

Homeless Prevention and Rapid Re-Housing Program

Assets (Informational)

Description of Assets:

Assets are items of value that may be turned into cash. A savings account is a cash asset. The bank pays interest on the asset; the interest is the income from that asset.

Some belongings of value are not considered assets. Necessary personal property is not counted as an asset.

When calculating income from assets, include assets of all household members ***including assets of minor children.***

Assets Include:

- Bank Accounts
- Franchises
- Life Insurance policies
- Lump sum additions
- Personal Property held as Investments
- Retirement/Pension funds
- Trusts
- Assets disposed of for less than Fair Market Value
- Stocks, Bonds, Mutual Funds, etc
- IRA, Koegh, Annuities and Similar Retirement Accounts

Assets Exclude:

- Necessary Personal Property
- Assets not Accessible to Family
- Business or Farming Operation Assets
- Interest in Indian Land trusts
- Equity in Cooperatives & Manufactured Homes
- Vehicles/Special Equipment for Disabled

Calculating Income from Assets

The calculation to determine the amount of income from assets to include in annual income considers both of the following:

- The total cash value of the family's assets; and
- The amount of income those assets are earning or could earn.

The rule for calculating income from assets differs depending on whether the total cash value of family assets is \$5,000 or less, or is more than \$5,000.

If the total cash value of the family assets are:

- Less than or equal to \$5,000:
 - Use the actual income earned from assets (i.e., interest and dividends); or
- Greater than \$5,000, use the greater of:
 - Actual income earned from assets, or
 - Imputed income from assets based upon passbook rate approved by HUD (2%). (Imputed Income is HUD's approved passbook rate multiplied by the total cash value of assets).

The "cash value" of an asset is the market value less reasonable expenses that would be incurred in selling or converting the asset to cash such as the following:

- Penalties for premature withdrawal;
- Broker and legal fees; and
- Settlement costs for real estate transactions.

The "cash value" is the amount the family could actually receive in cash, **if the family converted an asset to cash.**

Checking/Savings Accounts

- The cash value of a checking account is its six-month average balance;
- The cash value of a savings account is its current balance