
Rural Development Essentials

Presented by: Professional Compliance Solutions

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Introduction

- DATE
- DOCUMENT
- BE CONSISTENT
- FOLLOW-UP

- ✓ MUST
- ✓ SHOULD

Property Maintenance/Asset Preservation

A very important part of the management agent's job is to maintain the physical condition of the property.

Chapter 5 of HB-2-3560 discusses this responsibility, with the goals of:

- Providing decent, safe and sanitary housing
- Protecting and enhancing security
- Assuring compliance with State and local laws

Maintenance Systems

A good system includes:

Preventative maintenance. Be prepared to provide your plan for scheduled tasks:

Garbage and trash removal
Snow and ice removal
Grounds upkeep
Routine painting
Minor repairs

A good system includes:

Preventative maintenance. Be prepared to provide your plan for service according to manufacturer specs:

- Biweekly or monthly routine oiling or adjusting
- Replacing of filters
- Safety checks of alarms
- Checks of outside lighting
- Maintenance Systems

A good system includes:

Response to calls. Be prepared to provide your plan for responding to tenant complaints or to malfunctions.

Work orders. Be prepared to demonstrate your system to:

- Track date that complaint is received
- Conduct an inspection to verify the complaint
- Assignment of repair and final completion and inspection
- Maintenance Systems

A good system includes:

Tenant Damages. Be prepared to provide your policy for obtaining reimbursement for tenant damages beyond wear and tear.

This policy is stated in the lease

Inspections. Be prepared to demonstrate your compliance at a MINIMUM with a routine of

- Inspections at move-in and out
- Annual unit inspections
- Maintenance Systems

A good system includes:

Energy Conservation. Be prepared to demonstrate ongoing conservation efforts. These can include:

- Energy efficient lighting and appliances
- Water-saving fixtures and low-flow toilets

Understanding RD Compliance

Insulation, caulking and weather stripping
Storm doors and windows
Regular cleaning of filters and other equipment

*

W ORK ORDERS
E NERGY EFFICIENT

T ENANT DAMAGES
R ESPONSE TO CALLS
I NSPECTIONS
P REVENTATIVE MAINTENANCE

Marketing/The AFHMP

Borrowers with four or more units are required to prepare and maintain an Affirmative Fair Housing Marketing Plan (AFHMP)

This is done on form HUD 935.2A

A plan establishing how the borrower will meet fair housing responsibilities.
AFHMP and Civil Rights

Borrowers will not discriminate based on applicants or tenants race, color, religion, sex, national origin, disability, or familial status.
Content of the AFHMP

At a minimum, the AFHMP will address the following:

- Outreach efforts of the property;
- Marketing strategies
- Education and training of all staff on Civil Rights laws

The Approved AFHMP should be posted in a prominent location like:

Property office, community room, laundry room or other location where applications are received.

The Application Process

Provide Complete Information

Waiting List Placement
Application Forms
Borrower May Develop Application

It Must Meet Requirements

Borrower Must Retain Application for at Least Three Years or Until Next Compliance Review

Application Requirements

- ✓ Name and Address
- ✓ Complete Income Information
- ✓ Complete Household Information
- ✓ Special Needs
- ✓ Acknowledgement of Primary Residence
- ✓ Social Security Numbers
- ✓ Adjustments to Income
- ✓ Signature and Date
- ✓ Race, Ethnicity, Gender, Disclosure Notice
- ✓ Waiting List and details

Maintaining Waiting Lists

- Place Applications on Waiting Lists
- Include All Applications
- Document Final Disposition
- Include Dates and Times
- Notification of Incomplete Applications Within 10 Days

Don't Forget to Include Race and Ethnicity
Maintaining Waiting Lists
Confirm Completed Application

Sign Verification Forms

Enter Date and Time for Priority Selection

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Maintaining Waiting Lists
Receipt of Completed Application

10 Calendar Days to Respond

Include Procedures in Management Plan

*

Income Limit Types
Order of Priority:
Very Low – Income Applicants

Low – Income Applicants

Moderate – Income Applicants
Rejection of Applications

Must Notify in Writing

Must State Reasons

Appeal (10 Days)

Both English and Non-English

Specify Rights Under the Fair Credit Reporting Act
Agency's Review of Process
Adequate Documentation
Availability of Applications
Waiting List Placement
Meet Fair Housing Requirements
Is the Process Timely
Notification of Appeal Rights
Review of Applications
Determining Income and Calculating Rent
Annual Income

Annual income is the gross income before deductions

Understanding RD Compliance

Attachment 6-A lists income inclusions and exclusions for RD.

