# Required HUD 50059, HUD 50059A, and 52670 Assistance Payment Request

Table of Contents

[Chapter 5 Required HUD 50059, HUD 50059A, and 52670 Assistance Payment Request 1](#_Toc142370612)

[5.1 Introduction 5](#_Toc142370613)

[5.1.1 Procedures 5](#_Toc142370614)

[5.2 TRACS 5](#_Toc142370615)

[5.3 Source Data - HUD Forms 5](#_Toc142370616)

[5.3.1 Printing Vendor Information on HUD Forms 6](#_Toc142370617)

[5.3.2 Inclusion of OMB Expiration Dates for HUD/TRACS Forms 6](#_Toc142370618)

[5.4 Owner/Agent TRACS Submission Requirements - Electronic Data Processing and Transmission 6](#_Toc142370619)

[5.4.1 Recordkeeping Requirements for HUD 50059, HUD 50059A and Vouchers 8](#_Toc142370620)

[5.5 Contract Administrator Requirements Related to TRACS Submissions 9](#_Toc142370621)

[5.5.1 Contract Administrators – Handling of TRACS Errors 10](#_Toc142370622)

[5.5.2 Contract Administrators - Returning Messages to Owner/agents 10](#_Toc142370623)

[5.5.3 Contract Administrators - Error Checking 10](#_Toc142370624)

[5.5.4 CA Treatment of Terminated/Suspended Households 14](#_Toc142370625)

[5.6 Identification Code (Social Security Number) Rules 14](#_Toc142370626)

[5.7 The HUD 50059 and HUD 50059A 16](#_Toc142370627)

[5.7.1 The HUD 50059 New Fields for TRACS 2.0.3.A 16](#_Toc142370628)

[5.7.2 HUD Form 50059 MAT10 Full Certifications 26](#_Toc142370629)

[5.7.3 Actions For Which Owners MUST Complete The HUD 50059A 27](#_Toc142370630)

[5.7.4 Signature Requirements HUD Form 50059 27](#_Toc142370631)

[5.7.5 Rent Calculations When There is a Low-income Housing Tax Credits (LIHTC) Contract 31](#_Toc142370632)

[5.8 Correcting MAT10 Full Certifications 32](#_Toc142370633)

[5.8.1 How To Correct A MAT 10 Full Certification Effective Date 32](#_Toc142370634)

[**5.8.2 Correcting or Changing the HOH Identifiers – Previous Head Fields** 33](#_Toc142370635)

[5.8.3 Correcting HOH Identity Code Originally Entered as 999999999 33](#_Toc142370636)

[5.8.4 Identification Code Originally Entered as 999999999 For Exempt Adult Member Other Than The HOH 36](#_Toc142370637)

[5.8.5 Identification Code Originally Entered as 999999999 For Exempt Minors 37](#_Toc142370638)

[5.9 50059 Move-in Certifications 37](#_Toc142370639)

[5.9.1 MI - Tenants Who Were Not Eligible at Move-in 38](#_Toc142370640)

[5.10 50059 Initial Certifications 38](#_Toc142370641)

[5.10.1 IC - Resident Moving From One Program Type to Another 39](#_Toc142370642)

[5.10.2 IC - Resident Housed in a 236 Or Other Unassisted Unit 39](#_Toc142370643)

[5.10.3 IC - Income Increase Resulting in TM Then Income Decreases Resulting in IC 39](#_Toc142370644)

[5.10.4 IC After Termination for Cause 40](#_Toc142370645)

[5.10.5 IC After Suspension for Rehab/Repair 40](#_Toc142370646)

[5.11 Annual Recertifications (New) 40](#_Toc142370647)

[5.11.1 AR - Next Annual Recertification Effective Dates 42](#_Toc142370648)

[5.11.2 AR Reminder Notices 44](#_Toc142370649)

[5.11.3 Annual Recertification Examples 45](#_Toc142370650)

[5.11.4 Processing an Annual Recertification When Tenant Provides Notice to Move 57](#_Toc142370651)

[5.11.5 Tenant Reports and Provides Required Documentation On Or After The Next Recert Date 57](#_Toc142370652)

[5.12 Interim Recertification 58](#_Toc142370653)

[5.13 Other Recertification 59](#_Toc142370654)

[5.14 HUD Form 50059A 59](#_Toc142370655)

[5.15 Signature Requirements HUD Form 50059A 59](#_Toc142370656)

[5.15.1 Signature Rules for Gross Rent Changes 60](#_Toc142370657)

[5.16 Move-out (MAT 40) Transactions 62](#_Toc142370658)

[5.16.1 Move-out Effective Date Rules 62](#_Toc142370659)

[5.16.2 Death of a Sole Household Member 64](#_Toc142370660)

[**5.16.3 How To Correct A Move-out** 64](#_Toc142370661)

[5.16.4 How to Re-Activate a Tenant Following a MO or TM Sent In Error 65](#_Toc142370662)

[**5.16.5 Correcting Partial Certifications After a Full Cert Insertion or Correction** 66](#_Toc142370663)

[5.17 Gross Rent Changes 66](#_Toc142370664)

[5.17.1 Submitting GRC Transactions - Preventing TRACS Issues 67](#_Toc142370665)

[5.17.2 Gross Rent Change Submitted in Advance of the GR Effective Date 70](#_Toc142370666)

[5.17.3 Correcting a Gross Rent Change 70](#_Toc142370667)

[5.18 Unit Transfers 70](#_Toc142370668)

[5.18.1 Combining a UT with a Full Certification - General 71](#_Toc142370669)

[5.18.2 UT/GR Both Effective on the Same Day 72](#_Toc142370670)

[5.18.3 Unit Transfers & HUD Projects with Low-income Housing Tax Credits 72](#_Toc142370671)

[5.18.4 Unit Change How to Decide What Transaction to Submit 73](#_Toc142370672)

[5.18.5 UT When There is a Change to Household Composition or Adjusted Income Requiring an IR 74](#_Toc142370673)

[5.19 Terminations/Suspensions 77](#_Toc142370674)

[5.19.1 TM/Suspension AR - New Asset Restriction (HOTMA) 80](#_Toc142370675)

[5.19.2 TM/Suspension CE - Moving From One Subsidy Type to Another 80](#_Toc142370676)

[5.19.3 TM/DE Death of a Sole Household Member 81](#_Toc142370677)

[5.19.4 TM/DS Double Subsidy/Dual Assistance 81](#_Toc142370678)

[5.19.5 TM/HQ – TRACS Auto Generated TM - Next Recertification Date is More Than 15 Months Past Due 86](#_Toc142370679)

[5.19.6 TM/OA - Late AR Due to Owner/agent Action (New) 87](#_Toc142370680)

[5.19.7 TM/Suspension RD - PBRA RAD Tenant Transferred To Other Housing During Rehab 89](#_Toc142370681)

[5.19.8 TM/Suspension RH – New PBRA RAD Resident Relocated for Rehab Before Contract Effective Date 89](#_Toc142370682)

[5.19.9 TM/Suspension TI – AP = Zero 90](#_Toc142370683)

[5.19.10 TM/Suspension TR – Tenant Did Not Recertify On Time 90](#_Toc142370684)

[5.20 How to Split a Household or Swap a Household Member 91](#_Toc142370685)

[5.21 Implementation of HOTMA – 2024 Certifications Submitted Using TRACS 202D Rules 92](#_Toc142370686)

[5.21.1 Resident’s TTP/Tenant Rent Is Lower Using HOTMA Rules 93](#_Toc142370687)

[5.21.2 Resident’s TTP/Tenant Is Higher Using HOTMA Rules 94](#_Toc142370688)

[5.22 Hardship Exemptions 97](#_Toc142370689)

[5.22.1 Minimum Rent (TTP) Financial Hardship Exemptions (Section 8 & 202/8 only) 97](#_Toc142370690)

[5.22.2 No Hardship – Minimum Rent (Section 8 & 202/8 only) 98](#_Toc142370691)

[5.22.3 Minimum Rent Temporary Financial Hardship Exemption (Section 8 & 202/8 only) 98](#_Toc142370692)

[5.22.4 Minimum Rent Long-term Financial Hardship Exemption (Section 8 & 202/8 only) 99](#_Toc142370693)

[5.22.5 Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense Deduction Phase-in Hardship Exemption 100](#_Toc142370694)

[5.22.6 Childcare Expense Deduction Financial Hardship Exemption 101](#_Toc142370695)

[5.23 Assistance Payments 103](#_Toc142370696)

[5.23.1 Assistance Payments 103](#_Toc142370697)

[5.23.2 Procedures for Obtaining Assistance Payments from HUD 104](#_Toc142370698)

[5.23.3 Assistance Payment Calculations 104](#_Toc142370699)

[5.23.4 Rent Override 105](#_Toc142370700)

[5.24 Utility Allowance/Reimbursements 109](#_Toc142370701)

[5.24.1 HUD Housing Notice 15-04 109](#_Toc142370702)

[5.24.2 DAS Memo 109](#_Toc142370703)

[5.24.3 Tenant Rent 110](#_Toc142370704)

[5.24.4 Utility Reimbursement 110](#_Toc142370705)

[5.24.5 Periodic Review of the Utility Allowance 111](#_Toc142370706)

[5.24.6 Baseline Utility Analysis – Year One 111](#_Toc142370707)

[5.24.7 Factor-Based Utility Analysis (Years two and three) 112](#_Toc142370708)

[5.24.8 Requirements for Resident Households 112](#_Toc142370709)

[5.24.9 Resident Disclosure of Utility Assistance (Other than HUD) 113](#_Toc142370710)

[5.24.10 Implementation of Utility Allowance Decreases 113](#_Toc142370711)

[5.24.11 Notice to Residents 114](#_Toc142370712)

[5.24.12 TRACS 202D 114](#_Toc142370713)

[5.24.13 UA Changes Outside the Contract Rent Adjustment Schedule 115](#_Toc142370714)

[5.24.14 Allowances for New Construction and Substantial Rehab 115](#_Toc142370715)

[5.24.15 Reimbursement Options 115](#_Toc142370716)

[5.24.16 Prorating Utility Reimbursement at Move-out - $15 or Less Per Month 115](#_Toc142370717)

[5.24.17 Uncollected Utility Reimbursements 116](#_Toc142370718)

[5.25 Excess Income 116](#_Toc142370719)

[5.26 Vouchers 116](#_Toc142370720)

[5.26.1 Voucher Signatures 117](#_Toc142370721)

[5.26.2 Certifications Required of the Owner 117](#_Toc142370722)

[5.26.3 Criminal and Civil Penalties for Fraud 117](#_Toc142370723)

[5.26.4 CA Return of Approved MAT 30 118](#_Toc142370724)

[5.27 Anticipated Voucher Dates – When Certifications May Appear on a Voucher 118](#_Toc142370725)

[5.27.1 Reporting a Move-in (MI) MAT10 Certification on the Voucher 120](#_Toc142370726)

[5.27.2 Reporting an Annual Recertification on the Voucher 120](#_Toc142370727)

[5.27.3 Reporting an Interim Recertification on the Voucher 120](#_Toc142370728)

[5.27.4 Reporting an Initial Certification on the Voucher 121](#_Toc142370729)

[5.27.5 Reporting a Gross Rent Change on the Voucher 122](#_Toc142370730)

[5.27.6 Reporting a Unit Transfer (UT) MAT70 Certification on the Voucher 122](#_Toc142370731)

[5.27.7 Reporting a Termination/Suspension Certification on the Voucher 123](#_Toc142370732)

[5.27.8 Reporting a Move-out (MO) MAT40 Certification on the Voucher 123](#_Toc142370733)

[5.28 Miscellaneous Accounting Requests 123](#_Toc142370734)

[5.28.1 Miscellaneous Accounting Requests - New Fields and Field Requirements 124](#_Toc142370735)

[5.28.2 Miscellaneous Accounting Request Codes & Their Function 124](#_Toc142370736)

[5.29 Repayment Agreements and FSS Escrows 133](#_Toc142370737)

[5.30 Repayment Agreements and Improper Payment Tracking 133](#_Toc142370738)

[5.30.1 Determining Whether or Not a Tenant Repayment Agreement is Required 137](#_Toc142370739)

[5.30.2 Repayment Agreement Amount Calculation 137](#_Toc142370740)

[5.30.3 Agreement IDs 138](#_Toc142370741)

[5.30.4 Repayment Agreements Records 138](#_Toc142370742)

[5.30.5 Multiple Outstanding Repayment Agreements for A Tenant 141](#_Toc142370743)

[5.30.6 Improper Payment Tracking in The Absence Of A Repayment Agreement: 144](#_Toc142370744)

[5.30.7 Processing A Gross Rent Change in The Same Voucher Month as Transactions That Will Be Reversed Subject to A Repayment Agreement 145](#_Toc142370745)

[5.31 Family Self Sufficiency (FSS) Escrows 145](#_Toc142370746)

[5.31.1 FSS Forfeiture (Termination) 146](#_Toc142370747)

[5.32 TRACS 2.0.3.A Transition Rules – Repayment Agreements & FSS Escrows 147](#_Toc142370748)

[5.32.1 TRACS 2.0.3.A Transition Rules - Repayment Agreements 147](#_Toc142370749)

[5.32.2 Repayment Agreement/FSS Escrow Baseline—Required On The First 203A Voucher 148](#_Toc142370750)

[5.32.3 Providing Repayment Agreement Information That Was Not Reported Previously 149](#_Toc142370751)

[5.33 State Agency 811 PRA Voucher Creation Instructions: 150](#_Toc142370752)

[5.33.1 811 PRA MAT30 Section 6 Record--Miscellaneous Accounting Requests 151](#_Toc142370753)

[5.33.2 811 PRA - TRACS File Data Flow 151](#_Toc142370754)

[5.33.3 811 PRA - Examples Parent/Child Vouchers: 152](#_Toc142370755)

[5.34 Utility Reimbursements 153](#_Toc142370756)

[5.34.1 Uncollected Utility Reimbursements 153](#_Toc142370757)

[5.34.2 Utility Reimbursement PRAC 154](#_Toc142370758)

[5.34.3 Utility Reimbursement Options 154](#_Toc142370759)

[5.35 Vouchers – PBRA Housing Assistance Payment Requests 154](#_Toc142370760)

[5.35.1 Billing for All Units 155](#_Toc142370761)

[5.35.2 Sorting on HAP Vouchers 158](#_Toc142370762)

[5.36 Market Rate Tenants 160](#_Toc142370763)

[5.36.1 4.7.1 Submitting Data for Market Rate Tenants 160](#_Toc142370764)

[5.36.2 4.7.2 Treatment of Market Tenants on the HAP Voucher 162](#_Toc142370765)

[5.36.3 4.7.3 Market Tenants in Tax Credit Communities 162](#_Toc142370766)

[5.37 HAP Payments for Late Recertifications 163](#_Toc142370767)

[5.37.2 Extenuating Circumstances Codes On ARs And The Impact On The 15-Month Rule 167](#_Toc142370768)

[5.37.3 Certifications with Effective Dates After the Next Recert Date And Prior To The Submission of an AR 167](#_Toc142370769)

[5.38 First and Last HAP Vouchers 167](#_Toc142370770)

[5.39 TRACS Errors 168](#_Toc142370771)

[5.39.1 Resources for Understanding and Solving Payments Error Messages 168](#_Toc142370772)

[5.40 CA MAT30s - When Is a Single Vs a Double Record Created and Returned? 169](#_Toc142370773)

[5.41 Special Claims 172](#_Toc142370774)

[5.41.1 Special Claims For PRACs & 811 PRAs – Need to expand for all programs 173](#_Toc142370775)

***Note: In previous versions of the MAT Guide – This was Chapter 7***

***Note****: Handbook references are to HUD Handbook (HH) 4350.3 REV-1, Change 4.*

***Note:*** *References to RAD are to PBRA RAD. Consumers of this document should be clear that this document is intended for the PBRA programs administered under the Multifamily Housing Division. These rules may not be applicable to the PBV RAD program administered by Public and Indian Housing.*

***Note:*** *References to the voucher are references to the HUD 52670 and not the PIH Housing vouchers unless explicitly indicated.*

***Note:*** *While there are some references to RAD, 811 PRA and 202 SPRAC, all references have not been included in this version.*

## Introduction

This chapter describes the requirements for transmitting subsidy-related data to the Tenant Rental Assistance Certification System (TRACS) using HUD Forms 50059, 50059A and 52670 et. al.

These data include tenant data, and requests for housing Assistance Payments (AP), Utility Reimbursements (UR), and Special Claims.

Industry Stakeholders should reference [24 CFR, part 208 Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects](https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-208) for regulatory guidance.

### Procedures

Owners and Contract Administrators (CAs) must collect and send data to HUD in the prescribed Monthly Activity Transmission (MAT) format to the MAT subsystem, which is part of TRACS.

The transmission of the data is prescribed in two formats.

1. The MAT Tenant System Record Format is based on the HUD 50059 or HUD 50059A data.
2. The MAT Voucher/Payment System Format compiles Assistance Payment and voucher data. Refer to the MAT User’s Guide at <https://www.hud.gov/program_offices/housing/mfh/trx/trxdocs> for a complete description of record types, edits, and additional information on data submissions.

For information about TRACS submissions, see Chapter 3 TRACS Operating Tips.

## TRACS

Also see Chapter 1 of this MAT Guide.

TRACS was developed to help improve financial controls over HUD’s Multifamily Housing (MFH) programs.

TRACS collects and stores certified tenant data and subsidy payment vouchers from owner/agents and management agents of MFH projects (owner/agents) – either directly from the owner/agents or from organizations acting as CAs for HUD.

Data may also be submitted by service providers/service bureaus who are paid by the project or CA to collect, calculate, complete, and submit the data to TRACS on their behalf.

## Source Data - HUD Forms

Electronic versions of HUD forms are used to transmit data from the owner/agent to the TRACS database. For a majority of Section 8 and 202/8 contracts, owner/agents will submit all transmissions to an assigned CA who will forward compliant data to TRACS.

*Note: At the time of writing, HUD is acting as the CA for the PBRA RAD contracts.*

The HUD forms which provide the bases for electronic submissions and primary data feeds to TRACS are:

* [HUD 50059, Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 50059A, Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures – Partial Certification](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* For information on the data requirements for the HUD 50059 and HUD 50059A, refer to the instructions posted with the forms on HUDCLIPS at <https://www.hud.gov/program_offices/administration/hudclips/forms/hud5> or the Monthly Activity Transmission (MAT) User’s Guide on the TRACS website at <https://www.hud.gov/program_offices/housing/mfh/trx/trxdocs>
* [HUD 52670, Housing Owner's Certification & Application for Housing Assistance Payments](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 1, Schedule of Tenant Payments Due](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 2, Special Claims Schedule](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 3, Adjustments to Schedule of Tenant Assistance Payments Due](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 4, Misc. Accounting Request for Schedule of Tenant Assistance Payments Due](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 5, Approved Special Claims for Schedule of Tenant Assistance Payments Due](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5)
* [HUD 52670-A Part 6—Repayments/Escrows](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5)
* [HUD-52671-A through D, Special Claims Worksheets](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5); and
* 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.

### Printing Vendor Information on HUD Forms

It is permissible, but not required, for vendor software to include information about the software when printing a HUD form. Such information may only be printed in the footer of the form and must start with the words “Printed By.”

An example might be: *Printed by Fantastic Software Version 6.01.*

### Inclusion of OMB Expiration Dates for HUD/TRACS Forms

When the HUD forms referenced above are generated by site software (TRACS software or other software such as Microsoft Word©) then owner/agents are not required to include the form expiration date found in the upper right corner.

## Owner/Agent TRACS Submission Requirements - Electronic Data Processing and Transmission

Owner/agents of all properties covered by this MAT Guide are responsible for processing tenant certifications, tenant recertifications, and subsidy billings (vouchers) 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.

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, handbook guidance, notices, or HUD-format electronic data transmission requirements, owner/agents are responsible for ensuring that the software they use to complete, review, and transmit data is updated accordingly.

* HUD does not certify TRACS-compliant software products nor endorse individual TRACS vendors.
* The software requirements to which software vendors must certify included as this MAT Guide: <https://www.hud.gov/program_offices/housing/mfh/trx/trxsum>

Owner/agents are responsible for the electronic submission of required HUD forms. A separate submission must be prepared and submitted for each of the property’s assistance contracts.

* [HUD 50059, Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5)– Full Certification
* [HUD 50059A, Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures – Partial Certification](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5)– Partial Certification.
* [HUD 52670, Housing Owner's Certification & Application for Housing Assistance Payments](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5). - Voucher

Forms instructions are found on HUDClips along with the forms. The link is: <https://www.hud.gov/program_offices/administration/hudclips/forms/>

* [HUD 50059, Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 50059A, Owner’s Certification of Compliance with HUD’s Tenant Eligibility and Rent Procedures – Partial Certification](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670, Housing Owner's Certification & Application for Housing Assistance Payments](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 1, Schedule of Tenant Payments Due](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 2, Special Claims Schedule](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 3, Adjustments to Schedule of Tenant Assistance Payments Due](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 4, Misc. Accounting Request for Schedule of Tenant Assistance Payments Due](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5);
* [HUD 52670-A Part 5, Approved Special Claims for Schedule of Tenant Assistance Payments Due](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5)
* [HUD 52670-A Part 6—Repayments/Escrows](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5)
* [HUD-52671-A through D, Special Claims Worksheets](https://www.hud.gov/program_offices/administration/hudclips/forms/hud5)

Special Instructions explaining how to prepare the Conversion IC for PBRA RAD is included in Chapter 4.

Business rules related to these forms are provided in this MAT Guide and in HUD Guides including [HUD’s Special Claims Guide](https://www.hud.gov/program_offices/administration/hudclips/guidebooks/HSG-06-01).

Owner/agents may obtain TRACS-compliant software and process their certifications and subsidy billings directly.

Alternatively, owner/agents may make arrangements to use a Service Bureau who will, on the owner/agent’s behalf, use TRACS-compliant software to complete recertifications and billing submissions and transmit them to HUD or the Contract Administrator.

In cases where an owner/agent uses a Service Bureau, the Service Bureau must provide the owner/agent with copies (paper or electronic) of the HUD 50059, HUD 50059A, HUD 52670 et. al., and related forms for signature (original or electronic) before submitting those forms to HUD.

Owner/agents must comply with guidance provided in HSG Notice 2020-10 [Electronic Signature, Transmission and Storage - Guidance for Multifamily Assisted Housing Industry Partners](https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-10hsgn.pdf) when obtaining electronic signatures, and/or transmitting/storing records that contain Personally Identifiable Information (PII) or Sensitive Personally Identifiable Information (SPII).

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, but are not limited to:

* Preparation of the HUD 50059 and HUD 50059A based on information provided by the owner/agent or management agent. Their users (owner/agents and management agents) are responsible for verification of the information they provide to the service bureau.
* Transmission of the HUD 50059 or HUD 50059A to TRACS or Contract Administrator.
* Providing a copy of the HUD 50059 or HUD 50059A to the owner/agent for the owner/agent’s signature and for signature(s) by the family, if required. The HUD 50059 and HUD 50059A provided by the service bureau must be signed, when applicable, a copy must be provided to the tenant and a copy must also be filed in the tenant file. The owner/agent should compare the data on the HUD 50059 or HUD 50059A to the data provided to the service bureau to ensure that the information the tenant and the owner/agent 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 50059A 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/agent 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 income and verification reports obtained from the Enterprise Income Verification (EIV) system.

Owners that centralize the electronic-submission function or utilize Service Bureaus must retain the ability to monitor the day-to-day property operations and be able to demonstrate that ability to the relevant HUD Office.

### Recordkeeping Requirements for HUD 50059, HUD 50059A and Vouchers

***Note:*** *This paragraph applies to storage of electronic or paper documents and forms required by HUD’s Office of Asset Management and Portfolio Oversight (OAMPO) in the Office of Multifamily Housing Programs.*

When an owner/agent, CA or Service Bureau stores certifications, vouchers or supporting documentation electronically, the owner/agent or CA must comply with guidance set forth in HSG Notice 2020-10 [Electronic Signature, Transmission and Storage - Guidance for Multifamily Assisted Housing Industry Partners](https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-10hsgn.pdf) or subsequent guidance provided by HUD.

When an owner/agent, CA or Service Bureau transmits electronic copies of certifications, electronic copies of vouchers or electronic copies of supporting documentation, the owner/agent or CA must comply with guidance set forth in HSG Notice 2020-10 [Electronic Signature, Transmission and Storage - Guidance for Multifamily Assisted Housing Industry Partners](https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-10hsgn.pdf) or subsequent guidance provided by HUD.

Owners must keep copies (paper or electronic) of the completed HUD 50059(s) and the HUD 50059A(s) from the time of Move-in or Initial Certification until the resident leaves for any reason and for a minimum of three years thereafter.

If an owner/agent is maintaining paper files, owner/agents may move older records off-site when files get large. These files must be stored in such a way as to prevent disclosure of information to any unauthorized individuals. The files must be made available for review by HUD or the CA upon request.

Owner/agents must keep a signed copy (paper or electronic) of the subsidy vouchers for at least five years. Owner/agents are responsible for maintaining a copy of any voucher that has been submitted to TRACS or a Contract Administrator even if a voucher is subsequently corrected.

Owners must dispose of all files and records (including electronic files and records) in a manner that will prevent any unauthorized access to residents’ information, e.g., pulverize, shred, etc. Disposal of any records must be in compliance with HSG Notice 2020-10 [Electronic Signature, Transmission and Storage - Guidance for Multifamily Assisted Housing Industry Partners](https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-10hsgn.pdf) or subsequent guidance.

## Contract Administrator Requirements Related to TRACS Submissions

All Contract Administrators (CAs) must support receipt of electronic transmissions of certification/recertification and voucher data from the projects they administer. CAs may not require electronic submissions from owner/agents that go beyond TRACS data submission requirements.

CAs may not limit the number of TRACS Tenant Files transmitted by and owner/agent in a single month. For example:

* Site has a January 1 mass AR date approved by HUD.
* Site processes a December 5 MI and immediately creates a January 1 AR.
* The MI must appear on the February voucher but the AR is allowed to be included on the January voucher and is included on that voucher. This is allowed under the rules. If CA software is unable to successfully record both transactions, it is acceptable to “push” the AR to the February voucher so that it will appear along with the MI.
* Sites should be transmitting certifications as they occur. The site should not “hold” the MI, but, rather, should send it immediately.
* ARs, IRs and ICs effective on the first of the month and with the UT flag set to Yes will show up on that month’s voucher rather than the next voucher. This is allowed under the current rules. “Big certifications (Full certification MAT10s) eat little certifications (Partial certification MAT70s) when the Effective Dates are the same. So, the Anticipated Voucher Date rules for MAT10s supersede the Anticipated Voucher Date rules for partial certifications.

*Note: Site software should not limit an owner/agent’s ability to send a completed certification regardless of whether or not the certification has been included on a voucher.*

CAs 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.

CAs review and identify data errors to be corrected by the owner/agent. To accomplish this review and reconciliation, the Contract Administrators may request copies of supporting documentation for TRACS transmissions, such as forms HUD 52670-A Parts 1, 2, 3, 4, 5 and 6 with signatures from the projects they administer.

After the owner/agents have reviewed and corrected any errors in the data and resubmitted the information to their CA, the CA must electronically transmit data to HUD in the required format.

While not required, CAs should submit approved certifications/recertifications to HUD throughout the month.

CAs are responsible for monitoring and ensuring all transmissions are recorded correctly. This includes submissions of any voucher record or tenant record. If tenant data is missing in TRACS, CAs must work with owner/agents to make sure that all data is successfully recorded. This ensures that EIV and other HUD systems are able to provide accurate information.

These requirements apply to both Performance-Based Contract Administrators (PBCAs) and Traditional Contract Administrators (TCAs).

### Contract Administrators – Handling of TRACS Errors

CAs must return ALL TRACS and CA software generated messages to owner/agents without alteration. Owner/agents are entitled to see these messages. If a CA wants to append additional text to an error message, it is permissible to do so starting on a new line at the end of the TRACS message and indicating that this is a CA addition—see **CA Error Checking** below.

If CAs want to communicate guidance about errors in some other way, they must do so in addition to returning TRACS messages.

If a CA believes that the TRACS and CA messages will only confuse the owner/agent, the CA is free to tell owner/agents to ignore the messages but the messages must be sent nonetheless.

Failing to send messages generated by TRACS deprives the sophisticated owner/agents and software vendors of information that can help to improve the quality of future transmissions.

### Contract Administrators - Returning Messages to Owner/agents

For reasons of privacy and confidentiality, CAs must avoid sending messages to an entity other than the one that currently submits files on behalf of a project/contract.

To accomplish this, CAs must do as TRACS does. TRACS stores in its database the iMAX ID of the most recent sender of files for a project/contract. It returns messages to the ID of that sender.

***Note:*** *The ID that TRACS stores is that of the sender in the transmission header of the file that looks like this:* ***From: TRACM00000****. It does not use the Project’s iMAX ID in the MAT header record.*

For example, if a CA has been receiving files for contract C1 from TRACM00001 but then receives a file from TRACM00002 for C1, the responses to the new file must be sent to TRACM00002.

All other responses and messages for C1 from that point forward also need to go to TRACM00002.

It is not appropriate for CA software to require human intervention to change the destination of responses. This needs to happen automatically based on messages received.

### Contract Administrators - Error Checking

**Other Error Conditions That Are Checked By TRACS:** Because of the terms of their contract with HUD, Contract Administrators (CAs) are permitted to be more stringent than HUD/TRACS in requiring the resolution of non-fatal errors.

For example, TRACS issues a Discrepancy Message (error) with an Action Code 1 (accepted, but must be resolved within 45 days) when there is a calculation error. TRACS stores and reports its own calculated values in such cases-not the values submitted by the sites.

The CA’s mission is to provide a higher level of data quality - ensuring accuracy and timeliness of tenant certification data. When a certification is submitted with a calculation error that exceeds the De Minimis error value ($360 for 2024), the CA may suspend payment for that resident until the calculation error is resolved. If a certification calculation results in an error that is less than the threshold in place, the CA is to approve the Assistance Payment and forward the transaction to TRACS but the owner/agent is required to correct the certification.

#### De minimis Errors

When addressing calculation errors, CAs and HUD must consider the De minimis Error Rule introduced through HOTMA. HUD revises provisions in this final rule (in §§ 5.609(c)(4), 5.657(f), 574.310(h), 882.515(f), 882.808(i)(5), 960.257(f), and 982.516(f)) to define a de minimis error as an error that results in a difference in the determination of a family’s Adjusted Income of $30 or less per month. Under the rule, owner/agents may not be cited on an MOR for a De minimis error. This is true when a deminimus error creates an error to other calculations such as TTP, TR and AP.

Where an owner/agent has made a mistake resulting in the family underpaying their rent, the family will not be held liable for the underpaid rent and the CA may not require the owner/agent to correct the error.

Owner/agents are required to correct the certification in this case. HUD will return a Discrepancy Error with an Action Code 3 requiring no additional action.

Owner/agents are required to repay families that were overcharged due to miscalculation errors – even if the error resulted in a de minimis error ($30 or less). HUD will return a Discrepancy Error with an Action Code 1 requiring the owner/agent to submit a correction within 45 days.

#### CA Errors - Conditions That Are Not Checked By TRACS

CAs may conduct edits (check for additional errors) when TRACS does not as long as the edits are in accord with HUD occupancy rules as described in the Handbook, in HUD Guides or in subsequent Notices or Final Rules.

In these cases, these non-TRACS error messages must not use Error Codes that are used or defined in TRACS.

It is best not to use a code not currently in use by TRACS but whose numeric value is less than the greatest one that TRACS currently uses. If using a CE or F code for an error generated by a Contract Administrator, use a number greater than or equal than 800 (CE823, F0800) and contact owner/agents to tell them what the new errors are and how to address them.

1. CAs should respond separately to each file (attachment) submitted following the guidelines below so that site level software can identify which submitted files generated which errors.
2. Format of returned messages:

Use a standard TRACS Message Header as follows. See **Appendix B** of the MAT Guide.

The Message Header ends with the Effective Date line.

@\*@ TRACM00098TRACM00098

OA Defined Data: MAT40TRANS

OA Software Vendor: MYSOFTWARE

OA Software Release/Version: TRACS8.3

CA Software Vendor: YOURSOFTWARE

CA Software Release/Version: 3.0.0.4

Agency Defined Data: 01515555

Project Name: PINECREST

Project No.: 24755316

Contract No.: CA30M000001

Unit No.: 106

SSN: 8888

Name: WASHINGTON, REBECCA

Tenant No.: 106R

Effective Date: 2024-01-01

Fatal Error: F0096

MOVE-OUT EXISTS ON THE TRACS DATABASE

Fatal Error: F0035

MOVE-OUT ACTION NOT PROCESSED

Do not send unformatted reports (e.g., reports without a standard message header). Reports can be appended to a standard error header as follows:

@\*@ TRACM00098TRACM00098

OA Defined Data: MAT40TRANS

OA Software Vendor: MYSOFTWARE

OA Software Release/Version: TRACS8.3

CA Software Vendor: YOURSOFTWARE

CA Software Release/Version: 3.0.0.4

Agency Defined Data: 01515555

Project Name: PINECREST

Project No.: 24755316

Contract No.: CA30M000001

Unit No.: 106

SSN: 7777

Name: WASHINGTON, REBECCA

Tenant No.: 106R

Effective Date: 2024-01-01

Informational: CE800-CA

CA PROCESSING REPORT

CA Message: Thanks for your submission

You sent 23 Annuals. We rejected 3 of them.

You sent 4 Gross Rent certs. We liked them all.

Etc., etc., etc.

In the example above, “CA PROCESSING REPORT” is the name/description of the CE800-CA message. The text starting with “CA Message:” is a CA addendum (see below).

Since a message may only refer to a single file submitted by an owner/agent, a report such as the one above must not refer to more than one file.

* Preserve owner/agent data (owner/agent Defined Data, owner/agent Software Vendor, owner/agent Software Version) both when sending to TRACS and in the messages returned to sites. Failing to preserve owner/agent data deprives TRACS of the ability to monitor vendor performance and makes it difficult for site software to attach a message to the file causing the message.
* Add CA vendor, version, and data (CA Software Vendor, CA Software Version, Agency Defined Data) to CA messages as in the samples above.
* Add a CA identifier (-CA) to CA and TRACS message codes generated by CA software following the examples below.
* CE123-CA
* F0111-CA
* QQ005-CA (This error is not a TRACS error but rather a possible example of one unique to the CA software)

**In other words, if the CA software generates an error message, add the CA suffix to the code. If the message has been generated by TRACS, do not add the suffix when passing the message on to the site.**

* If a TRACS message code is used, return the message with the text generated by TRACS. Do not modify the TRACS wording.
* CAs have the option to add a CA addendum starting on a new line and beginning with the words “CA Message:”. This rule also applies to site level vendors who wish to “enhance” the message to give a different or expanded explanation. Start with the message as generated by TRACS. Then, on a new line, add the vendor message beginning with the vendor or product name as in “Fly-Bi-Nite Software Message: Check the Property Settings on Screen 3 and be sure Field 6 is filled in”.
* CA MAT responses: Under iMAX, CA MAT responses are handled the same way as for regular TRACS responses. Add a CA identifier (-CA) to MAT error codes generated by CA software following the examples below. In addition, the final part of a MAT response is a section indicating the number of errors found. When generated by CA software a “-CA” should be added to the end of that message also. For example: “Response Message: 3 ERRORS DETECTED IN THIS MAT SUBMISSION-CA
* X-CA
* V1-CA

CA software should ensure that the following problems do not occur when generating CA messages.

* Listing a message type without a code. For example: Informational: or Discrepancy:
  + Every message type must have a code either matching an existing TRACS code or a code unique to the CA software. If the latter, the code must be followed by “-CA”
  + Correct example: Informational: QX321-CA
* Generating a Discrepancy message without listing the severity in an Action Required line as does TRACS. Some CA software omits the Action Required line.
  + Discrepancy: CE258
  + Action Required: 3
* Indicating that a field has an incorrect value but not reporting the value in error and the value that the CA believes is correct. For example, if the CA software reports an incorrect Contract Rent, its message must indicate the submitted value and the correct value as does TRACS with its calculation messages (TR, TTP etc.)
* Returning older messages for a submission along with new messages. For example, vouchers generate a sequence of messages throughout the month. Only messages not previously sent to the site are to be sent in a new batch. Some CA software retransmits old messages along with new ones. This practice is not permitted and can make it harder for owner/agent staff to identify what is new.
* Returning CA generated MAT responses in an old format. The latest iMAX format must be used.

### CA Treatment of Terminated/Suspended Households

CAs and TRACS treat terminated/suspended households as “moved out” for all practical purposes. This is true unless TRACS or the CA receives certifications or a series of certifications that, in effect, reverse the Termination/Suspension transaction.

CAs may not request electronic or other proof of move-out for a terminated/suspended household prior to allowing another tenant to move-in or transfer into the unit previously occupied by the terminated/suspended household. Once the termination/suspension occurs, the household is no longer the responsibility of the CA.

The CA's primary responsibility is to ensure that two households do not receive subsidy in the same unit simultaneously. As long as this does not occur, the CA is upholding its obligations.

***Note:*** *In rare cases, an individual may be included on two separate HUD 50059s for two different households (e.g., a child in a joint custody arrangement)*

However, if a Special Claim is submitted for a unit previously occupied by a terminated/suspended tenant, HUD rules require that the owner/agent submit a Move-out transaction to the CA/TRACS to support the claim. Site software must offer a feature that allows for the creation and transmission of a MO record for the subsidy type of the household at the time of the Termination/Suspension.

In practice, there are several scenarios where sending transactions post Termination/Suspension is appropriate:

* The tenant could be at market rent or could be on another subsidy. In either case the tenant could then move out. If the tenant is on another subsidy (terminated from Section 8 and now on 236) the MO will be sent to TRACS. It will not generally pass through the CA.
* The tenant could transfer to another unit. After the termination, the CA could see a MI, IC, or UT (full or partial cert) into the terminated tenant's old unit. These transactions should be accepted.
* In the very rare case, the CA could see a MI to the same unit from the same household. This would happen legitimately if the tenant moved out after termination and then back in.

## Identification Code (Social Security Number) Rules

The Identification Code is used to identify each family member. Valid entries are:

1. A verified SSN
2. 999999999 with an appropriate Exception Code
3. A T-ID generated by TRACS.

Other entries are not valid. Owner/agents do not use the Individual Tax Identification Number (ITIN) as the Identification Code on the 50059.

*Note: There have been cases where site software prohibits multiple members (on the same certification or different certifications) using 999999999 as the Identification Code. This is not compliant. Owner/agents may not make up and entry, (e.g., 888888888), when completing this field.*

Social Security Number Disclosure is an eligibility criterion for all HUD Multifamily Housing programs.

Each household member is required to provide an SSN and adequate documentation to verify the SSN.

This includes non-family members such as Live-in Aides, Foster children/adults and children of fosters and members with a Relationship Status as None of the Above.

