



TO: Owners and Managers of VHDA Financed Conventional, Tax Credit and Assisted Properties

FROM:  Cara Wallo, Multifamily Compliance and Training Officer

SUBJECT: Change in Imputed Interest Rate for Assets

DATE: January 26, 2015

On October 31, 2014, HUD issued Notice H 2014-15 changing the imputed interest rate for assets from 2% to .06% (or .0006) effective February 1, 2015.

In the future, HUD will publish a passbook savings rate annually that is based on the national average provided by the Federal Deposit Insurance Corporation (FDIC).

For any property subject to income calculations in Chapter 5 of the HUD Occupancy Handbook 4350.3, managers must process tenant move-in and/or initial certifications and re-certifications effective 2/1/15 using the updated imputed interest rate.

Certifications previously completed using the old interest rate are not required to be updated, except those for households subject to assistance calculated on actual income (ex: HUD, Sec. 8, RD).

Regarding assisted households: HUD Handbook 4350.3, REV-1 and the HUD model lease permit tenants to request an interim recertification if their income changes before the next recertification. Because a reduction in the Passbook Savings Rate could reduce household income, tenants are permitted to request an interim recertification using the new 0.06% rate

If you have any questions, please contact your assigned VHDA Compliance Officer.