

STATE HOUSING TRUST FUND POLICY MANUAL

LOCAL HOUSING TRUST FUND PROGRAM

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CHAPTER 1 - INTRODUCTION AND PROGRAM FUNDAMENTALS

INTRODUCTION

The Iowa Finance Authority (IFA) was established in 1975 to undertake programs to assist in the production of housing for low- and moderate-income residents in the state of Iowa. This manual addresses requirements for the State Housing Trust Fund's (SHTF) Local Housing Trust Fund (LHTF) Program. It is designed to answer questions regarding procedures, rules, and regulations governing the program. This manual should be a useful resource for LHTF partner organizations.

IMPORTANT NOTE

While setting out IFA's requirements under these programs, nothing in this manual should be construed as legal or accounting advice. This manual is to be used only to provide guidance on the LHTF Program. This manual should also not be considered a complete guide to compliance for the program(s) covered. Please reach out to IFA's program staff for clarification or additional information not covered in this manual. IFA's obligation to monitor for program compliance with the requirements of a program does not make IFA or its subcontractors liable for an entity's noncompliance.

PROGRAM BACKGROUND

State Housing Trust Fund (SHTF)

The SHTF is held within the Iowa Finance Authority (IFA) in accordance with Iowa Code section 16.181. The moneys in the SHTF are to be used for the development and preservation of affordable housing for low-income households (Eligible Recipients) in the state. The SHTF helps ensure decent, safe, and affordable housing

for Iowans through two important programs: the Local Housing Trust Fund (LHTF) Program and the Project-Based Housing Program. The SHTF receives a standing appropriation of \$3 million from the Rebuild Iowa Infrastructure Fund (RIIF) plus 30 percent of the state's share of the Real Estate Transfer Tax (RETT), up to a maximum of \$7 million annually.

Local Housing Trust Fund (LHTF) Program

The Iowa legislature created the LHTF Program to allow certified LHTFs to efficiently address unique local affordable housing needs throughout the state. The program receives at least 60% (historically approximately more than 95%) of the SHTF allocation to provide grants for organizations certified by the Iowa Finance Authority as LHTFs.

Awards from the LHTF Program must be used for the development or preservation of affordable housing for eligible recipients. Each LHTF outlines its individual funding priorities and eligible project activities in an approved Housing Assistance Plan (HAP), which is submitted annually to IFA with the LHTF's funding application. Examples of eligible activities include new construction, acquisition and/or remodeling of existing property, local down payment assistance programs, home rehabilitation, housing for persons with disabilities, and homelessness assistance programs.

All LHTF Program dollars must benefit low-income households at or below 80% of the median family income, while at least 30% of the funds received from IFA must be used to serve extremely low-income households at or below 30% of the median family income.

There are currently 26 certified LHTFs, serving all 99 Iowa counties. The LHTF map and contact information is available on the SHTF Resources web page. Certified LHTFs are the only eligible applicants for the LHTF Program and must provide a minimum local match, as specified in rules governing the program. IFA accepts LHTF Program applications on an annual basis each fall.

Project-Based Housing Program

The remaining SHTF funding goes to the Project-Based Housing Program to aid the development of affordable single-family and multifamily housing units for projects that are ineligible to receive funding under a LHTF's HAP. Additional information regarding the Project-Based Housing Program can be found in the State Housing Trust Fund Allocation Plan for the Project-Based Housing Program and other program documents available on the SHTF Resources web page.

LHTFs play a key role in the Project-Based Housing Program application process. If an applicant's proposed Project-Based Housing Program project is located in a geographic area served by a LHTF certified by IFA in accordance with administrative rules, the Project-Based Housing Program applicant must first contact the

LHTF to discuss the proposed project and request LHTF Program funding. If the proposed project is ineligible for LHTF assistance under the LHTF's current HAP, but the LHTF does support the proposed project, the LHTF may provide a written certification as to the project's ineligibility for LHTF funding and the LHTF's support of the project.