Exceptions apply to:

1. Seniors who were:
   1. 62 as of January 30, 2010; and
   2. Receiving HUD housing assistance as of January 30, 2010.
2. Ineligible Noncitizens;
3. Foster children/adults when (new):
   1. The foster agency refuses to provide the SSN or adequate documentation to verify the SSN; **and**
   2. HUD has provided formal approval.
4. Minors under the age of 6 added to a household within 6 months of MI/IC;
5. Minors under the age of 6 added to an existing household.

*Note: The exemption for minors under the age of 6 is temporary. The resident family is provided 90 days to provide the SSN and/or adequate documentation to verify the SSN. The owner/agent may extend this timeframe up to an additional 90 days if the reason the information has not been provided is beyond the family’s control and the owner/agent can reasonably expect the family to provide the required information in the extended timeframe. Failure to provide the SSN as required results in termination of tenancy for the entire family. There is no proration in this case.*

When possible, the SSN is used to fill the Member Identification Code field.

If a member is exempt from the Social Security Number Disclosure Requirement, the owner/agent will use 999999999 as the Identification Code and will pair that with an appropriate Exception Code.

When a member’s Identifier is entered as 999999999, TRACS generates a TRACS Identification Number (T-ID) that must be used for all subsequent submissions. The owner/agent must use the T-ID; owner/agents do NOT use 999999999 for that member after the first certification submission.

If the T-ID is unknown, owner/agents can check the TRACS message returned when the original certification was submitted, check the EIV Failed Pre-Screening Report or owner/agents can send an inquiry to the Help Desk [tracs@hud.gov](mailto:tracs@hud.gov).

There are specific rules when an owner/agent includes a minor under the age of 6 on a 50059 using 999999999 as the Identification Code. With the release of HSG Notice 2010-08 [*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)*,* HUD has instructed owner/agents to immediately add a new child to the household - even if the family has not acquired a Social Security Number.

Owner/agents should not delay processing an IR just because the family does not yet have the Social Security Number.

When the resident provides the SSN (required within no more than 180 days), the owner/agent creates an IR (not a correction) to remove the Exception Code and change the number from 999999999 to the valid SSN.

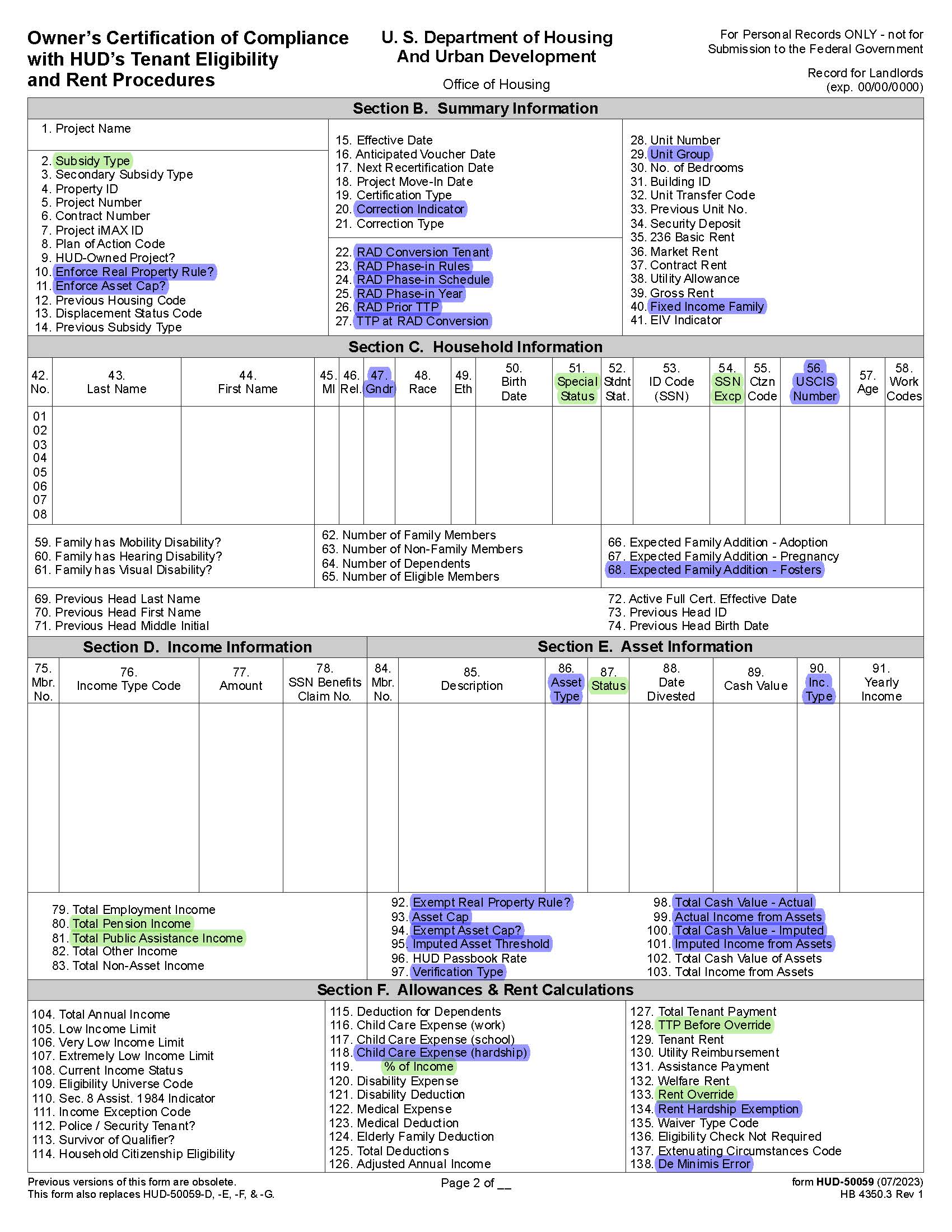
In all other cases, when a member’s Identification Code is entered as 999999999 and when the member subsequently provides a valid SSN and adequate documentation to verify the SSN, the owner/agent creates an IR to change the 999999999 to the valid SSN and remove the Exception Code.

## The HUD 50059 and HUD 50059A

Information about the specific HUD 50059 and HUD 50059A requirements can be found in the instructions posted with the forms on HUDCLIPS at <https://www.hud.gov/program_offices/administration/hudclips/forms/>, Chapter 6 MAT Tenant System Format Definitions or in other chapters or appendices of this MAT Guide.

### The HUD 50059 New Fields for TRACS 2.0.3.A

With the release of TRACS 2.0.3.A, HUD Form 50059 has been redesigned to accommodate requirements for PBRA RAD contracts, the implementation of HOTMA and other changes.



**Enforce Real Property Rule:** **New Field.** MAT 10 Section 2, Field 107

This is global for the entire Section 8 Contract.  This field is displayed on the 50059.

Leave blank if not Section 8. (Does not apply to 202/8 or 202 SPRAC.)  
  
If the certification is effective before 1/1/2024 leave blank.  
  
For Section 8 certifications effective 1/1/2024 or later AND if the certification version is 203A:

If the owner/agent will enforce the Real Property Rule fill with Y.

Otherwise set to N.  
  
Note: See field 22 of the Basic Record (Enforce Asset Cap) for the comparable field related to the enforcement of the Section 8 asset cap rule.

**Enforce Asset Cap** – MAT10 Section 2, Field 22 new field

This is global for the entire Section 8 Contract.  This field is displayed on the 50059.  
  
Leave blank if not Section 8.  (Does not apply to 202/8 or 202 SPRAC.)  
  
If the certification is effective before 1/1/2024 leave blank.

For Section 8 certifications effective 1/1/2024 or later AND if the certification version is 203A:

If the owner/agent will enforce the Asset Cap Rule fill with Y.

Otherwise set to N.  
  
The owner/agent will have the ability to note that a specific tenant is exempt.  
  
Note, see field 107 of the Basic Record (Enforce Real Property Rule) for the field related to the enforcement of the Section 8 Real Property Rule.

**Correction Indicator** **(formerly Action Processed).** MAT10 Section 2, Field 14

The name of this field has been changed for clarity, but valid values remain the same.

* 1 = Correction to a prior HUD 50059.
* Blank = Not a correction

**RAD Conversion Tenant** – MAT10, Section 2, Field 19 new field

If Subsidy Type is Section 8 PBRA RAD (Component 1 or Component 2) **AND** if the tenant was in place at the time of conversion to PBRA RAD (Conversion IC Effective Date = RAD Contract Effective Date) then fill with Y (Yes). This is true even if the resident was relocated for rehab before the RAD Contract Effective Date.

If Subsidy Type is Section 8 PBRA RAD AND if the tenant was not in place at the time of conversion to PBRA RAD, fill with N (No).

If Subsidy Type is not Section 8 and If this is not PBRA RAD, fill with N (No).

Once the flag is set to Y or N, the value remains the same on subsequent full certifications until the resident moves out.

**RAD Phase-in Rules** – MAT10, Section 2, Field 105 new field

If not a RAD Component 1 PH to PBRA RAD Certification, fill with 0.

If RAD Component 1 PH to PBRA RAD Certification, and the resident is not eligible for Rent Phase-in, fill with 0.

If a RAD Component 1 PH to PBRA RAD Certification and the resident was eligible for Rent Phase-in but Phase-in is complete, fill with 0.

If RAD Component 1 PH to PBRA RAD Certification, and the resident is eligible for Rent Phase-in and when Rent Phase-in is not complete, fill with the version of the Rent Phase-in rules under which the prior certification (or original certification if this is a corrected certification) was created. This is not necessarily the TRACS version of the prior certification.

Valid values are ORIG and REV3

202D rules called for Rent Phase-in calculations for all full certs and UT’s and GRs. ORIG Rent Phase-in percentages were used.

|  |  |  |
| --- | --- | --- |
| Year | ORIG 3 Year Phase-in Percentage | ORIG 5 Year Phase-in Percentage |
| 1 | 33% | 20% |
| 2 | 66% | 40% |
| 3 | 100% | 60% |
| 4 | NA | 80% |
| 5 | NA | 100% |

203A rules call for phase-in calculations only for full certs and use 203A phase-in percentages.

For TRACS v 2.0.3.A, Phase-in Percentages *for* Three-year and Five-year Phase-ins are:

|  |  |  |
| --- | --- | --- |
| Year | REV3 3 Year Phase-in Percentage | REV3 5 Year Phase-in Percentage |
| 1 | 33% | 20% |
| 2 | 50% | 25% |
| 3 | 100% | 33% |
| 4 | NA | 50% |
| 5 | NA | 100% |

**RAD Phase-in Schedule -** MAT10, Section 2, Field 103 new field

If not a RAD Component 1 PH to PBRA RAD Certification, fill with 0.

If RAD Component 1 PH to PBRA RAD Certification, and the resident is not eligible for Rent Phase-in, fill with 0.

If a RAD Component 1 PH to PBRA RAD Certification and the resident was eligible for Rent Phase-in but Phase-in is complete, fill with 0.

If RAD Component 1 PH to PBRA RAD Certification, and the resident is eligible for Rent Phase-in and when Rent Phase-in is not complete, fill with the number of years in the Rent Phase-in schedule: either 3 or 5 years.

**RAD Phase-in Year -** MAT10, Section 2, Field 106 new field

If not a RAD Component 1 PH to PBRA RAD Certification, fill with 0.

If RAD Component 1 PH to PBRA RAD Certification, and the resident is not eligible for Rent Phase-in, fill with 0.

If a RAD Component 1 PH to PBRA RAD Certification and the resident was eligible for Rent Phase-in but Phase-in is complete, fill with 0.

If RAD Component 1 PH to PBRA RAD Certification, and the resident is eligible for Rent Phase-in and when Rent Phase-in is not complete, fill with the phase-in year applicable for the calculations: 1, 2 or 3 for a three-year Rent Phase-in or 1, 2, 3, 4 or 5 for a five-year Rent Phase-in.

**RAD Prior TTP** – MAT10, Section 2, Field 104 new field

*Note: this is not Tenant Rent. Tenant Rent = TTP less any Utility Allowance.*

If not a RAD Component 1 PH to PBRA RAD Certification, fill with 0.

If RAD Component 1 PH to PBRA RAD Certification, and the resident is not eligible for Rent Phase-in, fill with 0.

If a RAD Component 1 PH to PBRA RAD Certification and the resident was eligible for Rent Phase-in but Phase-in is complete, fill with 0.

If RAD Component 1 PH to PBRA RAD Certification, and the resident is eligible for Rent Phase-in and when Rent Phase-in is not complete, fill with the TTP from the immediately prior certification.

Important: See the MAT Guide, Appendix K. See also, MAT Guide, Chapter 4 and 5 for additional information about Rent Overrides.

When creating subsequent MAT10 certifications (after the Conversion IC),

* Subtract Prior TTP from the new TTP Before Override to determine the difference; and
* Then multiply the result by the appropriate percentage;
* Then add to Prior TTP to determine new TTP.

**TTP at RAD Conversion** – MAT10, Section 2, Field 101 existing field. (Field 32 on 202D 50059/Field 27 on 203A 50059)

If Section 8 sub-type is not Component 1 PH to PBRA RAD or if not Section 8, fill with 0’s.

If Component 1 PH to PBRA RAD and if the resident does not qualify for Rent Phase-In, fill either with 0s or the TTP the tenant is/was paying at the time of conversion to RAD.

If Component 1 PH to PBRA RAD and if the resident does qualify for Rent Phase-in, fill with the TTP tenant is/was paying at the time of conversion to RAD.

***Note:*** *This is not Tenant Rent. Tenant Rent = TTP less any Utility Allowance.*

See Chapter 4 for additional information about RAD Rent Phase-in.

**Unit Group Number** –

**New Field** MAT10, Section 2, Field 108, MAT15 Field 32, MAT40 Field 20, MAT65 Field 20, MAT70 Field 32,

Fill only if the unit is a group home residential space. Otherwise, leave blank.

In Group Homes, individual bedrooms within a physical unit, are rented independently as units (residential spaces) in their own right. When this is the case, each bedroom is given a TRACS Unit Number.

To help understand the relationship between the Unit Number and the Bedroom (residential space) each residential space within a unit must be assigned an ID (Unit Group Number) **that is unique within the property**.

This allows a reviewer to understand the relation between the unit number assigned to a household/certification and the physical units.

For example, in a group home a four-bedroom unit may currently be set up as:

Unit 101-1;

Unit 101-2;

Unit 101-3; and

Unit 101-4.

The Unit Group Number could be 101, as long as 101 is not being used as a unit number for any other apartment.

**Fixed Income Family** –

**New Field for HOTMA** MAT10, Section 2, Field 20 new field

For certifications effective March 2018 or later.

If a household qualifies as a fixed income family (90% or more of total Annual Income, including income from assets, is from a fixed income source) as defined in the FAST Act and HUD regulations, fill with “Y.”

Otherwise leave blank.

Completion of this field is optional.

**Gender (formerly Sex) –**

**Existing field/modified for 2.0.3A** MAT10, Section 3, Field 8 For each person listed,

[Final Rule on Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity](https://www.federalregister.gov/documents/2012/02/03/2012-2343/equal-access-to-housing-in-hud-programs-regardless-of-sexual-orientation-or-gender-identity)--see 24 CFR 5.105(a)(2)(ii)—prohibits inquiries on sexual orientation or gender identity except in limited circumstances.  There is nothing in the rule that prohibits any individual from voluntarily self-identifying his or her own sexual orientation or gender identity; however, this voluntary identification must not be confused with any identification requirements for other funding programs.

For certifications created in 202D, valid codes were:

F = Female

M = Male

Blank - the owner/agent did not ask for the information or the tenant did not voluntarily report.

For 2.0.3.A, valid codes are:

F = Female,

M = Male,

N = Non-binary,

O = Other,

X = if either the owner/agent did not ask for the information or the tenant did not voluntarily report.

**USCIS Number (formerly Alien Registration Number)** - MAT10, Section 3, Field 13 **Existing field/modified for 2.0.3A** Enter the USCIS Number for each member of the family provided on the Citizenship Declaration regarding eligible immigration status. Do not enter dashes. If the member does not have a USCIS Number, leave blank. *Note: Residents with a Permanent Residence Card may or may not have USCIS Numbers.* A USCIS Number must be entered if the member has one.

Residents who are 62 or older and who are claiming status as an eligible noncitizen are not required to provide a USCIS Number.

**Asset Type:** MAT10, Section 5, Field 10 **new field**

Leave blank if Transaction Effective Date is less than 1/1/2024.

Mandatory. Each asset is assigned an asset type. Valid values are:

**N – Non-necessary Personal Property**. Applies to all subsidy types. Assets with an asset type of N should only be included on the 50059 if the net cash value of all Non-necessary Personal Property exceeds the current threshold based on the effective date of the certification ($50000 in 2024). If the net cash value of all Non-necessary Personal Property is $50000 or less, then the assets should not be included on the 50059 and should not be part of the calculation of Total Cash Value of Assets.

**R – Real Property Suitable for Occupancy.** The requirement to flag assets that meet the definition of Real Property Suitable for Occupancy applies only to the Section 8 program. If the Subsidy Type is Section 8 and if the asset meets the definition of Real Property Suitable for Occupancy, use Asset Type R even if the resident is exempt from the Real Property Rule and/or if the owner/agent is not enforcing the Real Property Rule. If the Subsidy Type is not Section 8, and if the asset meets the definition of Real Property Suitable for Occupancy, owner/agents may use R or S.

**S – Standard Asset.** Applies to all subsidy types and all assets that are not N (Non-necessary Personal Property) or R (Real Property Suitable for Occupancy).

**Income Type (Assets) –** MAT10, Section 5, Field 9 **new field**

Leave blank if Transaction Effective Date is less than 1/1/2024.

If the certification is 203A and the certification effective date is 1/1/2024 or later, valid values are:

* A = Actual Income - Enter “A” for the case where the Asset Income is known; or
* I = Imputed Income. Enter “I” when the income from the asset is not known or when the owner/agent cannot calculate the income from the asset. When income is not known, assets income is not imputed at an individual asset level. Income from the asset is entered as 0.

If the net cash value of assets totals is equal to or less than the current threshold ($50000 in 2024), then imputed income from assets is not calculated and the Imputed Income from Assets field is filled with 0. The total income from assets is the actual income from assets.

If the net cash value of assets totals is more than the current threshold ($50000 in 2024), then:

* Actual Income from Assets is used when Actual Income is known.
* Imputed Income From Assets is determined by:
* Totaling the cash value of all assets with an Income Type = I and then
* Multiplying by the current Passbook Rate (.40% in 2024). This is the value entered as Imputed Income from Assets.
* The total income from assets is the sum of actual and imputed income.

**Exempt from Real Property Rule -** MAT10, Section 2, Field 118 **new field**

Leave blank if Transaction Effective Date is less than 1/1/2024.

Set for individual tenants. Section 8 only (not 202/8 or 202 SPRAC).

If not Section 8, set to Y. Resident is Exempt.

If the property is Section 8, and if an asset type is R – Real Property Suitable for Occupancy, default to N (No). The owner/agent may change the value to Y (Yes) if the resident is exempt from the Real Property Rule.

If Section 8 and if there are no assets with an Asset Type R, set to Y (Yes) – resident is exempt because they have no Real Property Suitable for Occupancy.

**Asset Cap –** MAT10, Section 2, Field 112 **new field**

Zero fill if Transaction Effective Date is less than 1/1/2024.

Zero fill if Subsidy Type is not Section 8.

Section 8 only. This is the threshold established to determine if the resident continues to qualify for Section 8 housing assistance. For 2024 certifications, the Asset Cap is set at $100,000. If net cash value of all assets is $100,000 or less, the resident is still qualified to receive Section 8 housing assistance.

**Exempt from Asset Cap -** MAT10, Section 2, Field 119 **new field**

Leave blank if Transaction Effective Date is less than 1/1/2024.

Set for individual tenants. Section 8 only (not 202/8 or 202 SPRAC).

If not Section 8, set to Y. Resident is Exempt.

If the property is Section 8, and if net cash value of assets is greater than the Asset Cap ($100,000 in 2024), default to N (No). The owner/agent may change the value to Y (Yes) if the resident is exempt from the Asset Cap Rule. If Section 8 and if net cash value of assets is less than the Asset Cap ($100,000 or less in 2024), set to Y (Yes) because the Asset Cap Rule does not apply.

**Imputed Asset Threshold** – MAT10, Section 2, Field 111 **new field**

Applies to all Subsidy Types.

Zero fill is Effective Date is prior to 1/1/2024.

This is the threshold established to determine if the owner/agent will use only Actual Income From Assets or will use the sum of Actual Income From Assets and Imputed Income From Assets. For 2024 certifications, the threshold is set at $50000. If net cash value of all assets is $50000 or less, the owner/agent will use only Actual Income From Assets.

**Total Income From Assets (Total Assets)** – **Existing field/modified for HOTMA**. Total Assets MAT10 Section 2 Basic Record Field 38 (Field 85 Asset Income on 202D 50059/Field 103 Total Income from Assets on 203A 50059)

For certification effective prior to 1/1/2024, use pre-HOTMA rules and enter the greater of Actual Income from Assets or Imputed income from assets. If the total cash value of all the family’s assets is $5,000 or less, the Actual Income the family receives from assets is the amount used as Total Income from Assets. Use the value in Actual Income from Assets (MAT 10 Field 30)

When net family assets are more than $5000.00, annual income includes the greater of:

1. Total actual income from all assets; or
2. *Imputed* income from assets.  The passbook rate assigned by HUD for the Multifamily Housing program is currently set at 0.40% (for 2.0.3.A).

Use the greater of Actual Income from Assets (MAT 10 Field 30) or Imputed Income from Assets (MAT 10 Field 32)

For 203A certifications effective on or after 1/1/2024, HOTMA rules apply. Enter the sum of Field 98 Actual Income from Assets and Field 100 Imputed Income from Assets. When the net cash value of assets is equal to or less than the Asset Threshold ($50000 in 2024), Imputed Income from Assets must be zero.

**Total Cash Value Actual** – **New field.** MAT10 Section 2 Field 120 - For 203A certifications effective on or after 1/1/2024, HOTMA rules apply. Enter the net cash value of assets with an income type A - Actual Income in the Income Type (MAT10 Section 5 Field 9).

Zero fill for certifications effective prior to 1/1/2024

**Actual Income From Assets –** **Existing field/modified for HOTMA** (MAT10 Section 2 Field 30) For 203A certifications effective on or after 1/1/2024, HOTMA rules apply. Enter the total income for assets with an Income Type (MAT10 Section 5 Field 9) A - Actual Income in the Income Type (MAT10 Section 5 Field 9).

**Total Cash Value Imputed** – **New field.** MAT10 Section 2 Field 121 For 203A certifications effective on or after 1/1/2024, HOTMA rules apply. Enter the net cash value of assets with an Income Type I - Imputed Income in the Income Type (MAT10 Section 5 Field 9).

Zero fill for certifications effective prior to 1/1/2024

**Imputed Income From Assets –** **Existing field/modified for HOTMA** (MAT 10 Section 2 Field 32) For 203A certifications effective on or after 1/1/2024, HOTMA rules apply. If the net cash value of all assets exceeds the current threshold based on the effective date of the certification ($50000 in 2024), multiply the Total Cash Value of Assets Imputed MAT10 Section 2 Field 121 by the current Passbook Rate (0.40% in 2024). Enter the result in this field. If the net cash value of all assets is equal to or less than the current threshold, enter 0.

For certifications effective prior to 1/1/2024 and when net cash value of assets is greater than $5000, multiply the net cash value of assets by the Passbook Rate in place prior to 1/1/2024 (0.06%) 0.40% (for 2.0.3.A).

**Verification Type (Asset)** or **Asset Verification Type** – **New field.** MAT10 Section 2 Field 17

For 2.0.3.A certifications effective 1/1/2024 or later for those tenants whose net cash value of all assets is equal to or less than the current threshold based on the effective date of the certification ($50000 or less in 2024), HUD wants to know:

If the owner/agent conducted verification (O) or

If the owner/agent accepted Tenant Self Certification of Assets in compliance with the Streamlining Final Rule effective May 2018 (T).

Owner/agents must verify the cash value of assets:

At least once every three years when net cash value of all assets is $50000 or less (or the current threshold based on the effective date of the certification). In year 2 and year 3, the owner/agent must obtain witnessed or notarized self-certification that the net cash value of all assets does not exceed the threshold and the resident must also disclose any income from those assets.

Annually if net cash value of assets exceeds the current threshold based on the effective date of the certification ($50000 in 2024).

For TRACS 203A, the first 203A certification value may be (T) Tenant Self-certification if the owner/agent implemented Streamlined Verification of Assets any time from 2018.

When net cash value of assets exceeds the current threshold ($50000 in 2024), it is assumed that the owner/agent conducted verification (O).

For certifications effective prior to 1/1/2024 leave blank.

**Child Care Expense Hardship** –MAT10 Section 2 Field 122 new field. For certifications effective 1/1/2024 or later, enter the amount of child care expense allowed based on a Hardship Exemption even when no member is working, seeking work or attending school. The family must have been taking advantage of the Child Care Deduction previously and the end of Child Care would result in a Financial Hardship as defined in the owner/agent’s policy.

Zero fill for certifications effective prior to 1/1/2024.

**XXXX % of Income:** Formerly 3% of Income.

**Existing field/modified for HOTMA** MAT 10 Section 2 Basic Record Field 49.

For certifications effective prior to 1/1/2024, multiply Annual Income by .03 (3%) and enter that value here.

For certifications effective 1/1/2024 or later, multiply Annual Income by the **Percent of Annual Income Value (new field)** MAT10 Section 2 Field 114.

Also see % of Income Exemption Type (new field) Section 2, Field 21

**Percent of Annual Income Value**

**MAT10 Section 2, Field 114 (new field)**

Percentage used when determining the Annual Income percentage applied when determining the Health & Medical Expense Deduction or Attendant Care & Auxiliary Apparatus Expense Deduction.

For 2.0.3.A certifications effective on 1/1/2024 or later, the multiplier is 0.10 (10%). The value may be changed if the household qualifies for Phase-in or a Financial Hardship Exemption. See % of Income Exemption Type (new field) Section 2, Field 21

For a household qualified for a Financial Hardship Exemption, use the multiplier specified by HUD .05 (5%).

HOTMA also provides for a Phase-in of the value of the multiplier for households in residence as of 1/1/2024 who already receive a Medical Expense Deduction or Disability Assistance Expense Deduction. The value is 0.05 (5%) during 2024 and 0.075 (7.5%) during 2025. The Phase-In % value is used on the first AR or IR for the household in the phase-in year and is used for all other full certs effective during that year. If assistance is terminated for cause and, later, the resident qualifies for subsidy, the owner/agent may not continue Phase-in. The percentage is 10%. However, if a resident’s assistance is suspended or terminated for a reason that is beyond the tenant’s control, Phase-in may continue on an IC created to reinstate assistance. In this case, use the phase-in percentage appropriate based on the year of the effective date of the certification (5% in 2024 and 7.5% in 2025)

For certifications effective prior to 1/1/2024, use .03 (3%)

**Family Addition – Fosters** – Previously Family Addition Foster Children

**Existing field/modified for HOTMA** MAT10 Section 2, Field 82

Previously, this field was an indicator for foster children. It has been updated to correctly reflect the pending addition of a foster child or foster adult not currently living in the unit but expected to be added to the household in the next 12 months.

Like the other Family Addition fields, these “future members” are included when applying the owner/agent’s occupancy standards assuming the foster will be living in the unit at least 50% of the time.

Do not count foster children or adults who will not be living in the unit at least 50% of the time.

Unlike the other Family Addition fields, these “future members” are not included when determining eligibility based on income limits.

**Rent Hardship Exemption (formerly Hardship Exemption) –** MAT10 Section 2, Field 63 **Existing field/modified for HOTMA** name changed specifically to clarify that this field contains information about Minimum Rent exceptions that apply only to the Section 8 program.

**De Minimis Error -** MAT10 Section 2, Field 117 **new field** Enter the value of the De minimis Error in effect on the effective date of this certification. Enter $360.

### HUD Form 50059 MAT10 Full Certifications

Owner/agents must complete form HUD 50059 and follow the form rules when:

* Creating Move-ins.
* Creating Initial certifications.
* Creating Annual recertifications.
* Creating Interim recertifications.
* Correcting a previous full certification.

Except for Component 1 PH to PBRA RAD, 202 PRAC and 811 PRAC, the AP must be greater than zero. Except for these program types, if the rent calculation results in zero AP, then the owner/agent does not submit a 50059 MAT 10 record, but rather assistance must be terminated using a HUD Form 50059A.

### Actions For Which Owners MUST Complete The HUD 50059A

Owner/agents must complete HUD 50059A and follow the form rules when:

* Creating Move-out.
* Creating Termination/Suspension of Assistance.
* Creating Stand-alone Unit Transfer.
* Creating Stand-alone Gross Rent Change.

### Signature Requirements HUD Form 50059

With the release of HSG Notice 2020-10 [Electronic Signature, Transmission and Storage - Guidance for Multifamily Assisted Housing Industry Partners](https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-10hsgn.pdf), HUD allows for owner/agents to collect electronic or original (wet) signatures on the HUD 50059 as long as such practice is compliant with federal, state, local or other laws/requirements.

Owner/agents must sign all certifications (HUD Form 50059 & 50059A) before they are transmitted to TRACS. Original and/or electronic signatures are acceptable as long as the format used complies with HUD’s guidance provided in HSG Notice 2020-10 [Electronic Signature, Transmission and Storage - Guidance for Multifamily Assisted Housing Industry Partners](https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-10hsgn.pdf).

Except as described in this Chapter, the HOH regardless of age, co-HOH/spouse regardless of age, and all adult family members must sign the HUD 50059s before they are submitted to TRACS unless there is:

* A documented extenuating circumstance
* The owner/agent is granting a reasonable accommodation
* HUD has approved submission without signature.

This is true regardless of whether the HUD 50059 is produced by the owner/agent or by a Service Bureau.

Signatures must be obtained, as required, before HUD 50059 certifications are submitted to HUD. Also see discussion about Extenuating Circumstances explaining what to do if a tenant is unable to sign or when tenants are not required to sign.

Signature dates may be before, on or after the Effective Date of a certification depending on the situation surrounding creation of any particular certification. Generally, it is assumed that certifications will be signed before or on the Effective Date. However, corrections, retroactive certifications and late certifications would all require the owner/agent and tenants to sign after the certification Effective Date.

*Note: An original MI certification is signed by the owner/agent, the HOH, co-HOH/spouse and all adult members before or on the MI Effective Date unless Extenuating Circumstances apply. Corrections may be signed after the MI Effective Date. Generally, the same is true for an Initial Certification.*

There are no requirements for Signature Dates and certification Effective Dates to be the same.

Residents may sign on the same day or on different days depending on each resident’s availability and the owner/agent’s policies.

Computer generated Signature Dates are generally not acceptable unless that date is the same as the date the resident signed. The Tenant Signature Date must be the date the adult household member signed the certification regardless of whether the owner/agent collected an original signature or an electronic signature.

In cases where multiple adults sign the certification, owner/agents should use the HOH Signature Date when completing the 50059. In cases where the HOH is not available to sign due to Extenuating Circumstances, the co-HOH/spouse or Other Adult signature date should be used. If the HOH did not sign and if there are no other adult family members living in the unit, the certification should be submitted using an Extenuating Circumstance Code when appropriate.

If an adult member is permanently confined and when the confined member cannot provide a signature, the owner/agent notes the file:

* Explaining why the certification was sent without that resident’s signature and
* If or when the owner/agent will be able to obtain a signature for the confined member.

*Note: A permanently confined member may not be the HOH, co-HOH or spouse.*

The same rules apply when some adults do sign the 50059, but others are unable to do so. (e.g., an adult serving in the military, students away at college, adults who are hospitalized for an extended period of time, etc.).

The owner/agent may consider Extenuating Circumstances when a certification cannot be completed because no adult family member is available to sign the HUD 50059. Examples include, but are not limited to:

* An adult HOH serving in the military;
* Adult sole family member who is hospitalized for an extended period of time;
* National pandemics (such as the COVID-19 Pandemic).

In these instances, the owner/agent must document the file why the signature(s) was not obtained and when or if the signature(s) will be obtained. See additional information about Extenuating Circumstances in this Chapter.

Owner/agents are required to provide the resident with a copy of all executed certifications (electronic or paper) and a copy is maintained in the tenant file (electronic or paper).

Owner/agents may maintain either paper or electronic files in compliance with the Notice.

#### Signatures When A GR is Effective On The Same Date as a MAT10

If a Gross Rent Change (GR) is effective on the same date as a MAT10 record (MI, IC, AR or IR) that has already been signed and submitted to HUD or the CA, site software will generate a correction to the MAT10.

In this case, when the Tenant Rent (TR) does not change, and when no other information changes, the owner/agent may send the corrected MAT10 certification using the Extenuating Circumstance Code 8 = No Signature Required. The owner/agent must sign the certification before transmitting to HUD or the CA.

However, if the Tenant Rent changes (up or down) but no other information has changed, all adult household members must sign the corrected MAT10 within 60 days of the GR voucher date (date GR first appears on a voucher).

While the owner/agent is collecting signatures, these corrections may be submitted using Extenuating Circumstance Code 9 = No signature required for 60 days.

The owner/agent must sign the certification before transmitting to HUD or the CA. The owner/agent must collect signatures from all members, as required, within 60 days. If the owner/agent submitted the corrections using Extenuating Circumstance Code 9, the owner/agent will create a correction, remove the Extenuating Circumstance Code and enter the Tenant Signature Date.

#### Extenuating Circumstances – Resident Unable to Sign

***Note:*** *This is not the same as refusal to sign. Do not use the Extenuating Circumstance Code when tenant misreporting or fraud is identified and the resident refuses to sign certifications.*

For years, owner/agents have had permission to submit certifications without resident signatures if certain extenuating circumstances exist. There are cases when the owner/agent cannot complete the AR process or the resident is unable to sign. Some examples include, but are not limited to:

* A sole household member who has been hospitalized and/or is in rehab;
* The HOH is enlisted in the military and has been deployed to active duty overseas
* There is a need for a reasonable accommodation resulting in delay of completion of the AR

When there are Extenuating Circumstances, the certification can be submitted provisionally by using an Extenuating Circumstances Code in lieu of a tenant signature. It is important that owner/agents follow HUD guidance when documenting the tenant file. HH 4350.3 Change 4 provides the following instruction:

*“… The owner/agent 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/agent must document the file why the signature(s) was not obtained and, if applicable, when the signature(s) will be obtained. The owner/agent must provide the tenant a copy of the signed HUD 50059 (electronic or paper) and retain a copy in the tenant’s file.”*

Legitimate reasons to submit the HUD 50059 without a tenant signature are outlined in Chapter 6 MAT Tenant System Format Definitions and below.

BE CAREFUL ABOUT USING THE EXTENUATING CIRCUMSTANCES CODES – ESPECIALLY CODE 6 – EVICTION IN PROCESS. IN SOME LOCALS, SUBMITTING A CERTIFICATION WHILE PURSUING EVICTION COULD NEGATIVELY AFFECT AN EVICTION DECISION.

OWNER/AGENTS MUST BE FAMILIAR WITH LOCAL TENANT/LANDLORD RULES WHEN REQUESTING SUBSIDY ON BEHALF OF A RESIDENT.

#### Extenuating Circumstances and the Annual Recertification

While failure to report for the AR meeting appears to be a clear case of non-compliance, HUD requires owner/agents to determine the facts surrounding a resident’s failure to respond.

If a resident fails to participate in the AR process, the owner/agent must ask the resident if there are extenuating circumstances preventing completion of the certification. See HH 4350.3 Change 4 Paragraph 7-8.

When a resident does not report for AR and/or does not sign the appropriate certifications, it is not usually appropriate to use the Extenuating Circumstances Code unless there really are extenuating circumstances or unless the owner/agent is making a reasonable accommodation. This code is not used because a resident was on vacation or because a resident refused to participate.

#### Correcting Certifications Sent Using Extenuating Circumstance Codes

When an owner/agent submits a certification using an Extenuating Circumstance Code, additional steps are required. As mentioned in the 5.7.3.2, the owner/agent must document the file explaining when or if the certification will be signed.

In most cases, the owner/agent must eventually obtain a resident signature. When the resident returns to sign the certification, the owner/agent will apply any changes as appropriate, remove the Extenuating Circumstance Code, enter a tenant signature date and submit the correction to TRACS.

This rule does not apply when properly using Extenuating Circumstance Code 8 – No signature required. The rule may not apply, depending on the circumstances, when using Extenuating Circumstance Codes 6, 7 or 10.

**Extenuating Circumstance Codes**

Leave blank if any tenant has signed this (re)certification. If the tenant has not signed this (re)certification, this Item must be filled in with one of the following codes.

1 = Medical

2 = Late annual (re)certification due to accommodation or extenuating circumstances.

~~3 = Late annual due to owner/agent action.~~ No longer Valid with TRACS v 2.0.3.A

4 = Late annual (re)certification due to third party delay (For example a Guardian)

5 = Military Deployment

6 = Eviction in Progress. Must be for a valid HUD Handbook reason.

7 = Court order

8 = No Signature Required (Certification created after a MO or a GR correction to a previously transmitted HUD 50059 where the only change is the GR modification of the Contract Rent and where TTP, Tenant Rent, or Utility Allowance does not change).

9 = No signature required for 60 days (based on anticipated voucher reported on date). An example would be a retroactive GR causing a correction to a previously transmitted HUD 50059 and where any of the TTP, Tenant Rent or Utility Allowance changes. A signature is required but the cert may be transmitted immediately and the signature collected within 60 days.

10 = Other

11 = RAD tenant not required to or unable to sign. Primarily used when a resident has been relocated for Rehab before the Contract Effective Date and the Conversion IC must be submitted to TRACS establishing the residents’ right to return.

If the resident passes away or becomes incapacitated before providing a signature, the certification is still considered compliant.

**Example – Resident Passes Away Before Providing Signature**

* Laura Laughlin lives in a senior community
* Laura has double knee replacement surgery and will be in rehab in another state for four months
* Laura’s AR is due
* The owner/agent sends the 1st, 2nd, and 3rd Reminder Notices
* Laura contacts the owner/agent before the cutoff date
* She explains she will not be able to participate in the AR process until she returns
* While not required, the owner/agent sends a notice to Laura explaining that they will submit the certification so that subsidy will continue and any rent change will be retroactive to the AR effective date
* The owner/agent submits the AR using Extenuating Circumstance Code 1 – Medical
* The owner/agent notes the tenant file appropriately.
* Unfortunately, Laura passes away before returning to sign the certification
* The AR remains in force until the owner/agent submits either:
  + A Termination – DE; or
  + A Move-out 4

### Rent Calculations When There is a Low-income Housing Tax Credits (LIHTC) Contract

For Section 8 (except Component 1 PH to PBRA RAD – see below), Section 202/8, 202/162, 236, 202 SPRAC, and 811 PRA when the assistance is zero or negative, the owner/agent may charge the LIHTC rent if it is greater than Contract Rent. However, if the Maximum Allowable Rent (Max Rent) under the Low-income Housing Tax Credit rules is less than the S8 Contract Rent, the LIHTC Max Rent must be charged.

