

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re Flint Water Cases.

Judith E. Levy
United States District Judge

_____ /

This Order Relates To:

ALL CASES

_____ /

**ORDER EXPLAINING THE NATURE OF PAYMENTS IN
THE RESIDENTIAL PROPERTY DAMAGE
COMPENSATION CATEGORY**

THIS MATTER having come before the Court on a Report and Recommendation submitted by the Court-Appointed Special Master seeking to clarify the basis for compensation under the Category 28 Residential Property Damage claim option in the Amended Master Settlement Agreement (“ASA”), and the Court having considered:

(a) the Report and Recommendation submitted by the Special Master, ECF No. 3472;

(b) the basis for certifying the Property Damage Subclass, the Compensation Schedule for a Category 28 award, and the necessary proofs to qualify for a Category 28 award under the ASA;

(c) past guidance from the Internal Revenue Service and from caselaw on tax obligations related to compensation for property damage directing that a settlement award for damage to property is only taxable if it constitutes income to the recipient – which is determined based on the individual circumstances of each claim, including whether the payment will exceed the basis of the property and whether the payment reimburses the claimant for incurred expenses; and

(d) that claimants who were awarded residential property damage payments in 2025 will be obligated to address such payments in their 2026 tax filings and may find it helpful to provide relevant information to any tax advisors,

IT IS this third day of February, 2026, hereby **ORDERED** that:

An eligible claimant under Category 28 of the ASA is one who owned, leased, or was responsible for the water bill at a property receiving water from the Flint Water Treatment Plant between April 25, 2014 and July 31, 2016. The maximum residential property damage award is \$1000, which is divided among all eligible claimants to the property. The purpose and intent of the residential property damage payment is to provide modest reimbursement for any and all losses and damage that the claimant incurred as a result of the provision of Flint

water to the particular residence, including loss in value of property, damage to pipes or fixtures at the property, costs of repair and for alternative sources of water, and the cost of water bills during the period of time when the water was deemed to contain contaminants.

IT IS SO ORDERED.

Dated: February 3, 2026
Ann Arbor, Michigan

s/Judith E. Levy
JUDITH E. LEVY
United States District Judge

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was served upon counsel of record and any unrepresented parties via the Court's ECF System to their respective email or first-class U.S. mail addresses disclosed on the Notice of Electronic Filing on February 3, 2026.

s/William Barkholz
WILLIAM BARKHOLZ
Case Manager