# CHAPTER 7 Required HUD-50059, HUD-50059-A and Subsidy Data Reporting

**Note: This chapter contains what was Chapter 9 in HUD Handbook 4350.3 REV-1, Change 3 with the exception of the sections on special claims and the excess income report. The paragraph numbering perserves the original numbers so that external references will still be correct.**

Color coding: Yellow indicates new or changed text since 2.0.2.D. Aqua indicates a change since the last publication of the document.

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

Note: Information on Special Claims can be found in the Special Claims Guide which is located at: <http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/guidebooks/HSG-06-01>. Information on the Excess Income Report can be found in HUD Handbook 4350.1--Multifamily Asset Management and Project Servicing—paragraphs 7-27 and 7-28.

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## 7.1 Introduction

This chapter describes the requirements for transmitting subsidy-related data to the Tenant Rental Assistance Certification System (TRACS). These data include tenant data, and requests for payment of housing assistance, utility reimbursements, and special claims. Requirements for records and reporting, regarding excess income, are also addressed.

Chapter 7 is organized as follows:

**Section 1: Tenant Rental Assistance Certification System (TRACS)** describes the requirements and procedures for subsidy tracking.

**Section 2: Payments** presents the key payments that HUD provides to owners and the requirements for these payments.

## 7.2 Key Terms

* + 1. There are a number of technical terms used in this chapter that have very specific definitions established by federal statute or regulations, or by HUD. These terms are listed in Figure 7-1, and their definitions can be found in the Glossary to the 4350.3 handbook. It is important to be familiar with these definitions when reading this chapter.
    2. The terms “disability” and “persons with disabilities” are used in two contexts – for civil rights protections, and for program eligibility purposes. Each use has specific definitions.
       1. When used in context of protection from discrimination or improving the accessibility of housing, the civil rights-related definitions apply.
       2. When used in the context of eligibility under multifamily subsidized housing programs, the program eligibility definitions apply.

**NOTE:** See the Glossary for specific definitions and 4350.3 paragraph 2-23 for an explanation of this difference.

**Figure 7-1: Key Terms**

|  |  |
| --- | --- |
| HUD-50059/HUD-50059-A  Assistance payment  Gross rent  Housing Assistance Payment (HAP)  PAC (Project Assistance Contract) | PRAC (Project Rental Assistance Contract)  Project assistance payment  Project rental assistance payment  Service bureaus  Utility reimbursement |

**Section 1: Tenant Rental Assistance Certification System (TRACS)**

## 7.3 Key Regulations

This paragraph identifies key regulatory citations pertaining to Section 1: Tenant Rental Assistance Certification System. The citation and its title are listed below.

**24 CFR, part 208 Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects**

## 7.4 Introduction to TRACS

TRACS was developed to help improve financial controls over assisted housing programs. TRACS collects certified tenant data and subsidy payment vouchers from owners and management agents of multifamily housing projects – either directly from the owners, from organizations acting as subsidy Contract Administrators for HUD, or from service providers who are paid by the project or Contract Administrator to collect, calculate, complete, and submit the data to TRACS on their behalf. HUD Field Offices maintain data on subsidy contracts and contract funding.

* + 1. **Source** **Data**

The bases for electronic submissions and primary data feeds to TRACS are:

* + - 1. HUD-50059, *Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures*;
      2. HUD-50059-A, *Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures – Partial Certification;*
      3. Form HUD-52670, *Housing Owner's Certification & Application for Housing Assistance Payments*;
      4. Form HUD-52670-A part 1, *Schedule of Tenant Payments Due*;
      5. Form HUD-52670-A part 2, *Special Claims Schedule*;
      6. Form HUD-52670-A part 3, *Adjustments to Schedule of Tenant Assistance Payments Due*
      7. Form HUD-52670-A part 4, *Misc. Accounting Request for Schedule of Tenant Assistance Payments Due*
      8. Form HUD-52670-A part 5, *Approved Special Claims for Schedule of Tenant Assistance Payments Due*
      9. Form HUD-52670-A part 6, *Repayment Agreements for Schedule of Tenant Assistance Payments Due*
      10. Form HUD-52671-A through D, *Special Claims Worksheets*; and
      11. Assistance payments contracts, assistance payments renewal contracts, and contract rent increases, including contract Exhibit A, Identification of Units and Contract Rents, of the assistance payments contracts.
    1. **TRACS** **Databases**
       1. All tenant data collected and stored in TRACS undergo edits for accuracy and compliance with eligibility rules and rent calculation rules before they are stored in the TRACS Tenant Database.
       2. TRACS stores payment history on all project-based subsidy contracts for which HUD makes monthly assistance payments.
       3. Much of the tenant, contract, funding, and voucher data stored in the TRACS databases is available to authorized users for on-line viewing/updating. Report and data retrieval capabilities are also available.