**Component 1 PH to PBRA RAD**: If a tenant’s TTP is greater than or equal to Gross Rent, the resident pays the lesser of:

1. S8 calculated rent;
2. The Maximum Allowable Rent under LIHTC;
3. A percentage of FMR as provided via HUD Notice.

In any of these cases, the resident is considered “assisted” and the unit is part of the unit count under “Units Receiving Subsidy Under This Contract” on the HUD 52670 even if the Assistance Payment (AP) is zero or negative.

If a Component 1 PH to PBRA RADtenant is terminated because the resident is non-compliant with the rules and/or the resident is no longer eligible under the Section 8 program rules (e.g., failure to report for AR, not eligible under the Student Rule, etc.), then the resident is treated as a market-rate tenant and the unit is part of the unit count under “Market Units under this contract” on the HUD 52670.

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.*

***Note: For Rent Overrides involving the Rent Phase-in rules under RAD—see the Paragraph entitled RAD Rent Phase-in.*** *Certifications where rent is being phased-in are treated as rent override situations.*

**PBRA RAD Component 2:** When the tenant is terminated (assistance is 0 or less or there is a lease violation), the owner/agent may charge the LIHTC rent if it is greater than Contract Rent. However, if the Maximum Allowable Rent (Max Rent) under the Low-income Housing Tax Credit rules is less than the S8 Contract Rent, the LIHTC Max Rent must be charged.

## Correcting MAT10 Full Certifications

Owner/agents have the ability to correct certifications. When submitting a correction to a certification, the Correction Indicator Field is filled with a 1. If the Correction Indicator is 1, the Correction Type Field must be populated. Valid entries are:

* Space – No correction
* 1 – Administrative Resubmissions
* 2 - Corrects Owner or Contract Administrator certification errors.
* 3 - Corrects tenant misreporting.

When a certification is submitted as an Administrative Resubmission, it is assumed that the certification includes the same information as the originally submitted certification. Owner/agents could be using this code to address a specific TRACS issue such as a missing certification. In these cases, when the information provided on the correction is the same as the originally submitted certification, and since the original certification was signed, the new certification does not require new signatures. The signature date from the original certification may be used.

When an owner/agent submits a correction using Correction Type 1 or 2, it is assumed that the information on the corrected 50059 differs from the information on the originally submitted 50059. When this is the case, the signature requirements apply.

### How To Correct A MAT 10 Full Certification Effective Date

If a MI or IC is submitted with an incorrect Effective Date, and if the incorrect Effective Date is before the correct Effective Date, the owner/agent should:

1. Submit a TM/NS effective on the same day as the MI or IC
2. The owner/agent should check TRACS to make sure the TM processes correctly;
3. The owner/agent should submit the corrected MI or IC.

If a MI or IC is submitted with an incorrect Effective Date, and if the incorrect Effective Date is after the correct Effective Date, the owner/agent should contact the Help Desk and request that the incorrect MI or IC is deleted.

If an AR or IR is submitted with an incorrect Effective Date, the owner/agent should contact the Help Desk and request that the incorrect AR or IR is deleted. Once the owner/agent checks TRACS (TRACS Certification Query) to make sure the certification has been deleted, a corrected AR or IR is submitted.

*Note: When a corrected certification is submitted after the original certification is deleted, TRACS may generate a Discrepancy Code indicating there is no certification for the correction submitted. This is an Action Code 3 error and does not require any additional action.*

* + 1. **Correcting or Changing the HOH Identifiers – Previous Head Fields**

Owner/agents change HOH Identifiers for two reasons:

1. A HOH identifier was entered incorrectly (spelling of last name, SSN, etc.)
2. The HOH has changed.

In order to correctly address either of these, the owner/agent uses the Previous Head Information fields in the MAT10, Section 2 Record.

Five of the Previous Head fields included on the MAT10, Section 2 record must be filled when a change or correction is required to one or more Head-Of-Household identifiers.

1. Head ID;
2. MAT10 Effective Date (this is the effective date of the most recent MAT10 record in TRACS);
3. Head Last Name;
4. Head First Name;
5. And Head Birth Date.

Note that there is a Previous Head Middle Initial field included with the ones above but it is optional and best left blank. If it is filled, it must match the Middle Initial of the HOH in the previous MAT10 family record. If it does not match the certification will receive a fatal error.

All five fields must be filled regardless of the identifier being corrected/changed.

***Note:*** *TRACS is not designed to handle the correction of Head-of-Household SSNs retroactively. Consider this example:*

**Example: Correction to HOH SSN**

* Tenant moves in on 1/10/2023. Site submits a 1/1/2024 AR and a 1/1/2025 AR.
* When completing an 8/1/2025 IR, the site discovers that the HOH SSN has been incorrect since the MI.
* The proper method to correct the SSN is to send the 8/1/2025 IR with the new SSN and with the Previous Head Fields filled and the active certification Effective Date pointing to the 1/1/2025 AR. DO NOT attempt to correct the SSN on any of the prior certifications.
* If the owner/agent were to process a retro GR going back to 1/10/2023, the corrected Move-in (MI-MAT10) and ARs will not update the SSN. The original incorrect SSN remains in those certifications.

The assumption is that the SSNs will be corrected moving forward—not retroactively. The Previous Cert Effective Date field is intended to point to the current and active certification in TRACS—not to any earlier certification.

### Correcting HOH Identity Code Originally Entered as 999999999

In some cases, the HOH is exempt from the Social Security Number Disclosure Requirement. Two exemptions that may apply to the HOH are:

1. The HOH is an ineligible noncitizen; or
2. The HOH is a senior who was 62 or older on January 1, 2010 and was receiving assistance on January 1, 2010.

When a member is exempt, the owner/agent submits the certifications using 999999999 and the appropriate Exception Code.

After submitting a member record with all 9’s in the SSN field indicating the absence of an SSN, TRACS returns a TRACS Identification Number (T-ID) to be used in future submissions. There is no need or expectation that the current certification be corrected to reflect the new T-ID.

When submitting the first certification after a Head-of-Household receives a T-ID, the owner/agent must use the T-ID; owner/agents do NOT use 999999999 after the first certification. There is no need to fill the Previous Head fields in this case; TRACS already has the T-ID stored. The Previous Head fields are only used when changing the Head-of-Household information as it has been recorded in TRACS. Since the T-ID was generated by TRACS, there is no need to send the “old” 999999999 Identifier.

If a Head-of-Household’s data has been sent to TRACS with the Identification Code set to 999999999, the T-ID is used on any subsequent certifications. However, if the HOH obtains a valid SSN, the valid SSN must be used on the first full certification submitted after the SSN has been received and verified by the owner/agent.

When creating that new MAT10, the new SSN is used as the Identification Code. The five Previous Head fields must be filled and the T-ID MUST is entered as the Previous Head ID. This allows TRACS to associate the most recent MAT10 recorded in TRACS with the new certification and allows TRACS to complete the update. (see Example 2 SSN Exists below)

If the T-ID is unknown, owner/agents can check the TRACS message returned when the original certification was submitted, check the EIV Failed Pre-Screening Report or owner/agents can send an inquiry to the Help Desk [tracs@hud.gov](mailto:tracs@hud.gov).

***Note for Contract Administrator (CA)s:*** *A CA will occasionally see an Initial Certification (IC) corresponding to a change of Head-of-Household (previous Head-of-Household information filled) where the CA may not have any previous certifications for the household. This can happen when the tenant has previously been on a Section 236 certification and qualifies for deeper subsidy. This can also happen when a new Section 8 or 202/8 contract is assigned to a CA. TRACS will have the full history for the tenant and will link the new certification to the prior certifications in the TRACS database. Therefore, it is important for the CA to accept the change of head indicated on the Initial Certification and pass it on to TRACS.*

#### Example 1: No SSN for the Head – TRACS Generates a T-ID Number

When a certification is submitted to generate a T-ID, none of the “previous” fields of the MAT10, Section 2 record are involved. Instead, 9s are entered in the identification code field of the MAT10 Section 3 Family record along with values for the pertinent mandatory member Identifiers (Last Name, First Name, Birth Date) and non-mandatory Middle Initial - if available.

Using the information, TRACS generates the T-ID and stores it and the member information in the Household Member Table for later reference.

When an SSN is received for the Head-of-Household, another MAT10 must be submitted with the original Head-of-Household information recorded in the “Previous” fields except that the Previous Head ID will contain the TRACS generated T-ID.

#### Example 2: T-ID Exists

Owner/agents may use the EIV Failed Pre-Screening Report to find the T-ID.

Owner/agents may also send an email to [tracs@hud.gov](mailto:tracs@hud.gov) and request the T-ID for a resident. When doing so, the owner/agent should not include any personal identifiers in the email. The owner/agent should provide the contract number, unit number and resident last name (if necessary). The email should be encrypted or secured using processes established by the owner/agent for electronic transmission. See also HSG Notice 2020-10 [Electronic Signature, Transmission and Storage - Guidance for Multifamily Assisted Housing Industry Partners](https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-10hsgn.pdf) (or subsequent guidance from HUD).

When the user needs to submit a transmission to TRACS but does not remember the T-ID, submitting the following in the MAT10, Section 3 Family record enables TRACS to locate the existing T-ID and insert it into the certification during processing.

Because the user is not changing any of the identifiers, the MAT10 Section 2 “previous” fields are not required and, therefore, should not be included in the submission.

* Identification code (999999999)
* Last Name (M)
* First Name (M)
* Middle Initial (Optional, but if this field is filled it MUST match the HOH Initial in the previous MAT10 family record)
* Birth Date (M)

#### T-ID Exists – One Or More Identifiers Changed

When any of the identifiers change, values for all mandatory identifiers must be submitted on the MAT10 Section 3 record.

For example, to change the tenant’s last name from Davis to Davis-Hines follow the procedure below:

* Fill in the new information along with all mandatory identifiers on the MAT10, Section 3 record.
* MAT10 Effective Date (M)
* Last Name (DAVIS-HINES) (M)
* First Name (M)
* Middle Initial (Optional, but if this field is filled it MUST match the HOH Initial in the previous MAT10 family record)
* Identification Code (M)
* Birth Date (M)
* Fill in the five (5) mandatory “previous HOH” fields on the MAT10, Section 2 record. All five fields are required and the information supplied in the fields must be valid data taken from the most recent (prior) certification stored in TRACS. TRACS compares the information submitted in the “previous” fields with the data stored in the TRACS database.

Any variation in the comparison will cause the submission to be rejected (FATAL error F0130).

* Previous Head Id (M)
* Active MAT10 Effective Date (M)
* Previous Head Last Name (DAVIS) (M)
* Previous Head First Name (M)
* Previous Middle Initial (Optional, but if this field is filled it MUST match the HOH Initial in the previous MAT 10 family record)
* Previous Head Birth Date (M)

After processing the change and updating the member table, TRACS uses the data submitted in the Previous HOH fields, to locate and deactivate the family’s prior certification. It also creates a link between the newly created certification and the old certification so both display in the tenant’s history list.

#### SSN Exists – One Or More Identifiers Changed

When any of the identifiers change, values for all mandatory identifiers must be submitted on the MAT10 Section 3 record. For example, to update the tenant’s T-ID (T00000901) to his permanent SSN (321421521) follow the procedure below:

* Fill in the five (5) Previous HOH fields (mandatory identifiers) on the MAT10, Section 2 record. All five fields are required and the information supplied in the fields must be valid data taken from the most recent (prior) certification stored in TRACS. TRACS compares the information submitted in the “previous” fields with the data stored in the TRACS database. Any variation in the comparison will cause the submission to be rejected and fatal error F0130 generated.
* Previous Head Id (T00000901) (M) [T-ID required in this case. All 9’s will not work]
* Active MAT10 Effective Date (M)
* Previous Head Last Name (M)
* Previous Head First Name (M)
* Previous Middle Initial (Optional, but if this field is filled it MUST match the HOH Initial in the previous MAT 10 family record.)
* Previous Head Birth Date (M)
* Fill in the new information along with all mandatory identifiers on the MAT10, Section 3 record.
* Last Name (M)
* First Name (M)
* Middle Initial (Optional)
* Birth Date (M)
* Identification Code (321421521) (M)

After processing the change and updating the member table, TRACS uses the data submitted in the “previous” fields, to locate and de-activate the tenant’s prior certification.

It also creates a link between the newly created certification and the old certification so both display in the tenant’s history list.

This example may be used to change any of the Head-of-Household identifiers.

### Identification Code Originally Entered as 999999999 For Exempt Adult Member Other Than The HOH

The process changes when the Identification Code for a person, other than the HOH, is entered as 999999999.

TRACS will generate a T-ID for this member as well.

When creating the next certification, full or partial cert, the member’s Identification Code should include the T-ID and not 999999999.

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 submitted with the correct SSN.

### Identification Code Originally Entered as 999999999 For Exempt Minors

As stated earlier in this chapter, the exemption for minors under the age of 6 is temporary.

The resident family is provided 90 days to provide the SSN and/or adequate documentation to verify the SSN. The owner/agent may extend this timeframe up to an additional 90 days if the reason the information has not been provided is beyond the family’s control and the owner/agent can reasonably expect the family to provide the required information in the extended timeframe.

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 submitted 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: Since an Interim Recertification reporting nothing other than a new SSN for a member will be effective on the first of a month, the Interim Recertification may be effective after the end of the 90-day or 180-day period. Therefore, if the resident reports the SSN prior to or at the end of the period, TRACS may issue the warning before the Interim Recertification is transmitted and effective.*

The penalty for failure to provide the SSN as required is termination of tenancy for the entire family. There is no proration in this case.

If the resident fails to produce the SSN by the end of the grace period, the responsibility to terminate tenancy rests with the owner/agent.

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 (eviction) unless local tenant/landlord guidance prohibits such action.

The owner/agent may collect subsidy while pursing eviction. An owner/agent is not compliant if the owner/agent does not either submit a compliant certification or pursue eviction.

## 50059 Move-in Certifications

Also see Chapter 6 MAT Tenant System Format Definitions.

Move-in (MI) certifications are generated when a qualified resident takes possession of a unit under a HUD MFH contract.

The MI Effective Date is the date the resident takes possession of the unit.

The new family’s income must be at or under the Income Limit established for the property. In 2013, HUD released the following clarification regarding Income Limits.

Referencing RHIIP Listserv #292 FY2013 Income Limit Implementation Policy.

*An applicant may be housed when an applicant was determined to be eligible based on the prior year’s income limits, when a unit offer has been extended and when, prior to MI, new income limits are published which would make the applicant ineligible.*

HUD says, “*HUD Handbook 4350.3 REV-1, paragraph 3-6.C.2 states: Owners determine income eligibility prior to approving applicants for tenancy. Owners compare the family’s Annual Income to the appropriate income limit prior to placing an applicant on the waiting list. However, owner/agents may wait until a unit is available to verify the applicant’s income eligibility.*

*Following this guidance in the Handbook, if a unit becomes available and an applicant is selected from the waiting list, is processed for eligibility, and meets all eligibility requirements at the time of processing, the applicant is eligible to move-in to the project even if new income limits have been published.”*

For all programs except PRAC and Component 1 PH to PBRA RAD, the family’s calculated AP must be greater than zero at MI.

### MI - Tenants Who Were Not Eligible at Move-in

In 2013, HUD determined that a resident who failed to fully and accurately report income at move-in may be subject to the requirement to meet the property income eligibility requirement.

If the owner/agent determines, after move-in, that a resident failed to fully and accurately disclose income AND that the household was not income eligible at move-in, the owner/agent must terminate subsidy using the NS (No Subsidy) Termination Code (introduced with the release of TRACS 202D) using the MI date as the Effective Date.

This will create an adjustment that removes all subsidy paid to date.

**Example – Section 8 Resident Was Not Eligible at Move-in**

* Income Limit $24000.
* Resident claimed income is $21000 at MI.
* After 90 Day EIV Review, owner/agent discovers resident’s “real” income was $32000.
* Resident is terminated using the NS (No Subsidy) Termination Code.
* Later resident loses job and requests subsidy.
* Resident **will not be qualified** to receive subsidy until household income is $24000 or less (or current Income Limit at the time of request).

In order to reinstate subsidy, the resident must meet all of the eligibility requirements, including income eligibility, in order to qualify for housing assistance and for an Initial Certification to be accepted by TRACS.

## 50059 Initial Certifications

Initial Certifications are created when subsidy needs to start after a MI date.

Owner/agents will create Initial Certifications when:

* A resident is moving from one contract or program to another contract or program (e.g., moving from PRAC to PBRA RAD);
* A resident was housed in a 236 or other unassisted unit and:
  + A new subsidy slot is available
  + The family qualifies for subsidy
* A resident’s income increased to the point that calculated AP = $0 and now circumstances have changed and the resident is, once again, qualified for assistance;
* A resident was terminated for cause and the resident now qualifies for assistance;
* A resident’s AP was Suspended while a unit was undergoing rehab and/or repair and the resident returns to the unit.

Generally, when an AR is delayed due to owner/agent action, the correct submission is an AR not an IC. See discussion about Late ARs later in this chapter.

### IC - Resident Moving From One Program Type to Another

For information about the PBRA RAD Conversion IC, please see Chapter 4 MAT PBRA RAD of this MAT Guide.

### IC - Resident Housed in a 236 Or Other Unassisted Unit

If the project is not 100% subsidized with a deeper subsidy, e.g., Section 236 project, and the in-place tenant is moving from the Section 236 program to a deeper subsidy program, (e.g., Section 8), the in-place tenant’s income must meet the Income Limit established for the property.

### IC - Income Increase Resulting in TM Then Income Decreases Resulting in IC

There are cases when an income increase results in an AP that is $0. For all programs except Component 1 PH to PBRA RAD and PRAC, the correct action is to submit a Termination Transaction.

If, later, income is reduced and the resident requests an interview to determine if the resident is, again, qualified for assistance, the following rules apply.

A tenant who changes from “market” to subsidized status generally MUST qualify for subsidy and an IC MUST be transmitted. HUD policy has confirmed the following guidance for properties where 100% of the units are included in the Section 8 or Section 202/8 contract:

*“If the project is 100% subsidized, in the case where an in-place tenant’s assistance was terminated due to an increase in income and whose income decreases to where they are again eligible for assistance, the tenant should be recertified and receive the assistance.  The tenant’s income eligibility was determined at move-in and does not have to be determined again.”*

However, for projects that have a Section 8 or Section 202/8 contract covering part of the units, there is an exception to the very-low Income Limit that does not require HUD approval for tenant’s paying more than 30% of income toward rent, and whose income is at or below the low-Income Limit (see HH 4350.3 Change 4 Paragraph 3-7*)”.*

The new AR date is based on the Effective Date of the IC – not the move-in date.

*Note: If the property reviews all ARs on the same date, the new Next AR date would coincide with the property’s AR date.*

### IC After Termination for Cause

There are various rules about Termination for Cause and Reinstating Assistance.

If a resident fails to report for Annual Recertification and when there is no need for a reasonable accommodation and no Extenuating Circumstance, AP is terminated the day before the Next Recert Date.  On the Recertification Anniversary Date, the resident must begin paying the market rent.

*Note: In a Section 202 PRAC or Section 811 PRAC project the tenant will be evicted for failing to comply with the recertification requirements.*

Assistance should be reinstated if:

1. Assistance is available at the property;
2. The tenant submits the required information; and
3. The owner/agent determines that the tenant qualifies for assistance.

The owner/agent creates an Initial Certification with an effective date equal to the first day of the month following the date on which the tenant reported for certification.

The new TTP/Tenant Rent and Assistance Payment take effect the first day of the month following the date on which the tenant reported for the certification.  The tenant must pay the market rent until this date.  If the tenant fails to report for the recertification interview and fails to pay market rent, or make arrangements to pay, the owner/agent is obligated to evict for nonpayment.

If the owner/agent completes the income certification processing during the month following the date on which the tenant reported for the certification, the new TTP, TR and AP still take effect on the first day of the month following the date on which the tenant reported for the certification.  When the owner/agent processes the rent change and assistance payment, they are retroactive to this effective date.

The tenant’s Next Recertification date changes to the first day of the month the property begins receiving assistance for the tenant.

### IC After Suspension for Rehab/Repair

In some cases, a resident will be relocated in order to allow an owner/agent to rehab or repair the unit. In these cases, the resident’s assistance is suspended.

If the Next Recertification Date indicated on the certification in effect when subsidy was suspended, has not passed, the owner/agent may use the data on that certification to create the IC. The Next Recertification Date on the IC should match the date on the certification used.

If the Next Recertification Date indicated on the certification in effect when subsidy was suspended, has passed, the owner/agent must conduct a family review much like the AR. Since income must be reviewed at least annually, the Next Recertification Date on the IC is based on the Effective Date of the new IC.

## Annual Recertifications (New)

*Note: When referencing the Next Recert Date, this is the anticipated Effective Date of the next AR.*

The AR Process is described in HH 4350.3 Chapter 7.

In order to continue to receive housing assistance, residents are required to report income and other required information at least annually.

Owner/agents should remember some key facts.

1. Residents are required to report **every twelve (12) months** for a review of income.
2. Owner/agents are responsible for sending at least three reminder notices unless the AR is completed and signed before the notices are due.
3. Per the HUD lease, residents MUST meet AND provide required information before the Next Recert Date.
4. All of the HOH, co-HOH/spouse regardless of age and all other adult household members MUST sign the AR.

*Note: The AR may be sent using an Extenuating Circumstance Code; the owner/agent is to document the tenant file explaining why there is no signature and when or if the signature will be obtained. When the resident signs, the AR is corrected, the Extenuating Circumstance Code is removed and the signature date is entered. All adult household members must sign the corrected certification except as described in this Chapter.*

1. When an AR is due, the owner/agent is required to submit to TRACS either
   1. AR;
   2. TM Effective before the Next Recert Date;
   3. MO Effective before the Next Recert Date.
2. If the resident has not reported and provided all required documents by the Next Recert Date, the owner/agent must terminate unless there are extenuating circumstances.
   1. Termination of tenancy for PRAC;
   2. Termination of assistance for other contract types.
3. If the resident reports after the 10th day of the 11th month but BEFORE the Next Recert Date and provides all required documentation, the owner/agent may take up to 90 additional days to process the AR.
   1. This provides the owner/agent time to verify information provided BEFORE the Next Recert Date.
   2. The owner/agent may continue to bill for subsidy during this 90 day extension.
   3. CAs must authorize this payment as long as the AP request is equal to the amount requested previous to the Next Recert Date. CAs may not delay or adjust such a request until the 16th month voucher.
4. If there is a CA and if the CA does not receive an AR with 15 months, the CA may not authorize an Assistance Payment (AP) for the 16th month voucher or for any subsequent voucher.
5. TRACS will generate an HQ Termination (TM/HQ) effective the day before the Next Recert Date if one of the following has not been successfully recorded (See TRACS Late AR Query):
   1. The completed AR;
   2. TM, using a TM Code other than owner/agent Suspension Code, effective before the Next Recert Date – if the resident is being terminated for cause (e.g., did not report for AR or did not provide required documentation to determine AP);
   3. TM Using the owner/agent Suspension Code, effective the day before the Next Recert Date if the AR is late due to owner/agent action;
   4. MO Effective before the Next Recert Date.

### AR - Next Annual Recertification Effective Dates

In order to continue to receive housing assistance, residents are required to report income information at least once, every year. The Next Recertification Date entered on the HUD 50059 is based on the Move-in (MI) or Initial Certification (IC) effective date.

The Next Recert Date is always the first of a month and is usually the first of the same month one year later. For example, if a resident moves in March 5, 2024, the owner/agent would establish a Next Recert Date of March 1, 2025

*Note: Lease dates do not follow the same rule. Using this example, the Lease Start Date is March 5, 2024 and the Lease End Date is either:*

* *March 4, 2025 or*
* *March 31, 2025.*

*Using this example, owner/agents may not use February 28, 2025 as the lease end date. Doing so would cause the initial lease term to be less than one year and, if the file is audited, the Reviewer will issue a finding.*

If assistance stops for some reason and then is restarted at a later date, an owner/agent creates an Initial Certification.

The Next Recert Date is usually the first of the same month as the IC Effective Date, one year later.

**Example – Establishing the Next Recert Date for IC After TM**

* Resident fails to participate in the *Annual Recertification* process before the AR Due Date of 3/1/24.
* Owner/agent inquiries about Extenuating Circumstances and receives no response from the family.
* Owner/agents must terminate subsidy using the Termination Code TR = Did not re-certify on time.
* This TM Effective Date is 2/29/24 *(this is the last day of subsidy).*
* Resident reports and provides required documents on 3/10/24 and qualifies for subsidy.
* Subsidy starts 4/1/24.
* Owner/agents establishes a Next Recert Date of 4/1/2025.

*Note: The exception is when an AR or IR is effective on the PBRA RAD Contract Effective Date. When this is the case, the new information is used.*

#### Next Annual Recertification Effective Dates & the PBRA RAD Conversion Initial Certification (Conversion IC)

Please see this MAT Guide Chapter 4 MAT PBRA RAD for additional information for the PBRA RAD program.

When an owner/agent converts to PBRA RAD, a TM is submitted for the original contract and a Conversion IC is created for the new PBRA RAD Contract.

When creating the conversion Initial Certification (IC), the owner/agent generally uses the information included on the certification in effect at the time of conversion to PBRA RAD.

This includes the Next Recertification Date as long as that date complies with HUD Multifamily Housing’s Annual Recertification Rules.

**Example – PBRA RAD Only - When AR or IR Has the Same Effective Date as the Conversion IC**

* Owner/agents enters a RAD for PRAC contract effective 2/1/2024.
* Residents are Terminated from the PRAC effective 1/31/2024.
* The owner/agent will use the TM CE = Subsidy contract expired-not renewed Code.
* Sammy Smith’s last AR was effective on 6/1/2023.
* When creating the Smith’s Conversion IC:
  + The Effective Date is 2/1/2024.
  + The Next AR Date is 6/1/2024.

#### All or Groups of Annual Recertifications Effective in Same Month (Mass Annuals)

Some properties have requested and been given permission to conduct all ARs at the same time. When HUD approves such a request, the rule may apply to:

* All units in a building; or
* All units under a particular contract; or
* All units on the property;
* All units on a particular floor.
* In properties for the elderly or disabled, to coordinate with the issuance of cost-of-living adjustments for Social Security or other assistance programs.

Owner/agents must be particularly careful when entering the Next Recertification Date for these properties.

Most site software auto-fills the Next Recertification Date field when an AR or IC is created.

For properties that have been given permission to complete all ARs in the same month, this could create an issue.

The property managers must remember to change the default Next Recertification Date if appropriate.

In the example above, the owner/agent may not make the Next Recertification Date 4/1/**2025** because that would establish a certification cycle that is more than 12 months - which is not compliant with HUD rules.

The certification cycle can be less than 12 months, but not more than 12 months. This is true even if the owner/agent has implemented Streamlined Annual Recertification for Fixed Income Families.

**Example – Annual Recertification Effective on Same Date Property Wide**

* The Villas has established a common AR date of 4/1 for all residents who live on the property
* The Jenrette’s move into The Villas on 2/15/2024.
* The property manager completes the MI transaction effective on 2/15/2024.
* The Next AR Date on the MI certification is 4/1/**2024**.

### AR Reminder Notices

Residents are advised of their requirement to report annually - at Move-in/Initial Certification (MI/IC) and at each AR - when they receive the **Initial Notice of Certification**. Owner/agents may use [HUD’s Sample Initial Notice of Certification (HUD Form 90100)](https://www.hud.gov/program_offices/administration/hudclips/forms/hud9) or may create their own Initial Notice of Certification that complies with HUD’s requirements outlined in HH 4350.3.

At least 120 days prior to the Next Recert Date, owner/agents are required to provide residents with the First Reminder Notice. Owner/agents may use HUD’s sample First Reminder Notice provided in HH 4350.3 Exhibit 7-2. or may create their own First Reminder Notice that complies with HUD’s requirements outlined in HH 4350.3.

If the resident **has not completed** the certification including providing required signatures, a Second Reminder Notice should be sent at least 90 days before the Next Recert Date. Owner/agents may use HUD’s sample Second Reminder Notice provided in HH 4350.3 Exhibit 7-3 or may create their own Second Reminder Notice that complies with HUD’s requirements outlined in HH 4350.3.

If the resident **has not completed** the certification including providing required signatures, a Third Reminder Notice should be sent at least 60 days before the Next Recert Date. This is the first time the owner/agent reminds the residents that their assistance will be terminated if they do not comply. In the case of a PRAC, the owner/agent may begin the process to terminate tenancy. Owner/agents may use HUD’s sample Third Reminder Notice provided in HH 4350.3 Exhibit 7-4 or may create their own Third Reminder Notice that complies with HUD’s requirements outlined in HH 4350.3.

Usually, site software is used to produce these reminder notices. Copies (paper or electronic) of all AR reminder notices must be included in the resident file.

Per a clarification from HUD’s Policy Division, AR Reminder Notices must be printed and dated no later than 120, 90 or 60 days in advance of the Next Recert Date. There is no requirement to date the notices exactly on the 120th, 90th or 60th day or on the first of the month.

It is important to base decisions about when to print the notices on a count of the number of days prior to the Next Recert Date.

Per HH 4350.3 Change 4 Paragraph 7-8, owner/agents may not terminate assistance unless all AR reminder notices have been provided to the tenant.

The 60-Day Reminder Notice informs the tenant that assistance will be terminated and the rent will increase to market rent (Contract Rent for the Section 8, 202/8 and 202 SPRAC programs) unless the tenant complies with AR reporting requirements which include meeting with the owner/agents and providing all required information/documents before the Next Recert Date (preferably before the 10th day of the 11th month).

* See Paragraph 15 of HUD Model Lease 90105A
* See Paragraphs 9 and 21 of HUD Model Lease 90105B
* See Paragraph 8 of HUD Model Leases 90105C and 90105D

In addition, assuming that the AR is available for signature before the Next Recert Date, the tenant may cause a certification to be late if the tenant fails to sign the AR before the Next Recert Date.

AR notices should be issued to tenants until the AR is complete and ready for transmission to HUD or the CA. An owner/agent may not increase a tenant’s rent without notice as required in HUD guidance.

Certain exceptions apply when the owner/agent is granting a reasonable accommodation or when there are extenuating circumstances.

### Annual Recertification Examples

The following examples are provided so that owner/agents and Contract Administrators (CA)s understand when subsidy should be provided and when assistance should be terminated.

Owner/agents and Contract Administrators (CA)s must understand that there are many variables that may affect the timeliness of completion of the AR.

This MAT Guide provides eight common situations in an attempt to show what type of certification is required and when these certifications should be submitted.

* Example 1 – Perfect World: Tenant reports in a timely manner
  + Submit an AR
* Example 2 – Tenant reports after Cutoff and before Next Recert Date
  + Submit an AR
  + Tenant not entitled to a notice of a rent increase as long as Third Reminder Notice was issued.
* Example 3 – Tenant Reports On or After Next Recert Date: No extenuating circumstances
  + For all programs except PRAC, Terminate assistance using the TR Termination Code effective the day prior to the Next Recert Date
* Example 4 – Extenuating Circumstances
  + Submit an AR using an Extenuating Circumstance Code before billing for the 16th month.
  + Tenant not entitled to a notice of a rent increase
* Example 5 – Owner Delay
  + Submit the completed AR before billing for the 16th month
  + If owner/agent delays beyond the 15th month, submit a TM/owner/agent Suspension, the submit AR when AR is complete. AR effective date does not change.
  + Tenant entitled to a 30-day notice of a rent increase
* Example 6 – Third Party Delay (neither the tenant nor the owner/agent is at fault)
  + Submit an AR Using Extenuating Circumstance Code 4 Late annual (re)certification due to third party
  + Tenant not entitled to a 30-day notice of a rent increase

This is in an attempt to ensure consistency for all residents.

#### Resident Reports in a Timely Manner – No Extenuating Circumstances (Perfect World)

Timely completion of the recertification process occurs when all AR steps are completed prior to the tenant’s Next Recert Date.

When a resident reports in a timely manner, all of their information is received no later than the 10th day of the 11th month of the certification cycle. The owner/agent should have plenty of time to prepare the AR and create the Initial Notice for the next year.

The owner/agent will also have time to create the 30-Day Notice of Rent Increase if necessary.

All adult household members must sign and date the certification and the owner/agent must sign and date the certification before it is transmitted to TRACS.

Owner/agent signature dates do not have to match resident signature dates. If multiple residents are signing, tenant signature dates do not have to match.

**Example - Resident Reports in a Timely Manner – No Extenuating Circumstances (Perfect World)**

|  |  |  |
| --- | --- | --- |
| **Date** | **Milestone** | **Tasks** |
| March 1 | Beginning of Certification Cycle | Certification is complete, signed and dated. owner/agent provides Initial Notice. |
| April, May, June, July, August, September, October – no required action related to AR | | |
| November 1 | 120-Day First Reminder Notice | Meet with residents, review EIV reports and verify information provided or use Streamlined Certification for Fixed-income families. *Note: EIV reports may be reviewed at any time during the 120 day AR process.* |
| December 1 | 90-Day Second Reminder Notice | If certification is not complete and signed, send second reminder notice. Meet with residents, review EIV reports and verify information provided or use Streamlined Certification for Fixed-income families. |
| December 10 | Resident Meets with Property Manager & provides required information. | Owner/agent successfully verifies information. |
| January 1 | 60-Day Third Reminder Notice | If certification is not complete and signed, send Third Reminder Notice. |
| January 10 | *Cutoff Date (10th day of 11th month)* | All documentation has been submitted and verified. |
| January 29 | Determine new rent and send appropriate notice |  |
| January 30 | Resident(s) signs the HUD 50059 | Certification is complete, signed and dated. owner/agent provides Initial Notice. |
| February 10 | March voucher is due. | AR is transmitted and the new AP is reflected on the March voucher.  ***Note:*** *The AR may be transmitted at any time after it is complete but it must be transmitted before the new AP appears on any voucher.* |

Specifically, in this scenario, when the resident reported in a timely manner and the AR is complete and signed before the Next Recert Date, the resident is compliant with Annual Recertification requirements.

If the certification is complete, but all adult household members have not signed by the Next Recert Date *(certification is complete and ready to be signed but resident will not report to sign the certification),* the certification is late and the household is subject to termination as long as all AR notices have been provided to the tenant.

See HUD’s Handbook Questions and Answers document which can be found on HUD’s RHIIP web site.

*107. Question: Chapter 7, Paragraph 7-6 B states that "owner/agents and tenants must complete the applicable steps listed in Chapter 7, Figure 7-3 for an annual recertification to be timely." Would a tenant cause a recertification to be late if he/she failed to provide required signatures on the HUD 50059 (step 8) by the recertification anniversary date?*

*Answer: Yes. A tenant would have caused a certification to be late if he/she failed to provide required signatures on the HUD 50059 by the recertification anniversary date.*

Owner/agents may not terminate assistance if the resident completes the certification, including providing all required tenant signatures (unless there are extenuating circumstances), before the Next Recert Date. The exception for all programs except PRAC and Component 1 PH to PBRA RAD is when the Assistance Payment calculation results in zero AP.

For PRAC and Component 1 PH to PBRA RAD, the TTP is not capped at operating (PRAC) or gross rent (Component 1 PH to PBRA RAD).

If the AR was submitted but not properly recorded in TRACS, the owner/agent must correct any errors and resubmit the AR after the corrected certification is signed as required by HUD. If there are no errors, the AR should be submitted as a correction using the Administrative Resubmission reason.

#### Delays In Processing Due To Late Tenant Response

This situation can occur as follows:

1. The owner/agent provides all three AR Reminder Notices in accordance with HUD requirements; and
2. The tenant reports for the AR interview and provides information and signatures after the cutoff date (i.e., after the 10th day of the 11th month following the last AR), but before the Next Recert Date.

The owner/agent processes the annual recertification.

1. Changes in the TTP/tenant rent and AP take effect on the Next Recert Date.
2. As established in the Lease, the Third Reminder Notice fulfills the requirement for a 30-Day Notice Of Rent Increase effective on the Next Recert Date.

In all cases where the tenant reports for recertification after the 10th day of the 11th month after the last AR but before the Next Recert Date, all adjustments to AP and the Tenant Rent (TR) are made retroactive to the Next Recert Date.

The AR process starts getting tricky when residents do not respond in a timely manner.

Owner/agents should periodically review the TRACS Late AR Query to monitor AR submissions and ensure that submitted ARs have been recorded correctly.

HUD provides **owner/agents** with additional time to process the AR when a resident reports and provides required information after the “cutoff date” but before the Next Recert Date. HH 4350.3 Change 4 Paragraph 7-6.

This extra time is provided to the owner/agent only when resident met with the owner/agent and provided required documentation to determine the Assistance Payment **BEFORE** the Next Recert Date.

Owner/agents and reviewers should note that the owner/agent will terminate assistance (or terminate tenancy if the contract type is PRAC) if a resident does not meet with the owner/agent and provided required documentation to determine the Assistance Payment BEFORE the Next Recert Date.

The only exception to this guidance is applied when there is the need for a reasonable accommodation or when there are Extenuating Circumstances.