Regulation 3560.153 tells us that we calculate annual income in accordance with HUD regulations (24 CFR 5.609 and 5.611). For this reason, we will quote the HUD handbook 4350.3 throughout this section of the course

Adjusted Income

HB-2-3560 6.9 A 1 pages 6-7 and 6-8

Adjusted income is the income after allowed deductions have been made

Income eligibility and rent are based on Adjusted Income for RD programs

Note: HUD and Tax Credit eligibility is based on Gross Annual Income, and may affect how you do business if you have these programs at your RD property.

Interview Process

Interview all adult household members.

Explain the basics of the Rural Development (RD) program.

Have them fill out an application completely.

All household members 18 years of age and older (and emancipated minors) sign the application.

Application Suggestions

The application should ask about all the income, asset types, and allowable deductions (if applicable) listed in the RD & HUD regulations.

Professional Compliance Solutions strongly recommends a "Yes" "No" checklist format with some questions having more than one part.

For example: when asking if the household has a checking account, if they say "yes", ask "how many accounts".

No spaces should be left empty

NOTE: Consistent file order makes for better audits and management of the files.

Verifications

Lifespan of Verifications

Written verifications are valid for 90 days

May be valid for an additional 90 days with oral re-verification

In no case may information that is older than 180 days be used.

Note: this contrasts with HUD and tax credit rules, which are more restrictive.

Annual Income Includes

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Amounts ANTICIPATED for next 12 months and amounts not specifically excluded by regulation. Include income from assets to which ANY family member had access.

Projecting Income

Current income and family circumstances are annualized over the next 12 months UNLESS there is verifiable evidence of a likely change.

Historical info may be used to estimate sporadic or seasonal income

Projecting Income

Some situations require reasonable judgments based on the particular situation. You should get as much documented information as possible and document how you calculated the annual income.

Examples: Seasonal, Sporadic or Self-employment income.

Zero Income

It is the policy of Rural Development not to accept a tenant certification for zero income unless all income is exempted by regulation.

Currently laid-off people who experience regular lay-offs are not considered zero-income. They can be certified based on historical information.

Any unemployment benefits usually received during lay-offs must be counted. Re-certification will not usually need to be conducted when the job begins again.

Zero Income

In cases where zero-income is claimed and they cannot anticipate a source of income, it will be necessary for the applicant or tenant to demonstrate financial capability to meet other basic living expenses and the rental charge.

Zero Income

This amount must include income for essential living expenses

food, clothing, diapers, transportation

Any nonessentials items being paid

telephone, cable TV, internet service etc.

The basis for this income must be documented in the file. Guidance for the verification of zero income is found in Attachment 6-B.

The situation must be examined quarterly, and the tenant must report any changes in income

Household Size

Everyone who resides in the unit will be on the tenant certification

Even if their income is not counted

Expected additions must be included

Examples: unborn children and persons temporarily in the hospital or nursing home

Understanding RD Compliance

NOTE: self-affidavit is the only acceptable means of establishing pregnancy (see appendix 3 of the 4350.3)
Absent Household Members

For temporarily absent members' – all income is counted

Examples: temporary employment or military assignment, children away at school

For permanently absent members in hospital or nursing home – the household may choose:

Count member - Include INCOME and take deductions
Do not count – exclude income and deductions
Whose Income is Counted?

Determining
Earned and Unearned Income
Annual Income - Overview
Employment
Self-Employment
Income from Assets
Social Security and Other Benefits
Payments in Lieu of Earnings
Welfare Assistance
Periodic Allowances (child support, gifts)
Military Pay
Student Financial Assistance
Annual Income Includes: 1. Employment

“The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services” for all adults.

How to Annualize Wages

For Full-Time Employment: multiply

hourly wages by (40 hrs/wk)	2,080	
weekly wages by	52	
bi-weekly wages by	26	
semi-monthly wages by		24
monthly wages by	12	
annual salary by	1	

For Temporary Employment: multiply by the number of periods expected to be worked.

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Annual Income Includes: 2. Self-Employment
5-81

“The net income from 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”

How to Verify Self-Employment

How to verify? Annualize based on:

Tax Return Form 1040 with Schedule(s):

C: Business, E: Rental, or F: Farm

Financial Statement(s) of the business.

Signed statement by business owner.

Make sure to include any wages listed on the schedule C that owner paid to him or herself or any other household member!

If net business income is negative, income is zero. It does not offset other household income.

