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|  | U.S. Department of Housing  and Urban Development |
|  | **TENANT RENTAL ASSISTANCE**  **CERTIFICATION SYSTEM** |
|  | TRACS Release 2.0.3.A  Industry Specifications |
|  | Draft Version  January 2020  Revised 12/20/2019 |
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TRACS Release 2.0.3.A

Industry Specifications

**Notes:**

Not all TRACS 2.0.3.A changes are listed in this document. Refer to the 202D versions of MAT Guide chapters 4, 5 and 6 as well as to Appendices H and J for all changes to fields and rules. See also, the supporting spreadsheets and form instruction changes for 2.0.3.A.

In all documents, changes since the TRACS 2.0.2.D versions are shown in Yellow. Any changes made since the last published version of a document are shown in Aqua.

Note: Handbook references are to HUD 4350.3 Rev-1, Change 4.

**The 2.0.3.A Specification contains new fields, new or extended meanings for old fields and new and revised policy guidance. It is extremely important to remember that none of the 2.0.3.A changes or new requirements may be enforced prior to when a project starts using 2.0.3.A or at the end of the 2.0.3.A transition period, whichever date is earlier**.

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# Introduction

## Background

In 2013, HUD published HUD 4350.3 REV-1, CHG-4 making changes to HUD rules. HUD’s multifamily housing business partners are required to demonstrate compliance with these requirements through the data they submit to HUD by way of TRACS. As of this writing, and since the release of HUD 4350.3 REV-1, CHG-4, HUD has also released the following HSG Notices.

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| 14-09-H | [Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component](https://www.hud.gov/sites/documents/14-09hsgn_14-17pihn.pdf) |
| 14-12 | [Implementation of Tenant Participation Requirements in accordance with 24 CFR Part 245](https://www.hud.gov/sites/documents/14-12hsgn.pdf) |
| 15-01 | [Notice of Program Eligibility for HUD Assisted and Insured Housing Programs for All People Regardless of Sexual Orientation, Gender Identity or Marital Status as Required by HUD’s Equal Access Rule](https://www.hud.gov/sites/documents/15-01hsgn.pdf) |
| 15-04 | [Methodology for Completing a Multifamily Housing Utility Analysis](https://www.hud.gov/sites/documents/15-04hsgn.pdf) |
| 15-06 | [Program Eligibility in Multifamily Assisted and Insured Housing Programs in Accordance with HUD’s Equal Access Rule](https://www.hud.gov/sites/documents/15-06hsgn.pdf) |
| 15-10 | [Guidance for Public Housing Agencies (PHAs) and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions](https://www.hud.gov/sites/documents/15-10hsgn.pdf) |
| 15-12 | [Amendment to the Definition of Tuition](https://www.hud.gov/sites/documents/15-12hsgn.pdf) |
| 2016-01 | [Passbook Savings Rate Effective February 1, 2016](https://www.hud.gov/sites/documents/16-01hsgn.pdf) |
| 2016-05 | [Revision of Tenant Participation Requirements in accordance with 24 CFR Part 245](https://www.hud.gov/sites/documents/16-05hsgn.pdf) |
| 2016-08 | [Family Self Sufficiency Program in Multifamily](https://www.hud.gov/sites/documents/16-08hsgn.pdf) |
| 2016-09 | [Streamlining Administrative Regulations for Multifamily Housing Programs](https://www.hud.gov/sites/documents/16-09hsgn.pdf) |
| 2016-17H | [Rental Assistance Demonstration (RAD) Notice Regarding Fair Housing and Civil Rights Requirements and Relocation Requirements Applicable to RAD First Component – Public Housing Conversions](https://www.hud.gov/sites/documents/16-17hsgn_16-17pihn.pdf) |
| 2017-03 | [Rental Assistance Demonstration – Final Implementation, Revision 3](https://www.hud.gov/sites/documents/17-03hsgn.pdf) |
| 2017-05 | [Violence Against Women Act (VAWA) Reauthorization Act of 2013 – Additional Guidance for Multifamily Owners and Management Agents](https://www.hud.gov/sites/documents/17-05hsgn.pdf) |
| 2018-05 | [Rental Assistance Demonstration (RAD) – Supplemental Guidance](https://www.hud.gov/sites/dfiles/OCHCO/documents/18-05hsg.pdf) |
| 2018-10 | [Guest Suites in Multifamily Housing Under the National Housing Act](https://www.hud.gov/sites/dfiles/OCHCO/documents/2018-10hsgn.pdf) |
| 2018-11 | [Rental Assistance Demonstration (RAD) - Supplemental Guidance 3.B](https://www.hud.gov/sites/dfiles/OCHCO/documents/18-11hsgn.pdf) |
| 2019-03 | [Section 221(d)(4) and Section 220 New Construction and Substantial Rehabilitation Multifamily Projects with Low Income Housing Tax Credits (“LIHTC” or “Tax Credit”) Pilot Program](http://www.hud.gov/sites/dfiles/OCHCO/documents/LIHTCPilotNotice022119.pdf) |
| 2019-06 | [Treatment of ABLE Accounts in HUD-Assisted Programs](https://www.hud.gov/sites/dfiles/OCHCO/documents/2019-06hsgn.pdf) |
| 2019-09 | [Rental Assistance Demonstration-Final Implementation Rev. 4](https://www.hud.gov/sites/dfiles/OCHCO/documents/2019-09hsgn.pdf) |

Some changes introduced in these Notices impact the submission of tenant and voucher files to TRACS. In addition, a new Bill, The Housing Opportunity Through Modernization Act (HOTMA) has been finalized and also affects TRACS operations. Since HOTMA does not go into effect until after HUD issues new regulations, TRACS 2.0.3.A incorporates HOTMA changes known at the time the specification became final. HUD has released a HOTMA Proposed Final Rule for comment. The HOTMA Proposed Final Rule proposes additional changes to the rules beyond those reflected in the 2.0.3.A Specification. Once the Final Rule is published, additional changes may require HUD to update TRACS before implementation is possible. If changes are not announced before the finalization of the TRACS 2.0.3.A TRACS Industry Specification, they will be included in a subsequent version of TRACS.

HUD has also released another Proposed Final Rule Housing and Community Development Act of 1980: Verification of Eligible Status which changes the currentinterpretation of the NonCitizen Rule introduced in 1995 and implemented in 2003. None of the proposed changes discussed in this Proposed Final Rule have been incorporated in to the 2.0.3.A Specification.

The requirements in this document modify TRACS to permit HUD’s business partners to comply with the regulations, and to enable TRACS to validate the submitted data within the limits of the legacy data model. Contract uncertainties and funding issues have compromised TRACS’ ability to promptly respond to revisions to HUD guidance.

TRACS’ tenant certification process modifications include new and modified data elements that enable HUD’s Business Partners to submit, and enable TRACS to verify, certification transactions in a manner more consistent with the HUD 4350.3 REV-1 and the changes through and including HUD 4350.3 REV-1, CHG-4.

Implementation of TRACS Release 2.0.3.A will require a four-month, minimum, transition period during which TRACS and CAs will receive data under both the Release 2.0.2.D and Release 2.0.3.A formats. System modifications will be required to facilitate the Release 2.0.3.A transition and database table conversions will be required to provide a stable platform for continued operations.

After the end of the transition period, it will take a minimum of 12 months for TRACS data to include data for all of the new fields as there is no requirement for previously submitted certifications to be corrected to add new data or new fields.

## Using this document

Specific HUD 4350.3 references in this document refer to HUD 4350.3 REV-1, CHG-4 Paragraph number references will be in brackets, e.g. [4-14 A. 3]

This document consists of two parts: (a) The front-end narrative of the Industry Specifications, and (b), ten attachments intended for the next MAT Guide which are summarized as follows:

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| **Attachment #** | **MAT Guide**  **Section #** | **Title** | **Change Identification** |
| Attachment 1 | Chapter 4 | TRACS Operating Tips | Changes in Yellow |
| Attachment 2 | Chapter 5 | MAT Tenant System Record Formats & Definitions | Changes in Yellow |
| Attachment 3 | Chapter 6 | MAT Voucher/Payment Record Formats & Definitions | Changes in Yellow |
| Attachment 4 | Chapter 7 | The old Chapter 9 from the 4350.3 | Changes in Yellow |
| Attachment 5 | Chapter 9 | RAD Program Requirements | Changes in Yellow |
| Attachment 6 | Appendix H | Calculation Guidelines | Changes in Yellow |
| Attachment 7 | Appendix I | MAT15 Address Record Specification | Changes in Yellow |
| Attachment 8 | Appendix J | Baseline Requirements | Changes in Yellow |
| Attachment 9 | Appendix K | New Subsidy Types (Attachment Deleted) | Changes in Yellow |
| Attachment 10 | Spreadsheets | Updated and New Calculations | Changes in Yellow |

## Schedule and Testing

The implementation date for the 2.0.3.A release for TRACS is on xxx with the final date to submit 2.0.2.D files being xxx. Contract Administrators (CAs) are required to implement at the same time TRACS goes live with Release 2.0.3.A so that owner/agents (OAs) can submit files using the new version without delay. There will be a four-month minimum, transition period during which time TRACS and CA software will accept and process both 2.0.2.D and 2.0.3.A files. At the end of the transition (starting on xxx), all files submitted by OAs to TRACS or CAs must be in 2.0.3.A format.

The TRACS test region is currently accepting 2.0.3.A files under the rules published through xxx. The test region will remain open through the end of the transition period.

**Site software testing with CA software:** Each CA software provider is expected to make available an iMAX ID for use by site software providers. Site software vendors should contact the CA Software Vendor testing point of contact to arrange for testing.

# Design Considerations

## System Description

Multifamily Housing (MFH) business partners are required to comply with HUD rules and regulations as published in the HUD Handbook 4350.3 REV-1. These rules include a requirement that the MFH business partners demonstrate their compliance by submitting tenant and voucher data to TRACS and CAs. The data is then validated and used to condition the monthly assistance payments.

Consequently, it is imperative that TRACS also comply with the rules and regulations published in the HUD Handbook 4350.3 REV-1 and subsequent Notices. If the MFH business partners are in compliance, but TRACS is not in compliance, correct tenant and voucher transactions submitted by the MFH business partners may be rejected by TRACS resulting in delayed payments and incomplete data in the TRACS database. This releaseis needed enable TRACS to accept HUD 4350.3 –REV-1 compliant data from the MFH business partners.

## Expanded Race and Ethnicity Categories for Members

In response to a Presidential Directive, expanded Ethnicity and Race categories are being added to the MAT10, Section 3 Member record. Specifically, the following Ethnicity fields have been added:

***Note****: if any of fields 27-30 are filled with “Y” then field 17 (Ethnicity) must be set to a value of 1.*

27 = Puerto Rican

28 = Cuban

29 = Mexican, Mexican American, Chicano/a

30 = Another Hispanic, Latino/a or Spanish Origin

The following Race fields have also been added:

***Note****: if any of fields 31-37 are filled with “Y” then field 19 (Race – Asian) must be set to Y.*

31 = Asian India

32 = Japanese

33 = Chinese

34 = Korean

35 = Filipino

36 = Vietnamese

37 = Other Asian

***Note****: if any of fields 38-41 are filled with “Y” then Field 21 (Race – Native Hawaiian or Other Pacific Islander) must be set to Y.*

38 = Native Hawaiian

39 = Samoan

40 = Guamanian, Chamorro

41 = Other Pacific Islander

Reporting of Race and Ethnicity on the Printed 50059 is unchanged from TRACS Version 2.02.D. None of the new Race and Ethnicity values are to be printed on Form 50059. The new Race and Ethnicity values are to be transmitted as part of the MAT record

See MAT Guide, Chapter 5, MAT10, Section 3 record Fields 17, 19, 21 and 24 for the revised instructions for these existing fields.

## Enforcement of Rules for the Previous Housing Code:

Move-In (MI) certifications are required to indicate the type of housing from which the tenant is coming. Owner/agents are required to use these Previous Housing Codes on MI certifications. Owner/agents must make inquiries to ensure HUD’s database includes accurate information about new families.

In TRACS 2.0.2.D, two new codes (*5 = Lacking a Fixed Nighttime Residence* and *6 = Fleeing/Attempting to Flee Violence*) were added to replace *Code 2 = Without or Soon to Be Without Housing*.

*Code 2=Without or Soon to Be Without Housing* is a legacy code to be used only for MIs or corrections to MIs originally transmitted under TRACS Release 2.0.2.C or earlier Releases. *Code 2=Without or Soon to Be Without Housing* is not to be used for any new MI effective on or after 10/1/2015. Any MI effective 10/1/2015 or later, that includes Code 2 in the Previous Housing Code field must be corrected to use a valid code (*5 = Lacking a Fixed Nighttime Residence* and *6 = Fleeing/Attempting to Flee Violence*).

