



Notice: Department of Housing and Urban Development (HUD) Passbook Savings Rate Change

Beginning February 1, 2016, Multifamily will annually publish the passbook savings rate to be used for all certifications to replace the previously set rate of .06% with a rate reflective of the national average.

The Office of Multifamily Housing Programs had previously set the passbook savings rate at .06% because, historically, interest rates had fluctuated around that number. As interest rates have now dropped and maintained a level significantly below .06%, Multifamily Housing acknowledges the need to adjust the passbook savings rate at least annually to represent current national averages.

This notice applies to the following programs:

- A. Project-based Section 8
 - 1. New Construction
 - 2. State Agency Financed
 - 3. Substantial Rehabilitation
 - 4. Section 202/8
 - 5. Rural Housing Services (RHS) Section 515/8
 - 6. Loan Management Set-Aside (LMSA)
 - 7. Property Disposition Set-Aside (PDSA)
- B. Section 101 Rent Supplement
- C. Section 202/162 Project Assistance Contract (PAC)
- D. Section 202 Project Rental Assistance Contract (PRAC)
- E. Section 202 Senior Preservation Rental Assistance Contracts (SPRAC)
- F. Section 811 PRAC
- G. Section 811 Project Rental Assistance Demonstration units under a Rental Assistance Contract (PRA)
- H. Section 236
- I. Section 236 Rental Assistance Payments (RAP)
- J. Section 221(d)(3) Below Market Interest Rate (BMIR)

When calculating tenant income, owners should refer to the information in this notice to determine the appropriate interest rate at which to impute income from assets.

Owners must begin using the new rate for all move-in, initial, annual, and interim certifications concurrent with the effective date provided when a family has net assets over \$5,000. The provided effective date will allow for sufficient time to update software to include the new passbook savings rate. This .06% rate must be used until Multifamily Housing publishes and makes effective a new passbook savings rate.

According to Handbook 4350.3 and the model lease, tenants have the right to request an adjustment through the interim recertification process if their income changes before the next annual recertification. Because a change in the passbook savings rate may change the reported income for individuals with more than \$5000 in assets, these tenants are permitted to request an interim recertification. Owners should refer to HUD Handbook 4350.3, Section 7-10 when processing interim recertifications.

To review the HUD notice in its entirety, please visit:

<http://portal.hud.gov/hudportal/documents/huddoc?id=16-01hsgn.pdf>