

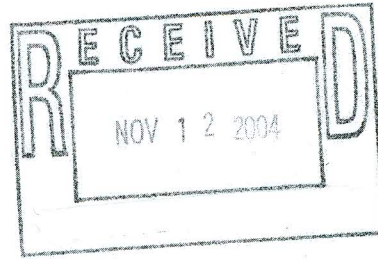


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November 9, 2004

William M. Gatesman, Esq.
200-A Monroe Street, Suite 110
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Dear Mr. Gatesman:

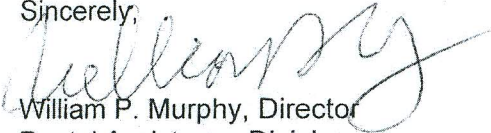
This is in response to your letter dated October 27, 2004 concerning the definition of assets and income in the Housing Choice Voucher (HCV) Program.

Your question concerned the creation of a trust for the benefit of someone who may participate in the HCV in the future. As we discussed, this trust is not considered an asset per HUD rules because the beneficiary has no control over the assets of the trust. The key issue is control. If the HCV client has control over the assets in the trust, the trust must be reported. Lack of control means there is no need to disclose. Therefore, the HCV applicant need not even disclose the trust to a public housing agency (PHA). Any and all payments from the trust that are given to the beneficiary must be reported to the PHA. The PHA staff must determine whether this income is regular or sporadic. Regular payments are considered income whereas sporadic payments are not.

We also discussed the issue of disclosing the trust to a PHA at the time of admission to the HCV program. If regular payments are contemplated, I recommend disclosure. If sporadic payments are made, you need not disclose the existence. Obviously, any payments made to the HCV participant must be disclosed and the PHA, in our case HOC, will determine whether the payments are income. HOC will ask the source of the payments when the payments are made to the HCV client and disclosure at that time would be required.

Hopefully, this answers your questions and we are available to discuss the issue further if you wish. You may contact me at 301.962.5458.

Sincerely,


William P. Murphy, Director
Rental Assistance Division