TRACS will issue a FATAL error if a Code 2 is submitted for any MI certification or corrected certification with an effective date on or after 10/1/2015. Site and CA software vendors are expected to enforce this rule.

## Streamlining Rule as related to Children Under the Age of 6 at Move-In or IC

As a result of a regulatory change effective April 7, 2016, a new exception to the Social Security Number Disclosure requirement was added. Previously, the M Exception Code was not allowed for any MI/IC certification. As of April 7, 2016, children under the age of 6 who do not have an SSN (or adequate documentation to verify the SSN) and who joined the household within 6 months of the effective date of the MI or IC may be allowed to move in without a HUD waiver.

When this is the case, the Section 3 Member Record for such children must display the SSN as 999999999 and the SSN Exception Code must be set to M. The household has up to 180 days to obtain an SSN for these children (an initial 90-day period that may optionally be extended to 180 days by the OA – certain rules apply. See HSG Notice [Implementation of Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification System - Amendments; Final Rule](https://www.hud.gov/sites/documents/10-08hsgn.pdf)). If the SSN has not been obtained by the end of the period, the OA **must** terminate tenancy. The OA may continue to receive subsidy only if pursuing termination of tenancy.

If such a case was reported prior to implementation of Release 2.0.3.A and an SSN of “999990000” (or if any other made-up SSN) was reported on the last MAT 10, the OA must transmit an IR (or AR if appropriate depending on the timing) with the verified Social Security Number or changing the ID to 999999999 and using the M exception code.

Once the resident provides an SSN and adequate documentation to verify the SSN, an IR (or AR if appropriate depending on the timing) must be reported with the correct SSN. If an appropriate MAT 10 (IR or AR providing a valid SSN and removing the M Exception Code) is not received by the end of the maximum 180-day grace period, TRACS will issue a warning message soon after day 180.

*Note that, since an IR reporting nothing other than a new SSN for a member will be effective on the first of a month, the IR may be effective after the end of the 90-day or 180-day period. Therefore, if the tenant reports the SSN prior to or at the end of the period, TRACS may issue the warning before the IR is transmitted and effective.*

If the tenant fails to produce the SSN by the end of the grace period, the responsibility to terminate tenancy rests with the OA. CAs have no role in this process and must not terminate assistance. Current HUD guidance provides for continued billing for assistance during the period while tenancy is being terminated unless local tenant/landlord guidance prohibits such action.

Note that it is possible for an IR (due to financial or member changes) or an AR (when a project is on an approved fixed recert schedule) to be reported and effective during the 90- or 180-day grace period. If the last MAT 10 was submitted using 999990000 and if an SSN has not been obtained at the time of the next IR or AR, fill the SSN field with 9’s and report the M SSN exception code as appropriate.

Note: Below is a more detailed discussion of the rule changes and the logic behind them.

There are specific rules when minors, under the age of six are part of a household.

In most cases, an adult can provide a valid SSN and documentation to verify the SSN for the minor child. In these cases, the OA must include the SSN in the Section 3 Member Record and there is no Exception Code.

**NEW RULES**

**As of April 7, 2016 - Child is under the age of six, does not have a valid SSN and is an ineligible non-citizen:**

*Please note: This rule has not changed.* For a new MI or IC, when an owner/agent is made aware that a child under the age of six is included as part of the household, the child (under the age of six) must be included on the 50059 using 999-99-9999 as the SSN in the Section 3 Member Record and the Exception Code C if the child was an ineligible non-citizen. TRACS will assign a TRACS ID (T-ID) and the T-ID must be used on all subsequent certifications in lieu of 999-99-9999 unless/until a valid SSN is provided. Proration rules apply based on rules outlined in the regulations and the MAT Guide.

*Note: This is true for all programs, including PRAC, PAC and 221(d)(3) BMIR even though those programs do not require citizenship eligibility. There is no proration for assistance provided PRAC, PAC and 221(d)(3) BMIR programs.*

**As of April 7, 2016 - Child is under the age of six, does not have a valid SSN and is a citizen or an eligible non-citizen:**

For a new MI or IC, when an owner/agent is made aware that a child under the age of six is included as part of the household, the household is NOT ELIGIBLE if the child

* Was added to the household more than six months prior to the move-in/initial certification effective date; **and**
* Does not have a valid SSN or documentation to verify the SSN; **and**
* The household claims the child is an eligible US Citizen or and eligible non-citizen.

In this case, owner/agents are prohibited from starting subsidy with a MI or IC transaction.

For a new MI or IC, the household IS ELIGIBLE even if the child does not have a valid SSN or there is not adequate documentation to verify the SSN as long as the child was added to the household within six months of the move-in/initial certification effective date.

**2.0.3.A Rule**: The OA must use 999-99-9999 as the SSN and the Exception Code M (Minor) when creating the MI or IC. TRACS will assign a TRACS ID (T-ID) and the T-ID must be used in lieu of 999-99-9999 until the valid SSN is provided. The resident is given 90 days from notification to provide a valid SSN and adequate documentation to verify the SSN. The OA may extend the deadline another 90 days under specific circumstances. If the household does not comply, the OA must pursue termination of tenancy.

The OA is entitled to continue to receive subsidy while pursuing eviction unless local tenant/landlord guidance prohibits such action. When the valid SSN is provided to the OA, the OA should create an IR or AR as appropriate (not a correction to the previous cert), should replace 999-99-9999 (or the T-ID) with a valid SSN and should remove any values from the Exception Code field.

**2.0.2.D Rule:** Because the rule changed before TRACS software could be updated, HUD provided an interim solution used for any 2.0.2.D certifications effective between April 7, 2016 and the implementation of TRACS 2.0.3.A.

To allow the owner/agent to comply with the changed regulation, HUD has sanctioned use of the SSN 999-99-0000 and the Exception Code Field remains blank when a child under the age of six has no SSN and was added to the household within six months of the MI/IC effective date. This is the case until the OA implements TRACS 2.0.3.A. When the resident provides a valid SSN for the child, the OA must create an IR or AR as appropriate (not a correction to the previous cert) and should replace 999-99-0000 with a valid SSN. *Note: if an OA uses 999-99-0000 as the SSN, TRACS will not generate a T-ID.*

If such a case was reported AFTER THE RELEASE OF THE NOTICE (October 3, 2016) BUT prior to the implementation of TRACS version 2.0.3.A and the OA used the sanctioned workaround of reporting an SSN of “999990000” (or if any other made-up SSN was reported), the OA must transmit an IR correcting the SSN to all 9’s and using the M exception code after they update to 2.0.3.A.

**As of April 7, 2016 - Child is under the age of six, does not have a valid SSN and is a citizen or an eligible non-citizen – ADDING MINOR TO EXISTING ASSISTED HOUSEHOLD:**

*Please note: This rule has not changed.* For an IR or AR, when an owner/agent was made aware that a child under the age of six was being added to the household, the child (under the age of six) must be added to the 50059 using 999-99-9999 as the SSN in the Section 3 Member Record and the Exception Code M if the C code does not apply. TRACS will assign a TRACS ID (T-ID) and the T-ID must be used on all subsequent certifications in lieu of 999-99-9999 until the valid SSN is provided. The resident is given 90 days from notification to provide a valid SSN and adequate documentation to verify the SSN. The OA may extend the deadline another 90 days under specific circumstances. If the household does not comply, the OA must pursue termination of tenancy. The OA is entitled to continue to receive subsidy while pursuing eviction unless local tenant/landlord guidance prohibits such action. When the valid SSN is provided to the OA, the OA must:

* Create an IR or AR as appropriate (not a correction to the previous cert),
* Replace 999-99-9999 (or the T-ID) with a valid SSN and
* Remove any values from the Exception Code field.

## SSNs for Fosters

**Reporting SSNs for Fosters**

Per regulation, SSNs are required to be reported for Fosters (both foster children and foster adults). Normally the foster agency will disclose the SSN to the foster family and it is to be reported in the MAT 10, Section 3 Member record.

Some agencies will not disclose the SSN to the foster family but will disclose it to the OA. When this happens, the OA will use the HUD-published sample form or similar form to request the SSN from the agency. When obtained, the SSN is transmitted to HUD in the MAT as usual. At this time, the sample form has not been published.

Some agencies will not disclose the SSN to the foster family but will disclose it to the OA. When this happens, the OA will use SSN provided by the foster agency but this SSN will be “masked” when the 50059 or 50059A is printed. The SSN is transmitted to HUD in the MAT as usual.

Finally, there are agencies that will not disclose a Foster SSN either to the foster family or to the OA. In those situations, the OA must request a waiver from HUD. Once the waiver has been obtained, the SSN sent to TRACS will be all 9’s and the new SSN Exception code of F is used. In this situation (SSN for Foster not disclosed).

* If the Foster has not yet been admitted to the unit, the OA must apply for a HUD waiver before the member may be added to the household.
* If the foster is already in the unit, a waiver must be requested (not necessarily granted) prior to the next certification.
* In both cases, until the waiver is granted, the SSN is reported as all 9’s and the SSN Exception Code is submitted as F.

**Printing/Displaying SSN and Date-of-Birth for Fosters on the 50059**

Starting with the implementation of TRACS 2.0.3.A, the SSN for a Foster Child/Foster Adult will **NOT** be printed on the 50059. Site and CA software MUST ensure that the ID field on any printed or displayed 50059 is left blank for any member with a Relationship Code F in the Member Record. The MAT10, Section 3 Member Record **WILL** contain the SSN.

In addition, the Birth Date field will **NOT** be printed on the 50059. Site and CA software MUST ensure that the Birth Date field on any printed or displayed 50059 is shown as “**00/00/YYYY**” for any member with a Relationship Code F in the Member 3 Record. The actual Birth Date will be transmitted in the MAT 10 Member Record

## New Member Special Status Code

A new code F has been added to identify members participating in the Family Self Sufficiency program. Not all household members are required to participate in the FSS program but the HOH must be a participant. The Special Status Code, MAT10, Section 3 Field 10, has been widened to 10 characters to accommodate this and possible future codes. The former future code of F for frail elderly has been dropped. Note that HUD Form 50059 is not being modified at this time to allow more space for printing codes.

F = FSS-Family Self Sufficiency Participant (such individuals have executed an ITSP-Individual Training and Services Plan.  ITSPs are attached to, and incorporated as part of, the CoP-Contract of Participation

## RAD (Note: RAD material has been moved from Chapter 4 of the MAT Guide to a new Chapter 9)

Important Note: This version of the Industry Specification incorporates new guidance concerning assistance and rent calculations for Component 2 of the RAD PBRA program and includes instructions for the new 202 PRAC to RAD program.

### RAD Certifications-General

**Transferring Certification Data from Public Housing or Mod Rehab to Multifamily Section 8 RAD**: In transferring tenant data from the 50058 to the 50059 for the initial RAD certification, be aware that there are differences between the forms in how things are coded.

* Member relation codes are different in some cases.
  + The 50058 codes of “Y” and “E” are coded as D = Dependent on the 50059.
  + The 50058 code of “A” for Other Adult is “O” on the 50059. The 50058 does not have a code for the 50059 N = None of the Above.
* The Member Citizen codes differ, the 50059 has four options which are not used on the 50058:
  + IC = Ineligible noncitizen child of a family head or spouse
  + IP = Ineligible Parent of a Head of Household or Spouse
  + ND = No documentation submitted. For use when the family is receiving prorated assistance at admission. Member is treated as ineligible for proration purposes.
  + XX = Individuals who are not counted as members of the family (i.e. live-in attendants, None of the above).
* The 50059 Race Code includes an “Other” category. This is not present on the 50058.
* The 50059 form contains a set of Special Status Codes that must be filled as applicable.
* The 50058 *HA* *Housing Agency Wage* Income Code does not exist for Multifamily and would be coded as *W Nonfederal Wage* on the 50059.
* The *IW Annual Imputed Welfare* Income Code does not exist for Multifamily
* The *E Medical Reimbursement* Income Code does not exist for Multifamily.
* In addition, it is possible for Adjusted Income to differ slightly due to different rules and the different order of the calculations on the two forms even if all income, assets and expenses are identical.
* In general, it is best to compare the two forms and the legal values for the fields to have a full understanding of the differences. Many fields on the 50058 have no counterpart on the 50059 and vice versa.