**Example – Late AR - Resident Reports after Cutoff Date but Before Next Recert Date**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Milestone** | | **Tasks** |
| March 1 | Beginning of Certification Cycle | | Certification is complete, signed and dated. owner/agent provides Initial Notice. |
| April, May, June, July, August, September, October – no required action related to AR | | | |
| November 1 | 120-Day Reminder Notice | | Resident does not respond, or has not provided necessary documents/signatures |
| December 1 | 90-Day Reminder Notice | | Resident responds but has not provide necessary documents/signatures |
| January 1 | 60-Day Reminder Notice | | Resident has not provided necessary documents/signatures. |
| January 10 | ***Cutoff Date*** | | Deadline for meeting and all information to be submitted. Resident does not respond or has not provided necessary documents/signatures. Resident is no longer entitled to a 30 Day Notice of Rent Increase. |
| February 10 | March voucher is due. March is 13th month | | In this example, residents have not provided property staff with all necessary information.  Include previous AP amount on voucher. |
| February 15 | Resident provides all documentation to complete the AR and owner/agent is now required to verify. AR is not complete by 2/28.  Owner/agent should process the certification as quickly as possible, but has until the 16th month voucher is due to complete the AR. By the 16th month, the owner/agent must submit an AR, TM (if the resident is subject to termination due to tenant action), or MO. If a MO or TM is submitted, the Effective Date MUST be before the Next Recert Date. In this example, the owner/agent should be able to complete the AR before 5/10 (when June voucher is transmitted – June is the 16th month). See later in this Chapter for information about Termination when billing for the 16th month. | | |
| **February 28** | Generally, cert must be complete and signed by all household members. As long as all household members meet with the owner/agent and provide required documentation, the owner/agent may continue to process the AR. Please note that meeting with the owner/agent does not fulfill the requirements outlined in the lease. The resident MUST provide required documentation necessary to complete the AR. | | |
| March 1 | This is month 13 | | |
| March 3 | AR is complete, all members have signed and owner/agent has provided Initial Notice. | AR is complete and will be included on the April voucher. | |
| March 10 | April voucher is due. Billing for month 14 | owner/agent should check adjustments to make sure subsidy for March was adjusted to reflect the correct AP. | |
| April 1 | This is month 14 | | |

***Note:*** *HUD does not have set rules regarding signature dates in this situation. Owner/agents should develop a policy to ensure consistency. For example, while not specifically required, an owner/agent may want to establish a policy that specifies that adult household members will have until the later of the Next Recert Date or ten (10) business days from the date the resident is notified that a certification is ready for signature, to sign the certification or face termination of assistance. Unless there are Extenuating Circumstances, the owner/agent may not submit the AR until all adult household members have signed.*

#### Tenant Failure to Recertify in a Timely Manner – No Extenuating Circumstances

Technically, a resident has until the day prior to the Next Recert Date to provide the owner/agent with the required information. See HH 4350.3 Change 4 Paragraph 7-8 below:

*Tenant responds after recertification anniversary date.  Tenant is out of compliance.*

*a. This situation occurs when:*

1. *The owner/agent provides all three AR reminder notices per HUD requirements; and*
2. *The tenant reports for the AR interview and/or provides required documentation on or after the Next Recert Date.*

*b. On the Next Recert Date, the tenant must begin paying the Section 8 or 202/8 Contract Rent.*

*In a Section 236 project, the tenant must pay the Section 236 market rent.*

*In a Section 202 PRAC or Section 811 PRAC project the owner/agent will begin the process to terminate tenancy for failing to comply with the AR requirements.*

*c. Assistance should be reinstated if:*

1. *Assistance is available at the property;*
2. *The tenant submits the required information; and*
3. *The owner/agent determines that the tenant qualifies for assistance.*

*d.  The new TTP/TR and AP take effect the first day of the month following the date on which the tenant reported for the certification.  Section 8, 202/8, SPRAC, 811 PRA, and 236 tenants must pay the market rent until this date.  If the tenant fails to report for the AR interview and fails to pay Market Rent, or make arrangements to pay, the owner/agent is obligated to evict for nonpayment.*

If the delay is the fault of the tenant *(tenant reported on or after the Next Recert Date or tenant failed to sign an AR that was completed before the anticipated AR Effective Date)* and there are no Extenuating Circumstances, the owner/agent may not submit an AR. Instead, the owner/agent must Terminate the tenant’s assistance for at least one month. For a PRAC, the owner/agent should begin the process to terminate tenancy.

The owner/agent should reinstate assistance if the tenant subsequently reports for the certification, the resident qualifies for assistance and assistance is available.

If the tenant does qualify for assistance and assistance is available an Initial Certification (IC-MAT10) must be submitted effective the first of the month after required documentation is provided *(no earlier than the first of the month after the original Next Recert Date).* In other words, the tenant must pay the market rent for a minimum of one month. The Next AR Date on the new IC will coincide with the new IC Effective Date

**Example – Noncompliance - Effective Date is after the Next Recert Date**

* AR Due 1/1
* Resident reports 1/5 (no previous response to Reminder Notices – no Extenuating Circumstances)
* Owner/agent must Terminate Household effective 12/31
* Assuming compliance/eligibility, owner/agent submits IC effective 2/1
* Next AR date is 2/1
* Owner/agent must NOT submit AR effective 2/1

**Example – Failure to Recertify Resident Responds on/or After Next Recert Date**

**No Extenuating Circumstance**

|  |  |  |
| --- | --- | --- |
| **Date** | **Milestone** | **Tasks** |
| March 1 | Beginning of Certification Cycle | Certification is complete, signed and dated. owner/agent provides Initial Notice. |
| April, May, June, July, August, September, October – no required action | | |
| November 1 | 120-Day Reminder Notice | Resident does not respond, or has not provided necessary documents (and signatures as applicable) |
| December 1 | 90-Day Reminder Notice | Resident does not respond, or has not provided necessary documents (and signatures as applicable) |
| January 1 | 60-Day Reminder Notice | Resident does not respond, or has not provided necessary documents (and signatures as applicable) |
| January 10 | Cutoff Date | Deadline for meeting and all information to be submitted. Resident does not respond, or has not provided necessary documents (and signatures as applicable) |
| February 10 | March voucher is due. | Resident does not respond, or has not provided necessary documents/signatures – No Extenuating Circumstances |
| **February 28** | Under most circumstances, if household members fail to meet and provide required information and signatures by this date, household assistance MUST be terminated unless there are extenuating circumstances. Please note that meeting with the owner/agent does not fulfill the requirements outlined in the lease. The resident MUST provide required documentation necessary to complete the certification. Different rules apply if resident reported after the 10th day of the 11th month but before the AR anniversary date or if extenuating circumstances exist. | |
| March 1 | For all programs other than PRAC. Complete TM/TR transaction effective 2/28. Tenant Rent is calculated with $0 assistance. Resident must pay market rent. If resident does not pay market rent and if resident does not report for certification, owner/agent must terminate tenancy.  For PRAC. Begin process to terminate tenancy. | |
| March 10 | April voucher is due. | In this case, do not bill for subsidy for this resident. If household did not report, owner/agent MUST Terminate effective 2/28. Send TM.  Check voucher to make sure adjustments return subsidy for March. |
| March 15 | Residents report for certification and provides all required documentation. | If resident reports and provides all required documentation in March, complete Initial Certification effective April 1. HOH, co-HOH/spouse and all adults must sign. Owner/agent may not send an AR with April 1 effective date.  Resident signs and owner/agent provides Initial Notice.  Next Recert Date is April 1. See HH 4350.3 Change 4 Paragraph 7-8 |
| April 10 | May voucher is due. | IC may be included on May voucher.  Check voucher adjustments to make sure subsidy was adjusted to reflect correct AP starting 4/1 |

#### Late AR - Delay Due to Extenuating Circumstances

**Example Delay Processing Due to Extenuating Circumstance – Option to Wait for 15th Month**

|  |  |  |
| --- | --- | --- |
| **Date** | **Milestone** | **Tasks** |
| March 1 | Beginning of Certification Cycle | Certification is complete, signed and dated. owner/agent provides Initial Notice. |
| April, May, June, July, August, September, October – no required action | | |
| November 1 | 120-Day Reminder Notice | Resident does not respond, or has not provided necessary documents/signatures |
| December 1 | 90-Day Reminder Notice | Resident does not respond, or has not provided necessary documents/signatures |
| January 1 | 60-Day Reminder Notice | Resident does not respond, or has not provided necessary documents/signatures |
| January 5 | Resident contacts site staff and indicates extenuating circumstance | Explains that he/she is in the hospital and cannot complete the certification. Owner/agent will use available information to create certification and may use Extenuating Circumstance Code in lieu of tenant signature. |
| January 10 | Cutoff Date | Deadline for meeting and all information to be submitted. This meeting deadline can be waived when there is an extenuating circumstance. |
| February 10 | March voucher is due. March is 13th month | In this example, resident has indicated that there are extenuating circumstances. Include previous AP amount on voucher. CA must approve this voucher amount without adjustment unless the CA has reason to believe that the resident is subject to TM. |
| March 1 | This is month 13 | |
| March 10 | April voucher is due. Billing for month 14 | In this example, resident has indicated that there are extenuating circumstances. Include previous AP amount on voucher. CA must approve this voucher amount without adjustment unless the CA has reason to believe that the resident is subject to TM. |
| April 1 | This is month 14 | |
| April 10 | May voucher is due. Billing for month 15. | In this example, resident has indicated that there are extenuating circumstances. Include previous AP amount on voucher. CA must approve this voucher amount without adjustment unless the CA has reason to believe that the resident is subject to TM. |
| May 1 | This is month 15 | |
| May 10 | June voucher is due. **Vouchering for the 16th month if AR is not complete** | Owner has already billed for 15 months under the old AR and may not bill for month16 without a new AR. Paperwork is not complete **due to extenuating circumstances.** owner/agent may submit AR effective 3/1 and use appropriate Extenuating Circumstance Code.  CA may not create the AR, TM or MO transaction on behalf of OA. CA may not approve AP for this tenant unless an AR is submitted |
| May 15 | Resident Returns | Owner/agent completes necessary steps to verify and complete certification. Correct AR to remove Extenuating Circumstance Code. All adult household members sign.  Provide Initial Notice and required copies. |
| June 10 | July voucher is due | New AR will be included on July voucher.  If AP changes, check adjustments to make sure they are correct based on March 1 effective date. |

The above is just one example of how the AR may be submitted using the Extenuating Circumstance Code. Owner/agents are not required to wait until the 16th billing month to send the AR using the Extenuating Circumstance Code.

**Example - Delay Processing Due to Extenuating Circumstance – Submit AR Immediately**

|  |  |  |
| --- | --- | --- |
| **Date** | **Milestone** | **Tasks** |
| March 1 | Beginning of Certification Cycle | Certification is complete, signed and dated. owner/agent provides Initial Notice. |
| April, May, June, July, August, September, October – no required action | | |
| November 1 | 120-Day Reminder Notice | Resident does not respond, or has not provided necessary documents/signatures |
| December 1 | 90-Day Reminder Notice | Resident does not respond, or has not provided necessary documents/signatures |
| January 1 | 60-Day Reminder Notice | Resident does not respond, or has not provided necessary documents/signatures |
| January 5 | Resident contacts site extenuating circumstance | Explains that he/she is in the hospital and cannot complete the certification. |
| January 10 | Cutoff Date | Deadline for meeting and all information to be submitted. This meeting deadline can be waived when there is an extenuating circumstance. |
| January 15 |  | Owner/agent will use available information to create certification and may use Extenuating Circumstance Code in lieu of tenant signature. This is recommended especially if this is a Fixed Income Family and most tasks can be completed. Verification of Medical Expense may have to be completed later. |
| January 17 |  | AR is completed using Extenuating Circumstance Code and 30 Notice of Rent Increase is issued. While not required as long as the 50 Day Reminder Notice was sent, the owner/agent may want to reiterate that, when the resident returns and if the AR must be corrected, any rent change is retroactive to the effective date of the AR submitted using the Extenuating Circumstance Code. |
| February 10 | March voucher is due. March is 13th month | Include the new AP amount on the voucher. |
| March 1 | This is month 13 | |
| March 10 | April voucher is due. Billing for month 14 | Include the new AP amount on the voucher. |
| April 1 | This is month 14 | |
| April 10 | May voucher is due. Billing for month 15. | Include the new AP amount on the voucher. |
| May 1 | This is month 15 | |
| May 10 | June voucher is due. | Include the new AP amount on the voucher. |
| May 15 | Resident Returns | Owner/agent completes necessary steps to verify and complete certification. All adult household members sign. Correct AR to remove Extenuating Circumstance Code.  Owner/agent provides Initial Notice and required copies. |
| June 10 | July voucher is due | If certification was corrected, new AP will be included on July voucher. If AP changes, check adjustments to make sure they are correct based on March 1 Effective Date. |

#### Delays Caused by the Owner/agent

When **delays are caused by the owner/agent,** the AR date does not change. When creating the voucher for the 16th month (or earlier) the owner/agent must submit either:

* The completed AR (even if the AR is completed using an Extenuating Circumstance Code); or
* A TM (effective before the Next Recert Date*)* if the resident was Terminated for cause prior to the Next Recert Date; or
* A TM using Suspension Code OA – Late Recert Caused By Owner/Agent Action. The effective date is the date before the Next Recert Date; or
* A MO (effective before the Next Recert Date).

In cases of delays caused by the owner/agent, if Tenant Rent increases, the resident is entitled to a 30-day Notice Of Rent Increase and the owner/agent may not require the resident to pay the new rent until the first of the month after the thirty-days.

For TRACS 2.0.3.A, the AR process changes when delays are caused by owner/agent action, because some site software was allowing owner/agents to bill for subsidy in the 16th month even when no AR has been completed.

HUD has added a new TM/OA Suspension Code for ARs that are late due to owner/agent action.

HUD has removed the option to send the AR with an Extenuating Circumstance Code 3 – Late Recert because of owner/agent action.

Owner/agents may still submit late Annual Recertifications with Extenuating Circumstance Codes. *(e.g., Late AR because of the need for a Reasonable Accommodation or Late AR because of 3rd party action).*

The TRACS Late AR Query allows Owner/agents, CAs and HUD to see late ARs when a resident has been terminated.  The report shows the reason why.

Site software should be programmed to take into consideration special rules, in regards to the tenant ledger, when a resident is Suspended using the TM/owner/agent combination.

**Example - Submission For An AR That Is Late Due To Owner/Agent Action**

* Allison lives in Columbus Gardens, a Section 8 Senior Community
* The Contract Rent for Allison’s unit is $750.
* There is no Utility Allowance.
* Allison’s AR is effective on 5/1 each year.
* On 5/1/2024, Allison’s AR reflects TTP = $494. (AP = 256).
* On 1/1/2025, a GR is applied raising Contract Rent to $775.
* Allison’s TTP remains the same ($494) but AP increases to $281.
* In 2025, Crystal Ball, the certification specialist, fails to start the AR process.
* There is no 120 Day Reminder Notice.
* There is no 90 Day Reminder Notice.
* There is no 60 Day Reminder Notice.
* On 4/5/2025, Crystal creates the 5/2025 voucher and includes an AP request for $281 for Allison.
* On 5/5/2025, Crystal creates the 6/2025 voucher and includes an AP request for $281 for Allison.
* On 6/5/2025, Crystal creates the 7/2025 voucher and includes an AP request for $281 for Allison.
* On 7/5/2025, Crystal creates the 8/2025 voucher; this voucher is not supposed to include an AP request for Allison but it does.

***Note:  Site software must not allow an Assistance Payment request in month 16 without an AR, TM or MO.  If the site software allows a request in the 16th month, the entire voucher will be rejected.***

* The CA rejects the voucher.

*Note:  TRACS will issue a FATAL error as well if there is no CA. (new)*

* Crystal may either, submit a completed AR effective 5/1/2025 or submit a Suspension TM/OA effective 4/30/2025.  Owner/agents may not create a Miscellaneous Accounting Request to reverse the AP request.

*Question from Mary:  Does the TM/owner/agent need to be signed by the resident?  I think not, but that’s above my pay grade.  I do need that instruction, though.*

* On 7/9/2025, Crystal creates and finalizes the Suspension TM/OA effective 4/30/2025.
* On 7/10/2025, Crystal creates and submits a corrected voucher that includes the TM/OA Suspension.
* The voucher adjustment page includes reversal of the $281 AP request for 5/25, 6/25 and 7/25 and the net adjustment is -$843.
* There is no AP request for Allison on the corrected 8/2025 voucher.  The unit is shown as Market, Market.

In this case, when the AR is delayed due to owner/agent action, the owner/agent may not modify the tenant portion of the rent until the AR is complete unless the resident subsequently fails to participate in the AR process as required.

*Note:  If the resident should be Terminated for cause (e.g., failing to report for AR, or failing to provide required signatures) then the TM/OA is not used.  A Termination using the appropriate code is used (usually TR).  Any Termination transaction must be effective before the AR Due Date.*

Using a TM/Suspension Code allows owner/agents, HUD and Contract Administrators to improve oversight of Late Certifications.

When an AR is even one day late, the family is added to the TRACS Late AR Query. When using the TM/OA code to Suspend assistance payments, the record will indicate that the certification is late due to owner/agent action and the owner/agent must either:

* Submit a MO effective before the Next Recert Date; or
* Submit a TM for cause, (if resident action is cause for termination) effective before the Next Recert Date; or
* Submit the completed AR. In this case, it is not appropriate to submit an IC.

#### Late Annual Recertification - Billing Through the 15th Voucher Month

**Example - Submission For An AR That Is Late Due To Owner/Agent Action**

**Continued from Previous Page**

* Crystal completes the 5/2025 AR on 7/12/2025.
* Allison’s new TTP is $551 and the AP = $224
* Allison signs the certification on 7/13/2025 and at the same time Crystal provides a 30 Day Notice of Rent Increase

The rent increase will take effect on 9/1/2025 even though the AR is effective 5/1/2025.

* On 8/5/2025, Crystal creates the 9/2025 Voucher.
* The Assistance Payment for Allison is $224.
* The Adjustment Page shows an addition of $224 for 5/2025, 6/2025, 7/2025 and 8/2025.

*Note:  Site software should be designed to manage the resident’s ledger in these cases.*

* In May, June, July and August, Allison only owes $494 for rent even though the new TTP/TR on the AR effective 5/1/2025 is $551 and the new AP is $224.
* This is because Allison did not receive a 30 Day Notice of Rent Increase until 7/13/2025.
* The result is that the total collected by the owner/agent is $718 for each of these months.
* Contract Rent is $775 leaving an unpaid balance of $57 per month for 4 months.
* An owner/agent may not charge the difference (retroactively) when the AR is late due to owner/agent action.

Site software will continue to bill for subsidy through the 15th voucher month when no AR, TM or MO is completed by the Next Recert Date. This happens when:

* When the resident meets with the owner/agent and provides all required documents before the AR Effective Date; or
* When there are extenuating circumstances; or
* When there is a need for a reasonable accommodation; or
* Delay is caused by a 3rd party (e.g., a disabled resident’s Guardian); or
* When the owner/agent does not complete the AR steps as required.

In all of these cases, before billing for the 16th month, the owner/agent must submit either:

* The completed AR (even if the AR is completed using an Extenuating Circumstance Code); or
* A TM (effective before the Next Recert Date*)* if the resident was Terminated for cause prior to the Next Recert Date; or
* A TM using Suspension Code OA effective the date before the Next Recert Date and indicating a delay is caused by the owner/agent; or
* A MO (effective before the Next Recert Date).

If the owner/agent attempts to bill for the 16th month, the entire voucher will be rejected.

### Processing an Annual Recertification When Tenant Provides Notice to Move

In the case where a resident gives notice that he/she will be moving out after AR reminder notices have been issued but before the AR Effective Date, the owner/agent has two options:

1. Advise the resident that he/she is not required to participate in the AR process, but if the resident does not move out before the Next Recert Date, assistance will be terminated effective the day before the Next Recert Date and the resident will be required to pay market rent starting on the Next Recert Date. In this case, the owner/agent may not continue to receive assistance on or after the Next Recert Date, or
2. Process the AR as if the resident will still be living in the unit on the AR Effective Date. The AR must be processed in compliance with HUD’s guidance meaning that the owner/agent conducts resident interviews and collects required verifications and signatures before completing the AR. In this case, the owner/agent will continue to receive assistance (assuming the new assistance is greater than zero) until the household's actual Move-out date.

If the resident moved out before the Next Recert Date, then the owner/agent sends a MO transaction.  The MO Effective Date must be before the Next Recert Date.

If the owner/agent did not complete the AR because the resident provided notice to move, and if the resident did not move out before the Next Recert Date, the owner/agent must submit a TM effective the day before the Next Recert Date.  The owner/agent is not entitled to subsidy on or after the Next Recert Date when no new AR is created/completed.

The owner/agent may not collect subsidy after the Next Recert Date if the owner/agent or the resident did not complete the AR steps solely because the resident was expected to move out.

The owner/agent should not refuse to process the AR when a resident gives notice to move since circumstances may change which prevent the move prior to the Next Recert Date, or the resident may change his/her mind and continue to live in the unit.

### Tenant Reports and Provides Required Documentation On Or After The Next Recert Date

If there are Extenuating Circumstances, including consideration of a reasonable accommodation, an AR should be submitted and the appropriate Extenuating Circumstance Code is used.

If there are no Extenuating Circumstances, the owner/agent should submit a Termination transaction effective the day before the recertification anniversary date. Any Initial Certification reinstating subsidy should be effective on the first of the month following the date on which the tenant reports and provides required documentation.

If a court orders restoration of subsidy back to the recertification date, submit an Annual Recertification.

## Interim Recertification

To ensure that assisted tenants pay rents commensurate with their ability to pay, tenants must supply information requested by the owner or HUD for use in an interim recertification of family income and composition in accordance with HUD requirements.  Residents may request an Interim Recertification and an owner/agent must complete an Interim Recertification when:

1. A change causes Adjusted Income to increase by 10% or more;
2. A changes causes Adjusted Income to decrease by 10% or more. Owner/agents may establish a lower percentage decrease as long as the owner/agent’s rule is applied consistently.

Changes in circumstances that may cause such a change include:

1. A family member moves out of the unit;
2. The owner/agent approves a request to move a new member into the unit;
3. The family’s income increases;
4. The family’s income decreases;
5. There is an increase to allowances including, but not limited to, increased medical expenses, and higher child care costs.

Tenants are not required to report when a family member turns 18 years of age between annual recertifications.   However, if a tenant turns 18 and has not signed the form HUD-9887, the owner must not use the EIV income reports until the form is signed.  Owners must address in their policies and procedures notification requirements and timeframes for tenants who turn 18 between annual recertifications to sign the consent forms HUD-9887 and HUD-9887-A and/or lease.  If the tenant fails to sign the consent form(s) the household is in non-compliance with their lease and assistance to, and the tenancy of, the household may be terminated.\*

Other reasons to submit an IR to report a change include:

* A change to a members Noncitizen status when an ineligible noncitizen becomes an eligible noncitizen or a US citizen;
* The end of EID for Component 1 PH to PBRA RAD and Component 2 Mod Rehab to PBRA RAD;
* Change to student status of an adult living in the unit who is not the HOH or co-HOH/spouse;
* The beginning of the Childcare Hardship Exemption;
* The end of the Childcare Hardship Exemption;
* The beginning of the Medical/Disability Expense Hardship Exemption;
* The end of the Medical/Disability Expense Hardship Exemption;
* The end of the Minimum Rent Hardship Exemption;
* Addition of the SSN for a minor under the age of six when no SSN was provided previously;
* A change to the net cash value of assets when the change makes the Section 8 resident eligible (Section 8 only);
* A change to inclusion of Real Property suitable for occupancy when the Section 8 resident “corrects” the status of the Real Property (Section 8 only).

Section 236 cooperatives must enforce the interim recertification procedures only for members who executed occupancy agreements after February 15, 1984.  Cooperatives may impose interim recertification requirements on members who executed occupancy agreements prior to February 15, 1984, only if the cooperative amended its by-laws to make such requirements binding on all members or a member voluntarily agreed to include such clauses in his/her occupancy agreement.

Owner/agents are not required to submit an Interim Recertification when the resident reports the change within 3 months of the Next AR Date on the current certification in effect at the time the resident reports the change.

## Other Recertification

## HUD Form 50059A

The HUD 50059A must be completed for stand-alone:

1. Terminations/Suspensions (TM);
2. Move-outs (MO);
3. Gross Rent Changes (GR);
4. Unit Transfers (UT);
5. Corrections to the Above.

Owner/agent’s site software only fills the fields in the block on the form corresponding to the action being reported. For example, for a MO transaction, do not fill the fields related to Terminations/Suspensions (MAT65), or UT/GRs (MAT70).

The HOH is required to sign the Unit Transfer (UT-MAT70) certification.

The owner/agent may send the GR certification to TRACS before obtaining the HOH signature. However, all required HOH signatures must be collected within 60 days of the GR voucher date.

See below for additional information.

The owner/agent must provide the tenant a copy of the signed HUD 50059A and retain a copy in the tenant’s file. Generally, tenant signatures must be obtained, and a correction sent, before any new certifications are submitted. Certain exceptions apply when an adult member passes away, unexpectedly leaves the property, is evicted or skips.

In all instances where a HUD 50059A is prepared, the owner/agent must provide the family with a signed copy (paper or electronic) and a copy must be retained in the tenant file (paper or electronic).

## Signature Requirements HUD Form 50059A

With the release of HSG Notice 2020-10 [Electronic Signature, Transmission and Storage - Guidance for Multifamily Assisted Housing Industry Partners](https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-10hsgn.pdf), HUD allows for owner/agents to collect electronic or original (wet) signatures on the HUD 50059A as long as such practice is compliant with federal, state, local or other laws/requirements.

Owner/agents are also allowed to maintain either paper or electronic files (with some exceptions) in compliance with the Notice. In response, the reader should recognize that references to signatures or files should follow the guidance provided in this Notice or any subsequent guidance provided by HUD.

Owner/agents must sign all certifications before they are transmitted to TRACS.

The HOH signs the HUD 50059A when there is a change to tenant rent, when there is a unit transfer or when required by local law.

Owner/agents are required to provide the resident with a copy of all certifications (electronic or paper) and a copy is maintained in the tenant files (electronic or paper).

The HOH should sign the MO or Termination/Suspension certification. However, if the resident refuses to sign either of these types of certifications, the owner/agent may process the certification and transmit to TRACS. A copy of the certification is provided to the family.

If, in the case of a MO, the resident is not available to sign the MO certification, the owner/agent may process the certification and transmit to TRACS. A copy of the MO certification is provided to the family – usually with the Deposit Disposition.

Signature dates may be before the Effective Date of the certification. There are no requirements for signature dates and certification Effective Dates to be the same.

Computer generated signature dates are generally not acceptable. The signature date must be the date the adult household member signed the certification.

### Signature Rules for Gross Rent Changes

The HOH is required to sign the Unit Transfer certification.

Gross Rent Changes only require a tenant signature if the Tenant Rent changes or if obtaining a signature is required by local statute.

While best practice indicates that all GRs for a property should be submitted in a single transmission, owner/agents may send GRs for a single property in multiple TRACS Tenant File submissions sent on different days.

In addition, if an owner/agent opts to wait for tenant signatures before sending a GR or MAT10/GR combination, the GR may appear on different vouchers.

The owner/agent may send the GR to TRACS before obtaining the HOH signature. However, all required HOH signatures must be collected within 60 days of the GR voucher date.

If the GR is effective on the same date as a MAT10 record (MI, IC, AR, IR) that has already been signed and submitted to HUD or the Contract Administrator (CA), site software will generate a correction to the MAT10. In this case, when the rent or UA is the only value that changed, the owner/agent may send the corrected MAT10 certification before obtaining signatures for all adult household members.

#### GR Signature - No Change to Tenant Rent:

If the tenant portion of the rent **does not increase or decrease** (e.g., UA change, Noncitizen Rule Proration), the HOH is not required to sign unless required by state law. These certifications may be submitted without tenant signatures.

Owner/agents are required to provide the resident with a signed copy of all certifications (electronic or paper) and a copy is maintained in the tenant files (electronic or paper).

#### GR Signature - Tenant Rent Increases or Decreases

Residents (HOH) must sign HUD Form 50059A if the tenant portion of the rent increases or decreases (e.g., UA change, Noncitizen Rule Proration). Owner/agents have 60 days from the date the GR appears on the voucher to obtain the tenant signature. For example, if the GR appears on the 5/1 voucher created 4/1, owner/agents have until 6/1 to get the signatures.

Owner/agents are required to provide the resident with a signed copy of all certifications (electronic or paper) and a copy is maintained in the tenant files (electronic or paper).

#### When There is no Signature Due to Extenuating Circumstances or Reasonable Accommodation

There may be situations when the HOH cannot sign the certification. In these cases, the GR certification may be signed by the co-HOH/spouse or by another adult family member. Owner/agents should make a note to the file explaining why the HOH did not sign.

When there is no other adult living in the unit the owner/agent must appropriately apply rules related to reasonable accommodation and/or extenuating circumstances.

For example, during the COVID-19 pandemic, residents were often “sheltering in place” and did not provide required signatures.

When there is the need for a reasonable accommodation or when there are extenuating circumstances preventing a resident from signing the 50059 or 50059A, owner/agents must make a note to the file explaining why there is no tenant signature and when the owner/agent plans to collect the tenant signature.

#### GR Signatures - New Full Certifications (MI, IC, AR, IR) That Include the GR

If the owner/agent is submitting the Gross Rent Change as part of a full certification (MI, IC, AR, IR - HUD 50059), the following signature rules apply.

Sometimes an approved GR Effective Date is the same as the Effective Date of a new full certification that has not yet been signed/finalized. When this is the case, the GR must be included on the HUD 50059 and the HUD 50059 signature rules apply; all adult household members sign the certification. If the full certification is an IR, and the IR is not finalized for any reason (resident dispute, resident passes away), then the GR may be sent as a stand-alone 50059A.

#### GR Signatures When GR Generated A Correction to An Existing MAT 10

If a GR Effective Date causes site software to generate a correction to a MAT 10 full certification (AR/IR/MI/IC) that has already been signed and submitted to TRACS and **if there is no change to the Tenant Rent**, no tenant signature is required (unless required by state law). **Use Extenuating Circumstance Code 8 No Signature Required**. Make a note to the file saying that Extenuating Circumstance Code 8 was used because no signature is required.

A copy of the certification (paper or electronic) must be provided to the resident and a copy is maintained in the tenant file (paper or electronic).

If a GR Effective Date causes site software to generate a correction to a full certification (AR/IR/MI/Initial Certification (IC)) and there is a change to the Tenant Rent, tenant signature is required within 60 days. The owner/agent may send these transactions, **Use Extenuating Circumstances Code 9 No Signature Required For 60 Days**.

Owner/agents must obtain the appropriate signature and send the certification as a correction removing the Extenuating Circumstances Code and adding a tenant signature date.

Owner/agents notify residents if there is a rent change. If the tenant rent increases, owner/agents must provide a 30-Day Notice.

A copy of the certification must be provided to the resident and a copy is maintained in the tenant file.

## Move-out (MAT 40) Transactions

Move-out transactions are submitted when a resident family will no longer be living in any unit in the same project/contract.

No family members remain in the unit.

### Move-out Effective Date Rules

Generally, the MO Effective Date is the last day a resident family resided in a unit.

When the resident is receiving subsidy at the time they move out of the unit, the Move-out Effective Date is the last day the resident will receive an Assistance Payment for that unit.

*Note: Owner/agents are not required to send Move-out transactions for market rate residents unless the owner/agent is submitting a Special Claim and the Move-out transaction is required. Owner/agents and Contract Administrator (CA)s should note that TRACS will not accept a Move-out transaction if the Next AR date on the most recent MAT 10 is more than 3 months old.*

In the case of a skip or an abandoned unit the MO date is the date the owner/agent legally gains possession of the unit.

In some states, owner/agents must follow state abandonment rules established under state tenant/landlord statute before the owner/agent can take possession of the unit. This is the last day subsidy is paid. In the case of a skip, the owner/agent may not delay executing the steps required to take possession of a unit.

While rare, when a MO and MI occur for the same unit on the same date, the MO Effective Date is the day before the actual Move-out. This allows the owner/agent to start the assistance payment for the new resident in the new unit on the day they move in.

#### Move-outs with Notice

For move-outs with notice—even if the notice is very short—the Effective Date is the last day (including a partial day) a tenant remains in occupancy.

#### Move-outs without Notice

For move-outs without notice, enter the date the owner/agent takes possession of the unit. In the case of an “abandoned unit” local tenant/landlord law may require an owner/agents to provide notice, comply with a “waiting period” requirement or obtain legal access to a unit.

***Note****: The difference between a skip and a 0-day notice situation is that the actual move-out date is known in the 0-day notice case—namely when the tenant relinquishes possession of the unit (usually when keys are returned or a move-out inspection is conducted). With a skip, discovering the fact of the move-out is not necessarily the date on which the owner/agent gets legal possession of the unit. In some jurisdictions, owner/agents have to get a court order to take possession of the unit.*

#### Move-out Effective Dates & Move-out Notices

Some owner/agents have a policy of submitting a Move-out effective the last day of the month even if the resident moved out before the end of the month (assuming the owner/agent has legal possession of the unit).

Others will submit a Move-out effective at the end of the 30-Day Move-out Notice period even if the tenant moves out before the move-out date indicated in the 30-Day Move-out Notice.

Neither of these practices is compliant.

The Move-out Effective Date is always the actual move-out date (or the date that the owner/agent takes possession of the unit in the case of a skip).

* A resident provides a 30-Day Move-out Notice on June 1 letting the owner/agent know that the family will move on June 30.
* The family completes the move out on June 15 (owner/agent has legal possession of the unit on June 15).
* The Effective Date of the Move-out transaction must be June 15.

If a resident provides a 30-day notice to vacate, but leaves before the 30 days are over, then the resident did not actually provide proper notice.

No subsidy will be provided by HUD for this resident for the time period starting when the resident moved out (in this example June 15) through the notice end date (in this example June 30).

**Table 5-3 Move-out/Move-in Scenarios**

| **Old Property** | | | |  | **New Property** | |
| --- | --- | --- | --- | --- | --- | --- |
| **Notice** | **Actual MO Date** | **Reported MO Date** | **Last day of subsidy** |  | **Actual MI Date** | **First day of subsidy** |
| 30 Days | 12/31 | 12/31 | 12/31 | 12/31\*\* | 1/1 |
| 30 Days | 12/31 | 12/31 | 12/31 | 1/1 | 1/1 |
| 30 Days | 12/31 | 1/1 or later\* | 12/31 | 1/1 | 1/1 |
| 30 Days | 12/31 | 12/31 | 12/31 | 12/25\*\* | 1/1 |
| Skip/Abandonment-No notice | MO discovered on 12/25 - owner/agent Legally Takes Possession of Unit 12/28 – MO date is 12/28. | 12/31 | 12/31 | 12/25\*\* | 12/29 |
| 0-29 Days | 12/31 | 12/31 | 12/31 | 12/31\*\* | 1/1 |
| 0-29 Days | 12/31 | 12/31 | 12/31 | 1/1 | 1/1 |
| 0-29 Days | 12/31 | 1/1 or later\* | 12/31 | 1/1 | 1/1 |
| 0-29 Days | 12/31 | 12/31 | 12/31 | 12/25\*\* | 1/1 |

\*This date is incorrect. In all cases when the MO date is known, the reported MO date should be the same as the actual move-out.

\*\*This date, while actual, is not acceptable as a start of subsidy date. Subsidy may not start in a new unit and property until the day after the end of subsidy in the old unit and property.

If HUD staff or a CA is asked to adjudicate a dispute between two properties in a double subsidy situation, their sole task is to determine the Move-out Effective Date according to the HUD rules.

That date determines the end of subsidy in the old unit and the start of subsidy in the new unit. The previous property is entitled to subsidy through the MO Effective Date.

The new property is entitled to subsidy starting the day after the MO Effective Date.

Some methods to determine the MO date include, but are not limited to, review of the “key receipt,” review of the MO inspection, etc. If the resident fails to “complete” the MO (e.g., fails to turn in keys), the MO Effective Date is the date the owner/agent may legally take possession of the unit.

### Death of a Sole Household Member

For the death of the sole family member, HUD requires that subsidy end on earlier of a) 14 days after the sole household member’s death; or b) the day the unit was vacated.

For the death of the sole household member, when the move-out occurs no more than 14 days after the date of death, a Move-out is required. The Move-out Effective Date is the date the owner/agent takes possession of the unit.

The owner/agent will submit a MO using Move out Code 4 – Death of a Sole Household Member. Owner/agents will also be required to provide the Date Of Death.

With the implementation of TRACS v 2.0.3.A, for the death of a sole household member, when the Move-out occurs more than 14 days after the date of death, the owner/agent may either:

* Create a Termination using the Termination Code DE
* TM/DE Effective Date is always 14 days after the date of death.
* Effective Date is the last day subsidy is paid for the unit.
* Owner/agent must enter the Date of Death;
* The voucher will include a reversing adjustment.

Or

* Continue to bill for subsidy and create a Move-out using Move-out Code 4 – Death of a Sole Household Member.
* The Effective Date is the date the owner/agent takes possession of the unit.
* The owner/agent must enter the Date of Death.
* Site software must adjust the assistance payment to zero for any billing more than 14 days after the date of death.
* Subsidy will be prorated back to 14 days after the date of death and the voucher will include a reversing adjustment.

For a unit that is vacated and re-occupied on the same day, the owner/agent is only entitled to request assistance for the deceased tenant until the owner/agent takes possession of the unit. The owner/agent will request assistance for the new tenant beginning with the MI day. The owner/agent must never request assistance for both tenants on the same day.

* + 1. **How To Correct A Move-out**

There are several scenarios associated with move out corrections. TRACS recognizes Move-out transactions generated by an owner/agent and Move-out transactions generated by TRACS (HQ MO).

When an owner/agent submits a move-out and the move-out date is correct, but other values are not correct, the Move-out transaction can be corrected.

For example, once a MO transaction for a household has been processed, the reason for the move-out (‘Move-out Code’) can be corrected by submitting a subsequent MO transaction with a new move out reason and setting the Correction Type field to a value of R.

If the Move-out date is not correct, and the correct MO effective date is after the MO effective date that was originally submitted, simply send a corrected MO certification to TRACS with the correct Move-out Date (Transaction Effective Date).

For example:

* Walker family completes AR in April (4/1)
* A GR is created and transmitted to TRACS on 6/1
* Owner/agent moves out the Walker family on 8/25
* Move-out is successfully processed in TRACS
* The Move-out Effective Date should have been 8/15
* Owner/agent should submit a Move-out correction (MAT40 Move-out with the Correction Type field set to a value of R) using 8/15 as the Move-out effective date

The owner/agent or CA should check TRACS to make sure the corrected MO was recorded successfully.

If the Move-out date is not correct, and the correct MO effective date is before the MO effective date that was originally submitted, the owner/agent must contact the Help Desk and request deletion of the original MO.

Insert Link to New Form:

Before the deletion can happen, the request must be approved by the CA (if applicable) and then by HUD.

Once the original MO has been deleted, the owner/agent may submit the correct MO.

*Note: Previous versions of the MAT Guide recommended retransmitting the prior full cert (the AR in this case), followed by the GR and ending with the MO with the new effective date. This lengthier process, requiring that each cert transmission be verified as in TRACS before the next cert is sent, is not necessary.*

### How to Re-Activate a Tenant Following a MO or TM Sent In Error

There are cases where a household is moved out or terminated in error. This usually happens when:

* A property manager submits a MO and the resident did not move out;
* A MO is sent for the incorrect household;
* A Termination/Suspension is sent for the incorrect household.

The Move-out transaction or the Termination/Suspension transaction needs to be reversed.

This cannot be done by submitting certifications.

The owner/agent must contact the TRACS Helpdesk and request deletion of the TM or MO record.

Insert Link to New Form:

Before the deletion can happen, the request must be approved by the CA (if applicable) and then by HUD.