Note that the proposed project must be ineligible for LHTF assistance under its current HAP. A proposed project that is eligible under the LHTF's HAP, but the LHTF chooses not to award funding or the LHTF has no available funding to award an otherwise eligible project would not qualify for direct Project-Based Housing Program application submission to IFA.

The LHTF's written certification as to ineligibility for LHTF funding and support of the project must be provided using the LHTF Project Certification form provided by IFA. The LHTF Project Certification must identify the proposed Project-Based Housing program applicant and the proposed project and certify to all the following:

1. The proposed project activity is not eligible for funding under the LHTF's current Housing Assistance Plan.
2. The LHTF finds that the proposed project will help serve the geographic service area's affordable housing needs as identified in the Housing Assistance Plan and will further the LHTF's affordable housing goals.
3. The LHTF supports the proposed project.

The LHTF Certification Form provided by IFA must be reproduced on the LHTF's letterhead and signed by an authorized representative of the LHTF. The Project-Based Housing Program must submit the signed LHTF Certification Form as the required exhibit to their application submission to IFA.

LOCAL HOUSING TRUST FUND CERTIFICATION

A LHTF applicant must satisfy all requirements listed in the SHTF Allocation Plan for the LHTF Program and receive approval from the IFA Board to be certified as a LHTF. A summary of the LHTF Certification Requirements can also be found on the SHTF Resources web page. Additionally, a LHTF must meet requirements set forth in the Allocation Plan in order to maintain certification.

HOUSING ASSISTANCE PLAN

The Housing Assistance Plan (HAP) must be approved by IFA, and must, at a minimum, address the items listed in the SHTF Allocation Plan for the LHTF Program. The HAP should be reviewed by the LHTF at least annually for any updates that may be required. The LHTF must hold at least one public hearing a year in order to solicit comments from the public as to their annual plan/budget, updates to the HAP, the application to be submitted to the Fund, the type of project or projects that will be financed, and how such funds should be allocated.

LOCAL MATCH

Local match requirements can be found in the SHTF Allocation Plan for the LHTF Program.

The local match may be expended on a schedule deemed necessary to maintain the financial feasibility of the project by the grantee, provided all local match pledged under the approved Exhibit B, Project Budget, to the grant agreement is fully expended by the date the final reports (Exhibit C and Exhibit D to the grant agreement) are submitted to IFA to close-out the project.

IFA encourages the use of LHTF Program funds as permanent financing. LHTF Program loan repayments may qualify as eligible Local Match only if the original loan has a term greater than 12 months and the original loan was not a construction loan, regardless of the term of the construction loan. Loan repayments pledged as Local Match must be tracked as Local Match dollars since such funds are subject to audit and monitoring by IFA compliance staff. The LHTF must meet the above definition of Local Match in full. Qualified LHTF Program loan repayments cannot be counted toward the ten percent (10%) Local Match requirement that must be provided by local government and/or local private sector contributions and must not have been used to fulfill the Local Match obligation in any prior LHTF Program application. In other words, a LHTF cannot count the same loan repayments as Local Match in more than one LHTF Program application submission.

CHAPTER 2 - PROGRAM ADMINISTRATION

GRANT PERIOD AND TIMELY USE OF AWARDED FUNDS

The grantee will have two years with which to expend all moneys received from the LHTF Program in accordance with the grant agreement. Refer to the SHTF Allocation Plan for the LHTF Program for guidance on requests for extension and subsequent awards when a LHTF has multiple open grant agreements.

Requests for extension to the original grant agreement expiration date should be submitted to IFA in writing via email. IFA will consider extension requests of either six months or one year. Grant agreement extension requests beyond one year are discouraged and require approval by IFA's Executive Director.

AUTHORIZED SIGNER

Authorized signers for purposes of signing grant agreement and draw request documents shall be the person(s) designated as "Authorized Representative of Grantee" in Exhibit A to the grant agreement. A grantee may designate additional authorized signers by completing the Signature Authorization for Alternate Signatory form (Appendix) and submitting to IFA or by submitting a signed board resolution designating new or alternate staff member as authorized agents of the LHTF.