Rules that apply to both Component 1 and Component 2 Conversions

* Resident Right to Return—Appropriately Sized Unit: While standard Occupancy Rules apply (as outlined in HH 4350.3 R1, C4, Paragraph 3-23), there are some exceptions for residents who have the Right to Return. If an appropriately sized unit is not available when the resident returns to the property, the resident may be over housed. This is allowed even if a single person will be housed in a unit with multiple bedrooms. The residents must be transferred to an appropriately sized unit when one becomes available in compliance with the HUD Model Lease.
* No Rescreening of Tenants upon Conversion
  + Revision 4 of the RAD notice now states:

Pursuant to the RAD Statute, atconversion, current households cannot be excluded from occupancy at the Covered Project based on any rescreening, income eligibility, or income targeting. With respect to occupancy in the Covered Project, current households in the Converting Project will be grandfathered for application of any eligibility criteria to conditions that occurred prior to conversion, but will be subject to any ongoing eligibility requirements for actions that occur after conversion.

* Income Targeting
  + Residents in place on the date of the conversion, are not to be considered in relation to income targeting requirements. In other words, they do not count either as a new admission or as an initial certification when determining compliance with income targeting.
* **Reporting for the Section 8 Universe fields**—MAT10, Section 2, fields 43-46:
* Field 43, Eligibility Universe Code = 2 (Post-Universe)
* Field 44, Current Income Status Code = as applicable
* Field 45, Section 8 Assistance 1984 Indicator = as applicable
* Field 46, Income Exception Code = blank. Exception codes do not apply to RAD even though it is Post Universe. OAs may admit tenants up to the Low-Income Limit.
* Note: The above rules have the effect of labeling the contract as Post-Universe but treating it as Pre-Universe for admission purposes.

**Rules that apply to Component 1: Public Housing Conversions**

* **Among other issues discussed below, the following are applicable only to Component 1:**
  + Phase in of Tenant Rent Increases
  + Resident Participation and Funding
  + Resident Procedural Rights
  + Rent Phase-in
  + Earned Income Disregard and Rent Phase-in
  + Jobs Plus
  + TTP may exceed Gross Rent
  + Rehab Assistance Payments
* **Preexisting FSS Escrow Accounts:** Any FSS Escrow Accounts in existence at the time of the conversion are to be transferred to the Section 8 RAD contract. FSS deposits during the YOC—Decision pending.
* **Earned Income Disregard (EID):** Note Per existing guidance (Chapter 4, 4.40.1): There is no requirement for site software to implement EID income phase-in calculations. Software users will simply enter the income amounts that are required under EID on each certification. Doing so will likely result in EIV discrepancies and the tenant file should be documented explaining that EID is the cause of the discrepancy. For EID issued under Jobs Plus Grants (JPEID), the owner will treat the earned income that is disregarded under JPEID the same as EID described above. Therefore, no funds are taken from the Jobs Plus Grant to ~~"~~reimburse~~"~~ the Housing Authority for “lost revenue.” This same process applies to any other income disregard wherein the owner reports on actual rent collected and is compensated (through HAP) for the difference.
* **Rent Calculations:** PIH Notices 2012-32(HA), rev 2 and later also require that RAD tenants pay the calculated TTP even when TTP is greater than gross rent. Such tenants are still considered as subsidized and are subject to the annual recertification rule.
* **2.0.2.D RAD certifications that should have shown 0 or negative assistance**: Because 2.0.2.D did not support 0 or negative assistance for RAD tenants, the accepted workaround was to terminate the household when assistance calculated as 0 or negative but to charge the tenant the rent that would have been charged if assistance were 0 or negative. There are two options to deal with establishing such tenants in TRACS after the 2.0.3.A release and a decision will be made before the specification becomes final.

One of the options below will be used and is pending a HUD decision.

* + **Option 1:** Any tenant who was terminated under 2.0.2.D for this reason must have a 2.0.3.A IC submitted within one month of implementing 2.0.3.A software to reflect the proper assistance calculation. The effective date would be the first of the month following when the IC is done and the next recertification date (month) from the last full recertification is retained (for example, if the OA starts using 2.0.3.A software on August 3, the IC for the previously terminated tenant would be effective September 1). If any subsequent certifications (AR or IR) were completed and not reported because assistance was still 0 or negative the information from the most recent recertification must be reflected on the new 2.0.3.A IC. If the household was in residence on the RAD contract effective date, the new MAT10, Section 2 RAD Conversion Tenant flag must be set to Y(es). In addition, if rent phase-in applies to the household (as determined under the 202D rules), the IC should pick up with phase-in at the appropriate place, using the TTP from the prior certification whether or not it was sent to TRACS.
  + **Option 2:** Submission of missing RAD Certs for Component 1: An IC for every resident “in place” at the time of conversion for PBRA RAD is needed in TRACS. HUD is requiring that any certifications not submitted to TRACS due to 2.0.2.D limitations (assistance 0 or negative) be submitted when 2.0.3.A goes live. This includes missing conversion ICs and any other missing historical certifications. Extenuating Circumstance Code 11 may be used when the resident is not available to sign.
* A RAD tenant with a calculated assistance of 0 or less will appear on the voucher in the MAT30, Section 3 record in the same way as a comparable PRAC tenant would appear. The totals for a voucher page or for regular assistance will therefore reflect a mix of positive, 0 and negative numbers.
* All RAD tenants reported on the Section 3 record (whether assistance is positive, zero or negative) are included in the count of subsidized units in the MAT30, Section 2 record.
* If assistance is negative, the OA may recover that amount using the new Miscellaneous Accounting Request code of RADN (See 2.13 below).
* **Rent Calculations when tax credits are combined with RAD:** When the tenant’s assistance is greater than zero, the Section 8 RAD rent calculation is used. However, if the tenant assistance is zero or negative, the tenant pays the lesser of the RAD rent or the maximum tax credit rent. See the new example on the RAD tab of the CalculatingTenantRent spreadsheet. If paying the lower LIHTC rent causes the assistance calculation to be positive, the assistance is lowered to zero. Otherwise the zero or negative assistance stays as calculated. Note: This rule applies no matter which version of the RAD notice was in effect at the time of the RAD closing or conversion. Income limits used for the HUD certification are HUD S8 Income Limits
* **Noncitizen Rule Proration and RAD:** The noncitizen rule applies to RAD and accordingly the normal proration calculations are to be done when applicable for RAD households **whose assistance is positive.** Noncitizen Rule proration does not apply to RAD households with zero or negative assistance. These households pay according to the normal RAD rent calculation without noncitizen rule proration.
* **Terminations and RAD:** While RAD Component 1 tenants may **NOT** be terminated when assistance drops to 0 or becomes negative (Termination Code =TI), they may be terminated for failure to comply with program requirements. In addition, they may be suspended (codes ND, RR, RD) when a unit is not habitable or undergoing renovation. When a terminated or suspended RAD tenant is living in the unit, the unit contributes to the count of market units on the voucher. Should the tenant move out, the unit counts as a vacant unit. Note that there are situations when a RAP or Rent Supp contract is converted to Section 8 RAD. In these cases, it is possible that the new RAD contract includes units in addition to those previously occupied by RAP or Rent Supp households. Not all of those additional households may qualify for RAD and any such units will also contribute to the market unit count on the voucher. A good definition of a RAD Assisted Tenant is a tenant who has an active MAT10 certification in TRACS and no MO/TM/Suspension transaction in effect.

**Rules that apply to Component 2: Mod Rehab, Rent Supp, RAP and PRAC Conversions**

* + Resident Participation and Funding
  + Resident Procedural Rights
  + Earned Income Disregard
  + Jobs Plus
  + PRAC only: Noncitizen Rule
* Ineligible Noncitizen Households—PRAC to RAD
  + The statutory requirement that a household qualifying for Section 8 assistance must be eligible under the noncitizen rule conflicts with the RAD requirement stating that all preexisting tenants are eligible for Section 8 at the time of conversion. HUD’s Office of Legal Counsel has determined that the noncitizen rule requirement is to be enforced. This means that a preexisting household that is not eligible under the noncitizen rule, must be evicted.
* Rent Calculations**:** PIH Notices 2012-32(HA), rev 2 and later call for the normal Section 8 rent calculations to be used. If assistance drops to zero, the tenant is terminated per the usual Section 8 rules.
* **Rent Calculations when tax credits are combined with RAD:** The normal Section 8 rules apply. So long as the tenant is assisted ($1 or more of subsidy), the tenant pays according to the Section 8 rent formula. If the tenant is terminated, the tenant rent may not exceed the maximum allowed tax credit rent.
* **Noncitizen Rule Proration and RAD:** The noncitizen rule applies to RAD and accordingly the normal proration calculations are to be done. Since assistance is never zero or negative for Component 2, that case never arises.
* **Terminations and RAD: All normal termination rules apply to Component 2 tenants.**

### RAD Conversion Certifications

**Tenant is in residence at the time of the conversion--Applicable to all conversions:**

1. The conversion date is the day the new Multifamily Section 8 RAD contract is effective. Execute an Initial Certification effective on the contract effective date.
2. Because all preexisting tenants are automatically eligible for the RAD contract, the **Eligibility Check Not Required** field is set to **Yes** to signal that normal eligibility checks are not to be performed against the conversion IC. In addition, the annual recertification date from the prior 50059 or 50058 is retained. This means that occasionally an AR or IR may be due on the conversion date and must be completed. In this case, for conversions from Rent Supp, RAP, Mod Rehab, and 202 PRAC under Component 2, the conversion IC will use the verified household and financial data collected for the new AR process and enter it on the conversion IC. The same rule applies if an IR would have the same effective date as the Conversion IC.

*Note:  For conversions from Public Housing, see paragraph 2.7.3 below for the special rules that apply.  (Special Case: A previously scheduled AR or IR is effective on the conversion date).*

4. **A new MAT10, Section 2 field 19 (RAD Conversion Tenant)** is set to **Yes** on the IC and thereafter on full certifications. This field is not printed on the 50059.

**Converting from Public Housing to Multifamily RAD**:

1. Owner transmits an EOP transaction to PIC
2. Owner will transmit an IC to TRACS for all tenants associated with the new HAP contract number. The owner will transmit the IC with the "Next Recertification Date" the same as the "Next Recertification Date" listed on the most recent Public Housing 50058.
3. On the conversion IC, the Tenant pays the TTP in effect on the immediately prior 50058
4. A determination as to whether rent phase-in applies is done on the conversion IC. If rent phase-in does apply, see 2.7.3 below for the detailed rules that apply post-conversion.

Note: HUD will not require an owner to obtain new verifications for the conversion IC.

**Converting from Rent Supp or RAP or PRAC to Multifamily RAD**:

1. Owner will submit final voucher for the RS/RAP/PRAC payment
2. Owner will transmit a TM for all tenants under the RS/RAP/PRAC contract
3. HUD staff will terminate the RS/RAP/PRAC contract in TRACS
4. Owner will create a RAD IC for each formerly PRAC tenant. The tenant pays the rent as calculated for Section 8 RAD immediately at conversion. There is no rent phase-in.
5. Owner will transmit an IC for all tenants whose assistance is greater than zero. The owner will transmit the IC with the "Next Recertification Date" the same as the "Next Recertification Date" listed on the most recent RS/RAP 50059.

Note: HUD will not require an owner to obtain new verifications for the conversion IC.

**Converting from Mod Rehab to Multifamily RAD**:

1. Owner transmits an EOP transaction to PIC
2. Owner will transmit an IC to TRACS for all tenants associated with the new HAP contract number. The owner will transmit the IC with the "Next Recertification Date" the same as the "Next Recertification Date" listed on the most recent Mod Rehab 50058.
3. The tenant pays the rent as calculated for Section 8 RAD immediately at conversion. There is no rent phase-in.

Note: HUD will not require an owner to obtain new verifications for the conversion IC.

**Tenant is NOT in Residence at The Time of The Conversion (Applies to Component 1 Conversions from Public Housing)**: If some or all of the units are undergoing rehab on the conversion date, some tenants will already have been relocated pending completion of the rehab. In this case, the following process is to be followed:

1. The IC converting the tenant to RAD is effective on the contract effective date as would be the case if the tenant is in residence. The purpose of the certification is to establish the right to return to the unit and, if rent phase-in applies, to make that determination before other household or financial changes might happen post-conversion.
2. A new MAT10, Section 2 field 19 (RAD Conversion Tenant) is set to **Yes** on the IC and thereafter on full certifications. This field is not printed on the 50059.
3. To prevent subsidy billing on the voucher, a termination certification is issued for the IC effective date using the TM code of RH—a new code for this specific case and designating no subsidy. This code will ensure that assistance for the tenant and unit is 0 on the voucher. **IMPORTANT: The termination certification should only be sent to TRACS after the IC has been accepted and stored in the TRACS database.** Generally, waiting 2-3 days before transmitting the TM will work but it is best to check the TRACS certification query.
4. See Missed AR or IR below for guidance related to scheduled ARs or IRs while the tenant is out of the unit.
5. When the tenant returns to the unit, perform an IC to reestablish subsidy billing for the tenant.
6. As usual, the Eligibility Check Not Required flag is set to Yes on the IC.