Annual Income Includes: 3. Asset Income

“Interest, dividends, and other net income of any kind from real or personal property”.

Much more on this in a bit...

Annual Income Includes: 4. Social Security &
Other Benefits

“The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts”

Social Security & Benefits

Delayed SS and SSI payments become assets

Count amounts BEFORE Medicare is taken out.

Count amounts AFTER adjustments for past overpayments.

Example: Gross amount \$450. Actual payment \$397 because of past overpayment. Count \$397.

Understanding RD Compliance

Watch for Cost Of Living Adjustment (COLA) each year

Usually announced in October

Annual Income Includes: 5. Payments in Lieu of Earnings

)
"Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay"

Unemployment

Unemployment Compensation must be annualized, unless a future job or pattern of layoff/employment is established.

Example: verification tells us that that unemployment benefits will be paid for 26 weeks at a rate of \$125 per week. No job has been secured. Multiply the \$125 by 52 weeks equaling \$6,500 per year.

Annual Income Includes: 6. Welfare Assistance

"Welfare assistance received by the family"

Food stamps are often listed on questionnaires by a household as welfare, but is excluded as income.

Annual Income Includes: 7. Periodic Allowances

"Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling"

Periodic Allowances - Gifts

Monetary or non-monetary contributions to the household are income to the family.

2 Allowed exclusions

Groceries given to household

Child care paid directly to care provider in behalf of the household

All other contributions counted

Note: Child support or alimony paid is never a deduction when determining adjusted income.

Periodic Allowances–Child Support

Understanding RD Compliance

When support or alimony is court-ordered: "The applicant/tenant must provide a copy of the ...document indicating the amount of the required support payments...if the applicant/tenant reports that the amount required by the agreement is not being received, the applicant/ tenant must document that assistance has been requested from the state or local entity responsible for enforcing payment."

Notes:1. Amounts actually received must be counted, whether court-ordered or not.

2. Child support or alimony paid is never a deduction when determining adjusted income.

Annual Income Includes: 8. Military Pay

All regular pay, special pay, and allowances of a member of the Armed Forces, except..."

the special pay to a family member serving in the Armed Forces who is exposed to hostile fire"

NOTE: Include All allowances

Annual Income Includes: 9. Student Aide

We must count student financial assistance for adult students (full or part time) at institutes of higher learning EXCEPT:

Adult students who are over 23 who have a dependent child

Adults who are dependents of the household

Student Assistance

"Financial Assistance" includes:

Pell Grants and other programs funded by the Higher Education Act of 1965

Assistance from private sources

(example - parents, grandparents)

Assistance from an institute of higher learning

(example - scholarships)

Student Assistance

Note: Financial Assistance Does NOT include loans

What we count as income:

Amounts in excess of tuition (as defined by the school)

What we need to determine:

Understanding RD Compliance

Are any adults enrolled in an institute of higher learning?

How is schooling paid for?

What is the amount of tuition?

Annual Income Does Not Include:

Generally, if an item is not specifically excluded, it is included. Some examples of exclusions:

"Meals on Wheels" or other programs providing food for the needy.

WIC

Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head, spouse and co-head).

Student financial assistance for tuition.

Resident services stipend up to \$200/mo.

If \$201 or more a month, all must be counted

Annual Income Does Not Include:

Deferred Social Security and SSI payments in a lump sum

Payments for the care of foster children or adults

Food Stamps

Amounts paid by a state agency to offset the costs of keeping a developmentally disabled household member at home

Income from HUD training programs

Determining

Asset Income

Assets are...

HB-2-3560 6.10.B page 6-13

4350.3 5-7 A 1 / 5-20 4350.3 5-7 Example/ 5-23

"Assets are items of value that may be turned into cash".

An asset has "Market" and "Cash" value

The market value is "simply its dollar value on the open market".

Important note: actual income is based on Market value.

"The cash value is the market value less reasonable expenses to turn the asset into cash."

Net Family Assets Do Not Include:

HB-2-3560 Attachment 6-A(c)

Exhibit 5-2 B 1-7 / 5-89 & 90

Some Examples:

The value of necessary items of personal property such as furniture, and automobile(s)

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Assets that are part of an active business.

The face value of life insurance policies.

Prepaid funerary arrangements and expenses.

Retirement funds not accessible for withdrawal.

Assets that are not effectively owned by the applicant.

Assets that are not accessible to the applicant and provide no income to the applicant .

Assets Owned Jointly

4350.3 5-7 D / 5-22 to 24

If an asset is owned by more than one person, its value may be pro-rated.