DRAW REQUESTS

IFA will disburse LHTF Program funds only through an Electronic Funds Transfer (EFT).

IFA will process EFTs for approved LHTF Program disbursements each Friday, except in the event of a state holiday or other unavoidable delay, with funds to be available in the LHTF's designated EFT account by the following Monday. Grantees will be notified via email of any deviations from the standard weekly Friday EFT processing schedule. To be included in the Friday EFT processing run, the complete and accurate payment request generally must be submitted to IFA by close of business on Tuesday in time to allow IFA staff to review and approve the disbursement and submit the approved payment request to accounting for processing that week. Questions or any required follow-up regarding a request for disbursement may delay processing until the following or a subsequent week.

The LHTF may submit its first payment request under an approved LHTF Program award after completion of the following:

1. Signature of the grant agreement by all parties;
2. Satisfaction of all special conditions required prior to disbursement of funds as specified in Exhibit A to the grant agreement; and
3. Assignment of a vendor number to the LHTF and designation of an EFT account in IFA's Accounts Payable (AP) system. Once complete, this step must only be repeated in the event the LHTF wants to change its designated EFT banking account for deposit purposes.

The following forms must be submitted to IFA in the first draw request:

4. Exhibit F to the grant agreement, and
5. LHTF Program Payment Request Spreadsheet reflecting the amount of grant proceeds requested and intended uses of those funds.
 - The LHTF Program Payment Request Spreadsheet must provide all requested information.
 - The LHTF Program Payment Request Spreadsheet's total must equal the amount requested in Exhibit F.

In the first draw request, the LHTF may request up to 10% of the total LHTF Program grant award for administrative or working capital purposes. That means that a LHTF may request up to 10% allowable for administration up front in one lump sum or proportionately over the term of the grant agreement or in any other manner most conducive to its financial operations. If the LHTF draws the 10% allowable administrative fee in full or on some other non-proportional basis, the LHTF may be required to repay a portion of the administration if IFA determines the LHTF did not expend the remainder of the LHTF Program award for eligible activities or is otherwise determined to be in non-compliance.

In the second and subsequent draws, the LHTF may request up to the remainder of the total LHTF Program grant award but only in that amount which the LHTF can fully expend within 30 days of the date on which the LHTF receives the funds in its designated EFT account. NOTE: It is IFA's expectation that LHTFs will adopt a policy mirroring IFA's in this regard, allowing LHTF funding recipients 30 days from receipt to fully expend LHTF Program funds.

The following forms must be submitted to IFA in the second and subsequent draw requests:

1. Exhibit F to the grant agreement, and
2. LHTF Program Payment Request Spreadsheet reflecting the amount of grant proceeds requested and intended use of those funds.
 - The LHTF Program Payment Request Spreadsheet must provide all requested information.
 - The LHTF Program Payment Request Spreadsheet's total must equal the amount requested in Exhibit F, except under the final draw as noted below.
 - In the final draw, if the LHTF requested 10% for working capital to help finance eligible housing activities exclusive of administration, the LHTF Program Payment Request Spreadsheet must be in an amount equal to the final Exhibit F submission plus the first Exhibit F submission such that the LHTF has reported in full how funds received under the first draw have been expended or will be expended within 30 days of the LHTF's receipt of the final draw.
 - Within the first two years of a newly certified LHTF's operations when the LHTF is allowed up to a maximum of 25% in administrative fees, additional administrative funding after the 10% allowable to be drawn in the first payment request submission may only be requested on a pro rata basis after the LHTF Program Payment Request Spreadsheet submissions report total affordable housing related expenditures in an amount justifying disbursement for administration based upon the applicable maximum allowable administration percentage. IFA will make the determination after factoring in any amounts disbursed to the LHTF under previous payment requests for administrative or working capital purposes.