For example:

* Rodriguez family completes Annual Recertifications in February (2/1)
* A GR effective 5/1 is created and transmitted to TRACS
* Owner/agent moves out the Rodriquez family on 6/15
* Move-out is successfully processed in TRACS
* Owner/agent should have moved out the ***Rodgers*** family not the ***Rodriquez*** family
* If the owner/agent reports direct to TRACS s/he should contact the Helpdesk and request the deletion
* If the owner/agent reports to a Contract Administrator, the CA should contact the Helpdesk and ask for the deletion.
* Once the deletion has occurred, the Rodriguez family will be active in TRACS again.
* Owner/agent should submit the move-out transaction for the ***Rogers*** family
* The owner/agent or CA should check TRACS to make sure the MO for the Rogers family was recorded successfully
  + 1. **Correcting Partial Certifications After a Full Cert Insertion or Correction**

Because of the design of the TRACS data model, whenever a full certification is corrected or whenever a full or partial certification is added and effective prior to a full certification, UT, GR certifications effective on or after the Effective Date of the corrected or added certs and prior to the next full certification in TRACS should be recalculated where applicable and retransmitted to TRACS as corrections.

While not required, if a MO or TM is effective after the effective date of a corrected certification or the insertion of a new certification, that certification may also be transmitted as a correction.

As stated previously, owner/agents should check TRACS regularly to ensure that each transmission is recorded correctly before transmitting the next certification. Contract Administrators (CA)s should monitor this process as well to ensure that there are no problems in TRACS and subsequently, no problems in EIV.

When spreading out the transmission of certifications, keep in mind that it is a requirement to resolve EIV discrepancies within 30 days.

If an owner/agent is submitting through a Contract Administrator (CA), many Contract Administrators (CA)s do not process and transmit certifications as they receive them. They hold all certifications until transmitting the monthly voucher. In those cases, there is no advantage to transmitting certifications one at a time. When in doubt, owner/agents should communicate with the Contract Administrator (CA).

## Gross Rent Changes

The instructions below assume that all certifications processed are for the same subsidy contract/type.

When creating a Gross Rent Change (GR) with the same Effective Date as a full certification (MAT10), that Gross Rent Change may be included when that full certification (MAT10) is finalized and submitted to TRACS.

When creating a GR with the same Effective Date as a full certification (MAT10) and the certification has been finalized, signed as required and transmitted to TRACS, correct the full certification.

***Note:*** *In practice, TRACS will accept either a corrected full certification of any type, or a partial certification effective on the same date as an existing full certification. However, even though TRACS will do this, a separate GR (partial) certification should be sent only if it does not have the same Effective Date as a finalized full certification. When there is a finalized certification, correct it with the new rent/UA values.*

***Note:*** *A GR may be submitted as an Annual Recertification (AR-MAT10) and not an Annual Recertification (AR-MAT10) correction if the Annual Recertification (AR-MAT10) has not yet been sent to TRACS. This is a legal transaction. From a CA auditing point of view, the only evidence that the Annual Recertification (AR-MAT10) is an AR/GR is the fact that the rents and UAs have been updated to current values. The same principle applies to other full certification types as well.*

If the Effective Date does not correspond to the Effective Date of any other MAT10, submit a MAT70 with the new rent/UA information.

If there are other certifications, effective on or after the GR effective date, proceed as follows:

* Start with the certification with the earliest Effective Date on or after the Gross Rent date.
* Follow the chain of certifications forward, either correcting/recalculating and/or resubmitting transactions.
* For full certifications that are effective after the GR effective date, correct the certification and submit.
* For partial certifications:
  + If a GR is effective on the same day as a MO, both the MAT70 GR and the MAT40 MO are transmitted to TRACS.
  + For MOs and TMs effective after the GR effective date, owner/agents do not need to submit a correction. However, if site software is designed to correct these certifications, set the Correction Type flag to “R”. Owner/agents may transmit those transactions to TRACS.
  + For UTs effective on the same day as the GR, the owner/agent is submitting a MAT70 UT that includes the new rent or UA. No separate MAT70 GR is transmitted.
  + For Unit Transfers effective after the GR effective date, recalculate and set the Correction Type flag to “R”. Owner/agent will resubmit the transaction.
* Stop the correction/change process when any of the following is true:
  + The next certification in the chain is a Gross Rent Change. In this case, simply recalculate and resubmit the GR along with any subsequent partial certifications effective prior to the next full certification.
  + There are no more certifications.

### Submitting GRC Transactions - Preventing TRACS Issues

*Note: The following is not a submission requirement but rather, a best practice, to ensure that GRs are recorded correctly.*

Gross Rent Changes (GRC) – especially retroactive Gross Rent Changes – create a unique TRACS submission challenge.

Owner/agents should complete a voucher audit to make sure the appropriate MAT 10 is in the TRACS database. Remember, this will be the MAT 10 effective immediately before the effective date of the Gross Rent Change.

When applying the GRC in site software, owner/agents must understand that applying the GRC will cause site software to create a correction to any existing certification with an Effective Date on or after the GRC Effective Date.

When multiple certifications for a household are sent in the same TRACS Tenant File if it is best to submit multiple certifications for a single family using multiple Tenant Files sent on consecutive days.

When there are multiple certifications for one household or when there are retroactive certifications, it is best to monitor TRACS to make sure property/resident information is recorded successfully.

Let’s say a GRC has been applied and the sender (owner/agent or CA – whoever is submitting to TRACS) has created a TRACS Tenant File and is getting ready to send the file.

The sender should review the report listing the transactions included in the TRACS Tenant File.

The TRACS Tenant File may include certifications as indicated in the table below.

**Be sure to pay attention to unit numbers and HOH Last Name.**

|  |  |  |  |
| --- | --- | --- | --- |
| HOH Last Name | Unit Number | Transaction Type | Effective Date |
| Ross | 101 | Move In | 02/21/2024 |
| Ross | 101 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Hert | 201 | Move-out | 03/28/2024 |
| Hert | 201 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Smith | 301 | Move-out | 03/20/2024 |
| Smith | 301 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Stevens | 401 | Annual | 04/01/2024 |
| Stevens | 401 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Rivera | 501 | Annual *(correction)* | 03/01/2024 |
| Corrales | 601 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Corrales | 601 | Annual *(correction)* | 04/01/2024 |
| Nedal | 102 | GR *(entered on 3/10/*2024*)* | 03/01/2024 |
| Rivers | 202 | GR *(entered on 3/10/*2024*)* | 03/01/2024 |
| Campbell | 302 | GR *(entered on 3/10/*2024*)* | 03/01/2024 |
| Mikailov | 402 | GR *(entered on 3/10/*2024*)* | 03/01/2024 |
| Wells | 502 | TM | 03/31/2024 |
| Wells | 502 | GR *(entered on 3/10/2024)* | 03/01/2024 |

Using this example, the submission “best practice” would be to send files separately.

In the case of a GRC, send any transactions effective before the Effective Date of the GRC.

The first TRACS Tenant File would include the following transaction.

|  |  |  |  |
| --- | --- | --- | --- |
| HOH Last Name | Unit Number | Transaction Type | Effective Date |
|  | | | |
| Ross | 101 | Move In | 02/21/2024 |

The next day, the sender should check the TRACS Certification Query to make sure these transactions have been recorded successfully.

Assuming everything worked as expected, send the second TRACS Tenant File which will include the GRC and any transactions with the same Effective Date as the GRC.

|  |  |  |  |
| --- | --- | --- | --- |
| HOH Last Name | Unit Number | Transaction Type | Effective Date |
| Ross | 101 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Hert | 201 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Smith | 301 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Stevens | 401 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Rivera | 501 | Annual *(correction)* | 03/01/2024 |
| Corrales | 601 | GR *(entered on 3/10/2024)* | 03/01/2024 |
| Nedal | 102 | GR *(entered on 3/10/*2024*)* | 03/01/2024 |
| Rivers | 202 | GR *(entered on 3/10/*2024*)* | 03/01/2024 |
| Campbell | 302 | GR *(entered on 3/10/*2024*)* | 03/01/2024 |
| Mikailov | 402 | GR *(entered on 3/10/*2024*)* | 03/01/2024 |
| Wells | 502 | GR *(entered on 3/10/2024)* | 03/01/2024 |

The next day, the sender should check the TRACS Certification Query to make sure these transactions have been recorded successfully.

Assuming everything worked as expected, send the next TRACS Tenant File which will include all transactions with an Effective Date after the GRC Effective Date.

|  |  |  |  |
| --- | --- | --- | --- |
| HOH Last Name | Unit Number | Transaction Type | Effective Date |
| Hert | 201 | Move-out | 03/28/2024 |
| Smith | 301 | Move-out | 03/20/2024 |
| Wells | 502 | TM | 03/31/2024 |
| Stevens | 401 | Annual | 04/01/2024 |
| Corrales | 601 | Annual *(correction)* | 04/01/2024 |

Once again, the owner/agent or CA should check the TRACS Certification Query to ensure that TRACS Tenant Files are processed correctly.

When a CA is the sender, the CA may instruct the owner/agent to send all files together, but the CA would then have to create a process to ensure that the transactions are submitted in such a way as to successfully record in TRACS.

*Note: Regardless of whether the sender uses this method or another method to submit the GR, the sender (owner/agent or CA – whoever is submitting to TRACS), must make sure that the transactions have been received and recorded correctly.*

### Gross Rent Change Submitted in Advance of the GR Effective Date

While allowed, it is not good practice to submit GRs in advance of the GR Effective Date as it creates challenges for site, CA and TRACS software.

Contract administrators may not require an owner/agent to submit the GR in advance of the GR Effective Date and may not require the GR to appear on the voucher for the GR month. For example:

* GR Effective on 6/1.
* GR is approved 4/10.
* The GR MAT70 or MAT10 correction may be submitted 4/10 or later but may not appear on a voucher earlier than the June voucher.
* CAs may not require an owner/agent to submit the GR by 5/10 so that it appears on the June voucher. While not required, best practice calls for the GR to be submitted on or after 6/1.

All GRs should be submitted on or after the Effective Date, even if they are effective on the first of the month.

From a site software point of view, if a tenant moves in prior to the GR Effective Date but after the GR has been completed and transmitted, there must be a mechanism to include the GR with the MI certification only.

Notwithstanding the above discussion explaining when GRs should be executed and sent, GRs are permitted on a voucher if the Effective Date is greater than the first of the month prior to the voucher date and less than or equal to the voucher date.

See **Anticipated Voucher Dates** and Appendix H.

### Correcting a Gross Rent Change

There are three different scenarios where this might be necessary:

1. GR is approved, but subsequently rescinded and re issued with a new effective date – contact the Help Desk to request deletion of the GR transaction recorded in TRACS;
2. GR is approved, but subsequently rescinded and re issued with different rent or UA - recalculate as usual and resubmit with the new rent and/or UA and set the Correction Type field to “R”.;
3. The GR has been sent previously but now the certification on which it is based changes (a corrected full cert is submitted or a new cert with an Effective Date greater than the original full cert and less than the GR effective date is sent) - recalculate as usual and resubmit with the new rent and/or UA and set the Correction Type field to “R”. For example:
   1. AR effective 10/1/2024
   2. GR effective 5/1/2025
   3. OA submits a retroactive IR effective 2/1/2025 (the GR should attach to the IR not the AR)

## Unit Transfers

A MAT 70 Unit Transfer is submitted when a family moves from one unit under a specific contract to another unit under the same contract. The unit transfer only changes unit information and does not change any information about members, income, assets, or deductions.

Tenant Rent can change specifically if the Utility Allowance for the new unit is different than the Utility Allowance for the previous unit.

### Combining a UT with a Full Certification - General

A MAT 10/UT combination must be submitted when a household is transferring to another unit *(no member remains in the original unit)* and the Unit Transfer Effective Date is the same as the Effective Date for the household’s AR, IR, IC or MI.

#### Unit Transfer Combined with An Initial Certification

This scenario, usually indicated for the PBRA RAD program, involves a household being terminated/suspended during a relocation to outside housing while the tenant’s unit is undergoing rehabilitation.

A MAT65 TM is generated using a Suspension Code of RD or RH.

***Note*** *– RH is only used when the relocation for Rehab occurs before the Effective Date of a RAD contract.*

When the tenant returns to the property, a MAT10 IC is executed. If the resident will be returning to the property but living in a different unit, the MAT 10 Initial Certification (IC)/UT combination is submitted. The owner/agent will ensure that:

* The Unit Transfer Code = ‘Y’; and
* The Previous Unit Number field has the appropriate value.

This can also occur when a contract has expired or merged with another contract or the household is moving to another unit simultaneously with a change in subsidy type or contract.

The owner/agent will submit a TM to terminate the household’s assistance under the existing contract. Then, the owner/agent will submit a IC, including updated TTP and HAP values, to establish tenant in new unit and contract.

If the resident is moving into a different unit, the owner/agent will ensure:

* The Unit Transfer Code = ‘Y’; and
* The Previous Unit Number field has the appropriate value.

#### Unit Transfer Combined with a Move-in Certification

Any MI/UT combination is submitted if a Move-in is created for the wrong unit. For example, if a resident is moved into the wrong unit, the owner/agent must send a correction MI with the UT Flag set to Y and the previous unit number field filled.

Do not use the MI/UT combination when the resident/family is moving out of an existing unit and contract to a new unit in a different project and contract.

The owner/agent will submit the MO transaction to move the resident/family out of the existing unit/contract. Then, the owner/agent will submit a MI transaction with updated values to establish resident/family in new project, contract, and unit. Neither the Unit Transfer Code nor the Previous Unit Number fields should be filled.

Use MO Code 5 (Unit Transfer between two projects) for this case. This is the case when the project number changes regardless of whether this is the same physical property or another property.

*Note: Do not use this combination when converting from Rent Supp/RAP/PRAC to PBRA RAD.*

#### Unit Transfer Combined with An Annual Recertification

In the case of an AR/UT combination, the AR Effective Date is always the first. For this to be a legal transaction, the Unit Transfer must also be effective on the 1st of the month.

#### Unit Transfer Combined with An Interim Recertification

An IR/UT may be effective any day of the month—the Effective Date is the UT date (see discussion below).

When the family has a change in composition or income (income increase of 10% or more of Adjusted Income or a decrease of 10% or more of Adjusted Income), it may be appropriate to complete an IR/UT.

If the change in household composition and/or household income occurred on or before the unit transfer date, an IR must be created.

Submit a MAT10 to update household and financial information.

* Ensure that the Unit Transfer Code = ‘Y’; and
* The Previous Unit Number field has the appropriate value.

If the rent changes (up or down) as a result of the change in household composition or household income, the IR/UT (rent change) will be effective on the same date as the Unit Transfer.

This means that a mid-month IR/UT is required when there is a change in household income and/or household composition and the transfer date is other than the first of the month. This policy is based on instruction provided in HH 4350.3 Paragraph 7-15.C and in this chapter.

*“In the case of a Unit Transfer, both the change in rent and change in the Assistance Payment are effective on the day the tenant actually occupies the new unit.”*

### UT/GR Both Effective on the Same Day

The only way to transmit both transactions simultaneously to TRACS is as a single MAT70 Unit Transfer record as opposed to two MAT70s--one UT and one GR. This will take care of the unit number change and will change the rent.

If one certification is transmitted before the other, especially in the same nightly batch, the luck of the draw will determine which record is processed first and the transactions may not be recorded correctly. The only way to enforce sequence of processing of records of the same type is to submit them on different days.

### Unit Transfers & HUD Projects with Low-income Housing Tax Credits

Low-income Housing Tax Credit (LIHTC) rules for unit transfers vary depending on several factors. In some cases, for the LIHTC program, transfers to and from units in different buildings may be handled differently depending on whether the two buildings are part of a multiple building Low-income Housing Tax Credit project. In some cases, Low-income Housing Tax Credit rules require a requalification event instead of a UT.

This is often implemented as a MO/MI on the Low-income Housing Tax Credit side.

Owner/agents do not submit a MO/MI to TRACS or Contract Administrator (CA)s in those situations. HUD rules prevail for HUD transactions and a UT must always be implemented as a UT. From a HUD point of view, the household is not requalifying, they are just changing units.

Also, the Low-income Housing Tax Credit MI may have income that does not have to be reported to HUD because the income change is less than the 10% of Adjusted Income threshold.

### Unit Change How to Decide What Transaction to Submit

**Table 5-1 Possible Transactions to Change a Unit**

| Possible Transactions to Change a Unit Association | Project Number changed? | Contract Number changed? | Unit Number changed? | * + - * 1. ***Notes*** |
| --- | --- | --- | --- | --- |
| MAT70  (Unit Transfer transaction) | No | No | Yes | Submit a Unit Transfer for the household to transfer to the new unit. There are no other changes affecting household composition or household income. |
| MAT10  (AR - Annual certification, IR - Interim certification,  IC – Initial Certification or MI – Move-in) transaction with Unit Transfer Code field = ‘Y’, and the Previous Unit Number field populated with the appropriate value. | No | No | Yes | A unit transfer of this type must be submitted when a household is transferring to another unit *(no member remains in the original unit)* and the Unit Transfer Effective Date is the same as the Effective Date for the household’s AR, IR, IC or MI. An IR/UT may be effective any day of the month—the Effective Date is the UT date.  Submit a MAT10 to update household and financial information and ensure that the Unit Transfer Code = ‘Y’ and the Previous Unit Number field has the appropriate value.  In the case of an AR/UT combination, the AR Effective Date is always the first. For this to be a legal transaction, the unit transfer must also be effective on the 1st of the month.  When the family has a change in composition or income (income increase of 10% or more of Adjusted Income or a decrease of 10% or more of Adjusted Income), it may be appropriate to complete an IR/UT. If the change in household composition and/or household income occurred on or before the unit transfer date, an IR must be created with the Unit Transfer Flag set to Yes. If the rent changes (up or down) as a result of the change in household composition or household income, the IR/UT (rent change) will be effective on the same date as the Unit Transfer. **This means that a mid-month IR/UT is required when there is a change in household income and/or household composition and the transfer date is other than the first of the month**. This policy is based on instruction provided in HH 4350.3 Change 4 Paragraph 7-15.C. “In the case of a Unit Transfer, both the change in rent and change in the Assistance Payment are effective on the day the tenant actually occupies the new unit.”  Any MAT10/UT combination is submitted if a MAT is created for the wrong unit. For example, if a resident is moved in to the wrong unit, the owner/agent must send a correction MI with the UT Flag set to Y and the previous unit number field filled. |
| MAT65 and MAT10  (RAD Termination/Suspension transaction followed by an Initial Certification transaction.) | No | No | Yes/No | This scenario, applicable under the RAD program, involves a household being terminated/suspended during a relocation to outside housing while the tenant’s RAD unit is undergoing rehabilitation. The MAT65 uses a Suspension Code of RD or RH. When the tenant returns to the property, a MAT10 IC is executed. *\*****Note*** *– RH is only used when the relocation for Rehab occurs before the Effective Date of the RAD contract.* |
| MAT65 and MAT10  (Termination/Suspension transaction followed by an Initial Certification transaction.) | No | Yes | Yes/No | In this scenario, a contract has expired or merged with another contract or the household is moving to another unit simultaneously with a change in subsidy type or contract. Submit a MAT65 transaction to terminate the household’s assistance under the existing contract. Subsequently, submit a IC , including updated TTP and HAP values, to establish tenant in new unit and contract. The Previous Unit Number field should be filled with the appropriate value if the household is moving in to a different unit and set the Unit Transfer Code to ‘Y’. |
| MAT40 and MAT10  (Move-out transaction followed by a Move-in transaction.) | Yes | Yes | Yes | In this scenario, the household is moving out of an existing unit and contract to a new unit in a different project and contract. Submit the Move-out transaction to move tenant out of existing unit/contract. Submit a Move-in transaction with updated values to establish tenant in new project, contract, and unit. Neither the Unit Transfer Code nor the Previous Unit Number fields should be filled. Use MO Code 5 (Unit Transfer between two projects) for this case. This is the case when the project number changes regardless of whether this is the same physical property or another property.  Do not use this combination when converting from Rent Supp/RAP/PRAC to PBRA RAD. |

### UT When There is a Change to Household Composition or Adjusted Income Requiring an IR

***Note:*** *This change to prior instruction was implemented with the release of TRACS version 202D.*

Normally, changes in household composition and /or household income drive Interim Recertifications (IRs) and the Effective Date of those Interim Recertifications is specified in HH 4350.3 Change 4, Paragraph 7-13.

Assuming that the tenant reported in a timely manner, any rent increase is effective the first of the month after a 30-day notice is provided. Any rent decrease is effective the first of the month following the date of the action that caused the IR.

The exception would be when an action that would normally drive an Interim Recertification occurs on or before the date of a Unit Transfer (UT) and before the anticipated Effective Date of the IR.

These changes are reportable on the full certification UT so that the new lease includes current household circumstances.

There are several scenarios to consider:

If the UT happens before the change of household composition or household income, this rule does not apply. Submit a Unit Transfer (UT-MAT70) followed by an IR per handbook rules for IRs.

**Example – When to Send a UT Followed by an IR**

* Tom (HOH) and Terry (dependent) live in unit 101.
* They transfer to unit 201 on April 10th.
* Tom and Terry execute a new initial lease for the new unit with a lease start date of April 10 *(****Note:*** *this does not change the Next AR Date)*
* Sylvia (new wife) moves into the unit on April 21st.
* Sylvia has income so the family’s rent will increase.
* In this case, the UT is effective on April 10 and,
* Assuming a 30-day Rent Increase Notice was sent on April 21, the IR is effective June 1.

If the change of household composition or household income happens on the UT date, include the new household composition and financial information on the AR, IC or IR (full certification UT). Do not submit a Unit Transfer (UT-MAT70) followed by an AR, IC or IR.

**Example – When to Send a MAT10/UT Combination**

* Ray (HOH) and Rachel (spouse) live in unit 1-A.
* Rachel’s 12-year-old son, Ryan, is moving in with them.
* Unit 2-B becomes available.
* Ray and Rachel move into unit 2-B on June 14 and Ryan moves in the same day (decreasing rent).
* Ray and Rachel execute a new initial lease for the new unit with a lease start date of June 14. *(****Note:*** *this does not change the Next AR Date)*
* An IR adding Ryan is created with the Unit Transfer Flag is set to yes.
* The IR reflecting the decrease in rent and the unit transfer is effective on June 14.

If the change of household composition/household income occurs prior to the Unit Transfer (UT-MAT70) date, there are three cases.

**Example - The Change In Household Income/Household Composition Is Being Reported On An AR Effective The Same Day As A Unit Transfer**

* Submit the AR with the unit transfer flag set to yes.
* Any changes to rent are effective the same date as the AR/UT and are reflected on the new lease.

**Example - The Change In Household Income/Household Composition Occurred Before The UT Date**

If traditional IR rules applied, the IR would be effective after the UT date. If the UT occurs after the change but before the “traditional” IR Effective Date, a mid-month IR is created with the UT flag set to yes. Any changes to rent are effective the same date as the UT.

* Mary (HOH), Mark (co-HOH) and Marvin (dependent child) live in unit 100-A
* Mary gets a new job on October 5 and her income increases by $15000 per year
* Normally, an IR is done increasing the household rent effective December 1
* However, Mary, Mark and Marvin transfer to unit 315-B on October 30
* Mary and Mark execute a new initial lease for the new unit with a lease start date of October 30.  *(****Note:*** *this does not change the Next AR Date)*
* An IR is created with the Unit Transfer Flag set to yes
* The IR/UT is effective October 30 and includes the family’s income increase

**Example - The Change In Household Income/Household Composition Occurred Before The UT Date**

* Carey (HOH), Carla (co-HOH) live in unit B-21
* Carey starts receiving SSI on February 21 and his income increases by $5000 per year
* An IR is created increasing the household rent effective April 1
* The IR is submitted to TRACS on March 5
* Carey and Carla transfer to unit C-21 on March 15
* Carey and Carla execute a new initial lease for the new unit with a lease start date of March 15*. (****Note:*** *this does not change the Next AR Date)*
* A new IR is created with the unit transfer flag set to yes
* The IR/UT is effective March 15 and includes the family’s income increase
* A correction is made to the IR effective April 1 to correct the unit number
* The IR/UT effective March 15 should be sent first in a separate TRACS Tenant File transmission
* The IR correction effective April 1 should be sent after the March 15 IR has been successfully recorded in TRACS

## Terminations/Suspensions

***Note:*** *Terminations do not apply to 202 PRAC and 811 PRAC except when converting to PBRA RAD. Under these subsidy types, a tenant may pay more than operating/Contract Rent and Termination/Suspensions related to increases in income do not apply.*

*Note: For* Component 1 PH to PBRA RAD *program, the tenant may pay more than Contract Rent without a termination. However, if the Component 1 PH to PBRA RAD tenant is terminated for cause, the normal termination rules apply.*

Terminations and Suspensions result in cessation of the Assistance Payment.

Terminations generally indicate that assistance is stopped because of an adverse action on the part of the resident. For TRACS version 2.0.3.A, valid Termination Codes are:

* **AB = HUD abated unit.** Only HUD has the authority to abate subsidy for a unit or group of units. Therefore, a termination using this code would only be submitted in response to HUD action.
* **AR = Asset Restriction.** Net family assets or real property owned by family exceeds program requirements. (Applies to Section 8 only not 202/8.) Note: Applies only to Terminations submitted in 203A and effective 1/1/2024 or later.
* **CE = Subsidy contract expired-not renewed.** *Note: not for use when renewal is delayed.* The CE code is also used in the case of a PRAC to RAD conversion. Each household is terminated from PRAC and an Initial Certification (Conversion IC) is created for the new Section 8 RAD contract.
* **DE = Death of Sole Family Member.** In the case of the death of a sole household member, owner/agents have two options. Owner/agents may terminate assistance effective on the 14th day after the date of death or, the owner/agent may continue to bill for assistance and create a MO using MO Code 4 and prorate assistance so that any assistance received for the period that exceeds 14 days after the date of death is returned to HUD. This is not considered an improper payment. If an owner/agent wishes to terminate assistance, this code (DE) must only be used if the owner has not taken possession of the unit by the end of 14 days after the death. If the owner has taken possession of the unit by the end of 14 days, transmit a MO.
* **DS = Double subsidy at move-in.** Use to terminate subsidy when a move-out from a former property is effective after the move-in or Initial Certification date for the new property. The code is intended to be used on a termination effective on the Move-in or Initial Certification Effective Date. It will result in an adjustment on the voucher that gives back subsidy for the TM date (unlike all other TM codes that allow subsidy for the TM date).
* **NS = Resident did not qualify for subsidy at MI or IC for reason other than Double Subsidy.** Use of the NS code indicates that the household was not income eligible at move-in (usually because household did not fully and accurately report income). If the Owner/agent later creates an IC to start subsidy, the household must meet the current income eligibility requirements in order to qualify for subsidy. This is true even if the calculation results in AP of $1.00 or more. Income eligibility is the primary test. If the household’s total annual income is more than the current Income Limit, the IC will receive a fatal error. Typically, owner/agents use NS when income reported at MI or IC is being corrected as a result of an EIV or other investigation and it is found that the tenant was not eligible. Just like the DS code, a TM/NS is effective on the MI effective date and returns subsidy starting on the TM effective date. Per the Handbook, owner/agents can only go back five years when investigating misreporting. Therefore, a TM using the NS code cannot apply to a MI (or IC) more than five years old.
* **OT = Other.** A termination reason not covered by any of the other codes.
* **ST** = Ineligible Student.
* **TC** = Did not supply citizenship/eligible alien documentation.
* **TF** = Tenant refused to transfer as agreed or submitted false data. [*HH 4350.3* 8-5.D]
* **TI = TTP Equals/Exceeds Gross Rent or moving to market rent.** A TM/TI may occur for a Section 236 household if the rent calculation takes them to Market Rent. Do not use this code for *Section 8 RAD Component 1 PH to PBRA RAD. Tenants housed on these properties are never terminated solely because TTP Equals/Exceeds Gross Rent.*
* **TR = Did not re-certify on time.** Tenant required to pay market rent. (*HH 4350.3 Paragraph* 8-5.A). If the resident was provided all three Reminder Notices and did not report and provide all required documentation before the AR Due Date and when there are no extenuating circumstances, including the need for a reasonable accommodation, the owner/agent MUST terminate assistance.

**The following two Termination Codes are reserved for HUD use only:**

* **EN** = Contract terminated for enforcement action.
* **HQ** = TRACS generated termination for failure to recertify, submit a termination or move-out. May be superseded by submission of an Annual Recertification with an Effective Date after the Effective Date of the HQ Termination.

*Note: LR = Did not re-certify on time. This is a legacy code applicable only to transactions with effective dates less than or equal to the TRACS 2.0.2.C transition date*

Suspension indicate that assistance has been stopped, due to no adverse action on the part of the resident, but rather due to requirements under specific program rules. For TRACS version 2.0.3.A, .valid Suspension Codes are:

* **ND = Natural Disaster or Uninhabitable Unit or Presidentially Declared Disaster.** Any event or force of nature with catastrophic consequence of non-compliance with HQS requirements for unit(s) serving a property, such as (but not limited to) avalanche, earthquake, flood, forest fire, hurricane, lightning, tornado, tsunami, and volcanic eruption.
* **OA = Delayed AR.** OA Delay. Used when completion of the AR is delayed by owner/agent action. Must be effective the day prior to the AR Due Date. The TM (Suspension) is generally included on the Month Sixteen voucher.  This results in return of any subsidy requested/paid starting with the AR Due Date.  An AR is submitted when the owner/agent completes the certification (not an IC). The AR effective date is the original AR Due Date.
* **RD = Section 8 RAD Tenant Transferred To Other Housing During Rehab.** The suspension results from renovation of the unit and the relocation of the tenant to alternative housing under RAD. Use this code when the actual transfer occurs on or after the PBRA RAD Contract Effective Date.
* **RH = Section 8 RAD Tenant Transferred To Other Housing During Rehab And Prior To The Effective Date Of The RAD Contract.** The code is intended to be used with a suspension effective on the Conversion IC Effective Date. It will result in an adjustment on the voucher that gives back subsidy for the TM date (similar to DS and NS and unlike all other TM codes that allow subsidy for the TM date).
* **RR = Substantial Rehab Or Repair –** Tenant expected to return. Scheduled substantial rehab or repairs due to any mechanical event or force that has catastrophic consequence of non-compliance with HQS requirements for unit(s) serving a property, such as (but not limited to) fire, electrical fire, burst/ruptured pipes, boiler explosion, roof leaks not associated with natural disaster, mold due to water or moisture, and gas explosion.

The unit is included in the # of Market Units and will appear on the voucher as Market, Market as long as the tenant is living in the unit (or in the case of death the Owner/agent has not taken possession) and if a resident’s assistance is terminated (vs Suspended) using one of the following Termination Codes:

* **AR** Asset Restriction,
* **CE** Contract Expired**,**
* **DE** Death of the Sole Family Member**,**
* **DS** Dual Subsidy,
* **EN** Contract Terminated for Enforcement,
* **NS** No Subsidy,
* **ST** Ineligible Student,
* **TC** Did Not Supply Citizenship Documentation,
* **TF** Refused to Transfer,
* **TI** TTP = GR Or Moving To Market,
* **TR** Did Not Recertify On Time,
* **OT** Other

If a resident’s assistance is Terminated (vs Suspended) using the Termination Code **AB** *HUD Abated Unit*, the unit is included in the # of Abated Units on the voucher.

If a resident’s assistance is Suspended using the Termination Code **OA** Late AR Caused by OA Action, the unit is included in the # of Market Units and will appear on the voucher as Market, Market.

If a resident’s assistance is Suspended (the unit is undergoing rehab) using one of the Suspension Codes (**ND** Natural Disaster, **RR** Rehab/Repair, **RD** PBRA RAD Tenant Relocated for Rehab or **RH** PBRA RAD Tenant Relocated Prior To RAD Contract Effective Date) and when passthrough does not apply, the unit is included in the new # of Contracted Units Undergoing Rehab.

Termination/Suspension transactions may be effective any day of the month. However, there are rules associated with a few of the Termination/Suspension Codes.

Specifically:

* TM/AR (Termination - Asset Restriction) is effective on the last day of a given month.
* TM/OA (Suspension – Late AR Caused by OA Action) and TM/TR (Termination - Tenant Failed to Recertify) are always effective on the day before the Next Recert Date.
* TM/RH (Suspension - PBRA RAD Tenant Relocated Prior To RAD Contract Effective Date), TM/NS (Termination - No Subsidy) and TM/DS (Termination - Dual Subsidy) are effective on the Subsidy Start Date (MI or IC).

Usually, the TM Effective Date is the last day the resident receives assistance.

However, there are cases where the Termination or Suspension Effective Date is the first day assistance is $0. This is true when using:

* RH- Section 8 RAD Tenant Transferred To Other Housing During Rehab And Prior To The Effective Date Of The RAD Contract Suspension Code;
* NS-No Subsidy Termination Code; and
* DS-Dual Subsidy Termination Codes.

### TM/Suspension AR - New Asset Restriction (HOTMA)

This code may be used to terminate assistance for Section 8 contracts only (not 202/8 or 202 SPRAC).

For Section 8 properties (not 202/8 or 202 SPRAC) under HOTMA, owner/agents are required implement a policy to disqualify a resident based on:

1. Cash Value of Assets is equal to or greater than the HUD defined asset cap/limit. ($100000 in 2024). This amount is adjusted for inflation annually.
2. The resident owns a home suitable for occupancy and which can be sold by the resident. (Certain rules apply)

This is a change required with the implementation of HOTMA and owner/agents have up to six (6) months to implement termination. Certain restrictions apply. Residents who are terminated for this reason are entitled to a 30-Day Notice of Rent Increase. Therefore, this TM/AR transaction is effective on the last day of a given month.

This rule applies when:

* The Subsidy Type is 1 – Section 8; and
* The Enforce Asset Cap Rule is set to Y and the Exempt from Asset Cap indicator is set to N; or
* The Enforce Real Property Rule is set to Y and the Exempt from Real Property Rule is set to N.

### TM/Suspension CE - Moving From One Subsidy Type to Another

There has been some confusion in the industry concerning how to handle moves from one subsidy to another or from subsidized to market status and back. Some refer to market as Subsidy Type 0 (as is done in the submission of MAT15 records in some cases) and some define it simply as paying the contract or market rent for the subsidy type. The rule for Termination/Suspensions and Initial Certifications is that they always occur in pairs.

Essentially, whenever an assisted resident moves from one subsidy type to another or from one contract to another, a TM/IC pair of records should be created.

Owner/agents should understand the TRACS Compliance Percentage when submitting these certifications.

HUD will approve a voucher request when the Compliance Percentage is at least 90%. This means that 90% of the residents on the voucher have an active certification in TRACS. When an owner/agent sends a Termination/Suspension transaction, the household is no longer Active.

Also, owner/agents should also understand that TRACS edits for Dual Subsidy. If an IC for the new subsidy or contract is submitted for a family, before a Termination or Suspension is recorded for the original subsidy or contract, TRACS will reject the IC and return a FATAL error.

For best results, owner/agent should submit separate transactions in the following order:

1. Submit the final voucher and monitor that voucher (TRACS Voucher Query) until the voucher has been forwarded to the Treasury (P00) before transmitting the TM/CE transaction.
2. Submit the TM/CE transaction for all affected residents.
3. Check TRACS (TRACS Certification Query) to ensure that all TMs have been recorded successfully.
4. Submit the ICs for the new subsidy or contract.
5. Check TRACS (TRACS Certification Query) to ensure that all ICs have been recorded successfully.

### TM/DE Death of a Sole Household Member

It has been noted that many owner/agents are creating termination transactions 14 days after the date of death of a sole family member even though such a transaction is not compliant. With TRACS v 202D, there is no Termination Code related to the death of a sole family member and no edit to determine the date of death.

After review, HUD has determined that addition of a legal termination transaction for death of a sole household member would reduce the risk of improper payment.

For TRACS v 2.0.3.A, HUD has added DE = Death of Sole Family Member.

In the case of the death of a sole household member, owner/agents have two options.

1. Owner/agents may terminate assistance effective on the 14th day after the date of death or,
2. The owner/agent may continue to bill for assistance and create a MO using MO Code 4 and prorate assistance so that any assistance received for the period that exceeds 14 days after the date of death is returned to HUD.

This is not considered an improper payment.

If an owner/agent wishes to terminate assistance, this new code (DE) may only be used if the owner/agent has not taken possession of the unit by the end of the 14th day after the date of death. If the owner has taken possession of the unit by the end of 14 days, the owner/agent will transmit a MO.

### TM/DS Double Subsidy/Dual Assistance

The HUD leases specify that a resident may only receive subsidy in one unit on any given day.

To avoid these situations, owner/agents are required to use the EIV Existing Tenant Search allowing them to see if an applicant is living in another subsidized property. A positive response allows owner/agents to coordinate the Move-out (MAT40) and Move-in (MAT10) effective dates appropriately.

* Confirm that the applicant is already receiving HUD assistance.
* Advise the applicant that he/she can only receive subsidy in one residence at a time.
* Advise the applicant of the penalty to attempt to receive assistance in both units.
* Confirm the move-out before moving the new resident into the unit/starting subsidy in the new unit.

When a resident moves from one MFH assisted property to another, the subsidy stops in the first unit on the day the owner/agent takes possession of the unit. The subsidy starts in the new unit on the next day.

Generally, if the resident moves from a property assisted through Public and Indian Housing (PIH) to a MFH property, subsidy will stop at the end of the month the resident moves out of the PIH property. When this is the case, subsidy may start in the MFH property the day after subsidy stops for the PIH property.

When a resident is part of a PIH assisted family and the resident moves out but the remaining members remain in the unit, the resident is not eligible for subsidy until the day after the effective date of the certification (50058) removing the member from the original unit.

There are two exceptions to the Double Subsidy Rule.

The first exception occurs when a dependent minor in a shared custody arrangement moves between subsidized households on a regular basis. Both households will show the dependent on certifications at the same time. This exception does not apply to adults who meet the definition of a dependent (Other Adult Full-time Student, Disabled Other Adult).

See the explanation about Special Status Codes in *Chapter 6 MAT Tenant System Record Format Definitions* of this MAT Guide to see how to indicate that the child is in a joint custody arrangement.

The second relates to household splits and swaps and is addressed later in this chapter.

Beyond the approved scenarios, double subsidy/dual assistance is not permitted even if it is only potential double subsidy. A potential double subsidy case arises when a MI or IC is submitted for a household that is active in another unit in the same or a different project.

“Active” means there is a current certification in TRACS, the Next Recert Date is less than 15 months old, and the household has not been made inactive by either a Termination/Suspension or MO transaction.

The resident is not entitled to the assistance indicated on the MI or IC until such time as a Termination/Suspension (MAT65) or Move-out (MAT40) is received for the original unit. In the case of a Split or Swap, an IR or AR is the accepted way to remove or add members and clarifies the movement of members as a result of the Split or Swap.

In Double Subsidy/Dual Assistance situations (not involving Splits or Swaps), it is not necessary for the new owner/agent to perform a TM/DS until the actual move out date is known and the need for a TM/DS determined.

In cases involving two properties that are monitored by the same CA, the CA should suspend payment for both properties until such time as an IR removing the household member, a Termination/Suspension or a MO is received for the original unit/property.

It is ultimately the resident’s responsibility to resolve the issue. If the owner/agent will not respond to a **valid** request to correct a MO date, the resident should be able to seek assistance from the CA or the HUD Account Executive.