## 7.5 Owner Submission Requirements

* + 1. **Electronic Data Processing and Transmission** 
       1. Owners of all properties covered by this handbook are responsible for processing tenant certifications, tenant recertifications, and subsidy billings using automated software that conforms to HUD specifications. Owners are responsible for electronically transmitting required data either directly or through a service provider to HUD or their respective Contract Administrator.
       2. TRACS-compliant software used to produce certifications and subsidy billings must be obtained from a vendor who certifies that the software is compliant with HUD requirements. As HUD requirements are updated to reflect changes or revisions in legislation, regulations, handbooks, notices, or HUD-format electronic data transmission requirements, owners are responsible for ensuring that the software they use to complete, review, and transmit data is updated accordingly.
          1. HUD does not certify TRACS-compliant software products nor endorse individual TRACS vendors.
          2. The software requirements to which software vendors must certify are located on the TRACS website at: <http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm>
       3. Owners are responsible for the electronic submission of the following HUD forms. A separate submission must be prepared and submitted for each of the property assistance contracts.
          1. \*HUD-50059, *Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures* and HUD-50059-A, *Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures – Partial Certification.* For information on the data requirements for the HUD-50059 and HUD-50059-A, \*refer to the instructions posted with the forms on HUDCLIPS at <http://www.hud.gov/offices/adm/hudclips/forms/> or the Monthly Activity Transmission (MAT) User’s Guide on the TRACS website at <http://www.hud.gov/offices/hsg/mfh/trx/trxmatg.cfm>
          2. Form HUD-52670, *Housing Owner’s Certification & Application for Housing Assistance Payments*. For information on the data requirements for the HUD-52670 and related forms listed below, refer to the MAT User’s Guide. Data submitted from form HUD-52670 must be properly supported by the following forms, where applicable:

Note: Forms instructions are found on HUDClips along with the forms.The link is: <http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms/>

Form HUD-52670-A part 1, *Schedule of Tenant Assistance Payments Due*;

Form HUD-52670-A part 2, *Schedule of Section 8 Special Claims*;

\*Form HUD-52670-A part 3, *Adjustments to Schedule of Tenant Assistance Payments Due*

Form HUD-52670-A part 4, *Misc. Accounting Request for Schedule of Tenant Assistance Payments Due*;

Form HUD-52670-A part 5, *Approved Special Claims for Schedule of Tenant Assistance Payments Due*;

Form HUD-52670-A part 6, *Repayment Agreements for Schedule of Tenant Assistance Payments Due*; and

Forms HUD-52671-A through D, *Special Claims Worksheets*.

* + - 1. Owners may obtain TRACS-compliant software and process their certifications and subsidy billings directly. Alternatively, owners may make arrangements to submit data to service providers who will use TRACS-compliant software to complete recertifications and billing submissions, and transmit them to HUD or the Contract Administrator on the owner’s behalf.
         1. In cases where an owner uses a service provider, that company must provide the owner with printed copies of form HUD-50059, \*form HUD-50059-A\*, form HUD-52670, and related forms that were transmitted to HUD.

* + - * 1. The owner must sign and obtain the signature of the head, spouse, co-head, and all adult family members on the copy of the HUD-50059 certifying to the information that is transmitted to HUD or the Contract Administrator, whether the HUD-50059 was produced on site or received from a service provider. The owner may consider extenuating circumstances when an adult family member is not available to sign the HUD-50059, for example, an adult serving in the military, students away at college, adults who are hospitalized for an extended period of time, or a family member who is permanently confined to a nursing home or hospital. In these instances, the owner must document the file why the signature(s) was not obtained and, if applicable, when the signature(s) will be obtained. The owner must provide the tenant a copy of the signed HUD-50059 and retain a copy in the tenant’s file.

*Note: When a previously submitted 50059 is corrected soley to update contract rent due to a gross rent change, the owner/agent must sign the 50059 but the resident(s) does not have to sign the 50059. The 50059 can be submitted using Extenuating Circumstance Code 8 – No Signature Required. The owner/agent must provide the resident with a copy of the 50059 and the owner/agent must retain a copy.*

*Note: When a previously submitted 50059 is corrected soley to update contract rent and the utility allowance due to a gross rent change, the owner/agent must sign the 50059. When the Utility Allowance increases or decreases (changing tenant rent), the resident(s) must sign the 50059 within 60 days of the date the transaction appears on a voucher. The 50059 can be submitted using Extenuating Circumstance Code 9 – No Signature Required for 60 Days. The owner/agent must provide the resident with a copy of the 50059 and the owner/agent must retain a copy. When the resident signs the 50059, the owner/agent must submit a correction providing the tenant signature date and removing the Extenuating Circumstance Code. Owner/agents are required to provide residents with a 30-day notice if the Tenant Rent will increase.*

1. HUD Form 50059-A must be completed for terminations/suspensions (TM), Move-outs (MO), Gross Rent Changes (GR) and Unit Transfers (UT).  Only fill the fields in the block on the form corresponding to the action being reported.  For example, for a Move-Out (MAT 40) transaction, do not fill the fields related to Terminations/Suspensions (MAT 65), or UT/GRs (MAT 70). A copy of the 50059-A must be maintained in the resident file and a copy must be provided to the resident.

The owner/agent must sign the 50059-A.  The HOH is required to sign the 50059-A in some cases.

The HOH may, but is not required to, sign the Move-Out (MAT 40) or Termination/Suspension (MAT 65) certification.

The HOH is required to sign the Gross Rent (GR-MAT70) certification (50059A) if the Tenant Rent goes up or down or if such signature is required by state law.  The owner/agent may send the Gross Rent (GR-MAT70) certification before obtaining the HOH signature.  However, all required HOH signatures must be collected within 60 days of the GR voucher date. *(See notes above for instruction regarding signatures when a GR and MAT 10 are effective on the same date.)*

The HOH is required to sign the Unit Transfer (UT-MAT 70) certification.