In the second and subsequent draws, if the LHTF does not fully expend all LHTF Program funds received within 30 days of the date on which the LHTF receives the funds in its designated EFT account, the LHTF must notify IFA staff in writing of any LHTF Program funds remaining unexpended after 30 days. The written notification must include the amount of LHTF Program funds remaining unexpended and an explanation of the reasons for delay in expenditure. IFA will review instances of unexpended LHTF Program funds on a case-by-case basis and determine, in IFA's sole discretion, whether the funds must be returned to IFA or held by the LHTF for future expenditure in a timely manner.

LHTFs are generally expected to limit funding used for "Capacity Building Award(s) to Affordable Housing Agency" to no more than 10% of the LHTF's total LHTF Program grant award for any given fiscal year.

LHTFs are asked to provide a brief description with each payment request in the LHTF Payment Request

Spreadsheet's "other" narrative comment field describing how Capacity Building funds are being expended by the local affordable housing agency partner. This information is being requested for IFA's data gathering purposes in the event IFA decides it is necessary to adopt formal restrictions related to the use of state dollars for Capacity Building purposes.

REPORTING REQUIREMENTS

Semi-annual compliance reporting requirements can be found the SHTF Allocation Plan for the LHTF Program and as specified in the LHTF's grant agreement. Semi-annual reports must be submitted using the Exhibit C and Exhibit D report forms included in the grant agreement and posted on the SHTF Resources web page.

Compliance Monitoring and Unit Review

Annual compliance monitoring will consist of a review of household eligibility documentation of at least one housing unit in each county in which the LHTF has expended funds, chosen at random by IFA staff. IFA will provide the designated administrative contact with a monitoring notice that includes file auditing instructions and a list of housing units selected for audit and unit review. A sample notice can be found in the Appendix. Files must be submitted within two weeks of the date of the monitoring notice via secure e-mail or physically delivered to the IFA staff member completing the monitoring. Systemic or chronic noncompliance may trigger review of additional files and units.

The household eligibility documentation listed below will be reviewed during the compliance monitoring. Sample forms are provided in the Appendix.

- Completed application for LHTF assistance
- Income verification forms
- Under \$50,000 asset form signed by all adult members of the household
- Child support self-certification form, if applicable
- Zero income verification form for each adult in the household, if applicable
- Self-certification to document homeless shelter client eligibility, if applicable
- Before and after photo of the property improved or assisted (repair or rehabilitation only)
- Income limits for the corresponding county at the time of eligibility determination, for the county in which the unit is being assisted.

Issuance of Initial Report

Within 30 days of submission of the requested monitoring files to IFA, an initial report including any findings identified will be sent to the LHTF's designated administrative contact. The report may identify administrative or technical issues, recommendations for best practices, and/or changes to improve future administration of the LHTF Program funds.

The LHTF will have 30 days from the date of the initial report to respond to any findings. The response shall include the requested documentation to correct any findings from the initial report and/or provide an explanation to mitigate findings from IFA's initial report.

Upon written request, IFA may grant up to an additional 60-day extension to respond to the initial report. The written request must provide an explanation as to why an extension is needed, including an estimated timeline for resolution.

Issuance of Final Report

The final report will be issued to the LHTF within 60 days after the end of the correction period unless outstanding monitoring issues remain. Additional extensions allowing the LHTF to respond will be granted at IFA's sole discretion.

RECORD RETENTION

The LHTF shall retain all records pertaining to the grant award as specified in the grant agreement.

CHAPTER 3 - QUALIFYING RECIPIENTS

APPLICATION REQUIREMENTS

A written application is required to determine eligibility from all recipients in owner-occupied and rental projects. IFA provides a sample application form but does not require its use. LHTFs may create their own application form that includes at a minimum the following information:

- Project address to be assisted with LHTF Program funds
- Household composition including the following for each household member:
 - Full name
 - Relationship to head of household
 - Date of birth and age of persons residing in the household
 - Gender
 - Race*
 - Ethnicity*
 - Disability Status*
- * Applicant must not be required to respond to these fields
- Expected additions to the household in the 12 months following the date of application
- Expected deletions from the household in the 12 months following the date of application
- Listing of any temporarily absent household members
- Listing of all sources of income for all adult household members
- Listing of all assets for all adult household members
- Certification statement and signature

Recipients entering emergency shelters are required only to complete a self-certification of homelessness. A sample form can be found on the SHTF Resources web page.

