

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Overseas Housing Allowance (OHA) Program

1. Purpose: Housing is a key element of quality of life in any military assignment. It is my intent that every individual assigned to AFRIMS has a housing arrangement that provides the military member and their family a safe, clean living environment that provides adequate living space and is conveniently located within Bangkok. For newly assigned individuals, take a few moments and read this OHA program letter before beginning your search for housing in Bangkok. I would also encourage you to talk to others assigned to AFRIMS to find out where they live and what they like about their neighborhood. For individuals already assigned, review this program memorandum as you prepare to enter into a new lease arrangement especially if you are moving to a new location.

2. Scope: The guidelines and policies set forth in this program memorandum are applicable to all individuals assigned to AFRIMS. Furthermore, this policy applies to all U.S. military members residing in Bangkok when OHA management is provided by AFRIMS.

3. Responsibility: The Personnel NCO is the OHA point of contact.

4. Policy:

a. The Basics of OHA. The Overseas Housing Allowance offsets living expenses for service members assigned overseas. OHA has three components:

1. Rental Ceiling Allowance – The major element of OHA that pays monthly rental costs. This policy primarily is concerned with the rental ceiling allowance portion of OHA.

2. Move-in Housing Allowance – This entitlement is paid the month the lease agreement begins and it is paid only once during an assignment in Bangkok regardless how many times a service member moves. It is intended to help defray average move-in costs. Additionally, some one-time security or crime prevention renovations completed prior to move-in may be eligible for reimbursement.

3. Utility/Recurring Maintenance Allowance – This allowance is paid monthly to the service member if they pay all or a portion of their own utility costs. For the majority of housing arrangements in Bangkok, utility costs are included in the overall monthly lease costs. When including utility costs in the total lease

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amount, the monthly rental ceiling is raised by the amount of the utility allowance. For service members electing to pay their own utility costs, the monthly allowance is determined by pay grade and dependent status. Monthly utility costs in excess of the allowance amount are the responsibility the service member.

b. Rental Ceiling Rates: Rental ceiling rates differ by location, rank, and dependent status. Unlike COLA, housing allowance rates do not vary based on number of dependents. The Personnel NCO can provide current rates and current lease amounts for assigned members of the same rank and dependent status. OHA rates can change every 2 weeks based on currency exchange rates. However, in a stable exchange rate environment it is not uncommon for the same OHA rate schedules to remain unchanged for 6-8 weeks or even longer. Additionally, OHA rates can change every 6 months as total location housing costs are evaluated. OHA is intended to cover 100% of the costs for 80% of the members in a common location, rank, and dependent status. As such, rates may be reduced or increased so that most, but not all members have their housing costs completely covered by OHA. Individuals that enter into leases at the higher end of costs for their common rank and dependent status need to recognize that these periodic rate adjustments can create difficult choices at the end of a lease period if the total OHA rate was lowered during the lease period. In this case, members will be forced to move to a lower priced unit (at their own expenses) or incur out of pocket charges to stay in the same location.

c. The OHA Process at AFRIMS: As part of in-processing, every newly assigned service member will report to the AFRIMS Personnel NCO for an OHA brief. While some newly assigned individuals may do preliminary house hunting in advance of meeting with the Personnel NCO, it is imperative that the Personnel NCO has the opportunity to brief the OHA program and some important do's and don'ts early in the process of finding living arrangements. The key steps in the OHA process are outlined below. Some of these steps will be addressed in greater detail in subsequent sections of this policy.

1. Initial OHA overview by Personnel NCO: During this session, the Personnel NCO will provide a copy of this OHA program memorandum, a copy of the standard AFRIMS lease, and the current OHA rate for the rank and dependent status of the in-processing individual.

2. House-hunting. Service member finds suitable quarters, possibly with the assistance of a local realtor. In Bangkok, landlords typically pay realtor fees but confirm this with any realtor you select. Since their service is free, I strongly recommend securing a realtor to assist in house hunting. Realtors will help find accommodations in the best living areas and help negotiate the best price. The Personnel NCO will maintain a file of realtors commonly used, as well as a list of landlords AFRIMS personnel have faired 'not so well with.'

