

Exhibit 2-7 Student Rule

As part of the U.S. Department of Housing and Urban Development's 2006 Appropriation Act, Section 327(a) of the Act restricted assistance to students who do not meet certain qualifications. This rule applies to every adult attending an institution of higher education, whether enrolled full- or part-time. The final rule was published on December 30, 2005, with additional guidance published on April 10, 2006.

Part 1 of the Rule explains which students are eligible to receive rental assistance. Part 2 of the Rule explains how the student income will be calculated. The parts of the rule are broken down below so that staff can clearly establish which students may be eligible and then determine the income of the eligible student.

2-7.1 ELIGIBILITY

A student enrolled in an institute of higher education, as defined by the Higher Education Act of 1965-Amended 1998, is eligible for assistance if the student meets all other eligibility requirements, passes screening criteria, and meets one or more of the following conditions:

1. Lives with parents/guardian, OR
2. Is disabled and receiving Section 8 housing assistance as of November 30, 2005,
OR
3. Is 24 years of age and older, OR
4. Is a veteran, OR
5. Is married, OR
6. Has a dependent child, OR
7. Can prove independence of parents including providing certification that the parents did not claim the student on the most recent tax return, OR
8. Has parents who are income eligible for the Section 8 program.

Use the *Student Eligibility & Income Checklist* (form AP121) to help you determine if a family member meets the definition of an ineligible student.

2-7.1.A Independent Student

If a student can establish that she or he is an “independent” student, then that student may be eligible for HCV assistance if the student meets income eligibility guidelines. A student can establish their independent status by:

1. Being of legal contract age under state law.
2. Establishing a household separate from parent(s) or legal guardians for at least one year prior to application for occupancy
OR
Meeting the U.S. Department of Education’s definition of an independent student.
3. Not being claimed as a dependent by parents or legal guardians pursuant to IRS regulations.
4. Obtaining a certification of the amount of financial assistance that will be provided by parents, signed by the individual providing the support.

The Department of Education defines an “independent student” as:

1. Being at least 24 years old by December 31 of the award year for which aid is sought,
2. Being an orphan or ward of the court through the age of 18,
3. Being a veteran of the U.S. Armed Forces,
4. Having legal dependents other than a spouse,
5. Being a graduate or professional student; or
6. Being married.

2-7.1.B Verification of Independent Status

If staff does not have enough information provided by the student to verify the student’s independent status, staff can use the *Independent Student Verification* (form VF210). If the student’s parent or guardian does not return the form and staff cannot otherwise verify the student’s independence, then the student must not receive housing assistance.

2-7.2 INCOME

Financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 from private sources or an institution of higher education shall be considered income to that individual. Exceptions are listed in section 2.B below.

In order to determine what to count as part of annual income, staff must verify what amounts are included in an institution’s tuition for a student. It may include additional fees.

2-7.2.A What to Count

Annual Income includes financial assistance that the student receives that is **in excess of tuition** under the Higher Education Act of 1965, from other sources, and from institutions of higher education.

1. Higher Education Act income includes:
 - a. Pell Grants
 - b. Federal Supplement Educational Opportunity Grants,
 - c. Academic Achievement Incentive Scholarships
 - d. State Assistance under the Leveraging Educational Assistance Partnership Program
 - e. Robert G. Byrd Honors Scholarship Program
 - f. Federal Work Study programs
 - g. G.I. Bill
2. Assistance from private (non-government) sources including parents, guardians, other family members, or other persons, whether these persons reside in the unit or not.
3. Income from an institution that the institution considers financial assistance.

2-7.2.B What Not To Count

Financial assistance in excess of tuition and any other required fees that an individual receives under the Higher Education Act of 1965 from private sources or an institution of higher education shall **NOT** be considered income if the student is:

1. Living with his/her parents in a Section 8 assisted unit, or
2. Living with his/her parents who are applying to receive Section 8 assistance, or
3. A person over the age of 23 with dependent children.

Otherwise, annual income **does not** include:

1. Amounts received for tuition,
2. Loan proceeds including the Perkins, Stafford, and Plus loans under the Higher Education Act of 1965.

Staff may use the *Student Eligibility & Income Checklist* (form AP121) to help determine when income is counted as part of a student's annual income.

2-7.2.C Independent Student Income

If a student has verified his/her independent status, but still receives income from family members, staff should use the *Independent Student Verification* (form VF210) to collect that information.

2-7.3 Q&A FROM HUD

Below are a few common questions submitted to HUD Rental Housing Income Integrity Program (RHIIP) when the rule was issued.

1. Does this law apply to both Housing Choice Vouchers and Section 8 New programs?

Yes. The Public Housing program is not affected.

2. Does the law apply to both part-time and full-time students enrolled at an institution of higher education?

Yes. The law applies to both full-time and part-time students.

3. Does the student have to meet the eligibility requirements if the student is living with his or her parents who are already receiving HCV assistance?

No, nor does it apply to students living with parents who are applying for HCV assistance.

4. What is the definition of “parents”?

“Parents” is defined as the biological or adoptive parents or guardians, such as grandparents, aunt or uncle, godparents, etc.

5. If a student is under the age of 24, not a veteran, unmarried, and has no dependent children, must both the student and the student’s parents meet the income eligibility requirements in order for the student to be eligible?

Yes; UNLESS the student can demonstrate his or her independence from parents. However, the parents only have to be INCOME eligible and do not have to pass the other screening requirements. Use the income limit of the area where the parents live.

6. How will AHFC obtain and verify income information on the parents?

AHFC may accept a signed *Independent Student Verification* (form VF210) from the parents. If the declaration or eligibility is questionable, AHFC may request additional documentation such as IRS tax returns, consecutive and original pay stubs, bank statements, benefit statements, etc.

7. What if the parents refuse to declare or certify their income?

The student will not be eligible to receive HCV assistance.

Forms

AP121 Student Eligibility & Income Checklist

VF210 Independent Student Verification

Administrative Desk Manual

None