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OFFICE OF HOUSING MANAGEMENT MEMORANDUM # 2014-B-06

To: All Federally Assisted Housing Companies
Owners, Managing Agents and Site Managers

From: Linda Kedzierski, Federal Programs Coordinator

Date: November 19, 2014

Subject: **Income From Assets: New Passbook Savings Rate Effective February 1, 2015**

On October 31 2014, HUD posted a new Notice H2014-15 **Passbook Savings Rate Effective February 1, 2015 and Establishing New Savings Rates** changing the Passbook Savings Rate used for certifications created using HUD Form 50059.

The new Notice can be found on HUD's web site at
<http://portal.hud.gov/hudportal/documents/huddoc?id=14-15hsgn.pdf>

Effective February 1, 2015, the passbook savings rate to be used for all move-in, initial, annual, and interim recertifications, when a family has net assets over \$5,000, will be 0.06%.

Currently, when calculating income from assets – when the cash value of such assets exceeds \$5000.00 – HUD requires owners/agents to use the greater of “actual income from assets” or 2%. Starting February 1, 2015, when the cash value of assets exceeds \$5000.00, the new “income from assets” calculation will equal the greater of “actual income from assets” or 0.06%.

All certifications which are effective 2/1/2015 or later must use the new 0.06% passbook rate. HUD did not make this change effective immediately in order to allow software vendors to incorporate this change.

Please be aware that Move-In Certifications, Initial Certifications, and Interim Certifications and Interim/Unit Transfer combinations effective **before** February 1, 2015 are still created using the 2% passbook rate.

Some software allows you to enter a new passbook rate with an effective date. This usually means that certifications effective before the effective date of the new passbook rate will use 2% and those certifications effective after the effective date of the new passbook rate will use 0.06%.

If your software does not allow you to establish an effective date for the new passbook rate, it is recommended that you leave the passbook rate at 2%. This ensures that all certifications effective **before** February 1, 2015 are calculated correctly. If you are creating new certifications effective February 1, 2015 or later, make a note if any of these certifications include assets with a cash value of \$5,000.00 or more. Since the passbook rate changes to 0.06% on February 1, 2015, you will need to correct those certifications, which include assets with a cash value of \$5000.00 or more, with an effective date of February 1, 2015 or later.

All residents will be able to take advantage of the reduced rate on or after February 1, 2015. According to Handbook 4350.3 and the Federal Programs Lease, residents have the right to request an interim certification if income changes before the next annual recertification. If a change in the passbook savings rate changes the cumulative income reported by households with more than \$5000.00 in assets, residents may request an interim recertification. Owners/agents should refer to HUD Handbook 4350.3, Chapter 7 for additional information on Interim Recertifications.

If you have any questions regarding this memo, please contact Linda Kedzierski at Linda.Kedzierski@nyshcr.org.



Linda Kedzierski