While the new property manager is expected to assist with any investigation relating to the validity of the Move-in effective date, the new manager is not expected to represent the resident in any dispute with the original owner/agent.

If there is no CA or if properties are monitored by different Contract Administrators and the CA does not identify potential Dual Subsidy/Dual Assistance, and when a resident appears in two units, TRACS will generate a FATAL error.

Examples of when this may occur include but are not limited to the following:

* There is true Dual Subsidy/Dual Assistance when an assisted household moves from Property 1 to Property 2 before a MO/TM Effective Date in Property 1. The owner/agent for Property 2 should create and submit a TM/DS effective on the same day the MI is effective. This will reverse all subsidy paid. Then the owner/agent should create and submit an IC effective the day after the Effective Date of the MO (subsidy stops) for Property 1.
* There is non-compliance on the part of an owner/agent when an assisted household moves from Property 1 to Property 2 but the owner/agent for Property 1 does not complete a MO transaction effective on the date the owner/agent took possession of the unit – The owner/agent for Property 1 must submit the MO based on the actual MO date (or date owner/agent takes possession) and not the end of the month or the end of the 30-day Notice period (unless they are the same)
* There is a TRACS error and a previous MO was not recorded correctly or was masked – The owner/agent or CA should resubmit the MO as appropriate
* There is a TRACS error and a previous TM was not recorded correctly or was masked – The owner/agent or CA should resubmit the TM as appropriate
* There is a TRACS error and a previous MAT10 removing the household member was not recorded correctly – The owner/agent or CA should resubmit the MAT10 as appropriate

Example: In the example below, it is assumed that the resident was compliant with the MO process and the owner/agent was not required to complete the process to declare a unit abandoned.

|  |  |  |  |
| --- | --- | --- | --- |
| Property 1 | | Property 2 | |
| Household Name | Smith | Household Name | Smith |
| Notice Date | 6/1 | Anticipated MI Date | 6/30 |
| Anticipated MO Date | 6/30 | Anticipated Subsidy Start Date | 7/1 |
| Date owner/agent takes possession of unit | 6/30 | Actual MI Date | 6/30 |
| MO Effective Date | 6/30 | Actual Subsidy Start Date | 7/1 |

In this case, there are two possible solutions. The owner/agent may create a MI effective on 6/30.

The owner/agent subsequently submits a TM/NS effective on 6/30.

Then the owner/agent submits an IC effective on 7/1. This allows the lease and the certifications to start at the same time. Owner/agents should keep in mind that the Next Recert Date on the 7/1 IC will be 7/1 of the following year.

Example: In the examples below, the resident did not fulfill the 30-day Notice requirement. However, it is assumed that the resident was compliant with the MO process (emptied the unit, returned keys, etc.) and the owner/agent was not required to complete the process to declare a unit “abandoned”.

See earlier in this chapter for a discussion of the rules concerning MO and MI Effective Dates. The key rule is that the presence or absence of a tenant Notice to Vacate is completely irrelevant in determining a MO Effective Date.

The actual MO Effective Date may be before the end of any notice period or it may be after the end of the notice period.

|  |  |  |  |
| --- | --- | --- | --- |
| Property 1 | | Property 2 | |
| Household Name | Jones | Household Name | Jones |
| Notice Date | 6/1 | Anticipated MI Date | 6/15 |
| Anticipated MO Date | 6/30 | Anticipated Subsidy Start Date | 6/16 |
| Date owner/agent takes possession of unit | 6/15 | Actual MI Date | 6/15 |
| MO Effective Date | 6/15 | Actual Subsidy Start Date | 6/16 |

|  |  |  |  |
| --- | --- | --- | --- |
| Property 1 | | Property 2 | |
| Household Name | Clark | Household Name | Clark |
| Notice Date | 6/1 | Anticipated MI Date | 6/15 |
| Anticipated MO Date | 6/30 | Anticipated Subsidy Start Date | 7/1 |
| Date owner/agent takes possession of unit | 6/30 *tenant skips on 6/27 – owner/agent files 72-hour abandonment notice and takes possession of unit on 6/30* | Actual MI Date | 6/15 |
| MO Effective Date | 6/30 | Actual Subsidy Start Date | 7/1 |

If a CA is involved in adjudicating between sites in double subsidy situations, the only relevant determination is the MO Effective Date. Whether or not the new owner/agent exercised due diligence is immaterial. It is important to remember that, if a resident moves out without a thirty-day notice or before the move-out date indicated on the thirty-day notice, the former owner/agent has no right to subsidy through the end of a notice period even when notice is given.

When the actual move-out date is known, the actual move-out date is the MO Effective Date. For example, if a resident stops by the management office, says they have moved out and drops off the keys, the move-out date is known. However, if the resident left contents in the unit and if the owner/agent has to take steps to legally take possession of the unit, the MO Effective Date is the date the owner/agent can legally take possession of the unit.

If the tenant skips, the MO Effective Date is the date the owner/agent can legally take possession of the unit.

#### Dual Subsidy/Dual Assistance What to Do After Receiving an HQ Move-out Message

Owner/agents may run in to situations where a new resident moves into a community before moving out of their existing subsidized unit. This is what we refer to as receiving Dual Subsidy/Dual Assistance. For example:

* Dixie lives in Magnolia Grove (Property A) in Georgia
* She decides to move to The Oaks (Property B) in Rhode Island
* She applies to The Oaks moves in on August 15
* The property manager sends the MI to TRACS on August 16
* Because the CA for Georgia and Rhode Island are different, the CA does not catch the “Dual Subsidy/Dual Assistance”
* The Move-in (MAT10) transaction is received by TRACS
* TRACS finds Dixie living in Magnolia Grove (Property A) in Georgia
* TRACS generates an HQ Move-out transaction effective August 14 and sends a message to Magnolia Grove (Property A)
* The TRACS System creates an HQ Move-out transaction when the following occurs:
* A resident lives in subsidized property A
* The resident is considered “active” in property A
  + A Move-in certification is received in TRACS for the same resident in property B
  + TRACS automatically moves the resident out of property A (HQ Move-out)
  + Effective the day before the Move-in for property B
  + Also sends HQ 123 message to property A

The **HQ123** message is sent by TRACS to Property A and indicates an existing tenant has moved into another subsidized property. The owner/agent should investigate immediately.

* If a Move-out transaction has already been transmitted by Property A, the owner/agent:
  + Checks TRACS to see if it was recorded correctly
  + Check TRACS to see if the Move-out was masked by a subsequent submission for this household (commonly a retroactive GR effective before the Move-out (MAT40) Effective Date but submitted after the MO was processed in TRACS)
  + If the tenant is still in residence, determine the facts.
  + If the tenant has not given notice, determine whether this is a “skip” or whether the tenant is planning to move but has not given notice. (There have been cases where a tenant on a waiting list in another property has been moved in by mistake, so do not assume that an actual Move-in has occurred).

***Note****: Even though TRACS has already generated an HQ Move-out transaction, the owner/agent is required to submit a site generated Move-out to ensure that TRACS records and owner/agent records are the same. The site generated Move-out transaction must be effective on the date the resident moved out of the unit or on the date the owner/agent took possession of the unit (in the case of a skip). (See rules about Move-out Effective Dates below.)*

* The property manager at Magnolia Grove (Property A) receives the HQ 123 error message
* The property manager sends a notice to the resident (Dixie)
* The property manager confirms the actual Move-out Date based on HUD guidance
* The property manager submits a Move-out (MAT40) transaction effective August 25 because that is the date the unit is vacated and the owner/agent takes possession
* TRACS receives the Move-out (MAT40) transaction
* TRACS notes that there is already an HQ MO transaction effective August 14
* TRACS overwrites the Effective Date with the August 25 Move-out (MAT40) Effective Date indicated on the new MO
* TRACS sends an MA003 message to The Oaks noting that there is a case of Dual Subsidy/Dual Assistance from August 15 through August 25.

When an owner/agent receives the **MA003** message this means that the new resident has Potential Dual Subsidy. TRACS records show that the new Move-in Effective Date is before the Move-out Effective Date on the original property.

If this information is correct, the new property manager should:

* Verify with the other property, that the move-out date is correct and in agreement with the examples in the table below. Charge the tenant market rent starting with the original move-in date and through the move-out date indicated in the MA003 message.
* Terminate the tenant effective on the move-in date using the DS Termination Code to indicate that no subsidy is earned for the Termination Effective Date.
* Create an Initial Certification effective the day after the Effective Date of the move-out from the original property to establish the start of assistance in the new property
* An adjustment should be included on the next voucher, refunding subsidy from the original MI Effective Date through the day prior to the IC Effective Date.

If the owner/agent is aware that a tenant is moving in shortly before the Effective Date of the MO from the original property, the MI is at market rent and there is no MI transmission to TRACS because TRACS does not accept certifications showing $0 AP unless the property is a PRAC or Component 1 PH to PBRA RAD property.

In this situation, neither TRACS nor a CA will see a MI. The day after the MO Effective Date from the previous property, an IC should be processed initiating assistance for the household. Under these circumstances, the IC must be accepted even though there is no MI. The MI Date on the IC will be earlier than the IC Effective Date.

Another acceptable method is for an owner/agent to create the MI transaction using verified information. Once the MI is finalized, the owner/agent may create a TM/DS to terminate assistance during the time the resident remains in the original unit. Once the Move-out (MO) for the original property is verified, the owner/agent will create an IC to reinstate assistance. There is no requirement to adjust the Security Deposit in this case.

Please note that, in the case of Dual Subsidy/Dual Assistance, the Security Deposit will not be adjusted unless the TTP for the IC differs from the TTP for the MI.

### TM/HQ – TRACS Auto Generated TM - Next Recertification Date is More Than 15 Months Past Due

Also see discussion explaining how to address Late ARs earlier in this Chapter.

Except in specific situations where Extenuating Circumstances apply, residents are required to complete an annual review of income (Annual Recertification) at least once every year. The resident must meet with the owner/agent and provide required documentation before the Next Recert Date or face termination*.* See HH 4350.3 Chapter 7 for additional information regarding Annual Recertification.

HUD and CAs will continue to pay the monthly AP (based on the most recent AP calculation) for three (3) months. If the owner/agent fails to submit an AR, MO (effective before the Next Recert Date) or Termination (effective before the Next Recert Date) within three (3) months, HUD will automatically terminate subsidy for that household. This is called an HQ Termination (HQ/TM). An Information Message HQ 180 will be generated and sent to the property using iMAX. Owner/agents may review information about Late ARs using the Late Annual Recertification Query available in TRACS.

***Note:*** *An HQ Termination will be effective the day before the Next Recert Date.*

### TM/OA - Late AR Due to Owner/agent Action (New)

Starting with TRACS 2.0.3.A, a new requirement has been implemented when the owner/agent is preparing the 16th month voucher. If a resident’s AR would be 3 months late, the owner/agent may not request an Assistance Payment (AP) for the family unless the AR is complete and transmitted before sending the voucher or sent with the voucher.

When an AR is delayed due to owner/agent error the owner/agent **must** eventually submit the AR using the original anticipated AR Effective Date. The TM/IC is not used to “punish” the owner/agent and deny subsidy to the resident. In this case, even though the owner/agent is not compliant, the resident is entitled to the subsidy based on the Next Recert Date.

With the release of TRACS v 2.0.3.A, HUD has removed the option to send an AR completed using Extenuating Circumstance Code 3 = Late annual (re)certification due to owner/agent delay when that AR is late due to owner/agent action. TRACS will generate a FATAL error if a certification is submitted using that Extenuating Circumstances Code.

If a voucher includes an AP request for the 16th month, the voucher will receive a FATAL error. If the owner/agent is reporting to a CA, the CA software should edit for an AP request at the 16th month.

When preparing a voucher that includes a family whose AR is being billed for a 16th month, the owner/agent or site software should create a Suspension (TM/OA) using a new Termination/Suspension Code – owner/agent Late Recert owner/agent Action.

Site software can be programmed to take in to consideration special rules, in regards to the tenant leger, when a resident is Suspended using the TM/owner/agent combination.

**Example - Steps Required At The 16th Month If No AR, TM Or MO Has Been Finalized.**

* Allison lives in Columbus Gardens, a Section 8 Senior Community
* The Contract Rent for Allison’s unit is $750.
* There is no Utility Allowance.
* Allison’s AR is effective on 5/1 each year.
* On 5/1/2024, Allison’s AR reflects TTP = $494. (AP = 256).
* On 1/1/2025, a GR is applied raising Contract Rent to $775.
* Allison’s TTP remains the same ($494) but AP increases to $281.
* In 2025, Crystal Ball, the certification specialist, fails to start the AR process.
* There is no 120 Day Reminder Notice.
* There is no 90 Day Reminder Notice.
* There is no 60 Day Reminder Notice.
* On 4/5/2025, Crystal creates the 5/2025 voucher and includes an AP request for $281 for Allison.
* On 5/5/2025, Crystal creates the 6/2025 voucher and includes an AP request for $281 for Allison.
* On 6/5/2025, Crystal creates the 7/2025 voucher and includes an AP request for $281 for Allison.
* On 7/5/2025, Crystal creates the 8/2025 voucher; this voucher is not supposed to include an AP request for Allison but it does.

*Note:  Site software must not allow an Assistance Payment request in month 16.  If the site software allows a request in the 16th month, the voucher will be rejected.*

The CA rejects the voucher.  TRACS will issue a FATAL error as well if there is no CA. (new)

* Crystal may either, submit a completed AR effective 5/1/2025 or submit a Suspension TM/owner/agent effective 4/30/2025.  Owner/agents may not create a Miscellaneous Accounting Request to reverse the AP request.
* The owner/agent must sign this Suspension, but, as with the HQ/TM, Allison is not required to sign.
* On 7/9/2025, Crystal creates and finalizes the Suspension TM/owner/agent effective 4/30/2025.
* On 7/10/2025, Crystal creates and submits a corrected voucher that includes the TM/owner/agent Suspension.
* The voucher adjustment page includes reversal of the $281 AP request for 5/25, 6/25 and 7/25 and the net adjustment is -$843.
* There is no AP request for Allison on the corrected 8/2025 voucher.  The unit is shown as Market, Market.

*Note:  If the resident should be Terminated for cause (e.g., failing to report for AR, or failing to provide required signatures) then the TM/owner/agent is not used.  A Termination using the appropriate code is used.  Any Termination transaction must be effective before the AR Due Date.*

*Note:  If the resident moved out before the AR Due Date, then the owner/agent sends a MO transaction.  The MO effective date must be before the AR Due Date.  If the owner/agent did not complete the AR because the resident provided notice to move, and if the resident did not move out before the AR Due Date, the owner/agent must submit a TM effective the date before the AR Due Date.  The owner/agent is not entitled to subsidy on or after the AR Due Date when no new AR is created/completed.*

### TM/Suspension RD - PBRA RAD Tenant Transferred To Other Housing During Rehab

**Example - Steps Required At The 16th Month If No AR, TM Or MO Has Been Finalized**

**Continued from Previous Page**

* Crystal completes the 5/2025 AR on 7/12/2025.
* Allison’s new TTP is $551 and the AP = $224
* Allison signs the certification on 7/13/2025 and at the same time Crystal provides a 30 Day Notice of Rent Increase.
* The rent increase will take effect on 9/1/2025 even though the AR is effective 5/1/2025.
* On 8/5/2025, Crystal creates the 9/2025 Voucher.
* The Assistance Payment for Allison is $224.
* The Adjustment Page shows an addition of $224 for 5/2025, 6/2025, 7/2025 and 8/2025.

Site software should be designed to manage the resident’s leger in these cases.

* In May, June, July and August, Allison’s Tenant Rent is $494 even though the new TTP on the AR effective 5/1/2025 is $551 and the new AP is $224.
* This is because Allison did not receive a 30 Day Notice of Rent Increase until 7/13/2025.
* The result is that the total collected by the owner/agent is $718 for each of these months.
* Contract Rent is $775 leaving an unpaid balance of $57 per month for 4 months.
* An owner/agent may not charge the difference (retroactively) when the AR is late due to owner/agent action.

Using a TM/Suspension Code allows owner/agents, HUD and Contract Administrators to improve oversight of Late Certifications.

When an AR is even one day late, the family is added to the TRACS Late AR Query. When using the TM/OA code to Suspend assistance payments, the record will indicate that the certification is late due to owner/agent action and the owner/agent must either:

* Submit a MO effective before the AR Due Date; or
* Submit a TM for cause, (if resident action is cause for termination) effective before the AR Due Date; or
* Submit the completed AR. In this case, it is not appropriate to submit an IC.

Many PBRA RAD contracts involve substantial rennovations to the property. Many residents still live in their units as of the Contract Effective Date/Conversion IC Effective Date.

When the resident is later Relocated for Rehab, and when there is no Pass-through agreement, use the TM/RD Suspension Code.

The TM/RD Effective Date must be on or after the Conversion IC Effective Date.

### TM/Suspension RH – New PBRA RAD Resident Relocated for Rehab Before Contract Effective Date

The new Suspension Code – Rehab (RH) - is used to terminate assistance for certain RAD Conversion ICs. The new RH Suspension Code is used when the resident/family was Relocated For Rehab prior to the contract Effective Date and this TM/RH Effective Date is the same as the Conversion IC Effective Date.

While most TM Effective Dates indicate the last day a resident will receive subsidy, for the RH Code, like, the NS and DS Termination Codes, assistance is removed starting on the IC Effective date.

### TM/Suspension TI – AP = Zero

Except for Component 1 PH to PBRA RAD and PRAC, if, after review, the assistance payment is zero, then the owner/agent will submit a Termination/Suspension (MAT65) instead of an AR or IR.

The Termination Code is TI - TTP Equals/Exceeds Gross Rent Or Moving To Market Rent.

The Termination/Suspension Effective Date is the day before the Next Recert Date. This is the last day assistance is paid.

#### TM/Suspension TI - When UT Results in Zero AP

If a household transfers mid-month to a smaller unit resulting in $0 AP due to a significantly lower Contract Rent, the TM is effective the day prior to the UT and the UT certification is not transmitted to TRACS or the CA.

The logic here is similar to that in effect when owner/agents are completing an AR and find that assistance is $0. Owner/agents Terminate the day prior to the AR and never transmit the AR.

If later, the family qualifies for assistance, an IC is submitted to restore subsidy. In this case, the IC would include a Y in the Unit Transfer field and would include the new Unit Number.

### TM/Suspension TR – Tenant Did Not Recertify On Time

Per the HUD Model Lease, residents are required to meet with the owner/agent at least annual for a review of income and deductions and to determine the appropriate housing Assistance Payment. HUD Model Lease 90105A reads as follows:

*Every year around the tenth day of the eleventh month, (Owner/agents enter actual dates) the Landlord will request the Tenant to report the income and composition of the Tenant's household and to supply any other information required by HUD for the purposes of determining the Tenant's rent and assistance payment, if any. The Tenant agrees to provide accurate statements of this information and to do so by the date specified in the Landlord's request.*

Some owner/agents are under the misconception that residents have fifteen months to report. HUD rules are as follows:

* The owner/agent provides all three recertification reminder notices per HUD requirements; and
* The resident reports for the recertification interview on or after the Next Recert Date.
* On the Next Recert Date, the owner/agent must create a TM using the Did Not Recertify On Time Termination Code, the tenant must begin paying the market rent.

***NOTE****: In a Section 202 PRAC or Section 811 PRAC project the tenant will be evicted for failing to comply with the recertification requirements.  The tenant will pay the greater of operating rent or 30% of income until eviction procedures are completed.*

***NOTE:****In a Section 236 project, the tenant must pay the Section 236 market rent. In a BMIR project, the tenant must pay the BMIR market rent.*

Assistance should be reinstated by creating an Initial Certification if:

1. Assistance is available at the property;
2. The tenant submits the required information; and
3. The owner/agent determines that the tenant qualifies for assistance.

The IC Effective Date is the first day of the month following the date on which the tenant reported for the certification and provided required documentation.  The tenant must pay market rent until this date.

In some cases, completing verification and other steps to complete the certification may not be completed in the same month the resident finally reports. If the owner/agent completes the income certification processing after the first day of the month following the date on which the tenant reported for the certification, the IC is still effective on the first day of the month following the date on which the tenant reported for the certification. The new TTP, TR and AP are retroactive to this effective date.

## How to Split a Household or Swap a Household Member

There are cases where what was formerly a single household becomes two households (Household Splits) or where two existing subsidized households exchange one or more members (Household Swaps).

A Split can be more formally defined as the creation of a new subsidized household by one or more members of an existing subsidized household, leaving at least one member of the existing household in place.

A Swap can be more formally defined as a situation, starting with two existing subsidized households, where one or more members of a household move to the other household leaving at least one member behind. In some cases, the move is in one direction only—only one household loses members and the other gains. In other cases, the move could be in both directions—each household adds and subtracts members.

Examples of situations covered are similar to the following:

* HOH and Spouse in a subsidized unit decide to separate and one or the other moves into a new subsidized unit in the same or different property establishing a new household (Split). *(****Note:*** *the new household must qualify)*
* A family member in a subsidized unit moves in with an assisted family living in another subsidized unit in the same or different property. This could be the adult child of the head, an unrelated member, the parent of the head or some other relationship to the head (Swap).
* A dependent child in a subsidized unit, qualifying for the $480 deduction, moves in with an assisted family living in another subsidized unit (Swap).

To properly record a Household Split, the owner/agent should submit a Move-in Certification effective on the occupancy date for the household member or members establishing a new household (assistance starts on the MI date) and by submitting an Interim Recertification for the remaining household member(s) in the original unit. Assuming the resident remains in the original unit, the IR Effective Date is determined by following the rules for interims as given in Handbook paragraphs 7-13.C and 7-13.D and ***will always be on the first of the month*** when rent changes.

To properly record a Household Swap, the owner/agent should submit two Interim Recertifications (IR) adding or removing household members as appropriate. The Effective Dates of the two IRs are determined by the rules in Handbook paragraphs 7-13.C and 7-13.D and may differ from one another depending on whether the rent increases or decreases and whether the tenants followed the rules for reporting the changes.

**Example – Household Swap**

* Existing Section 8 family household consists of Kayla Smith (HOH), Karla Smith (minor) and Dwight Adams (adult full-time student)
* Last Annual Recertification was effective 4/1
* Dwight is going to move in with his dad Harvey in another Section 8 unit. This “swap” occurs on 7/12
* An IR is created for Kayla, removing Dwight and Dwight’s deductions. A rent increase notice is sent on 7/12 and the Interim Recertification (MAT10) including the rent increase is effective 9/1
* An IR is created for Harvey, adding Dwight and Dwight’s deductions, and decreasing rent. Since Dwight moved in to the unit on 7/12, the Interim Recertification (MAT10) including the rent decrease is effective on 8/1

It is important to realize that a household member can appear to be occupying two units simultaneously when completing a household split or a household swap. This is explicitly approved by HUD Policy. If CA software requires a change to validations to make this transaction work, CA’s must implement the change for these situations.

*Note: Mid-month Interim Recertifications involving a change in rent completed pursuant to the earlier guidance (prior to TRACS v 202D) concerning household Splits and Swaps are not subject to a finding during a Management and Occupancy Review.*

## Implementation of HOTMA – 2024 Certifications Submitted Using TRACS 202D Rules

The implementation of HOTMA and the release of TRACS 2.0.3.A provides some challenges for the industry. In order to complete the TRACS 2.0.3.A Specification, train industry professionals and provide guidance for occupancy oversight, certain questions regarding Assistance Payment calculations and certification submissions must be answered quickly. In particular, industry stakeholders must understand what to do if a certification effective 1/1/2024 through 4/1/2024 is **finalized**/submitted prior to January 1, 2024 using TRACS v 202D and Pre-HOTMA rules.

There are certain values used for rent/AP calculations that are manually entered with no TRACS impact.

**Example – Household Split**

* Existing Section 8 elderly household consists of Sarah Smith (HOH) and Alma Adams.
* Last Annual Recertification (AR) was effective 3/1.
* Alma moves into her own unit 8/10, leaving Sara in the original unit.
* An IR is created for Sarah, removing Alma and Alma’s income/expenses, and reducing rent effective 9/1.
* The MI for Alma, effective 8/10, must be accepted.

These values include income inclusions/exclusions, asset inclusions/exclusions, etc. Owner/agents should use these new income inclusions and exclusions when creating any certifications effective 1/1/2024 or later.

Other factors such as how to treat fosters, deductions, hardship exemptions related to the Medical Expense and Disability Assistance Expense, the Elderly/Disabled Family Deduction, calculation of income from assets, enforcing eligibility rules based on asset caps and enforcing eligibility rules based on ownership of real property suitable for occupancy are controlled by site software.

Certifications effective 1/1/24 or later may be submitted as early as 9/2/2023 under HUD submission rules.

A 1/1/2024 AR may be finalized/submitted as early as 9/2/2023.

A 2/1/2024 AR may be finalized/submitted as early as 10/2/2023.

A 3/1/2024 AR may be finalized/submitted as early as 11/2/2023.

A 4/1/2024 AR may be finalized/submitted as early as 1/2/2024.

Because IC and IR/UT transactions can be effective on any day of a month, IC and IR/UT transactions effective through 4/2024 may be submitted in 2023 using TRACS v 202D and pre-HOTMA calculation rules.

When this is the case, if the certification is created using TRACS version 202D, the 202D and pre-HOTMA rules apply.

If the certification is created using TRACS version 2.0.3.A, the new 2.0.3.A rules, including rules implementing HOTMA, are applied.

If a 2024 certification is created in 2023 and includes 202D values, what action is taken by the owner/agent?

New income/asset exclusions and Deduction Hardship Exemptions could result in calculated TTP that would be lower than calculated TTP using Pre-HOTMA rules.

New deduction percentages and removal of deductions for fosters could result in calculated TTP that would be higher than calculated TTP using Pre-HOTMA rules.

### Resident’s TTP/Tenant Rent Is Lower Using HOTMA Rules

If the rules implemented with TRACS v 2.0.3.A cause Adjusted Income to decrease, the owner/agent is required to correct the 2024 202D certification immediately after TRACS 2.0.3.A is implemented on site, incorporating the 1/2024 changes.

This will create an adjustment decreasing the resident’s TTP and increasing subsidy with no special rules.

See an example on the next page.

### Resident’s TTP/Tenant Is Higher Using HOTMA Rules

**Example – TTP is Lower Using HOTMA Rules - Lucy Lu**

* Lucy Lu lives in Sterling Apartments. A Section 8 Elderly Property.
* Ms. Lu’s AR is effective 2/1/24.
* Annual Income is $18000
* The property manager is creating the 2/1/24 AR in November 2023 using Pre-HOTMA Rules.

|  |  |
| --- | --- |
| The Elderly/Disabled Family Deduction | $400 |
| 3% Annual Income | $540 |
| Total Out-of-Pocket Medical Expenses | $500 |
| Medical Expense Deduction | $0 |
| Adjusted Income | $17600 |
| Monthly TTP | $440 |

* The certification is completed and submitted in December using 202D rules.
* In December 2023, the OA implements TRACS v 2.0.3.A and HOTMA Rules
* Ms. Lu’s Assistance will change with the HOTMA rules.

|  |  |
| --- | --- |
| The Elderly/Disabled Family Deduction | $525 |
| 5% Annual Income | $900 |
| Total Out-of-Pocket Medical Expenses | $500 |
| Health & Medical Care Expense Deduction | $0 |
| Adjusted Income | $17475 |
| Monthly TTP | $437 |

* The owner/agent corrects the 2/1/2024 AR submitted in December.
* On December 10, the owner/agent sends a 30-Day Notice of Rent Change and Requirement to Sign to the Ms. Lu.
* The effective date of the decrease is 2/1/2024.
* The voucher will include adjustments increasing the Assistance Payment for Ms. Lu.

If the rules implemented with TRACS v 2.0.3.A cause Adjusted Income to increase, the owner/agent is required to correct the 2024 202D certification immediately after TRACS 2.0.3.A is implemented on site, incorporating the 1/2024 changes. This will create an adjustment increasing the resident’s TTP and decreasing subsidy. The effective date of the change will be the effective date of the original certification.

The owner/agent must comply with the rule requiring owner/agents to provide a 30-Day Notice of Rent Increase.

In order to ensure that the owner/agent remains financially whole, a new Miscellaneous Accounting Request Code HOTM will be created.

This Miscellaneous Accounting Request Code will be used to offset the reduction to the Assistance Payment until the first of the month after the end of the 30-Day Notice period.

**Example – TTP is Higher Under HOTMA Rules - Corey and Carlita Cortez**

* Corey and Carlita Cortez live in Sterling Apartments. A Section 8 Elderly Property.
* Corey and Carlita’s AR is effective 1/1/24.
* Corey and Carlita’s Annual Income consists of SSA and an Annuity Distribution
* Annual Income is $39000
* The property manager is creating the 1/1/24 AR in October 2023 using Pre-HOTMA Rules.

|  |  |
| --- | --- |
| The Elderly/Disabled Family Deduction | $400 |
| 3% Annual Income | $1170 |
| Total Out-of-Pocket Medical Expenses | $8200 |
| Medical Expense Deduction | $7030 |
| Adjusted Income | $31570 |
| Monthly TTP = | $789 |

* The certification is completed and submitted in December using 202D rules.
* In December 2023, the OA implements TRACS v 2.0.3.A and HOTMA Rules
* The Cortez’s Assistance will change with the HOTMA rules.

|  |  |
| --- | --- |
| The Elderly/Disabled Family Deduction | $525 |
| 5% Annual Income | $1950 |
| Total Out-of-Pocket Medical Expenses | $8200 |
| Health & Medical Care Expense Deduction | $6250 |
| Adjusted Income | $32225 |
| Monthly TTP | $806 |

* The owner/agent corrects the 1/1/2024 AR submitted in December.
* On December 10, the owner/agent sends a 30 Day Notice of Rent Increase and Requirement to Sign Notice to the Cortez’s.
* While the corrected certification effective date is 1/1/2024, the resident is entitled to a 30 Day Notice so the earliest the OA may charge the higher rent is 2/1/2024.
* The owner/agent includes a Miscellaneous Accounting Request HTMA for **+17** (789 – 806) for the difference in subsidy for the month of January 2024. This is assuming requirements for a 30-Day Notice of Rent Increase. If state law requires a longer notice period, adjust accordingly.
* This enables the owner/agent to implement HOTMA rules as of 1/1/2024 while ensuring that the resident receives proper notice and the property remains “financially whole”.

**Example – TTP is Higher Under HOTMA Rules - Ken and Krista King**

* Ken and Krista King live in Sterling Apartments. A Section 8 Elderly Property.
* Ken and Krista’s AR is effective 2/1/24
* Ken and Krista’s Annual Income consists of SSA and an Annuity Distribution
* Annual Income is $48000
* The property manager is creating the 2/1/24 AR in October 2023 using Pre-HOTMA Rules.

|  |  |
| --- | --- |
| The Elderly/Disabled Family Deduction | $400 |
| 3% Annual Income | $1440 |
| Total Out-of-Pocket Medical Expenses | $6200 |
| Medical Expense Deduction | $4760 |
| Adjusted Income | $42840 |
| Monthly TTP | $1071 |

* The certification is submitted in completed and submitted in November using 202D rules.
* In December 2023, the OA implements TRACS v 2.0.3.A and HOTMA Rules
* The King’s Assistance will change with the implementation of HOTMA rules.

|  |  |
| --- | --- |
| The Elderly/Disabled Family Deduction | $525 |
| 5% Annual Income | $2400 |
| Total Out-of-Pocket Medical Expenses | $6200 |
| Health & Medical Care Expense Deduction | $3800 |
| Adjusted Income | $43675 |
| Monthly TTP | $1092 |

* The owner/agent corrects the 2/1/2024 AR submitted in December.
* On December 10, the owner/agent sends a 30 Day Notice of Rent Increase and Notice of Requirement to Sign to the Kings.
* The effective date of the increase is 2/1/2024. This is assuming the requirement is for a 30 Day Notice of Rent Increase.
* There will be no manual adjustment since the rent increase is effective on the same day as the certification.

HUD could establish a timing rule and specify that the corrections must be submitted on any of the first three vouchers submitted under 2.0.3.A. This allows owner/agents to correct certifications, obtain signatures and include the corrected certifications on vouchers submitted on or before the 10th of the month.

HUD could also implement a rule stating that the Notice to the resident must be separate from the corrected 50059 and must include the new, corrected rent, the date that new rent will start and penalties for failure to sign the 50059 within 30 calendar days (termination of assistance for all programs except PRAC or termination of tenancy for PRAC). If a resident is terminated for failure to sign the 50059, the termination effective date will be the first of the month after the 30 days. In the case of a PRAC, the owner/agent may continue to receive subsidy while pursuing termination/eviction.

Assuming timely reporting and timely completion of the AR, if the owner/agent does not send out a separate notice, but the certification is signed at least 30 days before the effective date of any rent increase, the owner/agent is compliant.

Assuming timely reporting and timely completion of the AR, if the owner/agent does not send out a separate notice, but the certification is signed less than 30 days before the effective date of any rent increase, the owner/agent is not compliant. In this case, the owner/agent must consider the tenant signature date the beginning of the 30 day notice and any rent increase may take effect the first of the month at least 30 days after the tenant signature date. The owner/agent **may not use** the HOTM Miscellaneous Accounting Request Code to offset the adjustment to the Assistance Payment.

If the owner/agent does not send out a separate notice, but the certification is signed before the corrected certification is submitted to TRACS, the owner/agent is compliant.

## Hardship Exemptions

There are five Hardship Exemptions.

1. Minimum Rent Temporary Financial Hardship Exemption (Section 8 & 202/8 only);
2. Minimum Rent Long-term Financial Hardship Exemption (Section 8 & 202/8 only);
3. Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense Deduction Phase-in Hardship Exemption;
4. Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense Deduction Financial Hardship Exemption;
5. Childcare Deduction Financial Hardship Exemption.

### Minimum Rent (TTP) Financial Hardship Exemptions (Section 8 & 202/8 only)

Owners must waive the Minimum Rent (TTP) for any family unable to pay due to a long-term financial hardship, including the following:

* The family has lost federal, state, or local government assistance or is waiting for an eligibility determination.
* The family would be evicted if the minimum rent requirement was imposed.
* The family income has decreased due to a change in circumstances, including but not limited to loss of employment.
* A death in the family has occurred.
* Other applicable situations, as determined by HUD, have occurred.

When a tenant requests a Minimum Rent Financial Hardship Exemption, the owner/agent must waive the $25 Minimum Rent beginning the month immediately following the tenant’s request and implement the TTP calculated at the higher of 30% of adjusted monthly income or 10% of gross monthly income (or the welfare rent).

The TTP will not drop to zero unless those calculations all result in zero.

The owner must determine whether there is a hardship and whether it is temporary or long-term in nature.

### No Hardship – Minimum Rent (Section 8 & 202/8 only)

If the owner determines there is no hardship, the owner must immediately reinstate the Minimum Rent retroactive to the date the exemption started.  The resident is responsible for paying the appropriate rent retroactive to the effective date of the Minimum Rent Financial Hardship Exemption.

The owner may not evict the tenant for nonpayment of rent during the time in which the owner was making the determination.  The owner/agent and resident should reach a reasonable repayment agreement for any back payment of rent.

### Minimum Rent Temporary Financial Hardship Exemption (Section 8 & 202/8 only)

If the owner/agent determines that the Minimum Rent Financial Hardship Exemption is temporary, the owner may not impose the Minimum Rent, or any other rent based on the standard rent calculation, until 90 days after the effective date of the Minimum Rent Financial Hardship Exemption.

At the end of the 90-day period, the tenant is responsible for paying the Minimum Rent or any appropriate rent based on the standard rent calculation, retroactive to the effective date of the Minimum Rent Temporary Financial Hardship Exemption.

The owner/agent may not evict the resident for nonpayment of rent during the time in which the owner was making the determination or during the 90-day Minimum Rent Temporary Financial Hardship Exemption.  The owner/agent and resident should reach a reasonable repayment agreement for any back payment of rent.

|  |
| --- |
| **Example – Temporary Hardship Schedule**   * Due to the death of his wife, Yung Kim took a six-week leave of absence from his part-time job. * He requests a financial hardship exception. * The owner, Oak Knoll Management, reviews his request and determines that the hardship is not long term. * Yung Kim and Oak Knoll Management implement the following schedule: |
| |  |  | | --- | --- | | Current TTP | $25 | | Hardship request received | 15-Jul | | Owner grants temporary hardship | 20-Jul | | August TTP | $0 | | September TTP | $0 | | October TTP | $0 | | 90-day period ends | 15-Oct | | Total balance due 3 x $25 | $75 | | Yung Kim agrees to pay $10 extra per month for seven months and $5 extra on the eighth month. |  | | Monthly payment for seven months |  | | November – May TTP $25 + $10 | $35 | | June TTP $25 + $5 | $30 | | July TTP | $25 | |

### Minimum Rent Long-term Financial Hardship Exemption (Section 8 & 202/8 only)

If the Minimum Rent Financial Hardship Exemption is determined to be long-term, the owner/agent must exempt the tenant from the Minimum Rent requirement from the date the owner granted the exemption.  The owner must process an IR to implement a Minimum Rent exemption.  The suspension may be effective until such time that the hardship no longer exists.

The owner must complete the steps to verify that circumstances have not changed (recertify) every 90 days while the Minimum Rent Long-term Financial Hardship Exemption lasts.  If the situation has not changed, the owner/agent is not required to submit an IR (or AR depending on the timing).

If the situation has changed and the rent calculation results in a TTP that is $25 or higher, the owner/agent will create an IR to reinstate the Minimum Rent or any appropriate rent based on the standard rent calculation.

The length of the hardship exemption may vary from one family to another depending on the circumstances of each family.

### Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense Deduction Phase-in Hardship Exemption

There are two types of Hardship Exemptions related to the Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense Deduction.

1. Phase-in Hardship Exemption; and
2. Financial Hardship Exemption.

The Financial Hardship Exemption may also be applied when the owner/agent determines that the Childcare Deduction should continue to be applied even when no member works, seeks work or attends school.

#### Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense Deduction Phase-in Hardship Exemption

Phase-in Hardship Exemption for the Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense Deduction is available only to those residents who were receiving HUD assistance on January 1, 2024 and who were receiving either the Health & Medical Care Expense Deduction or the Attendant Care and Auxiliary Apparatus Expense Deduction as part of the Assistance Payment calculation prior to January 1, 2024 (as of December 31, 2023).

In these cases, the Phase-in Exemption is automatically applied with the first AR or IR completed on 1/1/2024 or later.

* In 2024, the Phase-in Hardship Exemption for the Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense deduction will be the amount of out-of-pocket expenses that exceeds 5% of Annual Income.
* In 2025, the Phase-in Hardship Exemption for the Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense deduction will be the amount of out-of-pocket expenses that exceeds 7.5% of Annual Income. .
* In 2026, the Phase-in Hardship Exemption expires and from that point forward, the Health & Medical Care Expense Deduction and/or the Attendant Care and Auxiliary Apparatus Expense Deduction will be the amount of out-of-pocket expenses in excess of 10% of Annual Income.