Just having your name on an account does not mean that you "own" it.

Example: children may be on parents checking account for survivorship reasons.

The following questions are helpful in determining who "owns" an asset:

Who receives any income?

Who pays taxes on the income?

Gather documentation to establish ownership.

Withdrawals from Investments

4350.3 5-6 O / 5-16

"The withdrawal of cash or assets from an investment received as periodic payments should be counted as income..."

HUD, RD and Assets

HB-2-3560 Attachment 6-D

Reminder: RD draws from HUD's rules related to income and assets

3560 Attachment 6-D contains an overview of assets, but the 4350.3 has the most complete discussion of assets available.

We will use the HUD list from 4350.3 Exhibit 5-2 as a basis for this discussion.

Net Family Assets Include: Overview

HB-2-3560 Attachment 6-D

4350.3 5-7 A-P / 5-20 to 5-36 Exhibit 5-2 / 5-86 to 90

Cash and checking & savings accounts.

Revocable trusts.

Equity in real property.

Stocks, bonds, T-bills, CD's, mutual funds & money market accounts.

IRA, 401(k) & Keogh Accounts.

Retirement & Pension Funds

Whole Life Insurance.

Personal property held as an investment.

Lump-sum, one-time receipts

A mortgage or Deed of Trust held in a household members name.

Assets Include: 1. Cash, Checking &
Savings

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HB-2-3560 Attachment 6-D

Exhibit 5-2 A 1 / 5-86

"Cash held in savings and checking accounts, safe deposit boxes, homes, etc."

For savings accounts, use the current balance.

For checking accounts, use the average balance for the last six months.

Assets held in foreign countries are considered assets.

Assets Include: 2. Revocable Trusts

HB-2-3560 Attachment 6-D4350.3 5-7 G 1 / 5-26 thru 29 Exhibit 5-2 A 2 / 5-86

"Include the cash value of any revocable trust available to the family"

Trust Terms

4350.3 5-7 G 1 / 5-26 thru 29 Exhibit 5-2 A 2 / 5-86

Family has access to "Revocable" trusts that they have set up (as the "creator" or "grantor").

The trust is set up for the "Beneficiary".

"Non-Revocable" – grantor family does not have access to, but it may be a "disposed asset".

A trust that is not an asset because it is not accessible to the beneficiary may generate income to the household.

Assets Include: 3. Equity in Real Property

HB-2-3560 Attachment 6-D4350.3 Exhibit 5-2 A 3 / 5-86

"Equity in rental property or other capital investments.

Include the current fair market value less

any unpaid balance on any loans secured by the property and reasonable costs that would be incurred in selling the asset (e.g., penalties, broker fees, etc.)."

Assets Include: 4. Stocks, Bonds, CDs etc...

HB-2-3560 Attachment 6-D4350.3 Exhibit 5-2 A 4 / 5-86

"Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts.

Interest or dividends earned are counted as income from assets even when the earnings are reinvested."

Stock Market Vehicles

4350.3 Exhibit 5-2 A 4 / 5-86

Individual Stocks and Mutual Funds

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Market Value = # of shares owned X price per share

Cash Value = Market Value less costs to sell
(commissions)

Actual Income = Annual Dividend X # of shares
CDs and Money Markets
4350.3 Exhibit 5-2 A 4 / 5-86
Market Value = Current Balance

Cash Value = Market Value less penalties for early withdrawal.

Actual Income = Interest rate X Market Value
Bonds
4350.3 Exhibit 5-2 A 4 / 5-86
Market Value = Redeemable Value
Cash Value = Redeemable Value
Actual Income = Interest rate X Market Value
A great tool:

www.savingsbonds.gov

You just need a photocopy of the bonds, or a listing the Bond Type (EE, for example), Face Value and Date Issued

Assets Include: 5. IRA, 401(k) and Keogh
HB-2-3560 Attach. 6-D4350.3 Exhibit 5-2 A 5 / 5-86
"These are included when the holder has access to the funds, even though a penalty may be assessed."

Always assets, unless they have no access.

Workshop: 401(k)
SEE 4350.3 5-6 O. / 5-16

George is employed and has a 401(K) with his employer

Cash value: \$35,000

Anticipated Income: "Can't tell"

Last 12 months total income: \$350

Anticipated Income?

Workshop: 401(k)
SEE 4350.3 5-6 O. / 5-16

George retires the following month and is withdrawing \$1,000 a month
Anticipated Income from withdrawals?