Example Assuming No Passthrough:

1. Tenant is relocated to a PIH Unit before the RAD contract is effective.
2. The tenant moves into the PIH unit and follows PIH rules.
3. The IC converting the tenant to RAD is effective on the contract effective date (March 1, 2017) as would be the case if the tenant is in residence. The purpose of the certification is to establish the right to return to the unit and, if rent phase-in applies, to make that determination before other household or financial changes might happen post-conversion.
4. A new MAT10, Section 2 field 19 (RAD Conversion Tenant) is set to **Yes** on the IC and thereafter on full certifications. This field is not printed on the 50059.
5. PIH TTP is $100 and calculated MFH TTP is $200—Rent Phase-In will apply on the next MF full certification.
6. To prevent subsidy billing on the voucher, a termination certification is issued for the IC effective date using the TM code of NS—no subsidy. This code will ensure that assistance for the tenant and unit is 0 on the voucher. **IMPORTANT: The termination certification should only be sent to TRACS after the IC has been accepted and stored in the TRACS database.** Generally, waiting 2-3 days before transmitting the TM will work but it is best to check the TRACS certification query.
7. The tenant has a PIH Annual Recertification on June 1, 2017.  The PIH TTP is now $105.
8. The rehab is completed and the owner creates an Initial Certification on August 1, 2017.
   1. The IC uses the data from the June 1 PIH certification
   2. As usual, the Eligibility Check Not Required flag is set to Yes on the IC.
   3. Phase-In calculations are performed. This is the first full certification after the conversion IC.
   4. The phase-in percentage used is based on the effective date of the IC in relation to the effective date of the conversion IC.
      1. If a long time has elapsed between the date of the conversion IC and the IC returning the tenant to the unit, the phase-in percentage used could be for year-2 of the phase-in.

**Tenant is relocated after the conversion (Applies to Component 1 Conversions from Public Housing):**

1. When the tenant relocates, suspend assistance with the new TM code of RD = Section 8 RAD tenant transferred to other housing during rehab.
2. See Missed AR or IR below for guidance related to scheduled ARs or IRs while the tenant is out of the unit.
3. When the tenant returns to the unit, perform an IC to reestablish subsidy billing for the tenant.
4. As usual, the Eligibility Check Not Required flag is set to Yes on the IC.

Note pertaining to **Passthroughs:** The above two relocation examples (relocation before and after conversion) assume that this is not a passthrough situation. If the tenant is relocated to a unit and passthrough applies, the tenant is not terminated and billing continues as usual. The owner passes the negotiated rent on to the owner of the property where the tenant is living during rehab. Further guidance will be provided on when to use a passthrough and when not. Since the only difference between a passthrough and non-passthrough scenario is whether or not the tenant is terminated in the RAD contract, this is not a software but rather a user data entry issue.

Note: If the tenant has been relocated to another assisted unit, ARs and IRs continue to be done during the time out of the RAD unit. When that is the case, the data from the most recent of those certifications is used on the IC returning the tenant to the RAD unit.

### RAD Rent Phase-In—Changed Rules

Note: The Rent Phase-In rules described below apply only to Component 1 conversions from the Public Housing program. Phase-in does not apply to conversions from Rent Supp, RAP or Mod Rehab to Section 8 RAD. For those conversions, the tenant moves immediately to the Section 8 RAD rent calculation on the conversion IC.

For TRACS 2.0.2.D, instructions were to charge the converted tenant the rent from immediately prior to the conversion and to determine whether a rent phase-in applied at the time of the first AR or IR post conversion. PIH Notice 2012-32(HA), rev 2, issued subsequent to 2.0.2.D makes it clear that any phase-in determination is done at the time of the IC, comparing the prior TTP with that calculated under the Section 8 rules, but the actual phase-in calculations begin with the first AR or IR after the IC. As has been the case for 2.0.2.D, all tenants, whether subject to phase-in or not are charged the TTP from their last 50058 on the IC.

Note: If the tenant is paying a flat rent at the time of conversion, the flat rent is used as the TTP at RAD Conversion (the prior TTP) and as the initial TTP on the RAD IC.

Note: (New Clarification) When part of the PH programs (RAD Component 1), PHAs may have adopted additional deductions, called Permissive Deductions, from Annual Income. If the 50058 effective immediately prior to the conversion includes a permissive deduction, that deduction does not apply to Section 8 RAD and not including it on the Conversion IC has the effect of increasing the Section 8 TTP. This is considered a change “purely as a result of conversion” and such changed amounts are included in any decision about whether rent phase-in applies.

See Chapter 4 (4.40) for a full discussion of these rules and calculations. While the actual phase-in calculations do not change—just the timing of the phase-in determination, the **203ARADPhase-In.xls** spreadsheet has been updated to reflect the guidance above.

**Important Note—End of Phase-In:** Previous guidance has stated that Rent Phase-In ends at the earlier of the end of the Phase-In period or when the TTP calculation (without phase-in) for the new or corrected cert is less than or equal to the TTP actually charged on the immediately prior cert. See the Phase-In spreadsheet for implementation of this logic. **There is, however one exception to this rule that can cause the Phase-In to end early. If a tenant is subject to Earned Income Disregard (EID) rules at the time of conversion and Rent Phase-In is determined to apply, the Phase-In ends when the tenant is no longer subject to EID rules.**

* **If the household income increases by more than $200 as a result of the end of EID, the OA shall submit an IR effective on the date determined by the tenant notice requirements and reflecting the full household income.**
* **If the household income increases by $200 or less (Decision pending)**

Note: The RAD notice states that the rules that apply to a RAD contract are those in effect at the time of the RAD closing. In the latest notice, the percentages used as part of the phase-in calculations were changed—generally to smaller values—benefitting the tenant by slowing down the rent increase. However, HUD has determined that the new percentages are to be used when doing phase-ins under TRACS version 2.0.3.A no matter what notice is/was in effect at the time of closing or conversion. Certifications completed under TRACS 202D are not to be corrected to use the new percentages. Those certs and calculations stand. Should 2.0.2.D certifications be corrected in 2.0.3.A, continue to use the 2.0.2.D percentages.

Note: If the original IC is subsequently corrected, the phase-in determination is redone based on the facts related to the corrected IC. This re-determination occurs only for a correction of an original conversion IC and not for a correction related to the Special Case described immediately below where an AR or IR is effective on the same date as the conversion IC.

**Special Case: A previously scheduled AR or IR is effective on the conversion date.**

Occasionally, the effective date of the RAD contract will correspond to the date of an AR or IR for a household. Since a tenant stays on the AR schedule that was in effect in Public Housing, the AR cannot be skipped. However, the old PIH contract is no longer in effect on the conversion date so a HUD Form 50058 cannot be done. Likewise, if an IR is scheduled to be completed on the conversion date, a similar situation applies.

Under the rules, the TTP in effect for the IC to RAD must use the TTP from the last public housing certification. To both follow this rule and to deal with the required AR or IR, the following steps must be followed:

1. Execute the IC using the facts and TTP from the prior PIH Form 50058.
2. Based on those facts, determine whether a rent phase-in will apply.
3. Sign and transmit the IC to TRACS.
4. Correct the IC using any new household and financial information that would appear on an AR for that date following the Multifamily Housing rules—use the fully verified information for that date. If phase-in applies, do the phase-in calculations using as the TTP from the prior cert the TTP on the first IC from step 1 above. Note that it is possible for these calculations to result in the end of phase-in if the newly calculated TTP is less than or equal to the conversion TTP.
5. Check the TRACS Certification Query to ensure that the original IC has been properly recorded in TRACS before transmitting the IC correction with the updated information.  After confirming that the original IC has been recorded, transmit the IC correction to TRACS. That way TRACS has the correct history for the household.Check the TRACS Certification Query again to make sure the correction is recorded correctly.

Note that the RAD Phase-in spreadsheet correctly deals with the definitions of years 1, 2 and beyond if the IC date is the first of the month and the first AR date is the same date. For example, if the conversion date is 3/1/14 and the first AR is 3/1/14, then the AR effective 3/1/15 displays as year 2.

**Phase-In Calculation Rules for Partial Certifications:** Under TRACS 2.0.2.D, full phase-in calculations were done for all certification types if phase-in was applicable. HUD has determined that phase-in calculations are NOT to be done for standalone UT and GR transactions but rather only for AR and IR certifications subsequent to the IC done at conversion. For standalone UT/GR transactions, to stay consistent with situations where the noncitizen rule applies, the phase-in TTP, rent and assistance will be calculated as follows:

* Go back to the full certification immediately prior to the UT/GR transaction.
* Modify the Contract Rent and Utility Allowance as required by the new UT/GR transaction.
* Redo the phase-in calculations for that full cert (as though the new CR and UA were effective at that time).
* Use the resulting TTP, TR, and Assistance values on the new UT/GR and set the rent override flag as usual. Note that the prior full certification does not change. It is just used to get to the proper result for the UT or GR.

**Transition Rules**: Note that the rules described above apply to conversions (new ICs) done using TRACS 2.0.3.A. Any conversions/ICs done under TRACS 2.0.2.D use the 2.0.2.D rules. In practice, the ICs will be identical for both TRACS versions—the tenant pays the TTP in effect at the time of the conversion. What is different is that the decision on whether to implement rent phase-in is done immediately under 2.0.3.A but only on the first AR or IR post-conversion for 2.0.2.D. Once the phase-in determination is done, the 2.0.3.A rules apply with respect to the treatment of partial certs effective after a decision that phase-in applies and executed under 2.0.3.A.

### Vouchering for RAD

There are two different vouchering scenarios depending on the type of conversion to Multifamily Section 8 RAD. First are conversions from the Public Housing Mod Rehab program or from the Multifamily Rent Supp and RAP programs. Second are conversions from the Public Housing Projects. In either case, once the new Multifamily Section 8 contract is live, the owner creates and transmits certifications related to all new tenant activity and creates monthly vouchers based on current tenant data.

**Mod Rehab--Rent Supp—RAP—PRAC:** In this first case, funding in Multifamily is placed on the RAD contract immediately. That means that the owner can voucher immediately under Section 8 RAD. The voucher is not zeroed out during the first year and is paid by Multifamily funds.

**Public Housing Projects:** In this second case, the funding for the year of conversion (the year of the effective date of the new HAP contract) stays with Public Housing. Funding is added to the Multifamily Section 8 contract on January 1 after the conversion.

For this reason, Section 8 vouchers for year-one are produced as usual BUT the total voucher amount must be brought to $0 by an offsetting Miscellaneous Accounting Request of using the new code **RADZ**. For example, if the total of a year-one voucher is $23,555, then the RADZ requested amount will be for -23,555. The total voucher amount is 0 after this adjustment and the zeroed-out voucher is transmitted to TRACS. The money to pay that voucher comes from Public Housing funds. Note, that if a non-zero voucher were sent to TRACS, it would fatal for lack of funding.

**Year of Conversion (YOC) Adjustments after Year 1—Decision pending**

Three alternatives for dealing with these adjustments are being discussed. A single method will be designated in the Final version of the Specification

* Option 1: Use a new Miscellaneous Accounting Request Code (RDRV) to reverse the portion of each tenant’s net adjustment attributable to the YOC. This would mean that RADN adjustments would never be used for the YOC portion of adjustments and would start on January 1 of Year 2. This method would produce one RDRV adjustment per household/unit combination.
* Option 2: Use a new Miscellaneous Accounting Request Code (RADP) to reverse the portion of each YOC adjustment row involving certifications with positive assistance. The RADN code would continue to be used to reverse adjustments for certifications with negative assistance and may continue past the YOC. This method would produce one Miscellaneous Accounting Request per YOC adjustment row involving either positive or negative assistance.
* Option 3: Start all adjustments involving certifications with effective dates in the YOC on January 1 of Year 2. Since none of the resulting adjustment is attributable to the YOC, no Miscellaneous Accounting Request entry is required to reverse the YOC portion.

**Rehab Assistance Payments for Public Housing Project Conversions**: During rehab, the property receives a rehab assistance payment at an amount per unit as set forth in the HAP contract. See the new **203ASampleRehabAssistanceSchedule** spreadsheet for calculation examples. The rehab assistance payments apply during the time the unit is out of service and end on the date specified in the HAP contract or upon actual completion of the rehab work if sooner. The property bills for these payments on the voucher using the new **RADR** Miscellaneous Accounting Request. There is one Miscellaneous Request per **voucher month** receiving rehab assistance. The Comment field must contain the voucher month of the rehab assistance being requested. For example: “January Rehab Assistance Payment.” This permits multiple months of rehab assistance to be requested on a voucher if the owner neglected to request it earlier. There are no rehab assistance payments applicable to Component 2 RAD conversions. The units undergoing rehab appear on the count of Vacant units on the voucher cover page.