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3. RSO and Chain-of Command Approval: Once a dwelling has been selected, contact the Embassy Regional Security Office to get an assessment of security and crime vulnerability in the surrounding area. This is entirely on a voluntary basis.
 4. Prepare Lease: Using the AFRIMS standard lease or one provided by the landlord, prepare a copy of a lease for the quarters to be rented. It is not a requirement to use the AFRIMS lease but certain items must be addressed in the lease. Do not sign the lease until the Personnel NCO has reviewed the lease. (See section below on lease specifics).
 5. Prepare DD 2367: With the assistance of the Personnel NCO, prepare the OHA Form and provide a signed copy of the form and the original lease to the Personnel NCO.
 6. Rental Advance: Personnel NCO prepares paperwork for an electronic funds transfer for the entire year's rent in advance, payable directly to the landlord. It can take up to 14 working days for the money to be deposited in the landlord's account.
 7. Forward DD 2367 to Service Finance: The Personnel NCO will forward the completed DD 2367 with a copy of the lease to the servicing finance office at Cp Zama. The military pay aspects of OHA begin when the servicing finance office receives a copy of the lease and the DD 2367. Recognize that OHA transactions are affected by finance office monthly processing cut-offs just like any other type of pay issue. As a result, submitting these documents late in the month will likely mean the OHA payback period is not synchronized with the lease period. (See the section below on Military pay for more information on this topic.)
- d. Military Pay and OHA: OHA transactions involve a significant amount of money each month and it is in everyone's best interest to understand the basic concepts of OHA as they relate to military pay. Thailand is one of a few countries in the world that is authorized to pay OHA in advance for up to 12 months. Rental advances protect service members from the results of rapid changes in currency exchange rates. From a military pay standpoint, a rental advance is treated much like an advance pay but instead of getting an advance on pay the service member receives an advance on the OHA entitlement. Typically, the first end-of-month pay statement after OHA starts will show an entry that reflects an advance OHA entitlement that equals the total rent for the lease period. In the first pay period and subsequent periods for the duration of the lease, pay statements will also reflect an OHA monthly entitlement (1/12 of total annual lease cost) and an OHA payback (also 1/12 of total annual lease costs). In an ideal case, the monthly OHA entitlement equals the monthly rental advance payback such that there is no net effect on military pay. Pay can be affected when the required documents are submitted late to finance and the rental advance payback periods are compressed. Our experience at AFRIMS is this frequently becomes an issue on second and subsequent lease periods. The bottom line is allow

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the finance office ample time to process OHA transactions by getting the lease and DD2367 submitted as soon as possible. Each finance office has their own monthly cut-off dates for pay action processing as well as unique internal operating procedures that can have an impact on the administration of your OHA.

e. Lease Specifics: Whenever possible, use the standard AFRIMS lease. If your landlord has a nonnegotiable reason for preparing a lease, use the standard AFRIMS lease as a guide to ensure the same items are included in your landlord's lease. Some of the key items that must be covered in the lease and some do's and don'ts are outlined below:

1. The lease must be prepared in English. Multiple original copies of a lease are okay. AFRIMS needs an original and most landlords want an original copy as well.
2. The lease must have a military exit clause stating the lease can be broken with pro rated refund if the military member is ordered to depart Thailand or move into government quarters. Additionally, ensure the terms of when and how the unused portion of rent is to be refunded by the landlord.
3. The term of the lease cannot exceed 12 months and the specific beginning and end dates must be annotated. Leases do not have to be for a 12-month period—shorter periods of full or partial months can be used to coincide with an expected PCS date.
4. Maintenance and repair of the dwelling is a landlord responsibility for all but tenant neglect and each lease needs to address the landlord's responsibilities on upkeep of the unit.
5. If the landlord is providing services, furniture or furnishings, or the lease includes utility costs, the lease must itemize the percentage of the total monthly lease amount dedicated to these items. The cumulative total of the itemized items cannot exceed 35% of the total monthly lease amount. It is not uncommon for landlords to attempt to exaggerate the portion of the lease dedicated to furniture or furnishings because Thai law taxes this income at a lower rate than pure rental income. It is imperative that the total of all itemized areas within the lease (utilities, furniture, furnishings, and services) not exceed 35% of the total monthly cost to eliminate any perception the U.S. Government is allowing landlords to take advantage of Thai tax laws by misrepresenting their true rental costs.
6. Items that a landlord may provide to a tenant and should be addressed in the lease (if provided):
 - Utilities (electricity, water, drinking water, cooking gas, trash collection)

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- Extra phone lines installed
- Parking spaces
- Community security guard

- Community pool and gardener services
- Taxes and community fees (condominium)

7. A landlord cannot provide the items listed below. Be cautious—rental markets in Bangkok can be very competitive and attract tenants, landlords may want to provide items or services that cannot be paid for with OHA. If in doubt, check with the Personnel NCO.

- Newspapers or magazines
- Meals
- Laundry or dry cleaning
- Cable TV service (unless serviced apartment)
- Internet access
- Private/personal services such as maids or gardeners (unless serviced apartments which have periodic cleaning services similar to a hotel)
- Telephone service

8. If the lease agreement includes utilities, under no circumstances manage any aspect of the monthly utility costs or bills. Property owners, or their agents, will pay utility bills if they are included within the total lease costs. Accepting funds back from the landlord to pay utilities might lead to future trouble with the landlord and certainly will lead to problems from signing a falsified DD 2367 concerning payment of utilities.

f. Summary: I sincerely hope this assignment in Bangkok is exciting and a rewarding experience. Having lived in this wonderful city before, I know firsthand a positive housing arrangement contributes significantly to overall quality of life. Good luck, use the resources and experts available at AFRIMS and happy house hunting!

CARL J. MASON
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Commanding