



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Multifamily West Region
San Francisco Regional Center
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www.hud.gov

April 6, 2018

MEMORANDUM FOR: Owners, Management Agents and Project Managers

FROM: Tom Azumbrado, Regional Director, Multifamily West Region, 9AHM

SUBJECT: Fees for Late Payment of Rent in HUD Subsidized Properties for
Multifamily West Region

In an effort to apply consistency between the Multifamily West Region and the other five Regions, the Multifamily West Region rescinds the policy concerning the collection of fees for late payment of rent issued January 9, 2009 by the previous San Francisco Multifamily Hub and the Sacramento Field Offices, and to reinstate the late fee policy established pursuant to the HUD Handbook 4350.3, Rev-1.

Effective June 1, 2018, Owners of projects under the jurisdiction of the Multifamily West Region are now required to adhere to the terms of the HUD Handbook 4350.3, Rev-1 and the Model Lease, which state that on the 6th day of the month, an owner *may* charge a fee, not to exceed \$5 for the first through the fifth day the rent is not paid, and *may* charge an additional fee of \$1 per day for each additional day the rent remains unpaid, not to exceed \$30. No lease addendum is required. Owners of projects are to adhere to HUD Handbook 4350.3, Rev-1, Chapter 6, Section 6-12B to notify tenants of changes to the late fee.

The fee for late charges is designed to encourage low-income tenants with limited or marginal resources to pay their portion of the rent on time. Owners are expected to be flexible as to the date deemed late where a tenant receives social security benefits and/or public assistance, and the benefits are received a few days after the first of the month.

The authorized late fee policy is to be reflected on the residents' leases. Please refer to HUD Handbook 4350.3, Rev-1, Chapter 6, Paragraph 6-5 to determine which lease applies to your property. In addition, owners must comply with the provisions of Paragraph 6-23.F which states: "An owner must not evict a tenant for failure to pay late charges." However, the owner may deduct accrued, unpaid late charges from the tenant's security deposit at the time of move-out, if such deduction is permitted under State and local laws.

Finally, this discussion of late fees does not apply to Section 202/8, Section 202 PAC, Section 202 PRAC, or Section 811 PRAC residents. Residents of these programs are not required to pay late fees.

If you have any questions concerning the above, please contact your HUD Account Executive, which can be found at <https://www.hud.gov/states/shared/working/west/mf/ownmgmt/ae>