* + - * 1. The owner must also sign and retain copies of the facsimile of the voucher (form HUD-52670), forms HUD-52670-A parts 1, 2, 3, 4, 5 or 6 and other related forms or supporting documentation.\* No signed copies of the facsimile voucher forms are sent to HUD or Contract Administrators in any form—paper, PDF, fax or other format. Only the electronic forms/formats defined in the MAT Guide are sent using the TRACS system. CAs may request paper copies of the HUD-52670-A parts 1, 2, 3, 4, 5 or 6 and other related forms or supporting documentation for problem resolution only.
        2. Owners that contract out or centralize the electronic-submission function must retain the ability to monitor the day-to-day operations of the property at the property site and be able to demonstrate that ability to HUD.
      1. Service providers are organizations that provide electronic data transmission functions for owners.
         1. Service providers include but are not limited to the following:

Service bureaus,

Local management agents,

Local management associations, and

Management agents with centralized facilities.

* + - * 1. Service bureaus are organizations that provide a number of different services and are paid a fee to do so. Services provided by service bureaus generally include:

\*Preparation of the HUD-50059 and HUD-50059-A based on information provided by the owner or management agent. Their users (owners and management agents) are responsible for verification of the information they provide to the service bureau.

Transmission of the HUD-50059 or HUD-50059-A to TRACS or Contract Administrator.

Providing a copy of the HUD-50059 or HUD-50059-A to the owner for the owner’s signature and for signature(s) by the family, if required. The HUD-50059 and HUD-50059-A provided by the service bureau must be signed, when applicable, and a copy must be provided to the tenant and a copy must also be filed in the tenant file. The owner should compare the data on the HUD-50059 or HUD-50059-A to the data provided to the service bureau to ensure that the information the tenant and the owner have certified to and the data transmitted to TRACS or the Contract Administrator is accurate.

Preparation of electronic monthly subsidy voucher based on the HUD-50059 and HUD-50059-A information.

Transmission of the monthly subsidy voucher to TRACS or the Contract Administrator for payment.

Providing a copy of the monthly subsidy voucher to the owner for signature and for filing in the property files.

Preparation of special claims.

Transmission of approved special claims to the Contract Administrator or TRACS for payment.

\*Providing their users with the income and verification reports obtained from the Enterprise Income Verification (EIV) system.\*

* + - 1. Refer to Figure 7-2 for a discussion of deadlines for TRACS submissions.
      2. Owners that contract out or centralize the electronic-submission function must retain the ability to monitor the day-to-day operations of the property at the property site and be able to demonstrate that ability to the relevant HUD Field Office.

**Figure 7-2: Deadlines for TRACS Submissions**

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| **Section 8, PAC, and PRAC Properties.** The deadline for transmission of vouchers (form HUD-52670) and all related TRACS files supporting the voucher is the 10th calendar day of the month directly preceding the voucher payment month. For example, the February voucher (the February billing) TRACS transmission would be due on January 10.  **RAP and Rent Supplement Properties.** The deadline for transmission of vouchers (form HUD-52670) and all related TRACS files supporting the voucher is the 10th calendar day of the voucher payment month. For example, the February RAP or Rent Supplement voucher TRACS transmission would be due on February 10.  Vouchers submitted after this deadline date may risk late payment.  Note: Contract Administrators may not set an earlier deadline for submission.  The voucher requesting payment for assistance must be submitted within 60 calendar days from the due date. An approved special claim must be submitted within 90 calendar days of the approval date. Payment of both the voucher and approved special claims are subject to the availability of funds for the applicable subsidy year, as determined by HUD.  \*HUD-50059s/HUD-50059-As should be submitted throughout the month as the completed data is available. HUD-50059s/HUD-50059-As supporting a voucher must be transmitted prior to voucher transmission.\* |

* + 1. **Internet Applications**

TRACS Internet applications provide authorized users with the capability to access summary and status information on submissions to the TRACS databases. Owners should refer to the Internet queries to confirm their TRACS transmissions and to monitor processing of voucher payments as necessary. Refer to the “Industry User Guide for TRACS Internet Applications” posted to the \*TRACS website at <http://www.hud.gov/offices/hsg/mfh/trx/trxngde.cfm> for \* detailed information on using these applications.

* + 1. **Funding the Costs of Implementing TRACS**
       1. HUD considers the costs of the electronic transmission to be eligible property-operating costs payable from property income. These costs are also considered property-operating costs for the purpose of processing requests for HUD approval of a rent increase. Eligible costs include the purchase and maintenance of hardware and/or software, the cost of contracting for those services, the cost of centralizing the electronic transmission function, and the cost of Internet access. At the owner’s option, the cost of computer software may include service contracts to provide maintenance and/or training.
       2. Sources of funds that owners may use to purchase hardware and/or software or to contract with an appropriate service provider may include the following:
          1. Current property operating income;
          2. Expense item in processing rent increases (For additional information, refer to HUD Handbook 4350.1, *Multifamily Asset Management and Project Servicing*.);
          3. Loan from the Reserve for Replacement Account. In addition, some purchases are allowable expenses from the Reserve for Replacement Account that can be directly reimbursed and do not have to be structured as a loan. For example, an improvement for hardware or software, in accordance with local, state, and federal regulations, is an allowable Reserve for Replacement expense. (For additional information about a loan from the Reserve for Replacement account, refer to HUD Handbook 4350.1, *Multifamily Asset Management and Project Servicing*.); and
          4. Release from the Residual Receipts Account (For additional information, refer to HUD Handbook 4350.1, *Multifamily Asset Management and Project Servicing*.).
       3. A loan from the Reserve for Replacement Account must be repaid within a five-year period from the release date.
       4. Owners may determine that the purchase of hardware and/or software is not cost effective. In such cases, they may contract out the electronic data transmission function to organizations that provide those services. See paragraph 7-5 \*A 5\* for a discussion of service providers.