Note that in a passthrough situation, billing continues as usual for the RAD assistance and the unit is not eligible for rehab assistance.

**The First RAD Voucher**: If the **contract effective date is the first of a month**, vouchering is the same as for any other month. The conversion ICs are effective on the same date as the contract and regular assistance is billed for that first full month. However, if the **contract is effective on any day of the month other than the first,** no regular assistance can be billed for the first month and there can be no adjustments. Other types of billing can occur. Billing for regular assistance will start on month-two and will include adjustments related to the conversion ICs to make up for the first partial month that was not billed previously. If the first or any other voucher for Rent Supp, RAP or MOD Rehab conversions bills for $0, the voucher must still be transmitted to TRACS to close out that voucher month.

Note: See Paragraph 2.16 in this document (Repayment Agreements and FSS Escrow Accounts) for guidance on how to address Repayment Agreements and FSS Escrows under Component 1.

## 811 PRA Demo Program

**Enforcement of Eligibility for the 811 PRA Demo Program**

Households must be Extremely Low Income (ELI) and must have a member (Head, Spouse or Co-Head) with a disability who is 18 years of age or older and under the age of 62 to qualify for the program.

This eligibility check is done at the time of the MI or IC certification. As long as the household was eligible at MI/IC, the rules are not applied when subsequent certifications are created. The household’s income can increase to a level higher than ELI and the HOH, Co-HOH or spouse may be 62 or older.

Site and CA software are expected to check for eligibility for the program.

**Vacancy Claims**

Under the 811 PRA Demo program, the state agency administering the program may allow vacancy claims or not. If they do, they can set a payment percentage other than the traditional 80%. Site and CA software needs to support whatever value a state agency uses, keeping in mind that the value may differ from state to state. The payment percentage used is a whole number (For example: 72%) to be consistent with the standard percentages used (80% and 50%).

**Rent Calculations**

The rent calculations used for the program are the same as for Section 8. Minimum rent does not apply to the 811 PRA program. Noncitizen rule proration is also not applicable.

**Important Note:** Previous versions of this document indicated that the minimum rent rule applied to the program based on an FAQ published in 2014. Since then HUD has determined that minimum rent does not apply and has issued a new FAQ.

For TRACS 2.0.3.A, software vendors must implement the changed rule. TRACS and CA software vendors will generate an error message for 2.0.3.A certifications that report a TTP of $25 when the TTP should be lower than $25.

**Income limits on the 50059:** The ELI limit is mandatory and needed for eligibility determination and the Very Low and Low limits must be filled for income designation and statistical purposes

**Are waiver codes applicable for 811 PRA demo (**MAT10-2 field 88)?   Yes, a code is used if HUD grants a waiver to a tenant at admission to the program.

**Is the do not check eligibility indicator appropriate for 811 PRA Demo (**MAT10-2 field 100**)?** Yes, the PDD code could apply and possibly others.

**Should we waive eligibility checks on 811 PRA Demo IC’s following a post-move-in termination for over income or zero HAP (Like we do for Sec-8)?** No. This is a rule applicable only to S8.

**If a tenant is terminated (not suspended) for a reason such as failure to recertify or increased income and assistance dropping to 0) does the tenant need to requalify when reapplying for assistance?** Yes.

## The Fast Act

The FAST Act became effective in March 2018. Under the FAST Act, when at least 90% of a household’s income is from a fixed source (e.g. Social Security, VA Disability, fixed pension) a review of income can be conducted once every three (3) years. A new certification must be submitted every year. Compliance with the FAST Act is not monitored by TRACS.

*Note: This statutory change is similar to, but not the same as the Fixed Income Verification changes that are part of the HUD Streamlining Final Rule.*

For tracking purposes, a new field is being added to the MAT to identify fixed income households (**MAT10, Section 2, field 20: Fixed Income Household**).

Fill the new field with “Y” if the household qualifies as a Fixed Income Family and leave blank if not. This field should not be filled for any certification effective prior to March 2018.

## Certification Data Entry

The **203ACertificationDataEntry.xls** spreadsheet has been corrected to add a rounding to the penny step in the calculation of imputed income from assets. Either the old or new calculation is acceptable prior to an OA’s implementation of 2.0.3.A.

## Terminations/Suspensions

In TRACS 2.0.2.D there are two Move-Out codes (*9 = Uninhabitable unit – Abated* and

*10 = Substantial Rehab or Repair – Tenant Expected to Return*) and two termination codes (*ND = Natural Disaster or Uninhabitable Unit* and *RR = Substantial Rehab or Repair - Tenant Expected to Return*) that were added to allow flexibility when dealing with natural disasters and rehab or major repairs. Depending on whether a tenant was temporarily moving to another assisted project or not, either the MO or TM could be used based on guidance from HUD offices.

Since then, HUD has determined that a MO should never be used in these situations, only a TM, because a MO does not give the tenant a right to return to the old unit when it is back online. As a result, MO codes 9 and 10 have been removed for 2.0.3.A.

In addition, calling transactions using the ND and RR codes terminations can be confusing because termination can imply something done in response to wrongdoing and can be misinterpreted in legal proceedings. Therefore, the MAT65, Termination record is being renamed the Termination/Suspension Record. The codes are now grouped according to whether they apply to a termination situation (everything but ND and RR) or a suspension situation (ND and RR). Suspensions are looked at as temporary, unrelated to any tenant action and grant the tenant the right to return to the unit when it is back online.

For TRACS 2.0.3.A two new Suspension Codes are being added to indicate that a RAD resident has relocated to a unit that is not under the current RAD Contract. (If a tenant transfers to a new unit under the same contract, a Unit Transfer (MAT 70) is created and transmitted.) A new Suspension Code of ***RD*** *= PBRA RAD Tenant Transferred During Rehab* is being added to indicate a suspension occurring on or after the RAD Contract Effective Date to allow for renovation of the unit. The effective date of the Termination/Suspension (MAT 65) using the RD Suspension Code is the last day the resident resides in the unit and the last day subsidy is paid for the unit. If the property is a Component 1 property, and if the property qualifies for Rehab Assistance, Rehab Assistance may start no earlier than the day after the effective date of the Termination/Suspension (MAT 65).

A new Suspension Code of ***RH*** *= PBRA RAD Tenant Transferred Prior to RAD Contract Effective Date for Rehab* is being added to indicate a suspension occurring before the RAD Contract Effective Date to allow for renovation of the unit. The effective date of the Termination/Suspension (MAT 65) using the RH Suspension Code is equal to the effective date of the Conversion IC/RAD Contract Effective Date. No subsidy is paid for the unit. If the property is a Component 1 property, and if the property qualifies for Rehab Assistance, Rehab Assistance may start no earlier than the RAD Contract Effective Date.

RD and RH Suspension Codes are added specifically to note that a unit is offline due to RAD Rehab.

All of the Suspension Codes will be used to indicate that a unit is offline but expected to be occupied once rehab or repair is complete.

A new voucher field (Item 6.f) is being added to the voucher MAT record to hold the count of units offline for rehab. Therefore, starting with 2.0.3.A, a unit undergoing rehab will be counted there and not as either a Vacant or a Market unit. This change will assist in voucher audits.

This means that the unit count for the voucher will be displayed as follows:

* Total Units in Contract
* Number of Unit Receiving Subsidy Under this Contract
* Number of Units Abated Under this Contract
* Number of Units Vacant Under this Contract
* Number of Units Occupied by Market Tenants
* Number of Units Under Rehab/Suspended

In order to assist with compliance monitoring requirements associated with RAD Rehab and Disaster Response, the 52670-A Part 1 will include a line item for each unit within the Contract. See Paragraph 2.15 below for the details.

## History Baselines

**Floor Plan Identifiers:** There are situations where Floor Plan Identifiers (Unit Types) change over time. The most typical case is where, in a multiple building project, rehab causes a different set of utility allowances to be used in one or more buildings than in others. This necessitates the addition of new Floor Plan IDs to accommodate the differences.

The History Baseline calls for one MAT91 Record for each Floor Plan Identifier and the corresponding MAT15 records include the Floor Plan ID. The MAT92 Unit Rent records also use the Floor Plan ID in reporting the rent history.

Because a Unit can only have a single Floor Plan ID, we will adopt the following convention for History Baselines: The Floor Plan Identifier shown in the MAT15 record will be the current ID. The MAT91 records will include all IDs used during the period of time covered by the baseline. Similarly, the MAT92 records will report a rent for each ID active as of the Rent Effective Date.

CAs receiving a History Baseline from another CA will be required to make sure the data is valid and provides accurate information in relation to historical changes in a Floor Plan ID for a particular unit. It may be necessary to manually link historical floor plans to specific units.

**CA Obligation to Supply History Baselines to OAs:** According to HUD, providing this service to OAs is not part of the ACC and so HUD cannot require it. CAs are free to do so, however.

Note: The production of History Baseline Files is a requirement for both OA and CA software. In 2.0.2.D, the MAT90 series records were left as optional for OA software given the late addition of those record types. However, OA software is required to produce all History Baseline Record types for 2.0.3.A.

## Vouchers—Miscellaneous Accounting Requests

*Note: The FSSE code proposed in an earlier draft of this specification has been removed. Family Self Sufficiency Escrow transactions are now reported as part of the MAT30 Section 7 record. See 2.15 below.*

Note: The SERV (Service Coordinator) code is no longer valid and is no longer accepted by TRACS. An answer to the question as to whether such funds may be requested under a Miscellaneous Accounting Request is pending.

Three new fields are being added to the MAT30, Section 6, Miscellaneous Accounting Request record:

1. HOH Last Name,
2. HOH First Name and
3. Unit Number.

These are used in relation to RADN requests and for RADP is that code becomes active.

The fields should be filled when the Miscellaneous Accounting Request Type is for a single unit and tenant. The HUD52670 part 4 form has been revised to accommodate the new fields. See 203A52670Part4.pdf for the revised form.

New Miscellaneous Accounting Request Codes have been added specifically to be used for Component 1 Section 8 RAD vouchers: **RADZ, RADR, RADN, RADP OR RDRV (Pending decision)**.

**RADZ:** For Component 1 PBRA RAD, the timeframe between the RAD Contract Effective Date and January 1 of the following year is referred to as Year 1 or Year of Conversion (YOC). Multifamily Housing provides no funding (for assistance payments, special claims, rehab assistance, FSS, etc.) during YOC. However, OAs are required to submit appropriate tenant and voucher files to TRACS and to address any errors that are generated by such submissions. The final step performed when creating monthly vouchers for the YOC is to enter a Miscellaneous Accounting Request to reduce the voucher request to zero.

A new code of **RADZ** is used during YOC for a Component 1 PBRA RAD property to reduce the voucher to zero before transmitting it to HUD.

There is no requirement to reduce the voucher to zero starting with the voucher for the first January after the YOC. This is commonly referred to as the beginning of Year Two.

Note that, based on a final decision on how to deal with adjustments during YOC, a new RDRV or RADP code may be introduced. Whichever code is used will be documented in the final version of the specification.

**RADR:** In most cases, a Component 1 PBRA RAD Contract provides for Rehab Assistance - allowing an OA to bill HUD for a specified amount during the time a unit is “down” for rehab. A new Miscellaneous Accounting Request Code – ***RADR – RAD Rehab Assistance*** is used to request the monthly Rehab Assistance payment. The comment field must include the month and year for which the Rehab Assistance is being requested.

RADR transactions are by voucher month. So, when billing for a single month, there will be one RADR – Rehab Assistance Miscellaneous Request. When billing for multiple months on a single voucher, there will be a separate RADR – RAD Rehab Assistance Miscellaneous Accounting Request transaction for each month. See paragraph 2.7 for more information.

**RADN:** For Component 1 PBRA RAD, a tenant’s TTP may exceed Gross Rent. For Component 1, PBRA RAD, TTP is the lesser of:

* Calculated TTP (greater of 10% of annual income or 30% of adjusted income) or
* The maximum allowable LIHTC rent under LIHTC program rules

When a tenant’s TTP exceeds Gross Rent, the “excess rent” is deposited in to the property’s operating account.

Under TRACS program rules, this will create a negative Assistance Payment (AP) request on the voucher. OAs are allowed to reverse this negative request.

A new Miscellaneous Accounting Request Code – ***RADN – RAD Negative Assistance*** is used to allow the OA to offset any negative AP request on the voucher. To help make RADN records, described below) more readable and user friendly, the new fields (HOH Last Name, HOH First Name and Unit Number) are mandatory.

RADN Miscellaneous Accounting Requests may be used during YOC.

Doing this for regular assistance is straightforward—simply add a RADN request with a positive value equal to the amount of negative assistance (-38 assistance becomes a +38 RADN request).

