



**RBDFASTFACTS  
NEW REQUIREMENTS  
FOR DISTRIBUTION OF  
UTILITY  
REIMBURSEMENTS FOR  
MFH**

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# FASTFacts NEW REQUIREMENTS FOR DISTRIBUTION OF UTILITY REIMBURSEMENTS FOR MFH

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“The material contained in this document is not comprehensive of the continually emerging issues surrounding policies in The Multifamily Housing industry. In addition, the handbook guidance is derived from The HUD Handbook 4350.3 Rev 1 Change 4 released in August 2013 and in December 2013 and subsequent notices and memos from HUD.

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# FASTFacts NEW REQUIREMENTS FOR DISTRIBUTION OF UTILITY REIMBURSEMENTS FOR MFH

## **NEW REQUIREMENTS FOR DISTRIBUTION OF UTILITY REIMBURSEMENTS FOR MFH**

The new Interim Final Rule, expands utility allowance distribution changes to Multifamily Housing starting March 12, 2018.



### **UTILITY REIMBURSEMENT DISTRIBUTION REQUIREMENTS**



For Utility Reimbursement totaling \$45 or less per quarter, the owner/agent has the option of making Utility Reimbursement payments once per quarter, instead of once per month.

For example:

- ✧ Utility Allowance = \$80
- ✧ Resident TTP = \$75
- ✧ Utility Reimbursement = \$5
- ✧ Current Rule - \$5 per month must be disbursed within 5 days of receipt by owner/agent (See HUD MAT Guide – Chapter 7 – Paragraph 7-13 – under edit for 2.0.3.A)
- ✧ New Rule - owner/agent has the option to distribute \$15 per calendar-year quarter instead of \$5 per month

Owner/agents exercising this option must have a policy in place to assist residents for whom the quarterly reimbursements will pose a financial hardship.

### **PRORATING UTILITY REIMBURSEMENT AT MOVE-OUT - \$15 OR LESS PER MONTH**

In the event a family leaves the program in advance of its next quarterly Utility Reimbursement, the owner/agent must reimburse the family for a prorated share of the applicable Utility Reimbursement.



### **SAMPLE UTILITY REIMBURSEMENT POLICY**



*Resident's rent is calculated based on the total household income. The Total Tenant Payment (TTP) is the greater of 10% of Annual Income or 30% of Adjusted Income. Once TTP is calculated, the resident will also receive a Utility Allowance (UA). This Utility Allowance is subtracted from TTP and the result is called Tenant Rent (TR).*

*When the Utility Allowance is more than TTP, the resident will receive a Utility Reimbursement (UR). Utility Reimbursements can be paid directly to a utility provider or to the resident.*

*When providing the UR to the residents:*

- ✧ *If the UR is more than \$15.00 per month, the resident will receive the reimbursement each month, no more than 5 business days after the owner/agent receives the funds from HUD. Residents will receive these funds through a deposit to their UR Debit Card (Note from RBD – describe your own method for distribution).*
- ✧ *If the UR is \$15.00 or less per month, the resident will receive the reimbursement quarterly in March, June, September and December through a deposit to their UR Debit Card (Note from RBD – describe your own method for distribution).*

*If the UR is \$15.00 or less per month, the resident may receive the funds each month, instead of each quarter, if the resident requests and the owner/agent approves a hardship exemption.*

*The resident (HOH) must contact the property management staff to request a hardship exemption. Examples of when residents would be qualified for the hardship exemption include (not limited to):*

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- ✧ *Household has received a utility cutoff notice effective within the next 30-60 days*
- ✧ *Resident has been involved in a disaster/accident that resulted in significant property damage*
- ✧ *Resident qualifies for VAWA protections*
- ✧ *Resident income has been delayed, interrupted or discontinued*
- ✧ *Resident utility benefits have been interrupted or discontinued*

*When a resident requests a hardship exemption, the owner/agent will provide a notice of approval or denial within 10 business days.*

*If the request is denied, the resident will be given the option to appeal.*

*If a resident moves out in the middle of a quarter, the owner/agent will provide the resident with a prorated portion of the Utility Reimbursement on the day of move-out.*