

November 30, 2011

TO: State Directors
Rural Development

ATTN: Rural Housing Program Directors

FROM: Tammye H. Treviño *(Signed by Tammye H. Treviño)*
Administrator
Housing and Community Facilities Programs

SUBJECT: Student Income Eligibility Determination for
Rural Development Multi-Family Properties

This unnumbered letter is to clarify how to calculate annual income for students who are applicants or tenants at Rural Development Multi-Family Housing (MFH) properties. As 7 C.F.R. §3560.153 states, the calculation of household annual income will be calculated in accordance with 24 C.F.R. §5.609 and adjusted income will be calculated in accordance with 24 C.F.R. §5.611. There has been some confusion over whether annual student income for MFH properties will be considered in accordance with 24 C.F.R. §5.609(b)(9) or (c)(6). The regulation at 24 C.F.R. §5.609(c)(6) states that annual income does not include “[s]ubject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution.” Section 5.609(b)(9) goes on to state:

For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, financial assistance does not include loan proceeds for the purpose of determining income.

Sections 5.609(b)(9) and 5.612 are specifically for section 8 programs and are exceptions to the general rule for calculating a student’s annual income under 24 C.F.R. §5.609(c)(6). As a result, local offices should not include the full amount of student financial assistance paid directly to the student or the educational institution when calculating a student’s annual income for MFH properties. Income that is not associated with student financial assistance should be calculated as annual income in accordance with 24 C.F.R. §5.609.

If you have any questions regarding this memorandum, please contact Joan Atkinson of the Multi-Family Housing Portfolio Management Division at (202) 720-1609.

EXPIRATION DATE:
November 30, 2012

FILING INSTRUCTIONS:
Housing Programs