However, the situation is more complex when adjustments are involved especially since adjustments could be retroactive and cover household certs with a mixture of positive and negative assistance and can span unit transfers.

To make the RADN and RADP adjustments easy for a human auditor to monitor, the rule for generating and reporting RADN and RADP request rows is as follows:

* All RADN requests are listed together.
* Requests are to be in unit order. If the requests cover more than one household in a unit, the requests are listed in occupancy order as is done with adjustments.
* Within the unit/household group, any regular assistance request is listed first and followed by any adjustment-based requests in the same order that they appear in the adjustment billing—prior before new and in effective date order within prior or new.
* Include one row for each household whose current regular assistance billing is negative. The requested amount is positive and equal to the absolute value of the negative assistance.
* Include one row corresponding to each adjustment row that is based on a certification whose assistance is negative (the Asst Pmt column on the schedule). The requested amount related to each adjustment row is the opposite sign of the adjustment amount (the value in the Amount column on the schedule).

The comment field must be filled as follows: Assistance/Adjustment (Position 1, left justified, length 6), Cert Type (Position 8, left justified, length 5), Cert Effective Date (Position 15, left justified, length 10), Prior/New (Position 26, left justified, length 1), Cert Assistance (Position 28, right justified, length 6). Note that the Cert Assistance value is from the MAT10, Section 2 Record Field 67 Assistance Payment Amount or from the MAT70 Record, field 20 Assistance Payment Amount in the case of regular assistance billing. For records related to adjustments use the value in the MAT30, Section 4 Record, Field 12 Assistance Payment. This value is the actual cert assistance. The Misc. Request Amount in the Section 6 Record contains the reversing entry.

See below for the layout of the comment field. The periods are intended to help indicate field length and would be replaced by spaces in a real record. Note that there is a space as filler between fields.

123456789012345678901234567890123456789012345678901234567890123456789012345678

ASSIST AR-I\* MM/DD/YYYY . nnnnnn

ADJUST AR-I\* MM/DD/YYYY P nnnnnn

ADJUST AR-I\* 12/31/2017 N 999999

ADJUST IR 02/01/2017 N 99

ADJUST MI 12/31/2017 P 999

For example, a RADN request for a tenant with a regular assistance amount would look like this:

ASSIST AR 01/01/2016 -120

The requested amount would be $120.

A request related to an adjustment involving a negative assistance cert would look like this. Assume a 1/1 AR that is corrected 3 months later and where assistance changes from -120 to -125

ADJUST AR 01/01/2016 P -120

The Prior reversing adjustment would be +360—3 months at 120.

The requested amount for this transaction would be -360.

ADJUST AR\* 01/01/2016 N -125

The New adjustment would be -375—3 months at -125.

The requested amount for the second transaction would be +375

The net of the two transactions is +15

## Vouchers—Adjustment Cert Types

**Adjustment Cert Types**: On the voucher, the certification types applicable for Adjustment Records (MAT30, Section 4) are now all mandatory. The codes for full certification/UTs (AR-O, AR-I, IR-O, IR-I, IC-O and IC-I) were added late in the 202D process and were considered optional for 202D. With 203A UT-O and UT-I are no longer permitted for a full certification/UTs.

## Vouchers—Billing for All Units (Section 3 Records)

Starting with 2.0.3.A, each unit covered by a contract will be reported on a MAT30, Section 3 Assistance Detail record. Currently, only occupied assisted units are reported. The display of these units does not change.

When a unit is occupied, but the resident is paying Contract Rent (or the maximum allowable LIHTC rent), the First and Last Names indicated on the voucher will be Market Market and the AP will be zero. Note: This does not apply to PRAC or Component 1 PBRA RAD; these residents are “assisted” under program rules.

The status of each non-assisted unit will be indicated using the Last and First Name fields in the record

Assisted – Use the assisted tenant’s tenant name

Abated – Last = Abated, First = Abated

Vacant – Last = Vacant, First = Vacant (or Available/Waitlist/Turnover)

Market – Last = Market, First = Subsidy Type (BMIR, 236, S8, etc)

Rehab – Name depends on the Termination/Suspension reason

If the TM code was either RD or RH – Last = Rehab, First = RAD

If the TM code was ND – Last = Rehab (or National?), First = Disaster

If the TM code was RR – Last = Rehab, First = Repair

Rehab units now have their own count on the voucher (Item 6.f). Since item 6 on the voucher now includes this count, item 6.d will include only Vacant units not undergoing rehab. A Rehab unit is considered as Rehab no matter how assistance ended for the unit—with either a MO or TM or UT.

Other fields in the record are filled as usual. Contract Rent and UA are based on the rent schedule for the contract. Certification Type, Correction Flag and Cert Effective Date for non-assisted units will indicate the most recent cert type prior to the Abated, Vacant or Rehab status. For a market tenant, indicate the cert type according to the rules for Assisted units. Requested amount and Paid Amount are always 0 for Abated, Vacant, Market, and Rehab unit records submitted by an OA.

Note: The discussion below needs to expand to cover CA additions to the records.

Unit counts under Item 6: The usual rules for the Item 6 counts continue to apply. In addition, the number of records showing as Abated, and Market must equal the comparable Item 6 totals. The number of records showing Vacant must equal the Vacant Count in 6.d. The count of Rehab records must equal the Rehab Unit count (6.f)

The number of different units reported as Section 3 records must equal the number of units/residential spaces authorized by the contract. In addition, the mix of unit types must reflect what is authorized by the assistance contract. For example, if the contract authorizes three 2-Bedroom Large units, then three of these unit types must appear in Section 3.

Note: Current guidance is for a MO or TM to appear on the voucher for the month following the event (the month that the event causes a voucher adjustment). Do we want to retain that practice? If so, instructions for the above will be more complex—One time only, report the actual tenant name. After that, report the status as the name. We could drop the old guidance. Since the cert effective date and type are still shown, it is easy for a reviewer to see any units that were recently subject to a MO or TM.

## Repayment Agreements and FSS Escrow Accounting

The MAT30, Section 7 record is being repurposed for TRACS 2.0.3.A to include information both on Repayment Agreements and transactions related to deposits and withdrawals for Family Self Sufficiency escrow accounts.

Accordingly, the previously proposed Miscellaneous Accounting Request Code FSSE has been removed from this specification. The Section 7 Record is being renamed from **Repayment Agreements** to **Repayments and Escrows**. In the future, additional escrow/agreement types may be reported in the Section 7 record.

HUD has discovered that Repayment Agreement data transmitted to TRACS is often of poor quality—not good enough for HUD to fulfill its reporting requirements.

As a result, fields are being added to the MAT30, Section 7 record to better tie a transaction to the one previous to and immediately after it. Added fields include a **Record Type**, **Agreement End Date**, **Status**, **Beginning Agreement Amount** and **Beginning Balance**. The existing Agreement Amount field is being renamed to **Ending Agreement Amount** and Agreement Type has been renamed to **Transaction Type**.

Note that a previous version of this specification, added a Head of Household ID Code to the end of the MAT30, Section 7 record. That field is being dropped from the MAT as HUD has no plans to report this information to EIV.

The list of fields now includes:

**Record Type**

Head Last Name (not filled if the resident has moved out)

Head First Name (not filled if the resident has moved out)

Unit Number

Agreement ID

Agreement Date

**Agreement End Date**

**Transaction Type** (formerly Agreement Type)

**Status**

**Beginning Agreement Amount**

Agreement Change Amount

**Ending Agreement Amount** (formerly Agreement Amount)

**Beginning Balance**

Total Payment

Ending Balance

Amount Retained

Amount Requested

NOTE: Removed from 2.0.3.A: Head of Household ID Code (not filled if the resident has moved out)

**Calculation Rules:**

Ending Agreement Amount = Beginning Agreement Amount + Agreement Change Amount

Ending Balance = Beginning Balance + Agreement Change Amount - Total Payment

Amount Requested = Agreement Change Amount - Total Payment + Amount Retained

Amount Retained <= 20% of the Total Payment (except when Status = TE)

The Amount Retained may not be greater than 20% of the payment except in the case of a court order changing the amount of an agreement. In those situations, the TE status code is used and the retained amount may violate the 20% rule so that the owner remains whole after the transaction. See examples 17-20 on the Repayment Examples tab of the CalculationsForRepayments spreadsheet. Note that unreimbursed costs may continue to accumulate over time. The retention rule does not apply only to the costs incurred during the month of the payment but rather to the total of any unreimbursed costs related to efforts to collect the improper payment.

**Record Consistency Checks:**

Prior record Ending Agreement Amount = current record Beginning Agreement Amount

Prior record Ending Balance = current record Beginning Balance

Note that Section 7 records that fail any of the Calculation Rules and Record Consistency Checks will receive fatal errors. The new fatal errors and codes will be published in MAT Guide Appendix E.

Status field values:

See Chapter 6 for a full description of the statuses and their meanings. Statuses include:

AV = Active; CO = Completed; SU = Suspended; TE = Terminated; RV = Reversed; IA = Inactive Agreement; MA = Moved-out Active; MO = Moved-out Inactive; TR = Transfer to another property.

Records with statuses of AV, IA, MA and SU require monthly submissions while the others are sent one-time only.

*Note for CAs: An OAs failure to transmit a record when required or failure to transmit a correct status is a discrepancy and not cause to refuse payment of a voucher.*

*Note that a record changing the status of an Agreement ID need not be associated with a payment. For example, if an agreement moves from Active to Inactive status, by definition the Total Payment will be 0.*

**Repayment Agreements**:

Multiple Repayment Agreement transactions for the same ID and voucher month must be submitted as individual records. The records must be grouped by ID, both in the MAT file and on the printed form, and must be in the correct sequential/date order within an ID so that the Beginning Agreement Amount and Beginning Balance fields for one record correspond to the Ending Agreement Amount and Ending Balance from the record immediately preceding it. The Beginning Agreement Amount and Beginning Balance for first record for an ID in a voucher month must correspond to the Ending Agreement Amount and Ending Balance for the last submitted record for that ID in a prior voucher month. Depending on the value of the Status field, the last submitted record could come from the previous voucher month or an earlier voucher. If there is no prior record, as would be the case if the current voucher contains the first ever record for an Agreement ID, the Beginning Agreement Amount and Beginning Balance fields are filled with 0s.

Note that the Office of the Inspector General has ruled that there is no minimum amount for a repayment agreement. Therefore, no matter what the amount of misreporting, so long as certifications have been signed and whether or not an agreement has been signed, a Section 7 Agreement record must be sent to the CA or TRACS. However, no record is be sent if the tenant pays off the amount due immediately. Examples of these transactions have been added to the CalculationsForRepayments spreadsheet as examples 1 and 2 on the Repayment Examples tab.

Since repayment agreements are sometimes contested in court, judges might order that the amount due be modified or reduced to 0. A judge might also require that amounts paid be returned. Examples of how these cases are to be handled have also been added to the CalculationsForRepayments spreadsheet as examples 17-20 on the Repayment Examples tab.

Note that the initial Repayment Agreement Transaction, establishing the amount of the agreement and reversing adjustments, may have an Agreement Amount that is less than the total of the adjustments reported on the voucher. This situation arises due to timing issues related to when the household starts paying the new Tenant Rent and when the related certification appears on the voucher (See Chapter 4, paragraph 4.9 for an example). Therefore, CAs may not automatically deny an initial repayment agreement transaction where there is a mismatch between the amount of the agreement and the total of the related adjustments. Investigation must be done to determine the correct agreement amount.

Addressing Repayment Agreements for a Component 1 RAD Conversion. Awaiting HUD decision.

**Family Self Sufficiency (FSS):**

Multiple FSS transactions for the same FSS ID and voucher month are handled as with Repayment Agreement transactions.

HUD Housing Notice 2016-08 [**Family Self Sufficiency Program in Multifamily**](http://portal.hud.gov/hudportal/documents/huddoc?id=16-08hsgn.pdf) communicates information about the Family Self Sufficiency program and its applicability to the HUD Multifamily industry. When in doubt about how to deal with a specific scenario, please refer to the notice as is it quite complete.

The Section 7 record will now be used to hold information about FSS Escrow Account transactions-contributions to and withdrawals from the escrow account--as called for by the FSS Contract of Participation (CoP). Under the program, tenants agree to an ITSP-Individual Training and Services Plan-outlining their obligations. Withdrawals may be made either when the tenant fulfills the ITSP requirements or when participation in the program is terminated. Owner/agents supporting the FSS program should follow HUD FSS guidance with respect to the escrow account.

FSS Escrow transactions are different than Repayment Agreement transactions in that there is no Agreement Amount and in that, while Repayment Agreement payments are returning money to HUD, FSS Escrow transactions are receiving money from HUD.