DETERMINING HOUSEHOLD SIZE

Income limits are based on the number of members in a household. Household members include all persons who occupy the unit as their primary residence.

In addition to all persons living in the assisted housing unit, household members may also include people who are a part of the household but not living in the unit, including the following:

- Children under joint custody who will be **in the unit at least 50% of the time**
- Children away in foster care who will be returning to the household
- Dependent students away at school
- Members **temporarily** in a hospital, rehabilitation facility, or nursing home
- Children being adopted
- Foster children and adults

- Any person on active military duty who leaves a spouse or dependent in the unit
Note: If they are not the head, co-head, or spouse of the head and do not leave a spouse or dependent in the unit, household members who leave the unit for active military duty are removed from the household.
- A future spouse or roommate
- Unborn children

Unborn children can be verified only through self-certification from the expecting mother, who must occupy the assisted unit as a primary residence. No further documentation is allowable. If the added unborn child is crucial to eligibility, miscarriages after move-in will not affect the initial qualification as long as the appropriate self-certification establishing the pregnancy was in the file at the time of initial qualification.

When determining household size for income qualification purposes, exclude the following individuals, even though they live in the unit:

- Live-in attendants/aides for a household member who is elderly or a person with a disability as long as the live-in aide meets the following criteria:
 - They are essential to the care and well-being of a household member;
 - They are not obligated for the support of the household member; and
 - Their only reason for living in the unit is to provide necessary supportive services
- Children under joint custody who will be **in the unit less than 50% of the time**
- Temporary visitors and/or guests
 - A guest is a person temporarily staying in a unit with the consent of the tenant or the homeowner or another member of the household who has express or implied authority to consent on behalf of the tenant or homeowner. A guest is a temporary visitor of the and should not be confused with an unauthorized occupant. Additionally, a guest is not a party to the lease agreement or deed to the property.

INCOME LIMITS

LHTF Program funds must be expended to benefit “Eligible Recipients” as defined in the allocation plan. The current applicable income limits can be found on IFA’s website on the SHTF Resources webpage.

INCOME VERIFICATION

Categorical Eligibility

If a household’s income has been verified to be at or below the applicable income limit in connection with another local, state, or federal government assistance program, LHTFs are permitted to rely on a determination letter from the government agency that verified the applicant’s household income or status as a low-income family under 80% AMI, provided that the determination for such program was made within 12 months prior to the household’s eligibility review by the LHTF and included income earned by all adult household members in the agency’s calculation.

Calculating Annual Income

Annual income includes all amounts, monetary or not, that go to or are received by any household member and amounts anticipated to be received from sources outside the household during the 12-month period following income certification. Annual income includes all amounts that are not specifically excluded in this guide. Anticipated income includes all raises, new jobs or any other income reasonably expected and verifiable to be received within the next twelve months following the date of income certification by the LHTF.

For the purpose of determining income that must be counted, annual income is comprised of three broad types of income: earned income, unearned income, and asset income.

- Earned income includes employment, self-employment, and military pay.
- Unearned income includes benefits such as social security, pensions, military basic allowance for housing pay, alimony, child support, gift income, lottery or gambling winnings.
- Asset income includes net rental income from real estate, passive income from ownership in a business, earnings from investments such as stocks, bonds, mutual funds, earnings from bank accounts.

The LHTF may rely upon the household's IRS Form 1040, line 11, Adjusted Gross Income for the most recent calendar year to verify household income, provided the adult household members included in that tax return remain unchanged at the time of SHTF qualification and on the condition that household income is expected to be substantially the same over the next year. A self-certification signed by all adult household members affirming no changes to household composition or income have taken place or are expected, or providing a full explanation of any changes, must accompany IRS Form 1040 in the recipient file.