## 7.6 Contract Administrator Requirements

* + 1. All Contract Administrators must support receipt of electronic transmissions of certification/recertification and voucher data from the projects they administer. The Contract Administrator may develop custom TRACS-compliant software or purchase software from commercial vendors who offer Contract Administrator versions of TRACS-compliant software packages, or make arrangements to receive transmissions through a service provider.
    2. Contract Administrators must review and identify data errors to be corrected by the owner. To accomplish this review and reconciliation, the Contract Administrators may request copies of supporting documentation for TRACS transmissions, \*such as forms HUD-52670-A part 1, 2, 3, 4, 5 and 6 with original \* signatures from the projects they administer*.*
    3. After the owners have reviewed and corrected any errors in the data and resubmitted the information to their Contract Administrator, the Contract Administrator must electronically transmit data to HUD in the required format.
    4. Contract Administrators are not allowed to require electronic submissions from owners that go beyond TRACS data submission requirements.
    5. \*Contract Administrators should submit to HUD throughout the month, certifications/re-certifications that the contract administrator has reviewed and approved. \*
    6. These requirements apply to Contract Administrators, both Performance-Based Contract Administrators and Traditional Contract Administrators.

## 7.7 Data Collection and Processing Procedures

* + 1. **Overview**

This paragraph presents an overview of key data collection and processing procedures for the TRACS Monthly Activity Transmission.

* + 1. **Monthly Activity Transmission**

The Monthly Activity Transmission (MAT) is a front-end subsystem of TRACS. It accepts data transmitted from the sites to HUD Headquarters in an electronic form and returns messages from HUD Headquarters to the sender sites. MAT performs formatting and data-type validation on the data. MAT will return a file to the sender containing error messages when errors exist.

The sender must correct the errors and resubmit the information. If a Contract Administrator is the sender, the Contract Administrator must promptly forward the error message to the owner. Once the data are validated by the MAT system, the data are sent to TRACS for tenant and voucher processing. All error messages are automatically \*returned via the sender’s iMAX account, and users should review the contents of\* their mailbox daily.

* + 1. **Key Proceduress**
       1. Owners and Contract Administrators must collect and send data to HUD in the prescribed MAT format to the MAT subsystem, which is part of TRACS.
       2. \*The transmission of the data is prescribed in two formats. The MAT Tenant System Record Format is based on the HUD-50059 or HUD-50059-A data. The MAT Voucher/Payment System Format compiles assistance payment and voucher data. Refer to the MAT User’s Guide at <http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm> for a complete description of record types, edits, and additional information on data submissions.\*
    2. **Resources for Understanding and Solving Payments Error Messages**

Refer to Figure 7-3 for resources for understanding and solving payment error messages. The figure provides references to sources of basic information for resolving payments error messages that are a result of MAT Voucher/Payment System Record submissions or LOCCS submissions.

**Figure 7-3: Guide to Understanding and Solving Payments Error Messages**

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| **How to Obtain a Copy of the MAT User’s Guide** |
| The MAT User’s Guide describes the prescribed format MAT record layouts, field characteristics, and HUD-form data locations for all TRACS data transmitted to and from HUD.  A copy of the MAT User’s Guide can be obtained by accessing the TRACS website at <http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm>.  Click the link to TRACS Documents and follow the instructions provided. Contact the HUD Multifamily Help Desk Hotline toll-free at 800-767-7588 with questions or problems. |
| **Resources** |
| If help is needed submitting data to TRACS, owners should contact their software vendor. The vendor should be able to provide troubleshooting advice and guidance on how to submit a correction, deletion, etc. If a determination is made that there is a problem involving the HUD system or if owners need further advice on when to submit a correction, deletion, etc. after consulting with their software vendor, they should contact the Multifamily Help Desk Hotline toll-free at 800-767-7588. When the problem is other than a systems issue, such as a late contract renewal or insufficient funding, owners should contact their Contract Administrator or the local HUD Field Office. |
| **Error Message Basics** |
| The reference materials available on the HUD TRACS website provide additional information on error messages and instructions on follow-up actions. If owners cannot resolve a problem on their own, their software vendor should be able to assist in resolving the problem and enable owners to either resubmit their original transaction or submit a correction to the original submission. |

* + 1. **\*Record-Keeping Requirements for HUD-50059, HUD-50059-A and Vouchers**
       1. Owners must keep the signed HUD-50059(s) and copies of the HUD-50059-A(s) for tenants from the time of move-in to move-out and for a \* minimum of three years thereafter. Owners may move older records off-site when files get large, however, upon request, the files must be made available for review by HUD or the Contract Administrator.
       2. Owners must keep a signed paper copy of the subsidy vouchers for at least five years after HUD or the Contract Administrator action.
       3. Owners must dispose of all files and records in a manner that will prevent any unauthorized access to personal information, e.g., pulverize, shred, etc.

