dollar amount shown only as a staff reference.

Source and version control:
Threshold year used in this guide: 2026.
Next required threshold review: August/September 2026.
Target policy update date: Before January 1, 2027, where applicable.
Staff must confirm current HUD Notices, system readiness guidance, and program-specific implementation requirements before applying any HOTMA provision.

Current-year HOTMA threshold language and HUD update timeline

Current-year threshold standard: HOTMA dollar thresholds and the passbook savings rate must be written as "as adjusted annually by HUD" and should show the current HUD-published year only as a staff reference. For calendar year 2026, the current HUD-published values effective January 1, 2026 include: asset limitation $105,574; imputed asset income threshold $52,787; asset self-certification threshold $52,787; non-necessary personal property threshold $52,787; passbook savings rate 0.40%; dependent deduction $500 where HOTMA deductions are enforced; elderly/disabled household deduction $550 where HOTMA deductions are enforced; and student earned income exclusion of $500 — excluding earned income of a dependent full-time student in excess of that amount — per dependent full-time student where applicable.

MANDATORY: Current-year threshold references must be reviewed against HUD-published values each year. Staff must document the threshold amount, effective year, and source used in each applicable file.

Recommended policy wording: The agency will apply the HUD-published [threshold name], currently $[amount] effective January 1, [year], as adjusted annually by HUD in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The phrase "as adjusted annually by HUD" is the controlling policy standard; the parenthetical current-year amount is included for staff reference and must be updated when HUD publishes new annual values.

Annual HUD update point	Policy and staff action
Around August each year	HUD calculates the annual inflation factor and publishes updated HOTMA threshold amounts and the passbook savings rate for the next calendar year.
No later than September 1	Agencies should confirm the published values, update staff tools, and prepare a policy addendum or current-year threshold table for implementation planning.
January 1 of the following year	The updated threshold amounts and passbook rate become effective for applicable income examinations and program determinations, subject to the program's HOTMA implementation status.
Before January 1, 2027	Agencies must replace 2026 parenthetical threshold references with HUD's 2027 published values or attach the 2027 HUD-published values table as a policy addendum before the 2027 effective date.

Policy writer note: Do not make a 2026 dollar amount the permanent operative rule. Use the HUD-adjusted language as the rule, then maintain a current-year table, appendix, or addendum so staff can confirm the correct amount and calendar year in every applicable file.

HOTMA quick reference cheat sheet

Topic	Remember
Income	Document every inclusion and exclusion.
Assets	Record the threshold used, calendar year, and verification method — and whether the household is at the admission stage (mandatory) or an existing household at reexamination (policy choice).

Interims	Explain why the interim was processed or not processed.
Safe Harbor	Document the source, date, and reason it was accepted or not accepted.
Deductions	Verify eligibility, amount, calculation, and program applicability.
Notices	Always provide written notice when the decision affects eligibility, rent, assistance, or required family action.
File Notes	Explain every decision so the file stands on its own.

Top 10 HOTMA policy mistakes

- Hard-coding dollar thresholds without "as adjusted annually by HUD" language.
- Missing documentation standards or decision-path file notes.
- No clear verification hierarchy.
- Missing Safe Harbor language or approval process.
- No asset self-certification policy.
- Interim reexamination policy does not match HUD rules or local procedures.
- No annual threshold review process.
- Poor file note requirements for thresholds, calculations, and effective dates.
- Missing hardship procedures or notice standards.
- Treating admission-stage asset enforcement as a policy choice, or bundling the mandatory de minimis correction rule into a discretionary review-process option.

What reviewers typically look for: Reviewers commonly test whether the written policy, staff action, file documentation, notices, calculations, and system entries all tell the same story. A correct result with weak documentation can still become a finding.

Monitoring tip: during a HUD review

Reviewers often ask three questions:

1. Show me your policy.
2. Show me the supporting documentation.
3. Show me how staff followed the policy.

If all three do not align, findings become much more likely.

