



U.S. Department of Housing and Urban Development

Baltimore Office
City Crescent Building
10 South Howard Street, 5th Floor
Baltimore, MD 21201-2528

June 1, 2009
Amended

Ms. Sandy Wolf
Project Manager
Weinberg Woods
3211 Clarks Lane
Baltimore, MD 21215

SUBJECT: Weinberg Woods
Project No. 052-EE021
Reparation Income

Dear Ms. Wolf:

This is in response to a request made by you on behalf of the family of a tenant applicant for Weinberg Woods. The issue is in regard to the income and assets that are considered for an elderly applicant to be eligible for assisted housing in a 202 project. The applicant derives most of her income from reparation funds and social security. She also has a house purchased in 2004 that supposedly was bought with reparation money.

Multifamily Asset Management staff sought the advice of legal counsel to determine whether assets comprised of reparation payments should be calculated in the applicant's annual income for Section 202 eligibility. The legislative history of the applicable statute, the Victims of Nazi Persecution Act of 1994, Public Law 103-286, explicitly states that reparations money should not be included as income or as assets. In addition, the Social Security Protection Act of 2004 states that interest from monthly reparations payments should not count as income either. Finally, the Economic Growth and Tax Relief Reconciliation Act of 2001 made reparations payments permanently tax-free in the tax code. Reading these laws together indicate that the interest and assets from reparations payments are exempt from the calculation of income and assets in determining federal benefits eligibility.

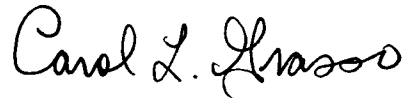
The Victims of Nazi Persecution Act does not explicitly address how federal agencies should treat the interest from reparations moneys placed into accounts or assets purchased by these reparations moneys. HUD regulations at 24 C.F.R. 5.609(c) nor policy guidance found in Handbook 4350.1 specifically address this issue. Congress noted that "reparations payments do not constitute 'income' because they 'are in the nature of reimbursement for the deprivation of civil or personal rights'". To strengthen the message in order to pass the law, Congress stated that "It is unconscionable that these payments should count as regular income **or assets**, thus

diminishing eligibility for aid under entitlement programs of the Government of the United States.”

This office advises that reparation payments, their interest and assets, such as homes and bank accounts, should be excluded in calculating the income eligibility of Section 202 applicants.

Should you have any questions regarding this letter, please contact me at (410) 209-6536.

Very sincerely yours,

A handwritten signature in cursive script that reads "Carol L. Grasso".

Carol L. Grasso
Project Manager
Baltimore Multifamily Program Center