## 7.8 The HUD-50059 and HUD-50059-A

* + 1. \*The business rules to use in completing the HUD-50059 and HUD-50059-A are located in Chapter 5 and Chapter 7 of the 4350.3 Handbook. Information about the specific HUD-50059 and HUD-50059-A requirements can be found in the \* instructions posted with the forms on HUDCLIPS at http://www.hud.gov/offices/adm/hudclips/forms/ or the TRACS MAT User’s Guide. The MAT User’s Guide is available on the TRACS Internet site (see Figure 7-3).
    2. Actions for which owners MUST FULLY complete the owner and tenant data requirements:
       1. Move-ins.
       2. Initial certifications.
       3. Annual recertifications.
       4. Interim recertifications.
       5. When converting a Rent Supplement or RAP tenant to Section 8.
       6. When a HUD-owned project is sold and a tenant begins to receive Section 8 as a result of the sale.
       7. When correcting a previous full submission.
       8. When there is a change in the person who is head of household.

NOTE: Signatures by the head, spouse, co-head, all adult members of the household and the owner are required on the HUD-50059 for the actions listed above. Signatures must be obtained on the HUD-50059 prior to submitting the tenant data to the Contract Administrator or HUD (refer to paragraph 7-5 A.4.b regarding consideration of extenuating circumstances when a family member is not available to sign the HUD-50059). A corrected HUD-50059 reflecting only changes due to a gross rent change, may be transmitted prior to obtaining tenant signatures so long as required signatures are obtained within 60 days. See also MAT Guide Chapter 5, MAT10, Section 2 field 99 Extenuating Circumstances Code and Chapter 4 4.42.6 HAP Payments for Late Recertifications. The signed HUD-50059 is filed in the tenant file.

* + 1. \*Actions for which owners MUST complete the HUD-50059-A:
       1. Move-out.
       2. Termination of assistance.
       3. Unit transfer.
       4. Gross rent change.

NOTE: The owner must sign and date the HUD-50059-A. The head of household must sign and date the completed HUD-50059-A when there is a change in the amount of rent the household must pay, a change in the utility reimbursement, when there is a unit transfer and when required by state or local law. A copy of **all** HUD-50059-As must be retained in the tenant file.

NOTE: Tenant signatures for gross rent changes affecting the rent the household must pay or utility reimbursement must be obtained within 60 days from the date the gross rent change is implemented by the owner, as evidenced by the owner’s submission of the voucher whereby the owner begins vouchering for assistance based on the new rents. Signatures for a unit transfer or when required by state or local law must be obtained before submitting the data to the Contract Administrator or TRACS.

NOTE: For processing unit transfers and gross rent increases in TRACS, refer to the instructons posted with the HUD-50059 and HUD-50059-A on HUDCLIPS at http://www.hud.gov/offices/adm/hudclips/forms/ or the MAT Users Guide posted at [http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm.\*](http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm.*)

## 7.9 Resources

* + 1. This paragraph summarizes some of the resources available to TRACS users. Owners should visit the TRACS website often, as announcements and documents are posted regularly.

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| **TRACS Information Updates**  TRACS frequently posts announcements on the TRACS website. These announcements notify owners and management agents of new procedures being implemented in TRACS.  Link to <http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm> for information on new TRACS error messages, for implementation of industry specifications, for TRACS Industry meetings, and for other important announcements. |

* + 1. References are provided in this paragraph to resources for understanding TRACS and interpreting and correcting error messages. All resources can be accessed through the TRACS website located at <http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm>.
    2. TRACS produces documents for owners. All documents can be accessed via the TRACS Documents website at the following address: <http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm>. Documents that are current as of publication of this handbook are as follows:
       1. \*Integrated Multifamily Access eXchange (iMAX) User Guide provides guidance to Contract Administrators, Owners and Management Agents who have subsidy contracts with HUD for transmitting tenant data and voucher data files to HUD and to other Owners, Management Agents and Contract Administrators registered with iMAX.[http://www.hud.gov/offices/hsg/mfh/trx/pdf/imaxuserguide.pdf\*](http://www.hud.gov/offices/hsg/mfh/trx/pdf/imaxuserguide.pdf*)
       2. Monthly Activity Transmission (MAT) User’s Guide provides the information necessary to understand the MAT requirements for preparing and transmitting data. This guide describes the prescribed MAT record layouts, field characteristics, and procedures to respond to error messages returned by TRACS: <http://www.hud.gov/offices/hsg/mfh/trx/trxmatg.cfm>
       3. Industry User Guide for TRACS Internet Applications provides detailed information to assist you in accessing and using the Voucher, Certification, and Tenant Unit Address Queries. The queries are used to facilitate retrieval of voucher and certification information: <http://www.hud.gov/offices/hsg/mfh/trx/trxngde.cfm>
       4. Owners also have the option of contacting the Multifamily Help Desk hotline or their software vendor with any questions concerning MAT errors. Owners and Contract Administrators should always contact their software vendor first to address issues concerning their software. When the problem cannot be resolved by the software vendor, owners should then call the toll-free Multifamily Help Desk hotline number, which is 800-767-7588.
          1. The Multifamily Help Desk hotline uses the MAT User’s Guide to identify the mandatory field and format errors. The Multifamily Help Desk hotline is also authorized to respond to file transfer errors.

* + - * 1. Except for fatal TRACS errors, the errors reported back to the owner are also available to the Field Office personnel through TRACS screens. With both owners and Field Offices equipped with summarized accounts of system-detected errors, inconsistencies in information can be quickly identified and corrected.
        2. When Field Office and Multifamily Help Desk hotline staff interact with an owner to resolve errors or other problems, the TRACS on-line discrepancy screens are used to look up the tenant data and reported errors.
      1. Multifamily Help Desk Hotline personnel, Field Office staff, and Contract Administrators cannot update information in TRACS. Owners must always resubmit their own data to correct errors. Field Office staff can correct incorrect project/contract numbers in the Contracts database and update funding amounts in the Automatic Renewal and Amendment Management Sub-system (ARAMS) database.