Zero Income

If a household's income cannot be based on current income information due to the household reporting little to zero income, or income fluctuates, income may be determined based on actual amounts received or earned within the last twelve months. This should not be used if it is verifiably inaccurate. For instance, if a person had a job with sporadic income the last twelve months, but they no longer have that job, counting the sporadic income would be inaccurate.

The IFA Zero Income Certification form is required for all adult household members claiming zero income. This form will help the LHTF determine if the household has any income that must be counted that the household may not have revealed on other documentation.

Earned Income

Employment income is the full amount, before any payroll deductions, of wages, salaries, overtime pay, commissions, fees, tips, bonuses, and compensation for all adult household members.

When annualizing employment income, the frequency of pay should be determined first. Once the frequency of each pay period is determined, the frequency should be applied to determine annual income.

For temporary employment, multiply by the number of periods expected to work over the next 12 months from the date of certification.

When ranges are provided by the employer on items such as the number of hours, an average should be used. For instance, if the employer anticipates that a person will work 36-40 hours a week, an average of 38 should be used in the calculation.

At times, verification will indicate that a change is anticipated to the rate of pay within the next 12 months. These known changes should be incorporated into the annualized income calculation, based on the proportionate share of the year affected.

In addition to the above calculations, annualize the year-to-date (YTD) amounts listed on the verification and most recent pay stub.

The highest total income (between year-to-date and hourly) calculation should be used after examining income from all reasonable perspectives unless it can be clearly verified that a lower calculation is a better estimate of income. If the highest total income calculation figure results in the maximum program income limit being exceeded when other calculations indicate the household may qualify, it is best practice to obtain further clarification from the employer on consult with IFA compliance staff before making a final determination of eligibility.

Third-party verification of income is preferred and attempts to obtain third-party verification should be clearly documented. Second-party (source) documentation such as review of paystubs may be utilized if third-party verification is not possible. Self-certification of income is allowed when all other attempts to verify income have been exhausted. IFA requires use of the IFA self-certification of income form for all applicable adult family members in cases where self-certification of income must be used as a last resort.

Self-employment income is the net income from operation of a business or profession. Expenditures for business expansion or amortization of capitol indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business profession may be deducted, based on straight-line depreciation, as provided in IRS regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included as income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the household.

This is one of the few times that net income is used. Annualize self-employment based on information collected from the following documents, in order of preference, and as applicable:

- Previous year's Tax Return Form 1040 with Schedule(s):
 - **C** for business income
 - **E** for rental property income
 - **F** for farm income
- Financial Statement(s) of the business (such as monthly profit/loss or income statements).
- Signed statement by the business owner.

A completed Schedule **C (or E or F)** for the current year to-date, with supporting documentation required to establish YTD income. Multiply out to annualize.

Military pay includes 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.

Unearned Income

Asset income includes interest, dividends, and other net income of any kind from real or personal property. Social Security income includes the full amount of periodic income received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts.

Keep the following guidelines in mind when it comes to social security income. (SS) and supplemental security income (SSI) benefits:

- Count gross amounts before Medicare or any garnishments are taken out.
- Delayed SS and SSI payments are not counted as income (this also applies to VA benefits).
- Count after adjustments for past overpayments (also applies to TANF and unemployment).
- Be aware of the Cost-of-Living Adjustment (COLA) which will be announced each year (although there may not always be an increase given). Once the COLA is announced, income for SS recipients who have recently been approved, but have not moved in, will need to have their income eligibility re-examined to ensure that they are still income eligible.

In cases where state or local government, social security, or private pension income is split due to divorce, only count the net payment received by the household member applying for assistance.

Annuities may be either income (periodic payments) or an asset. Use the following guidelines to determine how to count an annuity:

- If there is no “lump sum” that can be cashed in, with periodic payments as the only option, it is income.
- If there is a “lump sum” that can be cashed in and the household is receiving periodic payments, the periodic payments are income, and the balance is ignored as an asset.
- If the household can cash in the lump sum amount of the annuity and no periodic payments are being received, then it is an asset (see asset section for further details).