AGAIN - A Special Case...Annuities
4350.3 5-7 G 2 / 5-30 thru 32
An annuity may be either income (periodic payments) or an asset

If there is no "lump sum" that can be cashed in, just periodic payments, it is income only.

If the household is not receiving periodic payments AND has ACCESS and could cash out a lump sum– the annuity is an asset.

See also 5-6 O / 5-16
AGAIN - A Special Case...Annuities
4350.3 5-7 G 2 / 5-30 thru 32
What needs to be verified:
"Is holder receiving periodic payments?" and "Can holder withdraw balance?"
To determine if annuity is an asset or income.
If "NO" and "YES":
Full value of annuity.
Growth basis expected in coming year.
To determine anticipated income from the asset.
Surrender or early withdrawal fees and tax rate and penalties.
To establish cash value

Assets Include: 6. Retirement & Pensions
HB-2-3560 Attachment 6-D4350.3 5-7 G 4 / 5-33 Exhibit 5-2 A 6 / 5-87
Note that these are different from IRAs, Keoghs and 401(k)s
(see previous slides)

While the person is employed:
Include amount the family can withdraw without retiring or terminating employment. 5-7 G 4 of the chapter on determining the value of assets.

At retirement, termination of employment, or withdrawal:
Periodic receipts counted as income. Lump-sum receipts are counted as assets.
Assets Include: 7. Whole Life Insurance

Understanding RD Compliance

HB-2-3560 Attachment 6-D4350.3 Exhibit 5-2 A 7 / 5-88

“Cash value of life insurance policies available to the individual before death (e.g., the surrender value of a whole life policy or a universal life policy).”

Does not include term insurance, which has no cash value to the individual before death.

Assets Include: 8. Personal Prop. Investments

HB-2-3560 Attachment 6-D4350.3 Exhibit 5-2 A 8 and B 1 / 5-88 to 89

“Include gems, jewelry, coin collections, or antique cars held as an investment.

Personal jewelry is NOT considered an asset.”

also not included:

“Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).”

Assets Include: 9. Lump-sum, 1-Time Receipts

HB-2-3560 Attachment 6-D 4350.3 5-6 P / 5-17 Exhibit 5-2 A 9 / 5-88

These are usually verified when they become part of some other asset (checking, savings, etc...)

Assets Include: 10. Mortgage/Deed of Trust

HB-2-3560 Attachment 6-D 4350.3 5-7 G 7 / 5-34 Exhibit 5-2 A 10 / 5-88

AKA - “Contract for Deed”

Seller-financed mortgage

Get amortization schedule:

Starting at effective date:

Cash and Market Value = Principle Value at effective date of certification

Actual Income = Interest Payment for 12 months from certification effective date.

Two Final Asset Details

Imputing asset income

Assets disposed of

1. IMPUTING Income From Assets

HB-2-3560 Attachment 6-D4350.3 5-7 E / 5-24

Use the greater of the actual income received or the “imputed” income.

Only impute income if the assets exceed \$5,000. If net assets are \$5,000 or less, use the actual income received.

Example: Assets \$4,500
 Income \$250

Use the \$250 income and do not impute.

Imputed income: actual CASH value of all assets X the current HUD Passbook Rate.

Understanding RD Compliance

2. Previously Disposed Assets

HB-2-3560 Attachment 6-D 4350.3 5-7 G 7 / 5-35

A special rule for assets disposed of for less than fair market value in the last 2 years.

If Market Value of asset was \$1,000 more than the amount received.

Disposed Asset Value = Cash Value less amount received.

Do not count assets lost in foreclosure, bankruptcy, divorce or separation settlements.

Disposed Asset Example

4350.3 Example page 5-36

Jane Doe sold a house worth \$89,000 to her daughter for \$10,000.

Reasonable realtor and legal fees are determined to be \$1,800.

\$77,200 must be counted as an asset for 2 years after the sale

$(\$89,000 - \$1,800 - \$10,000 = 77,200)$

Workshop: Disposed Assets

John and June

Move-in 01/01/07

Gave family farmland to sons 02-02-05

Estimated market value: \$230,000

Estimated cash value: \$209,105

Must count it as if they still owned it until: _____

No actual income is counted

\$209,105 will be added to assets when imputing income from assets

Determining Deductions

Deductions - Preview

1. Dependent Deduction

HB-2-3560 6.9.C.1 page 6-10

A \$480 (per dependent) annual allowance

A dependent is someone who is:

Under 18 years of age;

A person with disabilities; or

A full-time student of any age.