Accordingly, the Beginning Agreement Amount, Agreement Change Amount and Ending Agreement Amount fields are not filled for FSS Escrow transactions. A tenant Payment for a Repayment Agreement is entered as a positive amount and results in a negative Requested Amount. For an FSS Escrow, the Payment is entered as a negative amount that results in a positive Requested Amount.

The Transaction Types for FSS Escrows are: E = Execution of the Escrow Account/Signing the FSS Agreement, D = Deposit, W = Withdrawal/Disbursement to the Tenant and C = Cancellation—return of the escrow to HUD.

There is a difference between how you record a disbursement of funds to the tenant after successful completion of the ITSP agreement and how you return escrow funds to HUD in the event that the ITSP is terminated. See the new Section 7 FSS Escrow Examples tab in the CalculationsForRepayments spreadsheet for examples.

For the disbursement, money is given to the tenant and nothing is sent to or received from HUD (Requested Amount is 0). For the termination, the current escrow balance is returned to HUD (Requested Amount is negative).

When the ITSP contract is signed, a Section 7 record with a Transaction Type of E must be transmitted to TRACS on the next voucher to indicate the execution of the contract. There is no requirement to immediately transmit a full certification to indicate which members are subject to the contract. The next full certification transmitted under the normal rules will use the Special Status Code of F to indicate the members who are participating. The HOH must be a participant.

FSS Escrow Accounts are required to have any accrued interest posted to the individual tenant accounts at least annually. The owner is required to meet with each tenant annually to review the agreement, the account and the current balance including interest earned.

If the certification on which an escrow deposit amount has been based is subsequently corrected and the deposit amount changed, the OA will submit an FSS Escrow transaction to reverse the prior transactions and a transaction to bill the correct amount for the period. See the CalculationsForRepayments spreadsheet for an example.

If we define a “base” certification as the one in effect at the time an ITSP is signed, a correction to a base certification such that one or more previous deposits would be changed is handled in the same way as a correction to a certification on which a deposit has been calculated. The same would be true if both a base certification and a subsequent certification are corrected. Reverse the prior deposits in a lump sum and rebill for the correct amount.

Addressing FSS Escrows for a Component 1 RAD Conversion. Awaiting HUD decision.

**Transition Rule:**

**2.0.2.D:** Until implementation of 2.0.3.A, continue to submit Repayment Agreement transactions under the current rules for 2.0.2.D Section 7 records.

FSS transactions continue to be recorded as OARQ Miscellaneous Accounting Request records. The FSS Notice indicates that “all FSS OARQ adjustments must indicate the Voucher Month/Year for the escrow credit, Unit Number, HOH Last Name, and the words “FSS Participant” in the comments section.”

**Repayment/Escrow Baseline:**

On the first 203A voucher that is submitted for a contract or project, baseline records are to be submitted as described below. To distinguish a baseline record from a regular Repayment or Escrow record the Record Type value appends a B to the R or F that is normally used.

A baseline Repayment record would be coded as RB and a baseline Escrow record would be coded FB. If, on that first voucher, another transaction is recorded for an Agreement ID, that transaction or transactions would follow the baseline record and drop the B designation—the Record Type would be coded as R or F.

Baseline records report only zero values for the following fields: Agreement Change Amount, Total Payment and Amount Retained. This means that the Amount Requested will be $0. In addition to the baseline record, report an additional non-baseline record if required by the status or actual payment or deposit activity.

**A baseline record for a Repayment Agreement or FSS Escrow Account that is transmitted at some point after the initial full baseline (a re-baseline record), may violate one or both of the record consistency checks.** So, a re-baseline record might have a Beginning Agreement Amount and/or a Beginning Balance that does not match the Ending Agreement Amount or the Ending balance from the prior record. This is not a fatal error condition.

Deciding whether or not a re-baseline record is warranted is not a simple matter and will depend on the facts of the full transaction history for the Agreement ID. The most common situation where a re-baseline transaction is called for is one where a CA has been paying the correct amounts for an ID starting with the initial transaction but where the OA is reporting incorrect amounts and balances. The CA could request a re-baseline to get the Agreement Amount and Balance corrected without voucher consequences. On the other hand, if the OA has been requesting and being paid amounts that are not correct, the Agreement Amount and Balance are to be fixed using the Agreement Change Amount and Total Payment fields as these do impact the voucher.

**2.0.3.A: Baseline for Repayment Agreements--**With the initial implementation of TRACS version 2.0.3.A, OAs must transmit to HUD, the current status of ALL Repayment Agreements that have been or should have been recorded in TRACS when there is still a balance due and tenants are currently in residence. CAs must accept these Repayment Agreement Transactions and the associated adjustments.

A record must also be transmitted for all active agreements for moved-out tenants when the former tenants are making payments.  This includes those Repayment Agreements with a Repayment Agreement Type of N(None). On that initial voucher transmission, for the first record for an Agreement ID, the Beginning Agreement Amount field is filled with the value from the former Agreement Amount field (now renamed as Ending Agreement Amount) from the last submitted transaction under TRACS 2.0.2.D. The Beginning Balance field is filled with the Ending Balance value from the prior transaction.

Note: In some cases, a former (moved-out) household entered in to repayment before they moved out but was not included on the initial baseline because they are not making payments. If that former household subsequently makes one or more payments, transmit a record with a status of MA on the next voucher including any payment. (Note that HUD is reconsidering what information related to agreements for moved-out tenants may appear on the voucher. The spec will be revised if needed after a decision.)

For example

* Claire Davis failed to fully and accurately report income
* OA discovers improper payment in June 2019
* OA creates/corrects appropriate certifications
* Improper Payment = -$800
* OA enters new Repayment Agreement ($800)
* OA receives $15.00 per month from resident
* OA enters payment on each voucher
* Claire moves out September 30, 2019
* Total received $60
* Claire stops making payments
* OA converts to 203A in March 2020
* Claire starts making payments again in June 2020
* In June (July voucher) OA creates a regular transaction with Repayment Agreement Amount = $800 and Beginning Balance = $740. Status is MA. Amount Paid is $15.

Note that if a completely new agreement (newly effective) is being reported on the first 203A voucher, a baseline record is not needed for that new agreement ID.

Note: If an agreement should have been reported on an earlier voucher but was never reported, treat it as a new agreement but enter the correct agreement date based on when it should have been reported.

Note: If an agreement was reported (OARQ reversing entry or New Repayment in 202D) but no payment or other activity was reported after the first transaction, submit a transaction reporting the cumulative payments in addition to the baseline record. This will create a negative adjustment returning the payment to HUD. For example:

* Resident failed to fully and accurately report income
* OA discovers improper payment in November 2015
* OA creates/corrects appropriate certifications
* Improper payment = -$1600
* OA enters OARQ ($1600)
* OA receives $10.00 per month from resident
* OA never enters an OARQ for the payment
* OA converts to 203A in August 2020
* Total paid by resident =$570
* OA creates baseline with no payments (Repayment Agreement Amount=Beginning Balance)
* OA creates a regular transaction showing $570 as Amount Paid

**2.0.3.A: Baseline for FSS Escrow Accounts**—Submit one Section 7 record for each active FSS escrow account—any account tied to a current resident who is still fulfilling their obligations under the ITSP. This initial record will assign a unique Agreement ID to each account and show the current escrow balance in the Beginning Balance field. This record may or may not record a deposit to or withdrawal from the account depending on activity for that month.

After the first voucher submission including all such records and their current statuses, future vouchers need only include records with a Status of AV or those with a change of status.

The file **203A52670Part6BaselineExample.pdf shows how baseline records should look on a first 2.0.3.A voucher.**

**General:**

See the MAT Guide Chapter 6, Section 7 Record for guidance on how the various fields are to be filled for Repayment Agreements and for FSS Escrow accounts. Not all fields apply to both record types.

Note: When creating a corrected voucher, the creation of the Section 7 records is done as though no other voucher has been submitted for that voucher month. The records need to be created as though the corrected voucher is a first submission. In particular, this means that any Beginning Agreement Amount or Beginning Balance comes from the most recent earlier voucher where the Agreement ID appeared.

When printing Section 7 records on the 52670 Part 6 form, group them by type with Repayment transactions first followed by FSS records. Print a blank line between types if both are present on the voucher. With respect to the Transaction Type field, either print the single letter code or any abbreviation of the code description as long as it begins with the first letter of the corresponding code. For example, Transaction Type T could be printed as T or as TNT.

The 203ACalculationsForRepayments.xls spreadsheet has been updated to add the new fields and to make the examples clearer with one scenario per row with before and after illustrations. New language has been added to clarify the instructions. An example has been added showing how to revise a repayment agreement as a result of a court order.

For OAs whose software allows data entry in the fields being reported for repayment agreements and FSS Escrows, the recommendation is to study the examples and check your work to ensure that a current transaction makes sense numerically based on the immediately prior one.

Site software vendors are strongly encouraged to check records for consistency with the rules and with prior records. Ending Balances in particular must be accurate.

## Origination of Data

Rules relating to origination of data go into effect for Contract Administrators effective with the release of 2.0.3.A. See MAT Guide, Chapter 4, 4.42.12. Under these rules, any certification data must originate with the OA and may not be modified by a CA. One consequence of the new requirement is that CAs may not execute Gross Rent Changes in their software. They must accept, validate and pass on only OA submitted GR records.

The rule distinguishes between certification data and technical data.

Certification data is household, financial, and other data presented on a HUD form 50059 or 50059-A. Certification data may not be modified by a CA because this information is part of the legal lease agreement.

Technical data consists of MAT fields unrelated to Certification data such as record numbers, release/version numbers, date/time stamps, anticipated voucher dates, correction and baseline flags and such. Under certain circumstances, this data may be modified to facilitate successful submission to TRACS.

Refer to the MAT Guide (4.41.12) for a complete description of what is and is not permitted.

If there are any questions about what is allowed under the rule, please ask so that the appropriate clarifications can be added to Chapter 4.

## Miscellaneous

**Use of Security and Pet Deposits**: a tenant's **Security Deposit** (upon move-out or death) may be applied against the balance in a Repayment Agreement, after first being applied to unpaid rent, damages and other charges. However, a **Pet Deposit** may not be applied to a Repayment Agreement balance.

A Utility Reimbursement may never be used to offset any amounts owed by the resident.

**Vouchering for GRs and UTs when the rules for Anticipated Voucher Dates (AVD) cause invalid vouchering scenarios:** See Appendix H, Voucher Creation.A group of new or corrected certifications, completed at the same time must appear on the same voucher when they depend on or are related to each other for adjustment purposes. When this situation arises, use the later of the permitted voucher months as the Anticipated Voucher Date for each of the certifications.

**Date Fields: Under TRACS rules a blank or null date field may be reported either as all 0s or as blanks. Either one is acceptable and consumers of files may not insist on one or the other format.**

**DUNS Numbers (2.0.2.D requirement):** On June 2, 2017 HUD published a memorandum with the subject “DUNS Number Required for all Voucher Submissions.” Under the new requirements, DUNS numbers and TINs are optional in tenant file headers (TENHR) but the owner DUNS number and TIN are required in the voucher header (VCHHR) no matter what the subsidy type. The Parent DUNS and TIN fields are optional in the VCHHR. All vouchers effective December 1, 2017 or later (December or later vouchers) sent to TRACS must report the owner’s DUNS and TIN in the Voucher Header Record (VCHHR). Vouchers for months earlier than December 2017 do not require that the fields be filled. Vouchers that do not comply with the requirement will not be paid. The only exception to the voucher requirement is for OA RAC vouchers under the 811 PRA Demo program that are submitted to a state agency—these vouchers, since they are not sent to TRACS, do not require the DUNS and TIN fields to be filled. The grantee 811 PRA Demo voucher sent to HUD must populate the fields with the grantee’s DUNS number and TIN. For both TENHR and VCHHR records, if a DUNS Number is submitted then a TIN must be submitted and vice versa. See MAT Guide chapters 5 and 6 for the detailed instructions for these fields. **NOTE: This requirement is in effect for TRACS 2.0.2.D and does not depend on the 203A release. Note also that TRACS does not currently validate the DUNS or TIN numbers against the values in the SAM database but may do so in the future. It currently checks only for 9 digits and whether the current value matches the previously transmitted one.**

**DUNS Numbers Clarifications:** The MAT Header records contain fields for both an Owner DUNS number and a Parent Company DUNS number. It is often the case that a company owns multiple HUD properties. The individual properties are typically owned by separate corporate entities, each with its own DUNS number. The parent company owns or controls each of the child companies. In situations such as this it is the DUNS number of the child entity that is filled in the Owner DUNS Number field in the header record. The DUNS number of the parent company is filled in the Parent Company DUNS # field. The DUNS number of the parent is never to be filled in the Owner DUNS Number field. Note however, that when registering a property in the SAM system, it is the Parent DUNS Number that is used to register the property.