**Section 2: Payments**

## 7.10 Key Regulations and Statutes

This paragraph identifies key regulatory and statutory citations pertaining to Section 2: Payments. The citations and their topics are listed below.

* + 1. 24 CFR 880.601, 881.601, 883.701, 884.118, 886.119 (Responsibilities of the owner)
    2. 18 U.S.C.1001 (Criminal prohibitions and penalties)
    3. 31 U.S.C. 3729 (Civil prohibitions and penalties)

## 7.11 Assistance Payments, Special Claims, Utility Reimbursements, and Excess Income – General

* + 1. This section describes the various types of payments that involve owners, tenants, and HUD in connection with rent payments and rent subsidy. In some cases, the owner receives assistance from HUD in the form of a rent subsidy. In HUD-subsidized multifamily properties where tenants pay for utilities, the owner receives assistance from HUD, which includes subsidy amounts for both rent and utilities. Under certain circumstances described in paragraph 7-13, the owner must remit a utility reimbursement to tenants.
    2. While 4350.3 paragraph 5-25 describes the methods by which the owner calculates the tenant rent and total tenant payment (TTP) for properties with project-based rental assistance, this section describes the requirements and procedures that owners must follow to receive assistance payments from HUD for the property.
    3. This section explains when owners may bill HUD for special claims: tenant damages, unpaid tenant rent, vacancy losses, and debt service. This section also describes the procedures owners must follow to file a special claim.
    4. In addition, this section describes the rules and procedures for handling utility reimbursements. Paragraph 5-26 C in the 4350.3 explains how utility allowances affect the rent the tenant ultimately pays for his or her unit. The owner may receive utility allowances in addition to rental assistance for households in assisted units when the tenants are responsible for paying utility costs. This section explains circumstances under which owners must give tenants utility reimbursements.
    5. Finally, this section discusses requirements and procedures that owners of Section 236 properties must follow to report and remit or retain excess income (i.e., amounts the property receives when a tenant’s rent payment is in excess of the basic rent for the unit).

## 7.12 Assistance Payments

* + 1. **Applicability**

Assistance payments are available to all properties under the programs listed in Figure 1-1 except:

* + - 1. Section 236 properties without an assistance contract; and
      2. Section 221(d)(3) BMIR properties without an assistance contract.
    1. **Key Requirements**
       1. To obtain assistance payments, the owner must submit an electronic monthly subsidy billing to HUD or the property’s Contract Administrator. The submission is required even when the owner is not requesting any assistance for the billing month. (See Section 1 of this chapter for information on required electronic transmissions to HUD through the Tenant Rental Assistance Certification System – TRACS.)   
            
          **NOTE:** When a voucher is submitted that does not request assistance, the voucher information is stored in TRACS and is not transmitted to the Line of Credit Control System (LOCCS).
       2. A paper copy of form HUD-52670, *Housing Owner’s Certification and Application for Housing Assistance Payments*, generated by the owner’s TRACS software, bearing an original signature and consistent with the corresponding electronic transmission, must be kept on file by the owner for each monthly subsidy period that the owner receives assistance payments. The file must also include form HUD-52670-A part 1, *Schedule of Tenant Assistance Payments Due* (along with forms HUD-52670-A part 3, *Adjustments to Schedule of Tenant Assistance Payments Due;* part 4, *Misc. Accounting Request for Schedule of Tenant Assistance Payments Due*; part 5, A*pproved Special Claims for Schedule of Tenant Assistance Payment Due, and part 6, Repayment Agreements for Schedule of Tenant Assistance Payments* Due if applicable)and forms HUD-52671-A through D, *Special Claims Worksheets*, if applicable, generated by the owner’s TRACS software, as supporting documentation.
       3. A HUD-50059 effective in the voucher month, with the original signature of the head, spouse, co-head, and all adult family members (refer to paragraph 7-5 A.4.b regarding consideration of extenuating circumstances when a family member is not available to sign the HUD-50059) or a HUD-50059-A signed by the owner and the head of household, when applicable, and consistent with the forms HUD-52670 and HUD-52670-A must be on file at the project for each tenant listed on the form HUD-52670-A. The owner must also sign and retain copies of \* \*the facsimile of the voucher (form HUD-52670), forms HUD-52670-A parts 1, 2, 3, 4, 5 or 6 and other related forms.\* Note: Normally a new 50059 effective in the voucher month will be signed and transmitted during the calendar month prior to the voucher date for Section 8, PRAC and PAC.

For example, an August 1 AR certification will typically be transmitted in July and will serve as the basis for payment for the August voucher—in other words, it will be active on the August voucher even though it is not yet effective when the voucher is created and transmitted.

* + - 1. The owner’s application for assistance payments must be limited to the number and type of units under contract as of the given subsidy month according to the identification of contract units and rents in the project-based assistance payments contract. Assistance for any particular unit cannot be claimed under more than one assistance contract for the same voucher period except for partial-month occupancy when a mve-in and move-out is processed in the same month.
      2. The owner must comply with the assistance contract in order to continue receiving assistance payments from HUD.

**NOTE:** If an owner elects to grant rent concessions, the owner cannot bill HUD for either the rental assistance or the tenant’s portion of the rent for the month or months the concession is given.