The Phase-in Hardship Exemption does not require periodic review.

If assistance is terminated for cause, the Phase-in Exemption ends.

If assistance is Suspended, the Phase-in Exemption will be included on any IC or AR created to reinstate assistance. When the IC or AR is created to reinstate assistance, the Phase-in percentage is established based on the effective date of the certification.

#### Transferring the Phase-in Hardship Exemption

When processing an application, owner/agents should ask residents if they are currently receiving assistance from HUD.

If the answer is yes, and if the resident was qualified for the Health & Medical Expense/Attendant Care & Auxiliary Apparatus Expense Phase-in Hardship Exemption while living on the property, the Phase-in Hardship Exemption may be transferred to the new property.

It is the resident’s responsibility to provide the current certification (MI, IC, AR or IR) in place at the time of Move-out from the former property. Owner/agents should confirm that assistance has not been terminated, thus ending the Hardship Exemption, before the resident moved out.

#### Health & Medical Care Expense Deduction and the Attendant Care and Auxiliary Apparatus Expense Deduction Financial Hardship Exemption

While the Phase-in Hardship Exemption applies only to those families who were receiving the Health & Medical Care Expense Deduction and/or the Attendant Care and Auxiliary Apparatus Expense Deduction as of 1/12024, even families not receiving a deduction for Health And Medical Care Expenses and reasonable Attendant Care And Auxiliary Apparatus Expenses as of 1/1/2024 (HOTMA Effective Date) may still qualify for a Financial Hardship Exemption if the family is experiencing a change in circumstances as determined by the owner/agent.

In order for a family to benefit from the Financial Hardship Exemption, the family must have eligible Health and Medical Care Expenses and/or reasonable Attendant Care and Auxiliary Apparatus Expenses that exceed five percent (5%) of the family’s Annual Income.

Determinations of what constitutes a financial hardship must be fact-based and are handled by the owner/agent rather than through regulatory text. The family must demonstrate that the family’s applicable

Health and Medical Expenses and/or reasonable Attendant Care and Auxiliary Apparatus Expenses increased, or the family’s financial hardship is a result of a change in circumstances (defined by the owner/agent) that would not otherwise trigger an interim reexamination. In such a case, the family will receive a deduction for the eligible expenses that exceeds 5% percent of Annual Income.

If the change in circumstances does not coincide with the effective date of an IR or AR, the owner/agent will create an IR (or AR based on timing) or MAT70 to initiate the exemption.

Under the final rule, the Financial Hardship Exemption and the resulting alternative adjusted income calculation ends the earlier of:

1. 90 Days; or
2. Such time that the owner/agent determines the family can pay their rent under the normal Adjusted Income calculation (Financial Hardship Exemption is no longer necessary).

There is no requirement to send an IR or MAT70 every 90 days in order for the exemption to continue. However, the owner/agent must send an IR (or AR based on timing) or MAT 70 to end the Financial Hardship Exemption if the end of the exemption does not coincide with the effective date of an IR or AR.

### Childcare Expense Deduction Financial Hardship Exemption

If a family is currently receiving a Childcare Deduction, and the family situations changes in such a way as the family is no longer qualified for the Childcare Deduction, a family may request a Financial Hardship Exemption to continue to include the Childcare Deduction even when there is no member who is:

* Working;
* Seeking work;
* Furthering his/her education.

Please note that the family must already be receiving the Childcare Deduction in order for the family to qualify for an exemption. There is no Financial Hardship Exemption for a new childcare expense.

The owner/agent will continue to include the Childcare Deduction if the family demonstrates that the family would be unable to pay their rent because of loss of the Childcare Deduction and the childcare expense is still necessary even though the family member is no longer employed, looking for work or furthering his or her education.

By regulation, if a hardship exemption is granted, the hardship exemption ends at the earliest of:

1. 90 Days; or
2. Such time the responsible entity determines the need for the childcare expense no longer exists when no adult family member is employed or furthering their education; or
3. Such time the responsible entity determines that family is able to pay their rent without the Financial Hardship Exemption.

Owner/agents, at their discretion, may extend such hardship exemptions for additional 90-day periods based on family circumstances.

There is no requirement to send an IR or MAT70 every 90 days in order for the exemption to continue. If the member no longer qualifies for the Financial Hardship Exemption, an IR (or AR based on timing) or MAT70 is created to remove the E from the Able to Work Care Code. The Childcare Expense that was deemed necessary even though the member was not working, seeking work or attending school is also removed.

When creating an IR to include the Childcare Deduction based on the Financial Hardship Exemption, and if the Childcare Deduction was included on the previous 50059 because childcare enabled a family member to work, the Able to Work Care Code will be filled with E (Exemption) instead of C (Childcare To Enable a Member to Work).

If later, the member returns to work, the owner/agent creates an IR to add the new employment income and the Able to Work Care Code will be filled with C (assuming the childcare is necessary to enable to member to work).

If the member starts seeking work or starts attending school, the owner/agent creates an IR or MAT70 stop the Exemption.

If the Childcare Deduction was included because childcare enabled a family member to seek work or attend school, the Able to Work Care Code will be filled with E (for Exemption) instead of C (Childcare To Enable a Member to Work).

Examples of reasons for a resident to request a Hardship Exemption include, but are not limited to:

* No member is able to provide child care while the parent/guardian is seeking medical treatment;
* No member is able to provide child care while the parent/guardian is on temporary (short term) disability;
* No member is able to provide child care while the parent/guardian is taking advantage of the Family Medical Leave Act (FMLA).

By regulation, if a hardship exemption is granted, the hardship exemption ends at the earliest of:

1. 90 Days; or
2. Such time the responsible entity determines the need no longer exists for the childcare expense if no adult family member is employed or furthering their education no longer exists; or
3. Such time the responsible entity determines that family is able to pay their rent without the hardship exemption.

## Assistance Payments

This section describes the various types of payments that involve owner/agents, tenants, and HUD in connection with rent payments and Assistance Payments (AP).

In some cases, the owner/agent receives assistance from HUD in the form of a housing Assistance Payment. In HUD-subsidized multifamily properties where tenants pay for utilities, the owner/agent receives assistance from HUD, which includes AP amounts for both rent and utilities. Under certain circumstances the owner/agent must remit a Utility Reimbursement to tenants.

While HH 4350.3 Paragraph 5-25 describes the methods by which the owner/agent calculates the tenant rent and Total Tenant Payment (TTP) for properties with project-based rental assistance, this section describes the requirements and procedures that owner/agents must follow to receive Assistance Payments from HUD for the property.

### Assistance Payments

Assistance payments are available to all properties except Section 236 properties without an assistance contract.

To obtain Assistance Payments, the owner/agent must submit electronic monthly billings (vouchers) to HUD or the property’s Contract Administrator.

The submission is required even when the owner/agent is not requesting any assistance for the billing month.

***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).*

When a voucher is received by TRACS, TRACS generates a status message of P10 (VSP10).

Once the voucher is approved (VSP00), the voucher request is sent to the Line of Credit Control System (LOCCS).

HUD may pay the entire voucher request amount or may reduce the voucher based on executed agreements between the owner and HUD. Some reasons a voucher may be reduced in LOCCS is to make payments toward the balance of an outstanding mortgage or to make payments toward the balance of an Owner Repayment Agreement (discussed later in this MAT Guide).

All complete resident certifications, supporting the voucher requests, must be maintained for each tenant listed on the HUD 52670-A.

A signed HUD 52670, Housing Owner’s Certification and Application for Housing Assistance Payments for each billing period (month) must be kept on file by the owner/agent for at least five years. Electronic signatures are acceptable. Owner/agents may keep electronic copies of signed vouchers as long as electronic storage methods comply with HUD’s requirements.

Where applicable, the file (electronic or paper) must also include:

* HUD 52670-A Part 1, Schedule of Tenant Assistance Payments Due;
* HUD 52670-A Part 3, Adjustments to Schedule of Tenant Assistance Payments Due;
* HUD 52670-A Part 4, Misc. Accounting Request for Schedule of Tenant Assistance Payments Due;
* HUD 52670-A Part 5, Approved Special Claims for Schedule of Tenant Assistance Payment Due;
* HUD 52670-A Part 6, Repayments/FSS;
* HUD-52671-A through D, *Special Claims Worksheets*.

For Component 1 PH to PBRA RAD, the owner/agent must also keep records supporting Rehab Assistance Payment requests.

The owner/agent’s request for Assistance Payments must be limited to the number and type of units under contract as of the given voucher 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 mid-month MI and a mid-month MO is processed in the same month.

The owner/agent must comply with the assistance contract in order to continue receiving Assistance Payments from HUD.

***Note:*** *If an owner/agent elects to grant rent concessions, the owner/agent 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.*

### Procedures for Obtaining Assistance Payments from HUD

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

To secure payment, owner/agents 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/agent must submit HUD 52670-A Part 2 as applicable only after Special Claims have been approved by the HUD Office or Contract Administrator.

The owner/agent must prepare a separate HUD 52670 for each of the property’s assistance contracts to report the following:

* Regular tenant Assistance Payments and adjustments; and
* Approved Special Claims.
* Miscellaneous Accounting Requests
* Repayment Agreements
* FSS Escrow Account Information
* 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 50059A tenant information must be submitted electronically to TRACS.

### Assistance Payment Calculations

For Section 8 (except Component 1 PH to PBRA RAD), 202/8 and Section 202 PAC properties, the Assistance Payment is the Gross Rent (Contract Rent plus Utility Allowance) minus the TTP. If applicable, the Assistance Payment may include a Utility Reimbursement that the owner/agent must provide to the tenant.

See the 203ACalculatingTenantRent spreadsheet for details.

For a discussion of Utility Reimbursements, refer to Paragraph 5-26 later in this chapter.

### Rent Override

In certain cases, HUD may have established rules that call for a different rent calculation and the standard rent calculation of TTP must be overridden.

There are 5 examples where this is the case:

1. Plan of Action where TTP is calculated using an alternative rent calculation method.
2. Component 1 PH to PBRA RAD Conversion Amount
3. Component 1 PH to PBRA RAD Rent Phase-in
4. Component 1 PH to PBRA RAD Rent at IC when Resident is Returning from Displacement for Rehab
5. Component 1 PH to PBRA RAD Rent Cap (% of FMR)

For 202D, if the owner/agent was overriding the standard rent, the Rent Override was filled with Y. Otherwise, the field was left blank.

For TRACS 2.0.3.A when an owner/agent wishes to override the standard TTP, the owner/agent will be required to provide a reason. The Rent Override field will be filled as follows:

* MF - There are multiple funding programs that apply to a single household. Generally, the rule is that the tenant should be charged the lower of the two rents;
* OT = Other reason not yet defined by HUD
* PO = Plans Of Action - May not be used for Phase-in. All POA Phase-in should be complete. Rent Override for POA is only used for non-standard POA rent calculation.
* R1 = Component 1 PH to PBRA RAD Conversion IC
* R2 = Component 1 PH to PBRA RAD Phase-in (any MAT10)
* R3 = Component 1 PH to PBRA RAD Right to Return IC (could be MI if the Owner/agent was advised to create a MO when the resident was relocated)
* RC = Component 1 PH to PBRA RAD- Established Rent Cap % of FMR
* TC – To be used when property has LIHTC funding and when:
  + A 236 tenant in an LIHTC building pays the lower LIHTC rent rather than the 236 rent; or
  + For Section 8:
    - AP is zero or negative; **and**
    - The owner/agent is applying LIHTC Max Rent which is lower than the GR for the unit.

*Note: When this is the case, the resident does not qualify for subsidy. Subsidy may be reinstated later if subsidy is available and when the calculated TTP is less than GR.*

* Leave blank if the TTP before override and the TTP are equal

See HH 4350.3 Paragraph 5-30 for information about the general requirements when a HUD calculated rent may be overridden MAT User Guide Chapters 4, 5 and 6 for a more detailed discussion of the rules.

See also, the rent calculation spreadsheet (203ACalculatingTenantRent.xlsx) for how overrides impact calculations.

#### For Component 1 PH to PBRA RAD, the Assistance Payment is TTP Minus Any Utility Allowance.

The Assistance Payment may be a negative amount. If so, the owner/agent must record this amount on the voucher. This negative request is reversed using the RADN Miscellaneous Accounting Request. For additional information see this MAT Guide Chapter 7 MAT Voucher Payment System Format Definitions and Chapter 4 MAT PBRA RAD.

When the total Regular Assistance Payments on the voucher for any given month is a negative amount, the owner/agent must deposit this amount into the property’s operating account.

For Section 811 PRAC and Section 202 PRAC units, the Assistance Payment is the difference between the unit Operating Rent and the TTP.

The difference between the unit Operating Rent and the TTP may be a negative amount. If so, the owner/agent must record this amount on the voucher.

When the total Regular Assistance Payments on the voucher for any given month is a negative amount, the owner/agent 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/agent 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.

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.

When a project continuously has negative vouchers where adjustments cannot be made on the voucher to return amount(s) due HUD, the owner/agent should be required to issue a check for payment.

#### Payments for Partial-Month Occupancies

Move-in Certifications may be effective on any day of a month.

Initial-in Certifications may be effective on any day of a month.

Interim Recertifications are always effective on the first of a month unless the Interim Recertification is combined with a Unit Transfer. Then the IR is effective on the date of the Unit Transfer. This is the only time an IR is effective on a date other than the 1st.

Annual Recertifications are always effective on the first of a month. This is true even if the AR coincides with a Unit Transfer.

Owner/agents are entitled to an Assistance Payment only for the actual number of days during the month that the qualified resident occupied the unit. In the case of a skip, the owner/agent is entitled to subsidy only for the amount of time it takes to legally take possession of the unit.

Move-out Transactions may be effective on any day of a month.

#### Calculating Assistance Payments for Partial-Month Occupancies

The owner/agent must calculate Assistance Payments for 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.
* The owner/agent must round the result to the nearest whole dollar. The owner/agent will round up starting at $0.50.

When a tenant moves or transfers out of a unit or tenancy is terminated, owner/agents must calculate assistance for these partial-month occupancies using the calculation method shown in Example – Move-out below.

**Example – Move-out**

A tenant moved out on February 17, 2024 (a leap year). The Assistance Payment is $343 at the time of move-out. This example calculates the amount of money the owner/agent must reimburse HUD for February.

Monthly assistance: $343.00

Divided by 29 days: 29

Daily Assistance Payment: $11.827586 (extend 6 characters) = $11.83 (rounded to the nearest $.01)

Multiply by the number of days

the tenant actually lived in the unit: 17

Assistance earned by the owner/agent: $201.11

Round to the nearest dollar: $201.00

This equals the amount of assistance the owner/agent is entitled to keep. Because the assistance was billed for in advance, the owner/agent must reimburse HUD the difference between the monthly assistance and the amount the owner/agent is entitled to keep.

Monthly assistance: $343.00

Less eligible assistance: -$201.00

Amount reimbursed to HUD: $142.00

When a tenant moves or transfers into a unit, or undergoes Initial Certification, owner/agents must calculate assistance for these partial-month occupancies using the calculation method shown in the Example – Move-in below.

**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 (extend 6 characters) = $11.29 (rounded to the nearest $.01)

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.

#### Guidelines for Adjustments Partial Month Occupancies

See Appendix H of the MAT Guide for detailed instructions concerning the calculation of adjustments and their presentation on a voucher. The spreadsheet accompanying the Guide (203AAdjustmentCalculations.xlsx) contains examples.

A Unit Transfer may involve two adjustment calculations. The end of assistance in the old unit (UT-O Unit Transfer-Out) has an Effective Date one day earlier than the Effective Date of the UT. The start of assistance in the new unit (UT-I Unit Transfer-In) is as of the UT Effective Date.

When new certifications are added or certifications are changed, adjustments start the first of the month the AP changes 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.

All changes are reported by returning all previously billed amounts and then billing for the same period, including any new or corrected amounts. See the MAT Guide, Appendix H, for examples.

If the action causing the adjustment affects a subsequent certification or certifications in the chain of certifications, then the owner/agent must correct the subsequent certification(s) as appropriate and report the billing changes as outlined.

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 this MAT Guide and the 203AAdjustmentCalculations spreadsheet.

## Utility Allowance/Reimbursements

Industry Stakeholders should also reference HSG Notice 2015 [*Methodology for Completing a Multifamily Housing Utility Analysis*](https://www.hud.gov/sites/documents/15-04hsgn.pdf) and the [*HUD Utility Allowance FAQs*](https://www.hud.gov/sites/dfiles/OCHCO/documents/UA_FAQs_February_2022.pdf) for additional information. (Or subsequent guidance published after the publication of this MAT Guide) If the contract does not require an owner/agent provide a utility allowance to residents, then the Notice does not apply.

HUD provides utility allowances to properties receiving subsidy assistance where all or some utilities are paid directly by the residents.

Utility allowances (UA) are a representation of the owner’s best estimate of the monthly utility expense that the average energy-conscious household will incur for the year. This estimate is based on an analysis of the average monthly utility costs. The utility allowance is not meant to pay all actual utility costs, but rather it is to reimburse a prudent utility consumer for their utility expense.

These allowances are provided to the owner/agent, passed through to the resident, and are not considered an element of rent under the Multifamily Assisted Housing Reform and Affordability Act (MAHRA). These allowances are not included as income when owner/agents are determining annual income for a household.

### HUD Housing Notice 15-04

In June, 2015, HUD released Housing Notice 2015-04 – Methodology for Completing a Multifamily Housing Utility Analysis. This Notice can be found on HUDClips at <http://portal.hud.gov/hudportal/documents/huddoc?id=15-04hsgn.pdf>.

Deputy Assistance Secretary (DAS) of Multifamily Housing Programs Ben Metcalf has released a memo providing additional guidance. The DAS Memo can be found on HUD’s web site at <http://portal.hud.gov/hudportal/documents/huddoc?id=Memo_on_UA_Notice.pdf>

This Notice builds on a previous memo issued by former Deputy Assistant Secretary for Multifamily Housing Programs Carol J. Galante. To view that notice, visit our web site at [www.rbdnow.com](http://www.rbdnow.com).

### DAS Memo

In the DAS Memo, Deputy Assistant Secretary Metcalf explains how HUD is exploring how to make the multifamily portfolio more energy and water efficient to reduce owner/agents operating costs and reduce HUD outlays for utilities. Accurate utility data collection and analysis are integral to success in the reduction of energy and water consumption.

He further explains that owners may request a one-time release from the property’s Reserve for Replacement account of up to $1,000.00 to fund the acquisition, installation and use of energy data benchmarking and or reporting software. Additional information is included in the memo.

To help advance the Department’s energy and water efficiency goals, HUD Multifamily Regional Centers/Satellite Offices and HUDBS/Program Centers may allow a management add-on fee when the owner/agent collects and reports data in accordance with the sampling methodology outlined in the Notice. Certain requirements apply. Additional information is included in the memo.

The Notice provides instruction for completing the utility analysis required at the time of the annual adjustment of contract rents and when a utility rate change results in a cumulative increase of ten percent (10%) or more from the most recently approved utility allowance.

Owner/agents **must** establish baseline utility allowances, using the baseline utility analysis method outlined in the Notice, for each bedroom size. The baseline analysis is usually completed once every third year.

For two years after the baseline is established, owner/agents have the option to perform a factor-based utility analysis, as described in the Notice. Utility Allowance Factors can be found on the HUD User web site at <https://www.huduser.gov/portal/datasets/muaf.html>.

### Tenant Rent

Tenant rent is the portion of the TTP the tenant pays each month to the owner for rent.  Tenant rent is calculated by subtracting the utility allowance from the TTP.  It is possible for tenant rent to be $0 if the utility allowance is greater than the TTP.

**Example – Calculating Tenant Rent**

TTP:                                         $225  
Utility allowance:                     -$  75  
Tenant rent:                              $150

### Utility Reimbursement

When the TTP is less than the utility allowance, the tenant receives a utility reimbursement to assist in meeting utility costs.  The tenant will pay no tenant rent.  The utility reimbursement is calculated by subtracting the TTP from the utility allowance.

Utility allowance:                     $  75  
TTP:                                       -$ 25

Utility Reimbursement            $ 50

Commonly referred to as a negative renter.

Utility reimbursements must be provided to residents no more than five (5) business days after the owner/agent receives the allowance from HUD. If a resident does not pick up his/her Utility Reimbursement or does not cash the UR check, The owner/agent must make every effort to advise the resident that those funds are available. When TRACS 202D was released a new UUTL Miscellaneous Accounting Request Code was introduced and guidance explained that the code should be used to return any unclaimed Utility Allowance to HUD. HUD has since issued the following guidance:

*HUD does not have the authority to require owners to return uncollected utility reimbursements because those funds are owed to the tenants.  The funds should accumulate, as stated in the* [*Utility Allowance FAQ*](https://www.hud.gov/sites/dfiles/OCHCO/documents/UA_FAQs_February_2022.pdf) *revised in 2022.  The uncollected funds could ultimately be disposed of in accordance with state law (e.g., “unclaimed property law,” “escheats law,” or other applicable laws).*

*The uncollected utility reimbursements should not be used to pay the former or current tenant’s unpaid balances such as damage/repair fees, etc.  The utility reimbursement is being provided to the tenant for the purpose of paying utilities.  The owner is essentially holding the utility reimbursements in trust for a very specific purpose.*

*We plan to work with the systems team to update guidance on this item.”.*

For TRACS v 2.0.3.A, UUTL is no longer a valid Miscellaneous Accounting Request Code.

### Periodic Review of the Utility Allowance

Owners of multifamily housing properties that receive subsidy assistance, and for which HUD provides a utility allowance, are required to adjust their properties’ utility allowance every year at the time of the annual and special adjustments of contract rents. Guidance for this requirement can be found in HUD Handbook 4350.1 REV-1, Chapter 7, Section 4, 7-24.

To determine the Utility Allowance for the property, owner/agents are required to perform yearly analysis of the project’s utilities. The analysis period will provide the owner adequate time to prepare and post in accordance with 24 CFR 245 (30 day posting/comment period) and submit their renewal/rent adjustment owner packet to the CA/HUD at least 120 days (4 months) prior to the contract expiration and/or anniversary date.

The Utility Allowance is approved by HUD or the Contract Administrator (CA).

### Baseline Utility Analysis – Year One

To perform a baseline analysis, the owner/agent must perform the following steps:

1. **Request utility expense data** from either the utility company or the resident for at least the number of units determined by HUD’s sample size methodology. This must be done for each bedroom size at the property.

|  |  |
| --- | --- |
| **Figure 1** | |
| **Number of Units \*** | **Minimum Sample** |
| 1-20 | All |
| 21-61 | 20 |
| 62-71 | 21 |
| 72-83 | 22 |
| 84-99 | 23 |
| 100-120 | 24 |
| 121-149 | 25 |
| 150-191 | 26 |
| 192-259 | 27 |
| 260-388 | 28 |
| 389 and above | 29 |

*\*Per bedroom size. If the property consists of multiple identical buildings (or buildings that are substantially similar), then the sampling may be performed at the property level (encompassing all buildings on a site) for each bedroom size. If the buildings are not identical, the sampling must be done for each bedroom size for each building.*

*Note: A baseline utility analysis can be conducted using a sampling greater than the HUD approved minimum sample.*

While the Notice indicates that this analysis should be done based on the number of bedrooms, HUD staff has clarified that owner/agents should check the rent schedule to determine if there are one or more unit types with the same number of bedrooms.

For example, the rent schedule may indicate both a One Bedroom Unit and then a One Bedroom Unit (Large). This usually indicates that the unit size is different but the number of bedrooms is the same. In many cases, the UA is different as well. If this is the case, these unit types should be considered individually.

Analysis should be performed based on the unit types listed on the approved rent schedule.

An individual unit should be excluded from the sample if:

1. The resident is receiving an increased utility allowance as a reasonable accommodation;
2. The unit has been vacant for more than two (2) months. Units included in the sample should have at least ten (10) months of occupancy; or
3. The resident is receiving a flat utility rate as part of a low-income rate assistance utility program.

2. **Determine the average utility cost** for each bedroom size without removing any units from the analysis beyond those excluded from the sample size as indicated above. Do not remove the highest or lowest utility cost household when determining the average.

3. **Recommend this amount** to HUD or the contract administrator (CA) for approval. Upon completion of the utility analysis, the owner/agent **must** submit the analysis to HUD or the CA for review and approval.

Calculations may be made using a software tool of the owner’s choice (e.g. they may use the Excel spreadsheet offered by HUD or other tabulation software) as long as the inputs reflect the methodology detailed in the Notice.

HUD has provided a sample Excel workbook in the Notice to assist with the utility allowance analysis. We have also posted a copy of HUD’s spreadsheet on our web site at

### Factor-Based Utility Analysis (Years two and three)

For the two years after the baseline utility analysis is complete, the utility allowance amounts for each bedroom size and each utility at the property can be adjusted by a state-specific increase factor. The Utility Allowance Factor (UAF), provided by HUD, can be used in lieu of a baseline utility analysis.

The UAF, which can be found on the HUDUser website at <http://www.huduser.org/portal/datasets/muaf.html> , is determined by considering the state-specific average retail price of electricity, natural gas, water, and oil/propane for residential customers. This information is published by the U.S. Energy Information Administration.

After completing the property’s utility analysis under the Factor-Based Utility Analysis method, owner/agents should compare the proposed adjusted utility analysis to actual utility expenses over the previous twelve (12) months. HUD does not prescribe a specific method for completing this analysis.

If, the owner/agent decides that the calculated results indicate a significant disparity, the owner/agent should complete a baseline analysis to help ensure the allowance(s) provided are accurate. HUD does not define significant disparity.

### Requirements for Resident Households

An owner/agent may require a resident to sign a release to allow the owner/agent to collect utility data when necessary. For example, a utility company may require a resident release as a condition of providing utility data.

If a resident release is necessary, the owner/agent will request and the resident household is required to sign a release under 24 CFR 5.659 and the *HUD Model Lease for Subsidized Projects*. Failure to comply with the requirements can result in termination of assistance or termination of tenancy. See HH 4350.3, R1, C4, Paragraph 5-21.

A sample Tenant Utility Release Consent Form is included as part of the HUD HSG Notice. Owner/agents may, but are not required to, use this sample.

For HUD programs, this release remains in effect as long as the household lives on the property. However, there may be individual utility providers that require new releases based on their own internal processes. For example, a utility provider may require a new resident release every year. In those cases, owner/agents will need to obtain new releases or ask the resident to provide appropriate data and documentation.

Residents (or their representatives) are required to provide utility data and documentation upon request. Residents must provide utility documentation as requested by the owner/agent and the request does not have to correspond with a household’s annual or interim certification.

### Resident Disclosure of Utility Assistance (Other than HUD)

Residents must disclose if they are paying a flat rate as part of a low-income rate assistance program.

Residents are required to disclose whether they are receiving utility assistance from sources other than HUD. Owner/agents **must** ask this question at a resident’s annual recertification of income and family composition, because these assistance payments are a source of income and are included in the determination of annual income and the calculation of total tenant payment (TTP). See [24 CFR 5.609(a)](http://www.ecfr.gov/cgi-bin/text-idx?rgn=div5&node=24:1.1.1.1.5#sp24.1.5.c) and HUD Handbook 4350.3 paragraph 5-6.G.1.

Assistance that must be reported includes cash or other assistance from utility providers or other entities. Failure to disclose this income will be considered a lease violation in accordance with annual recertification requirements.

A resident’s failure to comply with the requirements described in the Notice is a lease violation and may result in termination of tenancy. If an owner pursues termination of tenancy, the termination must be carried out in accordance with Chapter 8 of HH 4350.3 R1.

Households receiving utility assistance from sources other than HUD continue to receive the approved HUD utility allowance as determined by the most recent utility analysis.

### Implementation of Utility Allowance Decreases

If the decrease is less than $10, the owner will implement the full decrease without any phase-in.

If initial application of this methodology results in a utility allowance decrease that would exceed fifteen percent (15%) of the most recent utility allowance and that decrease is equal to or greater than ten dollars ($10.00), the decrease must be phased-in.

For example, A resident’s previous utility allowance was $120 and the baseline analysis indicates a total adjustment that decreases the proposed utility allowance to $96 (a 20% decrease),

* The utility allowance has exceeded the 15% decrease and the decrease is at least $10;
* The O/A will submit an adjustment to $102 (a 15% decrease from $120) in the first year
* The O/A will submit a further adjustment the following year to $96 (to be multiplied by the applicable UAF), such that the full adjustment is phased-in over two years.
* $96 would be multiplied by the UAF to establish the second-year utility allowance.

HUD does not provide guidance if the decrease exceeds fifteen percent (15%) and is equal to or greater than ten dollars ($10) in subsequent years (after initial implementation). We feel this would be rare, but we expect HUD to provide clarification soon.

### Notice to Residents

Whenever an adjustment to the utility allowance results in a decrease, an owner must follow the requirements of [24 CFR Part 245.405(a) and 245.410](http://www.gpo.gov/fdsys/pkg/CFR-2004-title24-vol2/pdf/CFR-2004-title24-vol2-sec245-416.pdf) regarding notice to residents.

**245.410 Notice to tenants.**

*At least 30 days before submitting a request to HUD for approval of an action described in §245.405, the mortgagor must serve notice of the proposed covered action on the project tenants, as provided in §245.15. The notice shall state that—*

1. The mortgagor intends to submit a request to HUD for approval of the covered action or actions specified in the notice;
2. The tenants have the right to participate as provided in §245.420, and what those rights are, including the address at which the materials required to be made available for inspection and copying under that section are to be kept;
3. Tenant comments on the proposed covered action may be sent to the mortgagor at a specified address or directly to the local HUD office, and comments sent to the mortgagor will be transmitted to HUD, along with the mortgagor’s evaluation of them, when the request for HUD’s approval is submitted;
4. HUD will approve or disapprove the proposed action, based upon its review of the information submitted and all tenant comments received. In the case of a proposed reduction in tenant paid utilities, the notice must also state that HUD may adjust the proposed reduction upward or downward;
5. In the case of a proposed conversion of residential units, partial release of mortgage security, or major capital additions to the project, the proposed action may require the owner to request HUD approval of a rent increase; and
6. The mortgagor will notify the tenants of HUD’s decision and it will not begin to effect any approved action (in accordance with the terms of existing leases) until at least 30 days from the date of service of the notification.

### TRACS 202D

HUD and owner/agents have always struggled with the challenge of implementing a retroactive utility allowance decrease. For example:

* Property has 50 units with an associated utility allowance
* Owner/agent submits a utility analysis
* On 6/1/2015 UA is reduced by $5.00 per month retroactive to 6/1/2014
* Owner/agent provides residents with a 30-day notice of increase on 6/1
* Resident pays increased Tenant Rent on 7/1 in accordance with item 7 above
* This means the voucher will be reduced by $250 per month ($5 x 50) for 13 months
* Total voucher adjustment $3250

With HUD or CA approval, owner/agents may reverse this adjustment using the new **RGRC** Miscellaneous Accounting Code. See HUD’s 202D MAT Guide for additional information <http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxdocs>. Refer to Appendix L, page 2-13.

### UA Changes Outside the Contract Rent Adjustment Schedule

Owners are required to submit documentation and a request for an increase in utility allowances when changes in utility rates result in a cumulative increase in utility allowances of ten percent (10%) or more from the most recently approved utility allowance.

When the owner requests an increase in utility allowances, the owner must submit either of the following as evidence of the rate change:

1. Utility bills from the month prior to the utility rate change and the first month after the utility rate change; or
2. Verification of the increase from the utility provider.

If analysis includes several different utility providers, please note that a ten percent (10%) or greater increase in any one utility component may not necessarily result in a corresponding ten percent (10%) or greater increase in the total utility allowance. The owner/agent must request the increase only when a utility rate change results in a cumulative utility allowance increase of ten percent (10%) or more.

A three-year cycle includes the baseline year and two years where use of the UAF may be used as an alternative to the baseline. If a baseline has not been conducted for two years, the owner must still complete a baseline utility analysis at the next contract rent adjustment.

If the owner performed a baseline utility analysis in the previous two years and can use a factor-based utility analysis at the time of contract rent adjustment, the utility for which the rate was raised will not be adjusted by the UAF; however, all other utilities will be adjusted by the UAF.

### Allowances for New Construction and Substantial Rehab

Owner/agents of properties undergoing new construction or substantial rehabilitation may establish initial utility allowances for new or rehabilitated units based on analysis completed at underwriting though an energy consumption model, including an HFA-approved utility allowance calculator. Please see the Notice for additional detail.

### Reimbursement Options

Utility Reimbursements may be distributed via check or debit card.

If the Utility Reimbursement is distributed via debit card, and if there is a fee for the debit card, that fee must be approved by HUD in compliance with guidance provided in HH 4350.3 Paragraph 6-25. Residents must be given an option that does not require the resident to pay a fee.

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.

### Prorating Utility Reimbursement at Move-out - $15 or Less Per Month

In the event a family leaves the program in advance of its next quarterly Utility Reimbursement, the owner/agent must reimburse the family for a prorated share of the applicable Utility Reimbursement.

### Uncollected 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 can be retained by the owner/agent if they pursue such funds as abandoned property in accordance with state/local law.

The owner needs to ensure 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.

## Excess Income

Excess income, which applies solely to the 236 program,  is simply the amount of income collected that is greater than the Basic Rent Gross Rent Potential.

The Section 236 program includes an "excess income" requirement in which some or all excess income is returned to HUD by the Owner on a monthly basis unless HUD authorizes the retention of excess income.

For information about reporting requirements related to Excess Income (The Excess Income Report ) which is accomplished using [HUD Form 93104](https://www.hud.gov/sites/documents/93104.PDF), owner/agents should reference [HH 4350.1](https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh/4350.1) Chapter 7 and the 2004 Federal Register Notice [Retention of Excess Income in the Section 236 Program](https://www.federalregister.gov/documents/2004/09/01/04-19862/retention-of-excess-income-in-the-section-236-program)

## Vouchers

The owner/agent must also sign and retain copies of the voucher (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 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.

Contract Administrator (CA)s may request signed 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.

Signed copies of the voucher forms are sent to HUD upon request or as required under the PBRA RAD program. HUD may request paper or electronic copies of the HUD 52670-A Parts 1, 2, 3, 4, 5 or 6 and other related forms or supporting documentation.

Figure 5-2: Deadlines for TRACS Submission

|  |
| --- |
| **Deadlines for TRACS Submissions** |
| **Section 8, 202/8, PAC, 811 PRA, 202 SPRAC and PRAC Properties**  The deadline for transmission of vouchers (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.  Vouchers submitted after this deadline date may risk late payment.  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 50059As should be submitted throughout the month as the completed data is available. HUD 50059s/HUD 50059As supporting a voucher must be transmitted prior to voucher transmission. |

### Voucher Signatures

Each voucher must be signed and dated by the owner/agent. Owner/agents must use a signature format compliant with HUD’s formal guidance (original or electronic signatures).

Signature dates must reflect the date the owner/agent actually signed.

### Certifications Required of the Owner

In order to receive an Assistance Payment, the owner/agent must certify each month that:

* The information provided by the owner/agent was true.
* Assistance payments, recertifications, and Special Claims are computed accurately.
* All required unit inspections have been completed (i.e., move-in and move-out).
* All assisted units are in a decent, safe, and sanitary condition.
* The owner/agent has not previously billed for or received the Assistance Payments requested in the current voucher.
* The facts and data reported to HUD are actual and timely (i.e., the household for which the owner/agent is requesting the Assistance Payment actually resides in the unit).
* 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.

### Criminal and Civil Penalties for Fraud

If owner/agents 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.

#### Criminal Prohibitions And Penalties

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.

The actions described above are punishable by a fine of not more than $10,000, or imprisonment for up to five years, or both.

#### Civil Prohibitions And Penalties

The owner/agent 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.

An owner/agent 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.

#### Penalties Imposed By HUD

Penalties and assessments under the Program Fraud Civil Remedies Act as implemented by HUD's Regulations, 24 CFR, part 30;

* Civil money penalties under the HUD Reform Act of 1989, as implemented by HUD's Regulations, 24 CFR, part 28; or
* Administrative sanctions by HUD pursuant to CFR Part 24.

### CA Return of Approved MAT 30

After review, Contract Administrators are required to send the approved MAT 30 to the site. If a CA creates a preliminary MAT 30 which is pending review and approval, that MAT 30 must also be transmitted to the sites.

Site software must have the ability to print the preliminary or approved voucher. Owner/agents are required to maintain the approved voucher for their records.

## Anticipated Voucher Dates – When Certifications May Appear on a Voucher

The Anticipated Voucher Date (AVD) associated with a certification is the site software’s estimate of date of the next voucher on which this transaction may appear based on the time the cert is created or signed. The Anticipated Voucher Date should not be confused with the rules specifying the earliest voucher on which a particular certification can appear—see MAT Guide, Appendix H 11, Voucher Creation and the associated charts.

Software is providing an Anticipated Voucher Date, indicating the first voucher the certification transaction may appear; however, the certification may appear on a later voucher.

To clarify the distinction between Anticipated Voucher Date and the earliest possible voucher, consider a 1/1 AR.

* Under the rules, it cannot appear on any voucher earlier than 1/1.
* However, it could appear on a subsequent voucher.

**Example – Anticipated Voucher Date**

* If the AR is completed on October 1, the Anticipated Voucher Date will be 1/1—it can’t appear earlier than that.
* If the AR is completed late (on 3/1) due to extenuating circumstances, the Anticipated Voucher Date will be 4/1 because the 3/1 voucher has already been sent.

Specific examples are shown below.

**Anticipated Voucher Dates**

|  |  |  |  |
| --- | --- | --- | --- |
| This chart provides an example of what happens when a voucher is created.  The example shows the first month that a given cert may appear on the voucher. | | | |
| Cert Type | Section 8, 202/8, PAC, 811 PRA. 202/811 PRAC and 202 SPRAC | | |
| Eff July 1 | Eff July 2-10 | Eff July 11-31 |
| Voucher Month | | | |
| AR | July assumes AR was completed when July voucher was created in June | N/A | N/A |
| IR | July assumes IR was completed when July voucher was created in June | August (happens with IR/UT combination) | August (happens with IR/UT combination – also, this indicates that the voucher is late) |
| Initial Certification (IC) | July assumes IC was completed when July voucher was created in June | August | August |
| MI | August | September | September |
| MO | August | September | September |
| UT | August | September | September |
| TM | August | September | September |
| GR | July assumes GR was completed when July voucher was created in June | August | August |

When a full certification (MAT10) is effective on the same date as a partial certification (GR or UT) the rules for the full certifications (MAT10) are applied.

Since the Anticipated Voucher Date is determined when the certification is created, a number of things might happen causing it to appear on a later voucher. That is why the field is named using the word “Anticipated”.

Reasons a certification may appear on a subsequent voucher include, but are not limited to:

* A late transmission to a CA; or
* A CA not including the certification on the first voucher on which it could appear.