**Full Cert UTs and a Head of Household Change**: Currently TRACS cannot process a HOH change reported on a full cert UT.

**PRACs and Failure to Recertify**: Upon review, HUD’s Office of General Counsel has determined that a tenant’s rent should not be changed while eviction is being pursued after a failure to recertify. Guidance on how to force tenant whose assistance is not zero or negative to operating rent had been introduced with TRACS 2.0.2.D and illustrated in the **CalculatingTenantRent** spreadsheet. As a result of the OGC opinion, that guidance is being removed. Since it is assumed that forcing a tenant to operating rent is a manual process in OA software, OA software vendors are instructed to tell their clients not to use that procedure. Removal of that process is mandatory for TRACS 2.0.3.B

**PRAC and Termination:** Under the PRAC to PBRA RAD program, all current residents are Terminated under the PRAC contract even though Termination transactions do not apply to the PRAC program. This is an exception to the rule made to allow for the conversion to RAD.

Once the Termination transactions are recorded in TRACS, the OA must submit a Conversion IC to re-establish the existing residents under the new Contract. Please refer to Chapter 9 for additional information about the Conversion IC.

**RAP and Rent Supplement**: As of the publication of this specification, all RAP and Rent Supplement contracts have been converted to Component 2, PBRA RAD contracts. There may still be a need to make retroactive corrections to RAP and Rent Supplement certifications so, software vendors need to retain the ability to do the appropriate calculations until further notice.

**Redefinition of the SSN Benefits Claim Number:** Starting when Medicare IDs were changed to remove the SSN of the person, the old Benefits Claim Number was changed to what is called a Benefits Notice Code (BNC). The BNC is a 13-character code including numbers and letters. Accordingly, the MAT10, Section 5 Income Record, Field 8 has been widened from 12 to 13 characters to accommodate the change.

## Reminders

**MAT Guide Mandatory Fields**: As mentioned in Chapter 4 of the MAT Guide, the meaning of the M(Mandatory) designation for a field has a TRACS technical meaning but not necessarily a compliance meaning. ALL fields are required to be filled except when otherwise stated.

**Voucher Signatures:** Beginning with TRACS 2.0.2.D, a signed copy of a voucher must be kept on file at the site but no signed electronic, paper, faxed or emailed copy is sent to the Contract Administrator. Checking for a signature may be done as part of an MOR.

**Corrected Vouchers**: Both site and CA software must have the ability to create and submit a corrected voucher. If the voucher is being sent to TRACS, the Voucher ID field in the MAT30, Section 2 record must be filled with the Voucher ID returned from TRACS with its acknowledgement message. If the voucher is being sent to a CA, fill the Voucher ID with 9’s. It is up to the CA software to use the correct ID (9’s or a TRACS Voucher ID) depending on whether the voucher has already been sent to TRACS.

This requirement is not limited to the immediately previous voucher. There have been situations where the first submission of a voucher for a new contract is held for review but one or more subsequent ones paid. HUD can require corrections to the unpaid voucher as a condition of payment.

**Unit Transfers—Unit Trades:** Site and CA software must support Unit Trades. A Unit Trade may be defined as

* Two households trading units (Household 1 moves from unit 101 to unit 102 and Household 2 moves from unit 102 to 101 simultaneously) and
* More than two households moving simultaneously (Household 1 moves from 101 to 102; Household 2 moves from 102 to 103; Household 3 moves from 103 to 101).

There are other more complex scenarios as well. HUD rules require these transactions to be implemented as UTs and not as a MO/MI pair or as other transaction types. The only requirements are that all the UTs be effective on the same day and that each unit begins and ends with a single household in residence.

**UTs in units covered by Low Income Tax Credits**: LIHTC rules do not allow a UT between two buildings in a property unless they are formally part of a multiple building Tax Credit project. When not part of a multiple building LIHTC project, tax credit rules require a qualification certification for the new unit and the set of transactions is commonly implemented as a MO/MI pair of LIHTC certifications. However, HUD **requires that a UT be done in this case—not a MO/MI**. This means that the OA software must be able to handle the transfer both ways to satisfy the rules for the two programs.

**Terminations Due to Late Recertifications:** If the household reports for the annual recert on or after the recert date and there are no extenuating circumstances, the OA must terminate the household effective the day prior to the AR due date. So, if the AR is due on 1/1, the TM is effective on 12/31. There are some OAs who submit the TM effective on 1/1 resulting in the collection of an extra day of assistance.

**Recertification (AR) Notices**: Chapter 7 of HH 4350.3 and Chapter 4 of MAT Guide calls for all AR Notices to be sent until the AR is signed unless there are extenuating circumstances. This ensures compliance with the instruction provided in HH 4350.3 R1, C4, Paragraph 7-8 and HUD’s Clarification in the Q&A

## Forms Changes

Changed forms for the 2.0.3.A release include the HUD 50059—Tenant Certification, 50059-A—Partial Certification, 52670—Voucher, 52670 Part 4—Miscellaneous Accounting Requests, 52670 Part 6—Repayments/Escrows and three special claims forms:52671-A, 52671-B, 52671-C. An update to the VAWA Lease Addendum is also included--203AHUD91067VAWALeaseAddendum. Finally, an updated HUD27061-H (Race and Ethnicity) form is included along with a copy of the executive order establishing the new race and ethnicity categories.

The HUD 50059 is adding fields to cover rule changes under the FAST Act and HOTMA. There will be two label changes for the 50059-A. The instructions for the HUD 52670 are being modified to reflect new rules for RAD unit counts and a revised HUD 52670 Part 6 form is being issued to accommodate the modifications to the MAT30, Section 7 Record. There is a minor label change for a field on the HUD 52670. The label for field 8e changes from “Repayment Agreements” to “Repayments/Escrows.”

The updated 52671-C Special Claims for Regular Vacancies form adds the 811 PRA Demo program (these contracts are eligible for vacancy claims). The updated form also clarifies the longstanding question of what rent (contract rent vs operating rent) to use for PACs/PRACs special claims – the updated forms now align with the 4350.3, in that, special claims for PAC/PRACs will use the operating rent minus the HUD-approved utility allowance.

## Spreadsheet Updates

See the following updated spreadsheets for example calculations and rules: **203ACalculatingTenantRent.xls**; **203ACertificationDataEntry.xls**; **203ARADPhase-In.xls**, **203ARelationshipRules**. All other spreadsheets have the first part of the name changed from **202D** to **203A**.

## Housing Opportunity Through Modernization Act of 2016 (HOTMA)

Based on the Proposed Final Rule, HOTMA applies to PIH and the Section 8 program.

HOTMA calls for, among other things, changes to how deductions from income are calculated and allows for periodic COLA changes. Implementation of the changes in the Act is conditional on HUD rulemaking and the new requirements are to take effect on the first of a calendar year following the rulemaking. HUD rulemaking is expected to be complete in time for a 1/1/2021 effective date, the known HOTMA requirements are being published now.

Implementation is not required for software vendors as part of their 2.0.3.A release but is required prior to the effective date required by HUD.

HOTMA leaves the Dependent Deduction at $480 but the amount is subject to future COLA changes. The threshold for Disability and Medical deductions is changed from 3% of Annual Income to 10% and is subject to COLAs. A tenant may qualify for an exemption from the increase (See the new **MAT10, Section 2, field 21: % of Income Exemption**) and will pay based on some other % value (6.5% in a Proposed Final Rule). Under the draft HOTMA notice, this Hardship exemption would expire at the family’s next regular income reexamination or at such time that the OA determines the family can pay their rent under the normal adjusted income calculation, whichever comes first.

HOTMA provides for a mandatory deduction of $480 for dependents and provides that this figure be adjusted annually for inflation. This adjusted amount will be rounded to the next lowest multiple of $25.

The Elderly Family Deduction changes from $400 to $525 subject to COLAs. This amount will be annually adjusted for inflation and rounded to the next lowest multiple of $25.

Section 102(c) also allows a hardship exemption for the child care expense deduction, which provides that any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education is deducted from annual income. If the family is no longer going to school, working or looking for work, the family may, under certain circumstances, be able to continue to include the deduction. The family would have to demonstrate why the child care expense remains necessary when no family member is employed, actively seeking employment, or furthering his or her education. As is the case with the health and medical expense hardship exemption, the child care expense hardship exemption would be temporary and would end no later than the family’s next regular reexamination.

Under HOTMA, PHAs may also choose to adopt additional deductions from income for the Section 8 project based rental assistance program (where the PHA is an owner) in addition to Public Housing.

As such, this proposed rule would provide that, where the PHA is an owner in the Section 8 project-based rental assistance program, PHAs may adopt additional deductions from annual income. Under this proposed rule, PHAs that adopt permissive deductions would not be eligible to receive any program funding to cover the increased cost to the impacted program. The rule provides that the PHA would have to identify the amount of subsidy provided on behalf of the family that is attributable to the permissive deduction as required by HUD.

Under HOTMA the threshold for the imputed asset income calculation changes from $5,000 to $50,000 subject to COLAs. The current imputed amount of .06% is subject to COLA.

HUD also proposes to adjust the current income exclusion for student/dependents (amounts over $480) based on an inflationary index.

At this point, HUD has not determined what inflationary index to use for purposes of adjusting the amount of imputed return on assets included in annual income, and other provisions in HOTMA that require amounts to be adjusted annually for inflation.

In addition, there is an optional eligibility rule when certain asset values exceed $100,000. The new **MAT10, Section 2, field 22: Do Not Check Asset Value** is used to indicate that the owner/agent is not implementing the rule.

The rule also specifies that Families could not receive assistance if they have a present ownership interest in, legal right to reside in, and the effective legal authority to sell real property in the jurisdiction in which the property is located that is suitable for occupancy by the family as a residence. Unlike the $100,00.00 asset cap, this rule is not an optional eligibility rule. This would not apply to:

* + - A manufactured home for which the family is receiving Section 8 tenant-based assistance;
    - Property for which a family receives homeownership assistance from a PHA;
    - Any person who is a victim of domestic violence; or
    - Any family that is offering the property for sale.

Software developers are asked to allow for possible future changes by not hard-wiring values used in calculations.

The HOTMA Proposed Final Rule suggests that HUD will require the exclusion of income of foster adults in order to prevent disincentives to housing such persons, and would codify HUD’s existing policy that state kinship or guardianship care payments are excluded from the definition of income.

The HOTMA Proposed Final Rule provides an exclusion for payments related to VA Aid and Attendance to veterans in need of regular aid and attendance, and this proposed rule would include this exclusion. In addition, HUD has solicited suggestions/support of additional exclusions including exclusion of all VA benefits.

The HOTMA Proposed Final Rule introduces a suggestion to remove an existing provision in 24 CFR 5.609 on annualization of income, which states that if it is not feasible to anticipate a level of income over a 12-month period (*e.g.,* seasonal or cyclic income), or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

The HOTMA Proposed Final Rule introduces the concept of a de minimis error. A de minimis error would be defined as any error where the PHA’s or owner’s calculation of a family’s income or adjusted income varies from the correct income or adjusted income by no more than 5 percent.

In such instance, the PHA’s or owner’s income determination would not be considered incorrect for purposes of HUD’s monitoring and compliance oversight responsibilities. The OA would still be required to take necessary corrective action to repay a family if the de minimis error in the income determination resulted in the family being overcharged for their rent.

## MAT Guide Chapter 4 Revisions

Guidance has been updated for some topics largely through including more examples. The section relating to RAD Rent Phase-in calculations (4.31 and 4.40.3) has been revised to reflect the new rules. A new section (4.42.12) has been added to discuss the data origination rules.

# MAT Guide Changes and Additions

## Summary of Changes

In addition to updates to Chapters 5 and 6 detailing added fields along with updated field definitions and codes, Chapter 4, TRACS Operating Tips, has been revised both to add more examples and also to reflect 2.0.3.A changes.

Appendix H, Calculation Guidance, provides key calculation algorithms that all TRACS compliant software is expected to implement.

Appendix J, Baseline Requirements, has been updated to deal with the issues raised in Paragraph 2.12 above.

Any new, updated, or deleted TRACS response messages will be documented in the usual MAT Guide appendices when the changes have been finalized.

## Details of MAT Format Changes

All fields in the MAT required to be filled with version “2.0.2.D” have been updated to “2.0.3.A”.

## MAT Tenant System Record Formats & Definitions

See the following file for the proposed MAT Tenant formats (**203AMATChap05.doc)**.

## MAT Voucher System Record Formats & Definitions

See the following file for the proposed MAT Voucher formats (**203AMATChap06.doc**).

Do you want to add anything like the 50059 Instruction Update, 50059 Instructions for RAD Conversion IC, Rehab Assistance Payment invoice instructions, etc.?