* + 1. **Procedures for Obtaining Assistance Payments from HUD**

To obtain monthly assistance payments for all eligible units, the owner must submit a request for payment to HUD or the property’s Contract Administrator.

* + - 1. \*To secure payment, owners must complete forms HUD-52670 and HUD-52670-A part 1, along with HUD-52670-A parts 3, 4 and 5 and 6 as needed, on a monthly basis**.** The owner must submit form HUD-52670-A part 2 as applicable only after special claims have been approved by the HUD Field Office or Contract Administrator. The owner must prepare a separate form HUD-52670 for each of the property’s assistance contracts to report the following:\*
         1. Regular tenant assistance payments and adjustments; and
         2. Approved special claims.
      2. \*Prior to submitting requests for assistance payments or special claims payments to HUD or the Contract Administrator, all of the required HUD-50059 or HUD-50059-A tenant information must be submitted electronically to TRACS. \*
    1. **Assistance Payment Calculations**
       1. For Section 8, Section 202 PAC, RAP, and Rent Supplement properties, the assistance payment is the gross rent minus the TTP. If applicable, the assistance payment may include a utility reimbursement that the owner must provide to the tenant. For a discussion of utility reimbursements, refer to paragraph 7-13.
       2. For Section 811 PRAC and Section 202 PRAC units, the assistance payment is the difference between the unit operating rent and the TTP.
          1. The difference between the unit operating rent and the TTP may be a negative amount. If so, the owner must record this amount on the voucher.
          2. \*When the total Regular Assistance Payments on the voucher for any given month is a negative amount, the owner must deposit this amount into the property’s Residual Receipts account on a monthly basis.

When both the total Regular Assistance Payments and the total Adjustments to Regular Assistance Payments on the voucher for any given month are negative amounts, the owner must deposit the total negative amount of Regular Assistance Payments into the property’s Residual Receipts account and make an adjustment on the next scheduled voucher to repay HUD the amount of the total negative Adjustments to Regular Assistance Payments.

* + - * 1. When the total Regular Assistance Payments on a voucher for any given month is a positive amount and both the total Adjustments to Regular Assistance Payments and the Total Subsidy Authorized are negative amounts, an adjustment must be made on the next scheduled voucher to repay HUD the amount in Total Subsidy Authorized.\*
        2. When a project continuously has negative vouchers where adjustments cannot be made on the voucher to return amount(s) due HUD, the owner should be required to issue a check for payment
    1. **Payments for Partial-Month Occupancies**

Owners are entitled to an assistance payment only for the actual number of days during the month that the tenant occupied the unit. If the move-out date is unknown because the tenant failed to notify the owner prior to moving out, the move-out date is the day the vacancy is discovered.

* + - 1. Exception for deceased tenants. The owner must prorate the assistance payment for a tenant who died during the month to the earlier of
         1. 14 days after the tenant’s death; or
         2. The day the unit was vacated.
      2. Calculating assistance for units vacated and re-occupied on the same day. For a unit that is vacated and re-occupied on the same day, the owner is only entitled to request assistance for the former tenant through the last full day of occupancy. The owner will request assistance for the new tenant beginning with the move-in day. The owner must never request assistance for both tenants on the same day.
      3. Calculating partial-month occupancies.
         1. The owner must calculate partial-month occupancies by:

Dividing the monthly assistance amount by the actual number of days in the month;

\*Rounding the result to the nearest $0.01 (i.e., round up at $0.005) (e.g., $1.645012 becomes $1.65); and \*

Multiplying the result by the actual number of days the tenant lived in the unit.

* + - * 1. The owner must round the result of the multiplication above to the nearest whole dollar. The owner will round up starting at $0.50.
        2. When a tenant moves or transfers out of a unit or tenancy is terminated, owners must calculate assistance for these partial-month occupancies using the calculation method shown in Example – Move-Out below.

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| --- |
| **Example – Move-Out**  A tenant moved out on February 17, 2000 (a leap year). The assistance payment is $343 at the time of move-out. This example calculates the amount of money the owner must reimburse HUD for February.  Monthly assistance: $343.00  Divided by 29 days: 29  Daily assistance payment: $11.827586 = $11.83 (daily assistance is rounded to the nearest $0.01)  Multiply by the number of days  the tenant actually lived in the unit: 17  Assistance earned by the owner: $201.11  Round to the nearest dollar: $201.00  This equals the amount of assistance the owner is entitled to keep. Because the assistance was billed for in advance, the owner must reimburse HUD the difference between the monthly assistance and the amount the owner is entitled to keep.  Monthly assistance: $343.00  Less eligible assistance: -$201.00  Amount reimbursed to HUD: $142.00 |

* + - * 1. When a tenant moves or transfers into a unit, converts from RAP or Rent Supplement, or undergoes initial certification, owners must calculate assistance for these partial-month occupancies using the calculation method shown in the Example – Move-In below.