2026 HOTMA thresholds callout

Threshold	2026
Asset Limit	$105,574
Asset Self-Certification	$52,787
Imputed Asset Income	$52,787

Passbook Rate	0.40%
Dependent Deduction*	$500
Elderly/Disabled Deduction*	$550

*Where applicable based on program type, HOTMA enforcement status, and current HUD implementation guidance — and only for agencies/programs actually complying with Sections 102/104. If your agency/program is not yet complying with Sections 102 and 104, do not use this table.

Quick readiness checklist

☐ Does the policy say where HOTMA requirements belong in the ACOP, Administrative Plan, or TSP?

☐ Does it separate Section 103 admissions and screening issues from income, asset, and rent calculations?

☐ Does it explain the difference between rules that are currently enforced and rules that are being drafted for readiness?

☐ Does it use "as adjusted annually by HUD" for thresholds instead of hard-coding one permanent dollar amount?

☐ Does it require staff to document the threshold amount and calendar year used in each applicable file?

☐ Does it include the current-year HUD threshold table or addendum, and does it require the 2027 values to be updated before January 1, 2027?

☐ Does it explain when self-certification may be accepted and when third-party verification is still required?

☐ Does it include clear file note expectations for interims, Safe Harbor, de minimis errors, and asset determinations?

☐ Does it include an annual review process so policy language, forms, and staff tools stay aligned?

HOTMA readiness assessment

☐ Policies updated

☐ Thresholds reviewed

☐ Staff trained

☐ Forms updated

☐ Software updated

☐ Notices updated

☐ File notes standardized

☐ Verification hierarchy documented

☐ Quality control completed

☐ Annual review process established

Your score:
9–10 ✓ Excellent
7–8 ✓ Nearly ready

5–6 ⚠ Needs review
0–4 High risk

After you score: what to do next

Score	Recommended next step
9–10 ✓ Excellent	Finalize Board approval, confirm staff training, update forms and notices, and schedule the next annual threshold review.
7–8 ✓ Nearly ready	Review the unchecked items, update related forms, software, notices, and staff tools, and complete a mini file review before implementation.
5–6 ⚠ Needs review	Do not assume the policy is implementation-ready. Identify gaps, assign owners, and complete a policy-to-practice review before Board approval or staff rollout.
0–4 High risk	Pause implementation, complete a full HOTMA policy review, and update policy, forms, staff procedures, notices, software settings, and file documentation tools before relying on the policy.

Final readiness question: Can a reviewer follow the agency's HOTMA decision from written policy, to staff action, to file documentation, to notice issued? If yes, the agency is ready. If no, keep tightening before rollout.

Need a second set of eyes?

Virginia Viles Services helps agencies turn HOTMA requirements into approved policy, staff procedures, training tools, and clean file documentation. Use this guide internally, or contact us for a second review before Board approval.

Policy Support
We can review your ACOP, Administrative Plan, or TSP before Board approval to help identify missing HOTMA language, unclear discretionary choices, outdated thresholds, and policy-to-practice gaps.

Companion Training Resource — Complete HOTMA Staff Onboarding & Training Manual — $249.00
A ready-to-use staff manual that helps teams understand, apply, document, and explain HOTMA decisions in real files.

The training manual includes:

- **Staff onboarding tools** — Document control, versioning, distribution guidance, staff acknowledgment, and 90-day new hire training path.
- **Core HOTMA modules** — Annual income, assets, asset income, deductions, interims, Safe Harbor, self-certification, documentation, de minimis errors, and timelines.
- **Compliance support** — Staff checklists, common staff errors, eligibility decision flow, update trigger checklist, and HUD review readiness principles.
- **Practice and reference tools** — Mini case scenarios, mock HUD MOR file review benchmark, PBRA/MFH notes, student income treatment, HOTMA FAQs, and student income FAQs.

Why agencies pair them: The Policy Readiness Guide helps agencies choose and write HOTMA policy. The Staff Onboarding & Training Manual helps staff apply that policy consistently in real files. Together, they support policy-to-practice alignment before monitoring, MOR, file review, quality-control testing, and staff onboarding.

Additional Support Available!

Services include:

Policy Reviews • HOTMA Policy Updates • Administrative Plans • ACOP Revisions • Tenant Selection Plans

Staff Training • File Reviews • Documentation Templates • Annual HOTMA Updates

Annual and Five-Year Plans • Financial Planning & Performance Support

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