Payments in lieu of earnings include unemployment, disability compensation, worker’s compensation, and severance pay.

Unemployment compensation must be annualized (regardless of eligibility period listed on benefit letter) unless a future job is verified via a third party.

Welfare assistance includes all welfare assistance payments, excluding food stamps (SNAP), received by the household.

Periodic allowance income includes 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.

1. Cash and Non-Cash Contributions

ALL periodic cash and non-cash contributions (such as rent and utility payments paid on behalf of the household) to the household are counted as income except:

- a. Food groceries given to the household (NOT money to buy groceries).
- b. Childcare paid directly to the care provider on behalf of the household.

2. Alimony and Child Support

Alimony and child support amounts awarded by the court must be counted in full, unless the household certifies that payments are not being made and that he or she has taken all reasonable legal actions to collect amounts due, including filing with the appropriate courts or agencies responsible for enforcing payment.

In many cases, alimony and/or child support has been ordered but is not being paid. If this is the case, the household member must provide a statement attesting to the fact that support payments are not being received, the likelihood of support payments being received in the future and that a reasonable effort has been made to collect the amount due. To provide this information, IFA's form Alimony/Child Support Self-Certification is a required form (Appendix). Documentation of efforts taken to collect must be supplied with the form in cases where the full court-ordered amount is not being received. If amounts being received are less than the court-ordered amount after efforts to collect are documented, an average of amounts received may be counted.

Withdrawals from investments received as periodic payments should be counted as income. If benefits are received through periodic payments, do not count any remaining amounts in the account as an asset. Therefore, monthly, quarterly, semi-annual, or annual periodic withdrawals are income, and the asset is not counted. IFA considers Required Minimum Distributions (RMDs) from retirement accounts to be "periodic withdrawals" as they are received periodically on an annual basis and are determinable.

Annual Income Exclusions

The following are not included in annual income:

- Income from employment of children (including foster children) under the age of 18 years.
- Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are unable to live alone).
- Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses.
- Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
- Income of a live-in aide.
- The full amount of student financial assistance paid directly to the student or to the educational institution.
- Temporary, nonrecurring, or sporadic income (including gifts).
- Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse).
- Adoption assistance payments in excess of \$480 per adopted child.
- Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts.
- Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
- The value of the allotment provided to an eligible household under the Food Stamp Act of 1977.
- Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (employment through AmeriCorps, Volunteers in Service to America [VISTA], Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions).

- Payments received under programs funded in whole or in part under the Job Training Partnership Act (effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998, e.g., employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs, career intern programs, AmeriCorps).
- Payments received from programs funded under Title V of the Older Americans Act of 1985, e.g., Green Thumb, Senior Aides, Older American Community Service Employment Program.
- Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998.

Income from Assets: Changes to asset calculation are pending further HOPWA guidance.

Households with less than \$50,000 in assets may use the Asset Self-Certification Form. Eligible households may self-certify all assets and income earned from assets using the corresponding form

provided by IFA. This form must be signed by all adult household members, and any income listed on the self-certification shall be included in the household's gross income calculation. All assets disposed of within the two years preceding the date of eligibility verification shall be disclosed on the self-certification from and included in the household's eligibility determination. Assets do not include:

- Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities)
- Interests in Indian trust land
- Term life insurance policies (i.e., where there is no cash value)
- Assets that are part of an active business. "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's or tenant's main occupation
- Assets that are NOT effectively owned by the applicant. Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not a member of the family, and (b) that other person is responsible for income taxes incurred on income generated by the assets
- Assets that are not accessible to the applicant and provide no income to the applicant
- Health Savings Account and/or medical trusts.

APPENDIX

Resources available on IFA's [SHTF resource page](#) include:

Required Forms

Sample Forms

SHTF Allocation Plan for the LHTF Program

SHTF Income Limits

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