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| --- |
| **Example – Move-In**  A new tenant moved in on December 16. The assistance payment is $350. This example calculates the amount of money the owner/agent must bill HUD for December.  Monthly assistance: $350.00  Divided by 31 days: 31  Daily assistance: $11.290323 = $11.29  Multiplied by the number of days  the tenant actually lived in the unit: 16  Assistance earned: $180.64  Round: $181.00  The owner/agent will bill HUD for this amount. |

* + - 1. Guidelines for adjustments.
         1. \*See Appendix H of the MAT User Guide for detailed instructions concerning the calculation of adjustments and their presentation on a voucher. The spreadsheet accompanying the Guide (202DAdjustmentCalculations.xls) contains examples.\*
         2. A Unit Transfer may involve two adjustment calculations. The end of assistance in the old unit (Unit Transfer-Out) has an effective date one day earlier than the effective date of the unit transfer. The start of assistance in the new unit (Unit Transfer-In) is as of the effective date of the unit transfer.
         3. \*All adjustments are done from the first of the month during which billing changes caused by new or changed certifications start, forward to the earlier of the following:

The day prior to the date of the voucher on which the adjustment is being reported; or

The end of the month during which billing changes caused by new or changed certifications end.

* + - * 1. All changed billing for a tenant and unit is reported by returning all previous billed amounts and then billing for the same period, including any new or correct amounts. See the MAT User guide, Appendix H, for examples.
        2. If the action causing the adjustment affects a subsequent certification or certifications in the chain of certifications, then the \* owner must correct the subsequent certification(s) and report the billing changes as outlined in the MAT User Guide.
        3. When calculating an adjustment involving two partial months, calculate the daily assistance for each month by using the formula for calculating daily assistance. The adjustment for each month must be calculated separately following the rules in the MAT User guide and spreadsheet.
    1. **Certifications Required of the Owner**

In order to receive an assistance payment, the owner must certify each month that:

* + - 1. The information provided by the owner was true.
      2. Assistance payments, recertifications, and special claims are computed accurately.
      3. All required unit inspections have been completed (i.e., move-in and move-out).
      4. All assisted units are in a decent, safe, and sanitary condition.
      5. The owner has not previously billed for or received the assistance payments requested in the current voucher.
      6. The facts and data reported to HUD are actual and timely (i.e., the household for which the owner is requesting the assistance payment actually resides in the unit).
      7. Payments have not been received from the tenant or other sources beyond that authorized in the assistance contract or the lease, except as permitted by HUD.
    1. **Criminal and Civil Penalties for Fraud**

If owners knowingly submit false information on the assistance payment voucher, they may be subject to criminal and/or civil penalties, as well as penalties imposed by HUD.

* + - 1. Criminal prohibitions and penalties.
         1. Owners and their agents are prohibited from knowingly and willingly making or using a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States.
         2. The actions described above are punishable by a fine of not more than $10,000, or imprisonment for up to five years, or both.
      2. Civil prohibitions and penalties.
         1. The owner is prohibited from knowingly presenting, or causing to be presented, a false or fraudulent claim; or knowingly making, using, or causing to be used, a false record or statement; or conspiring to defraud the government by getting a false or fraudulent claim allowed or paid.
         2. An owner convicted of the actions described above is subject to a civil penalty of not less than $5,000 and not more than $10,000, plus three times the amount of damages.
      3. Penalties imposed by HUD. If an owner makes false statements or false certifications on the voucher, this may lead to the imposition of:
         1. Penalties and assessments under the Program Fraud Civil Remedies Act as implemented by HUD's Regulations, 24 CFR, part 30;
         2. Civil money penalties under the HUD Reform Act of 1989, as implemented by HUD's Regulations, 24 CFR, part 28; or
         3. Administrative sanctions by HUD pursuant to CFR Part 24.

## 7.13 Utility Reimbursements

* + 1. **Overview**

In properties with individually metered units, tenants pay their own utility bills. However, HUD has established a means to help ensure that tenants can pay their utility bills; as part of the assistance payment, tenants may receive either a utility allowance or utility reimbursement.

* + 1. **Key Requirements**
       1. Funds covering the utility reimbursement will be paid to the owner in trust, solely for the purpose of making utility reimbursements. If the utility reimbursement is not disbursed to the tenant or utility provider (e.g., tenant never picks up the check, tenant never cashes the check or tenant moves-out), the funds must be returned to HUD. The check should be voided and the funds returned to HUD as an adjustment on the voucher. The owner needs to ensure before returning the funds that the tenant has been given sufficient opportunity to cash the checks and that all attempts have been exhausted in reaching former tenants, including any requirements under state or local law.
       2. The owner must provide the utility reimbursement to the tenant or utility provider within 5 business days of receipt of the assistance payment from HUD.

Note: As required by 24CFR §5.632 of the current PBRA regulations, where tenants pay for their utility usage, owners must reimburse tenants if the utility allowance exceeds the total tenant payment, but they do not specify how frequently such reimbursement must be made. Such silence may have led owners to the assumption that reimbursements must be monthly, causing them to process small monthly checks and expend postage to mail them to voucher holders, which may constitute an administrative and financial burden.

The interim final rule (**Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews Under the Fixing America’s Surface Transportation (FAST) Act** published on 12/12/2017) explicitly allows owners to make reimbursements of $45 or less (per quarter) on a quarterly basis, in order to eliminate the burdensome process of processing and mailing monthly reimbursement checks. In the event a family leaves the program in advance of its next quarterly reimbursement, the owner would be required to reimburse the family for a prorated share of the applicable reimbursement. Owners exercising this option will be required to have a policy in place to assist tenants for whom the quarterly reimbursements will pose a financial hardship.

* + 1. **Reimbursement Options**

Rather than paying the utility reimbursement directly to the household, if the household and utility consent, the owner may:

* + - 1. Make the utility reimbursement payable jointly to the household and the utility company; or
      2. Pay the reimbursement directly to the utility company.