Documentation must be gathered to prove that an adult is a full-time student if they are to be considered dependents.

Can never be:

Head, spouse, or co-head.

Understanding RD Compliance

Foster child, a child who is unborn or has not yet joined the family, or a live-in aide.

2. Child Care Expenses

HB-2-3560 6.9.C.2 page 6-10

Unreimbursed expenses for the care of children under age 13 may be deducted if they:

Enables a family member to work or go to school (part or full-time).

No adult family member is capable of providing care.

The amount that allows the adult to work must not exceed income received from work.

Not paid to a family member living in the unit.

Must reflect reasonable charges

3. Elderly Allowance

HB-2-3560 6.9.C.3 page 6-10 and 11

When the head, spouse, or co-head is at least age 62 or disabled.

Each elderly or disabled household receives a \$400 annual deduction.

Survivorship

HB-2-3560 6.9.C.3 page 6-11

After the death of a qualifying elderly or disabled person, the remaining members may stay if:

They are income eligible

The deceased occupied the unit at time of death

A new certification form is executed

They have the legal ability to sign a lease

Note: surviving members cannot get the \$400 deduction unless they are elderly or disabled

4. Disability Assistance

HB-2-3560 6.9.C.3 page 11

Reasonable disability care expenses may be deducted if the expenses:

Enable the individual with disabilities or another household member to work;

Are not reimbursable from insurance or any other source; and

Do not exceed the amount of income earned by the person who is able to work as a result of the expenses.

Note: only expenses in excess of 3% of annual income can be deducted

4. Disability Assistance

HB-2-3560 6.9.C.3 Box page 11

Typical Disability Assistance Expenses

Understanding RD Compliance

Care attendant to assist with activities directly related to permitting the individual or another household member to work.

Special apparatus, such as wheelchairs, ramps, and adaptations to vehicles or workplace equipment, if directly related to permitting the individual with disabilities or another household member to work.

5. Medical Expenses

HB-2-3560 6.9.C.5 page 6-12

The head, spouse, or co-head must be at least 62 or disabled.

Include un-reimbursed medical expenses of ALL family members.

Include all anticipated expenses during the 12 months following certification/recertification that are not reimbursed by an outside source (such as insurance).

The owner may use the ongoing expenses the family paid in the 12 months preceding the certification/recertification to estimate anticipated medical expenses.

5. Medical Expenses

HB-2-3560 6.9.C.5 box page 6-12

Typical Medical Expenses

Services of physicians other healthcare providers;

Services of hospitals other healthcare facilities;

Medical premiums;

Prescription and nonprescription medicine;

Dental expenses;

Eyeglasses and eye examinations;

Medical or health products or apparatus (hearing aids, wheel chairs, etc.);

Live-in or periodic medical care (e.g., visiting nurses or care attendants);

5. Medical Expenses

HB-2-3560 6.9.C.5 box page 6-12

Typical Medical Expenses

Bandages, syringes, continence shields, and other nonprescription items recommended by a physician;

Periodic payments on accumulated medical bills.

Note: only expenses in excess of 3% of annual income can be deducted. This 3% applies to disability assistance and medical assistance combined.

Recertification Process

Recertification Process

HB-2-3560 6.28 page 6-37 /7 CFR 3560.158

Designed to Ensure Eligibility

Good For One Year Unless Changes Occur

Understanding RD Compliance

The Effective Date of Tenant Certification is First Day of Month
Recert is Required When...
HB-2-3560 6.28(B) page 6-38
At Least Annually

Change of \$100 or More Per Month

Borrowers Must Recertify for Changes of \$50 Per Month if Requested by Tenant

Recertification Process
Notify Tenant of Recertification

75 to 90 Day Notice

Specify Information Required
Recertification Process
30 Day Notice if Failure to Respond to First Notice

Specify What Information is Needed

Give Timeframe to Reply

State Consequences for Failure to Comply With Request

Execution of the Cert
Verification of Information

Calculate all Income and Deductions

Calculate Tenant Payment

Complete Form RD 3560-8

Tenant Requirements
Provide Income and Household Information

Authorize Borrower to Verify Information

Report All Changes
Borrowers Requirements
Verify Household Information

Review All Changes

Understanding RD Compliance

Submit Tenant Certification Within 10 Days of Effective Date

A Few Words ...

Why do you do it...

Sometimes it is a challenge to understand this program well, but the more effort something takes, the more gain takes place. RD and Tax Credits are active in most States and qualified people are in demand. If you can do this job, and do it well, you can do anything!