To reiterate, the cert selection rules in Appendix H only forbid certs appearing on vouchers **earlier** than the rules specify. There is no requirement that a cert must appear on that specific voucher.

Since the MAT Guide cannot include all possible scenarios, both owner/agents and Contract Administrator (CA)s are asked to be flexible and use common sense when enforcing these rules. At the CA level, it would not be appropriate to hold payment on a certification because its Anticipated Voucher Date was either wrong (the date is too early and is forbidden by the rules) or earlier or later than the CA might want. This is, after all, an “anticipated” voucher date.

Contract Administrator (CA)s are free to modify an Anticipated Voucher Date where necessary (and must do so where the date is not allowed by the rules) as long as that fact is communicated to the site so that a proper accounting reconciliation can be done for the voucher. If the specification explicitly allows a certain practice, the CA may not disagree and require something else.

It is also not appropriate to adjust the voucher because the CA is aware of an upcoming change that is not reflected on the current voucher but will be reflected on a subsequent voucher.

***Note:*** *Owner/agents will sometimes transmit a retroactive certification in order to ensure that the certification is recorded in TRACS (when a voucher audit indicates that the certification has not been successfully recorded). In these cases, the Anticipated Voucher Date will be in the past and CA software should not modify it to cause it to appear on the current voucher and generate adjustments. This retroactive certification will need to be submitted as a correction using correction flag Administrative Resubmission. Alternatively, the owner/agent could contact the CA and let the CA know that the certification is being transmitted again. When submitting to a Contract Administrator (CA), failure to submit the certification as a correction (or to let the CA know that the certification is being resubmitted), will probably cause the CA software to generate a FATAL error. This is true because, even though the certification is not in TRACS, it may have been recorded in the CA software. Resubmitting the original certification may cause CA software to identify the second submission as a “duplicate” with no changes and CA software may automatically delete the record. This is to avoid a CA deleting the record (assuming it is a duplicate), or asking for a submission of a correction.*

### Reporting a Move-in (MI) MAT10 Certification on the Voucher

Owner/agents should not complete a MI certification until the resident takes possession of the unit.

A MI effective on July 1 should not be completed until July 1. In July, the owner/agent is completing the August voucher so the first time the voucher will include the MI transaction will be with the August voucher.

The Assistance Payment for the Move-in month will appear on the Adjustments Page.

The MI transaction may appear on a later voucher if the owner/agent has not completed the MI before the voucher is created and transmitted.

### Reporting an Annual Recertification on the Voucher

An AR is always effective on the first of a month.

Optimally, ARs will be complete at least one month before the Next Recert Date. When this is the case, the AR will appear on the appropriate voucher.

AR corrections appear on the voucher created after the AR correction is completed/finalized.

If the AP changes, the Voucher Adjustment Page will include a reversal of all subsidy paid since the AR Effective Date and will include the addition of the new AP amount starting with the Effective Date of the corrected certification.

### Reporting an Interim Recertification on the Voucher

IRs may be completed before, on or after the IR effective date. The date the IR appears on a voucher is dependent on when the IR is completed/finalized.

Other than the IR/UT combination, Interim Recertification Effective Dates are on the 1st day of the month. For those certifications effective on the first of the month, the rules above apply.

**Example – IR Completed At Least 30 Days Before Effective Date**

* An increase in household income causes an owner/agent to create an IR to increase rent/reduce assistance.
* The owner/agent generally must provide a 30-day Notice.
* Income change reported on 5/2 may result in an IR effective on 7/1.
* If the certification is complete before 6/10 (before the July voucher is created and transmitted), then that 7/1 IR will appear on the July voucher created in June.

### Reporting an Initial Certification on the Voucher

**Example – IR Completed Less Than 30 Days Before Effective Date**

* A resident reports the addition of a minor reducing the family rent and increasing assistance.
* There is no requirement to provide a 30-day Notice when the Tenant Rent decreases.
* The household composition change is reported on 8/15 and the IR is effective on 9/1.
* That 9/1 IR will appear on the October voucher created in September.
* The Voucher Adjustment Page will include an adjustment transaction increasing the Assistance Payment for the month of September.

An IC may also be created in advance of the IC Effective Date.

This is not common, but usually happens when a resident fails to comply with the AR requirement.

Usually, IC transactions are created after-the-fact.

For example, if a resident did not move out of a subsidized unit before moving into the property, the owner/agent would submit a TM-DS transaction. Then the owner/agent would have to create an IC effective the day after the MO Effective Date for the former property.

The need for these transactions is usually discovered when the original MI is transmitted to the CA or TRACS.

**Example – AR Completed At Least 30 Days Before Effective Date**

* AR effective 7/1/2025 is completed on 5/31/2025
* Owner/agent prepares July voucher on 6/2/2025
* The 7/1/2025 AR will appear on the July voucher (Anticipated Voucher Date = 7/2025)

### Reporting a Gross Rent Change on the Voucher

**Example – Submitting a TM/DS and IC Combination**

* Resident Moves from The Villa into The Ranch on 6/15.
* Move in transaction sent with August voucher to Contract Administrator (CA)/TRACS on 7/5.
* Fatal Error is Returned to owner/agent for Dual Subsidy.
* Owner/agent investigates and finds that resident did not complete the move-out process with the previous owner/agent at The Villa until 6/30.
* Previous owner/agent at The Villa submitted MO effective 6/30.
* Previous owner/agent at The Villa transmitted the MO on 7/10 with the August voucher.
* New owner/agent at The Ranch creates a TM/DS (MAT65) effective 6/15 (all subsidy will be reversed) TM transaction can appear as early as the August voucher.
* Owner/agent at The Ranch creates an IC effective July 1 (MAT10) to reinstate assistance for the resident.
* The TM and the IC are transmitted on 8/5 (September voucher) when the owner/agent creates the next voucher

Gross Rent Change (GR) transactions change the Unit Rent and/or the Utility Allowance for a particular unit. These are usually global to the property meaning that all units’ Contract Rent or Utility Allowance changes happen for all units at the same time.

The GR may be effective on any day of the month. HUD rules specify that these changes are to coincide with the Contract Effective Date.

While not common, a GR affecting Contract Rent may have a different Effective Date then a GR affecting any Utility Allowance.

When a GR is effective on the first of a month, and if the GR has been properly entered by the owner/agent before the voucher is created, the GR will appear on the appropriate voucher.

If the GR is not effective on the first day of a month, the Anticipated Voucher Date will be the month after the GR Effective Date (assuming the rent adjustment is submitted and approved on time).

### Reporting a Unit Transfer (UT) MAT70 Certification on the Voucher

Owner/agents should not complete a UT certification until the resident vacates the old unit and takes possession of the new unit.

A UT effective on July 1 should not be completed until July 1.

In July, the owner/agent is completing the August voucher so the first time the voucher will include the UT transaction will be on the August voucher.

Two transactions are recorded

1. UT-O – Unit Transfer out of the original unit; and
2. UT-I – Unit Transfer into the new unit.

The Unit Transfer may appear on a later voucher if the owner/agent has not completed the UT before the August voucher is created and transmitted.

### Reporting a Termination/Suspension Certification on the Voucher

Terminations/Suspensions are the anomaly. A TM can be completed in advance since an owner/agent must usually provide a 30-day Notice before terminating assistance for a household.

However, under the “Anticipated Voucher Date” rules, a TM effective on July 1 will not appear on any voucher before the August 1 voucher even if the July 1 TM is complete in June when the July voucher is created.

In the case of a termination for failure to recertify, the decision to terminate cannot be made until the recertification date and only if there are no extenuating circumstances. For example, suppose an AR is due on 1/1, the tenant does not report before 1/1 and there are no extenuating circumstances. The Termination is effective 12/31. This can’t appear on a voucher until February. The January voucher *(created at the beginning of December in most cases)* will include the subsidy for this resident. That is the proper way to bill. All systems should reflect a change on the voucher adjustments page on the February voucher *(created at the beginning of January in most cases)*. This will return the subsidy for January for that resident.

Contract combinations involving TM/IC pairs of certifications—the Termination appears on the expiring contract’s voucher and the IC appears on the new contract’s voucher. What do you do if the certification selection rules do not allow the Termination to appear on the last voucher that HUD will pay? A way to get around this limitation is to process a voucher for the month following the one that HUD will pay. Take the amount of that voucher and enter it as an OARQ Miscellaneous Accounting Request on the last voucher that will be paid. See **First and Last HAP Vouchers** above in this chapter.

### Reporting a Move-out (MO) MAT40 Certification on the Voucher

Owner/agents should not complete a MO certification until the resident vacates the unit or, in the case of abandonment/skip, the owner/agent takes possession of the unit.

For example, a MO effective on July 1 should not be completed until July 1.

In July, the owner/agent is completing the August voucher so the first time the voucher will include the MO transaction will be with the August voucher. This may appear on a later voucher if the owner/agent has not completed the MO before the August voucher is created and transmitted.

## Miscellaneous Accounting Requests

Miscellaneous Accounting Requests are used to make manual adjustments to a voucher. In some cases, these adjustments are created automatically by site software. In other cases, owner/agents must enter these Miscellaneous Accounting Requests manually.

No matter what the Miscellaneous Accounting Requests Type, the amount field can be positive or negative. This is to allow for reversals or corrections of previously submitted requests.

For example, EIVP is used both to assess the penalty and to recover the funds when back in compliance.

Owner/agents must be careful when entering positive and negative values and must check the voucher to make sure the request has the required effect (either reducing the Assistance Payment Request or increasing the Assistance Payment Request).

### Miscellaneous Accounting Requests - New Fields and Field Requirements

There are three new Miscellaneous Accounting Request fields where entry is required under certain conditions.

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

Entry of the HOH First Name and HOH Last Name and Unit Number are now required for:

* RADN - Reversal of Negative AP (*Component 1 PH to PBRA RAD only)* and
* RDRV - Reversal of an Adjustment affecting the Year of Conversion (*Component 1 PH to PBRA RAD only)*
* HOTM – reversal of an increase to rent as a result of a correction due solely to HOTMA;

Entry of this information is optional for other Miscellaneous Accounting Request Codes where applicable. Last Name of the current head of household associated with the transaction. *()*.

It is also appropriate to fill these fields for:

* RGRC - Adjustment for a Retroactive GRC.

It is also appropriate to fill these fields when an OARQ or FORQ transaction is related to a specific resident. Otherwise, leave these fields blank.

It is not appropriate to fill the HOH First Name, the HOH Last Name and Unit Number fields for a Miscellaneous Accounting Request for:

* CEAD – Contract Expiration Adjustment
* DRUG – Drug Related Expenses
* EIVP – EIV Penalty
* INTA - Interest adjustment submitted by PBCA
* RESR – Adjustment to the Residual Receipts
* SERV – Adjustment to Residual Receipts for Service Coordinator

When entering Miscellaneous Accounting Requests using these codes, the HOH Last Name, HOH First Name and Unit Number should be blank.

### Miscellaneous Accounting Request Codes & Their Function

The following list of Miscellaneous Accounting Request Codes can be used to create manual adjustments to the voucher.

* **CEAD** = Contract Expiration Adjustment – An adjustment made when a contract expires.
* **DRUG** = Drug Related Expenses – approved amount used to offset the cost of addressing criminal drug presence or other crime
* **EIVP** = EIV Penalty. A 5% voucher penalty applied – usually after an MOR – when the Owner/agents is not using EIV in its entirety. The same code is used when the Owner/agents proves compliance. Penalty amount is returned to the owner/agent. See additional discussion about the EIVP Code below.
* **FORQ** = Field Office initiated accounting adjustment – an adjustment requested/required by HUD.
* **INTA**= Interest adjustment submitted by PBCA - The “INTA” request type is valid only when submitted by a PBCA to report the amount of Interest Earned on the specific Project Account to HUD.
* **OARQ** = Owner/Agent Request. This is an owner/agent initiated accounting adjustment – in many cases to correct a transaction error.
* **RGRC** = Adjustment for a Retroactive *Gross Rent Change* that includes a UA decrease that drives a requirement to provide a 30-day notice to affected residents. This code can only be used for 75 days from the approval date of the rent schedule. See additional discussion about the RGRC Code below.
* **RSPC** = Recouped Special Claims Funds – When a Special Claim has been approved and paid, but the Owner/agents receives funds from the resident creating an adjustment to the Special Claim amount.
* **RESR** = Residual Receipts. Residual Receipts will be used to offset part of the voucher billing. See additional discussion about the RESR Code below. *See* [*HSG Notice 2012-14 Use of “New Regulation” Section 8 Housing Assistance Payments (HAP) Contracts Residual Receipts to Offset Project-Based Section 8 Housing Assistance Payments*](https://www.hud.gov/sites/documents/12-14HSGN.PDF) *for instructions pertaining to the use of Residual Receipts in this context.*
* **SERV** = This code is no longer valid.
* **UUTL** = No longer valid with TRACS v 2.0.3.A. HUD does not have the authority to require owners to return uncollected utility reimbursements because those funds are owed to the tenants.  The funds should accumulate, as stated in the FAQ.  The uncollected funds could ultimately be disposed of in accordance with state law (e.g., “unclaimed property law,” “escheats law,” or other applicable laws).  The uncollected utility reimbursements should not be used to pay the former or current tenant’s unpaid balances such as damage/repair fees, etc.  The utility reimbursement is being provided to the tenant for the purpose of paying utilities.  The owner is essentially holding the utility reimbursements in trust for a very specific purpose.

New Codes added with the implementation of TRACS 2.0.3.A.

* HOTM = Reversal of HOTMA Assistance Payment Adjustment.
* **RADN** = Used by Owner/agents to recover negative regular tenant assistance for a Component 1 PH to PBRA RAD tenant whose assistance is negative. The negative assistance appears on the voucher in the Assistance Payment Detail record and the Owner/agent is permitted to retain that money. See additional discussion about the RADN Code below.
* **RADZ** = Used to zero-out the voucher during Year 1 of a RAD conversion under Component 1 PH to PBRA RAD. ***Note****: Year 1 is defined as the time from the RAD Contract Date through December 31 of the same year. The January voucher is the start of year 2 is not a Year 1 voucher.* See additional discussion about the RADZ Code below.
* **RADR** = Used to request Rehab Assistance under a RAD conversion under Component 1 PH to PBRA RAD.
* **RDRV** = Used to reverse the portion of a unit/tenant net adjustment attributable to the Year of Conversion. See additional discussion about the RDRV Code below.

#### EIVP Miscellaneous Accounting Request Code – Used to Apply and Reverse the 5% EIV Penalty

Use of EIV became mandatory on January 31, 2010. O/As will incur penalties if they:

Did not obtain access to the EIV system by January 31, 2010;

Did not begin using the EIV system as of January 31, 2010; or

Are not currently using the EIV system in its entirety.

See [HSG Notice 2013-06 EIV Attachment 9](https://www.hud.gov/sites/documents/13-06HSGN.PDF) for information about when this penalty is assessed.

Usually, these violations are discovered during the Management & Occupancy Review (MOR). Owner/agents will receive a finding on the MOR Summary if the violation was identified during the MOR. The violation can be identified at times other than at the time of the MOR.

Owner/agents will incur a penalty of a five percent (5%) decrease to the Voucher Assistance Payment Request for the month following the date the violation was found and for each subsequent voucher month until the violation is cured.

Owner/agents must enter an EIVP Miscellaneous Accounting Requeston the next scheduled voucher to adjust for the five percent (5%) decrease. The adjustment amount is negative thus decreasing the total amount requested. When calculating the penalty amount, ALWAYS round down so the OA is never penalized more than 5%.

Owner/agents who report to a Contract Administrator will be monitored by the CA to ensure the adjustment is made. Contract Administrators may not add this Miscellaneous Accounting Request to the voucher.

The owner/agent has 30 days to cure the violation. Once the violation is cured, the owner/agent will enter an EIVP Miscellaneous Accounting Requestfor the next scheduled voucher to recoup the funds previously withheld by HUD. The adjustment amount is positive thus increasing the total amount requested.

If the violation is not cured during the 30 day period, both the owner and the management agent, if applicable, will be flagged in HUD’s Active Partners Performance System (APPS). Once the violation is cured, the flag(s) will be removed.

When there is a change in ownership or management at a property, the new owner or management agent must obtain access to and begin using the EIV system within 90 days from:

1. The date the owner takes possession of the property; or
2. The effective date of the management agreement with the owner.

Owners and/or management agents who fail to obtain access and begin using the EIV system within this timeframe may be subject to the penalties described above.

HUD, CAs and owner/agents should refer to HSG Notice 2013-06 [Enterprise Income Verification (EIV) System](https://www.hud.gov/sites/documents/13-06hsgn.pdf) or subsequent notice for additional information about when the 5% penalty should be assessed and when it should not be assessed.

#### HOTM Miscellaneous Accounting Request Code Used to Reverse Assistance Payment Reductions for 2024 Certifications Created Using Pre-HOTMA Rules

*This HOTM Miscellaneous Accounting Request Code will be available only for a limited time following the implementation of TRACS 2.0.3.A. Owner/agents who wish to recoup the AP difference, may do so by entering the HOTM Miscellaneous Accounting Request on the voucher.*

If a 2024 certification is created using TRACS 202D and if the HOTMA rules implemented with TRACS 2.0.3.A cause Adjusted Income to change, the owner/agent is required to correct the 2024 202D certification immediately after TRACS 2.0.3.A is implemented on site, incorporating the 1/2024 HOTMA changes.

When the Adjusted Income is higher, this will create an adjustment reducing the Assistance Payment. The effective date of the change will be the effective date of the original 2024 certification.

The owner/agent must comply with the rule requiring owner/agents to provide a 30-Day Notice of Rent Increase (or longer only if required by state law).

This is a temporary code valid only for 203A vouchers less than or equal to a date to be determined by HUD. Provisionally the date is 5/1/2024.

A HOTM request is used for the case when a certification effective 1/1/2024 or later was submitted under 202D and subsequently corrected under 203A. If the correction causes the household’s TTP to increase solely due to the application of the new HOTMA rules, the amount of the adjustment is the portion of the adjustment related to the implementation of the HOTMA rules.

This amount is to be reversed automatically by site software using the HOTM code. This keeps the owner/agent financially whole. The reversal is only valid through the end of the 30-day notice period (or longer only if required by state law).

The HOH First Name, HOH Last Name and the Unit Number fields must be filled. The Description must include the type of certification being corrected and the certification Effective Date. If multiple certifications are corrected for a single household, there must be a separate transaction for each certification.

Owner/agents MUST correct 2024 certifications created under 202D rules regardless of whether the HOTM Miscellaneous Accounting Request Code is available.

If an owner/agent creates required corrections after the deadline to use the HOTM Miscellaneous Accounting Request, owner/agents may not use another Miscellaneous Accounting Request Code to offset any reduction to AP caused solely by application of HOTMA rules.

#### RADN Miscellaneous Accounting Request Code – Used for PBRA RAD to Reverse Requests for Negative Assistance

Applies to Component 1 PH to PBRA RAD only.

Under the PBRA program, assisted families typically pay 30% of Adjusted Income toward rent and utilities - referred to as the Total Tenant Payment (TTP).

For Component 1 PH to PBRA RAD, when TTP equals or exceeds the Gross Rent, the owner/agent must charge a Tenant Rent equal to the lesser of:

* TTP (greater of 10% annual income or 30% adjusted income or Welfare Rent), less the HUD Utility Allowance, or
* LIHTC Maximum Allowable Rent. 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.*
* A percentage of FMR to be determined by HUD (Also see Rent Override Code RC)

See the new example on the RAD tab of the CalculatingTenantRent spreadsheet.

In such cases, the resident will still be considered an “Assisted Section 8 tenant” and will still be subject to the requirements for Section 8 residents, including the requirements concerning reexamination of family income and composition found in 24 CFR §§ 5.657 and 880.603(c). The unit will be included in the “Subsidized Unit Under this Contract” count on the HUD 52670.

***Note:*** *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.*

If the Assistance Payment is negative, the owner/agent may recover that amount using the new RADN Miscellaneous Accounting Request. In order to avoid errors, this process should be automated by site software.

#### RADZ Miscellaneous Accounting Request Code Used for PBRA RAD to Reduce Voucher Request to Zero During Year of Conversion

**Example – Component 1 PH to PBRA RAD Only – AP is Zero or Negative**

* Contract Rent = $610
* Utility Allowance = $75
* Household Adjusted Income is $29000
* TTP = $725 (assuming 30% of Adjusted Income is greater than 10% of Annual Income)
* Tenant Rent = $650
* AP = -$40
* The Annual Recertification (effective 8/1/2025) is signed by the resident and the owner/agent and is sent to TRACS
* On 7/8/2025, the 8/2025 voucher is submitted to TRACS
* Resident’s unit is part of the assisted unit count on the 2.0.3.A voucher
* AP request is -$40
* Miscellaneous Accounting Request RADN is +$40 to offset the negative AP request

Applies to Component 1 PH to PBRA RAD only.

For Component 1 PH to 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. Assistance is funded through Public and Indian Housing (PIH).

Owner/agents 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.

The RADZ Miscellaneous Accounting Requestis used during YOC for a Component 1 PH to PBRA RAD property to reduce the voucher to zero before transmitting it to HUD. In order to avoid errors, this process should be automated by site software.

There is no requirement to reduce the voucher to zero after the Year of Conversion (starting with the voucher for the first January after the YOC).

#### RADR Miscellaneous Accounting Request Code Used to Request Rehab Assistance When Indicated in the PBRA RAD Contract

*Applies to Component 1 PH to PBRA RAD only. For additional information explaining Rehab Assistance, please see Chapter 4 PBRA RAD of this MAT Guide. There are no Rehab Assistance payments applicable to Component 2 RAD conversions.*

In many cases, a Component 1 PH to PBRA RAD HAP Contract provides for Rehab Assistance - allowing an owner/agent to bill HUD for a specified amount during the time a unit is “down” for rehab. This is discussed in more detail later in Chapter 4 PBRA RAD. Owner/agents must include Rehab Assistance requests on a voucher for each month along with a supporting schedule/invoice showing the units included in the billing.

The units undergoing rehab appear on the count of Rehab units on the voucher cover page.

A new RADR Miscellaneous Accounting Request Code - Component 1 PH to PBRA RAD Rehab Assistance is used to request the monthly Rehab Assistance payment. The RADR Comment Field must indicate the month and year of the Rehab Assistance Payment Request. For example: “January 2025 Rehab Assistance Payment.” This permits multiple months of Rehab Assistance to be requested on a single voucher if the owner failed to request it earlier.

RADR transactions are by voucher month. So, when billing for Rehab Assistance for a single month, there will be one RADR Miscellaneous Request.

When billing for Rehab Assistance for multiple months on a single voucher, there will be a separate RADR Miscellaneous Accounting Request transaction for each month.

RADR Miscellaneous Accounting Requests are to be included on the voucher during the Year of Conversion (YOC). Any RADR Miscellaneous Accounting Requests that are included on a voucher for the YOC must be entered before the voucher is reduced to zero.

If a RADR Miscellaneous Accounting Request is entered on a voucher for Year 2 or later but includes a Rehab Assistance Request for a month included in the YOC, that amount must be reversed using a separate RADR Miscellaneous Accounting Request with a negative value.

**Example Component 1 PH to PBRA RAD Only – Billing for Rehab Assistance**

* Component 1 PH to PBRA RAD OA fails to start billing for Rehab Assistance until 7 months after the RAD Contract Effective Date (11/1/2023).
* YOC is 2023
* Year 2 is 2024
* On the 5/2024 voucher, the owner/agent includes requests for Rehab Assistance for 7 months
* RADR – November 2023 Rehab Assistance $25000 (Year of Conversion)
* RADR – December 2023 Rehab Assistance $27000 (Year of Conversion)
* RADR – January 2024 Rehab Assistance $29000
* RADR – February 2024 Rehab Assistance $25000
* RADR – March 2024 Rehab Assistance $20000
* RADR – April 2024 Rehab Assistance $15000
* RADR – May 2024 Rehab Assistance $10000

Because funding for the YOC comes from PIH, no HAP requests for 2023 can be submitted to MFH through TRACS. The owner/agent is required to reverse the Rehab Assistance payments for 2023.

* RADR – November 2023 Rehab Assistance -$25000 (Year of Conversion)
* RADR – December 2023 Rehab Assistance -$27000 (Year of Conversion)

Some owner/agents may ask why they would be included at all. HUD requires the owner/agents to provide information about all transactions required by the contract.

#### RDRV Miscellaneous Accounting Request Code Used to Reverse Any PBRA RAD Assistance Payment Adjustment Related to the Year of Conversion

Applies to Component 1 PH to PBRA RAD only.

On any voucher effective after the YOC, if a certification effective during the YOC is corrected or added, the portion of the resulting adjustments attributable to the YOC must be reversed using the RDRV code.

The RDRV Miscellaneous Accounting Request Code is used for Component 1 PH to PBRA RAD to reverse the portion of any adjustments attributable to the YOC. To help make RDRV records more readable and user friendly, the new fields (HOH Last Name, HOH First Name and Unit Number) are mandatory.

One RDRV request is submitted for each tenant/unit combination and reflects the net adjustment for the tenant/unit combination.

If there is more than one adjustment for a unit (Tenant 1/Unit A and Tenant 2/Unit A) then two RDRV Miscellaneous Accounting Requests are reported.

If there are two adjustments for the same tenant in different units (Tenant 1/Unit A and Tenant 1/Unit B) as would happen with a UT in YOC, then two RDRV Miscellaneous Accounting Requests are reported.

The comment field is filled as follows: YOC adjustment reversal for Unit X and tenant HOH LAST NAME. For example: YOC adjustment reversal for Unit 302A and tenant Granger.

No RDRV Miscellaneous Accounting Requests are allowed on any YOC voucher. These codes are only allowed to be included on vouchers starting with the January voucher for Year 2.

#### RESR Miscellaneous Accounting Request Code – Used to Adjust the Balance of a Residual Receipts Account

It is strongly recommended that HUD, CAs and owner/agents reference [HSG Notice 2012-04 Use of “New Regulation” Section 8 Housing Assistance Payments (HAP) Contracts Residual Receipts to Offset Project-Based Section 8 Housing Assistance Payments](https://www.hud.gov/sites/documents/12-14HSGN.PDF) to fully understand each entity’s responsibilities. The discussion in this MAT Guide only refers to the required voucher adjustments.

This guidance applies to all projects that are subject to a new regulation Project Based Section 8 HAP contract. Applicability includes

* Section 8 New Construction/Substantial Rehabilitation projects subject to 24 CFR §§ 880.205, 881.205, or 883.306, and
* 202/8 projects subject to both a Section 202 Direct Loan and a new regulation Section 8 HAP contract.

This guidance does not apply to:

* 202/8 projects subject to both the Section 202 Direct Loan and an old regulation Section 8 HAP contract,
* Section 202 PAC,
* 202 PRAC, or
* Section 811 PRAC.

To the extent that Residual Receipts are available at a new regulation project, owner/agents are allowed an initial reserve (“Retained Balance”) in an amount equivalent to $250 per unit to use for project purposes.

To the extent Residual Receipts are available at a new regulation project, owner/agents may use Residual Receipts to fund a Service Coordinator program, subject to HUD approval. The $250 per unit Retained Balance is net of the Residual Receipts necessary to fund a Service Coordinator program. That is, Residual Receipts funds in excess of the Retained Balance may be used to fund a Service Coordinator Program prior to offsetting Section 8 HAP payments.

Residual Receipts account balances in excess of $250 per unit must be applied on a monthly basis to offset Section 8 HAP payments up to the full amount of the monthly subsidy request, depending upon the amount of Residual Receipts available for the offset. Monthly offsets must continue until the Residual Receipts account reaches the Retained Balance level of $250 per unit.

In order to accomplish the Offset Process, owner/agents must include a RESR Miscellaneous Accounting Request on the voucher. The request must include:

1. The amount of the offset, expressed as a negative amount and
2. The text phrase “RR offset” in the comment field, along with the actual offset amount inserted.

This amount is negative and will reduce the requested Assistance Payment amount.

When making the Miscellaneous Request, owner/agents must simultaneously submit form [HUD-9250, Funds Authorizations for Use of Reserve for Replacement or Residual Receipts,](https://www.hud.gov/sites/documents/9250.PDF) to the HUD Field Office as documentation of the offset.

At the end of the project’s fiscal year, all surplus cash remaining after payment of any permissible distributions must be deposited into the project’s Residual Receipts account. If, after all Residual Receipts have been applied to offset Section 8 HAP payments and the Residual Receipts account balance again exceeds the Retained Balance level of $250 per unit, due to an annual deposit of surplus cash, adjustments to reduce of Section 8 HAP payments must be re-initiated.

#### RGRC Miscellaneous Accounting Request Code

***Note:*** *This code may only be used if owner/agent actions did not cause delay of the GR approval. Use of this code requires HUD or CA approval as appropriate.*

Also see HUD [HSG Notice 2015-04 Methodology for Completing a Multifamily Housing Utility Analysis](https://www.hud.gov/sites/documents/15-04HSGN.PDF)

RGRC is used when an owner/agent is authorized to make an adjustment for a Retroactive Gross Rent Change that includes a UA decrease driving a requirement to provide a 30-Day Notice of Rent Increase to affected residents.

**Example – Retroactive Gross Rent Change w/Utility Allowance Reductions**

**Delay Caused By HUD or CA**

* Marigold Manor is a Section 8 Senior Community
* There are 15 1-BR Units
* The Contract Rent (CR) is $800
* The Utility Allowance (UA) is $91
* Residents are Notified that the owner/agent intends to request a CR/UA adjustment on 2/1
* Owner/agent submits a request for Contract Rent & Utility Allowance Adjustment on 4/1
* The Effective Date of the Rent Change is 8/1.
* There is a delay in processing the request.
* The request is approved on 7/30
* The Contract Rent (CR) is $816
* The Utility Allowance (UA) is $86 ($5.00 Decrease per Unit)
* The owner/agent applies the GR in site software on 8/3
* The owner/agent issues a 30 Day Notice of Rent Increase to all residents on 8/3
* The GR Effective Date is 8/1 but the effective date of the Rent Increase is 10/1
* Because the delay in applying the rent change was not caused by the owner/agent but rather by HUD or the CA, the owner/agent may adjust the voucher to recoup the $5/per unit variance for two months.
* Owner/agents must enter a separate transaction for each unit/resident

#### SERV Miscellaneous Accounting Request Code – Used To Record Repayment Agreement Payments By a Former Resident

The SERV Miscellaneous Accounting Request Code, originally intended to offset Residual Receipt transactions for “ new” Section 8 contracts has been eliminated. Owner/agents may not enter a manual request using this code. Doing so will cause the voucher to FATAL and no subsidy will be paid until the error is corrected and a new voucher is submitted.

## Repayment Agreements and FSS Escrows

With the release of TRACS 2.0.3.A, the MAT30, Section 7 Record is being used to track activity for both Repayment Agreements and Family Self Sufficiency (FSS) Escrow Accounts (tied to a CoP-Contract of Participation or Individual Training Service Plan ITSP) In the future, additional escrow/agreement types may be reported in the Section 7 record.

## Repayment Agreements and Improper Payment Tracking

HUD has a strong mandate to track improper subsidy payments and the return of improper payments (repayment tracking).

Information about improper payments and Repayment Agreement transactions are submitted to HUD regardless of whether misreporting was discovered using EIV or was discovered in another way (e.g., identified when reviewing bank statements).

In order to comply with HUD’s requirements in regards to reporting improper payments, owner/agents are required to submit corrected or new certifications reflecting the correct Assistance Payment (signed by the owner/agent and the residents). The EIV Flag is set on any certifications being added or corrected as a result of the use of EIV.

These certifications are transmitted to HUD once the owner/agent obtains tenant signatures as required.

If corrected and new certifications create voucher adjustments and if the tenant or owner/agent is not returning the full amount of any improper payment in the same voucher month as when the retroactive adjustments appear, a Section 7 record must be entered reflecting the reversing entry and a payment entry.

However, if the tenant repays the entire amount of the improper payment immediately, no Repayment Agreement is recorded as a Repayment Agreement is only created to identify a balance due. In addition, no executed (paper/electronic) Repayment Agreement is created.

***Note:*** *Other than TM and MO certifications and MAT10 (AR, IR, MI, Initial Certification (IC)) transactions submitted using the Extenuating Circumstances Code, certifications may not be submitted to HUD until the residents have signed. In the case of tenant misreporting, the owner/agent should not use the Extenuating Circumstances Code-Other (or any other Code) when a resident or residents refuse to sign as appropriate. In these cases, termination of tenancy is the appropriate action. See HH 4350.3 Chapter 8 and also the HUD Model Lease.*

**Example: Partial Payment Of The Amount Of Misreporting**

**At The Time The Repayment Agreement Record Is Created**

1. Robert Reynolds (HOH) lives in unit 112-A.
2. Last certification is October AR.
3. In June, owner/agent begins next AR process.
4. Owner/agent discovers Robert failed to report an income increase.
5. Owner/agent verifies that increase began on 4/1 and resident increase is at least 10% of Adjusted Income.
6. Owner/agent inserts retroactive 5/1 IR.
7. Resident signs IR on 6/11 and system creates an adjustment of -$180.00.
8. After analysis, it is determined that the total improper payment is $120.00 even though the adjustment is -$180.00.
9. Owner/agent asks resident to sign Repayment Agreement for $120.00 and resident issues check for $100 and signs an agreement for the balance due.
10. Owner/agent expenses total $50.
11. Owner/agent creates a Repayment Agreement of type T (Tenant) with a status of AV (Active).
12. Agreement amount is $20.
13. Amount Paid is $0.
14. The owner/agent may retain the lesser of actual expenses or 20% of $100.00 (amount collected) –See HH 4350.3 Chapter 8 for additional information about expenses.
15. The 20% of the 100.00 collected will be entered as an OARQ Miscellaneous Accounting Request.

See the CalculationsForRepayments spreadsheet for examples of how various situations are handled.

Owner/agents are also required to submit Repayment Agreement transactions that have the effect of:

1. Providing the amount of the improper payment balance due;
2. Recording any repayments from tenants (current and former); and
3. Recording any amounts retained by the owner/agent.

Repayment Agreements must be transmitted to HUD. Owner/agents should not “self-manage” Repayment Agreements. With the initial implementation of TRACS 2.0.3.A, owner/agents must transmit a Repayment Agreement Baseline for all active Repayment Agreements based on the instruction supplied below.

There is no requirement for the certification adjustments and the repayment information to be included on the same voucher. The requirement is that all instances of improper payments resulting from tenant misreporting and that have a balance due are reported to HUD.

Voucher Repayment Agreement transactions are submitted on HUD 52670-A Part 6 Repayment Agreements Amount of Assistance Payments Due (TRACS MAT30 Section 7 Record).

Using one of these two voucher processes achieves two goals:

1. Information about amounts due related to improper payments is communicated to HUD; and
2. the owner/agent remains “financially whole” and is able to return funds to HUD when and if the tenant returns such funds See HH 4350.3 Paragraph 8-21.

Repayment Agreements come in three types:

1. Tenant Repayment Agreements: Improper payments returned to HUD by a tenant as a result of misreporting; and
2. Owner Repayment Agreements: Improper payments returned to HUD by an owner/agent as a result of an owner/agent error. See HH 4350.3, Paragraph 8-21.
3. None Repayment Agreements: Used when a resident has signed certifications created when an owner/agent discovered that the resident failed to fully and accurately report income information, but the resident has refused to enter into repayment. A None Repayment Agreement is created to prevent an owner/agent from being financially penalized when a resident fails to fully and accurately report income information. This can also be used when the owner/agent is pursuing eviction.

Prior to the release of TRACS 202D, the voucher Repayment Agreement transactions were submitted using the OARQ Miscellaneous Accounting Request with a comment field that included specific information - about improper payments and residents’ repayments – as provided in HUD HSG Notices [2010-10 HUD Enterprise Income Verification System](https://www.hud.gov/sites/documents/10-10HSGN.PDF), [2011-21 HUD Enterprise Income Verification System](https://www.hud.gov/sites/documents/11-21HSGN.PDF), and [2013-06 HUD Enterprise Income Verification System](https://www.hud.gov/sites/documents/13-06HSGN.PDF).

Starting with the release of TRACS 202D, Tenant Repayment Agreements, None Repayment Agreements and Owner Repayment Agreements are reported on the HUD 52670-A Part 6 voucher form and sent to TRACS in a MAT30, Section 7 record.

The Office of the Inspector General has ruled that there is no minimum amount for a Repayment Agreement so any Repayment Agreement with a balance due must be reported.

For the rules on calculations related to Repayment Agreements, see the spreadsheet CalculationsForRepayments.xlsx. There are four tabs. The first shows the proper calculations for a payment and retention. The second shows key Section 7 record fields for various Repayment Agreement scenarios.

The proper way to address retroactive adjustments that result in a Repayment Agreement is as follows:

* Allow the full amount of the adjustment(s) due to the retroactive action(s) to appear on the voucher. Do not prevent the adjustments from appearing on the voucher.
* Reverse the amount of the adjustment subject to the Repayment Agreement by submitting an Agreement record of type T – Tenant, N – None, or O - Owner.

For a Tenant Repayment Agreement, as the resident makes payments, they are added as Repayment Agreement records.

The amount returned to HUD *(Requested Amount)* in a given month is the amount collected from the resident less allowed collection expenses per Handbook guidance.

See HH 4350.3 Paragraph 8-21 for additional information about owner/agent expenses.

***Note:*** *It is important to remember that* ***rounding is down*** *for retention calculations. When in doubt, use the spreadsheet to create or check the calculations. The third tab shows FSS Escrow examples and the final tab shows examples of sequences of transactions and how they relate to each other. The fourth tab in the spreadsheet CalculationsForRepayments.xlsx provides month-by-month examples.*

Currently, Owner Repayment Agreements are handled in a similar manner but there is never any reduction in the payment for expenses incurred.

HUD is developing new guidance that requires Owner Repayment Agreements to be paid via Voucher Offsets initiated in LOCCS. When that occurs, the Owner Repayment Agreement status will be changed to LC -Converted to LOCCS.

**General Rules:** If an investigation results in corrected/new certifications that reduces the Tenant Rent, see HH 4350.3, Paragraph 8-24 for instructions on how to handle the refund.

If investigation determines that a household was over income at move in, the household may be allowed to remain in the unit and subsidy is terminated until the family’s income is at or below the current income. All subsidy must be returned. The household should be terminated effective on the Move-in Effective Date using the NS Termination Code so that assistance is automatically returned for the appropriate days including the Move-in Effective Date.

***Note:*** *The terminated household is still subject to the repayment rules: an agreement must be entered on the voucher and payments recorded.*

Site software needs to allow for the MAT30, Section 7 Record, Field 8 (Agreement Date) to accept past dates for current active Repayment Agreements.  This situation arises the first time a payment for an existing agreement is submitted and also when an owner/agent changes software and needs to capture original Agreement Dates.

The Unit Number reported in the Repayment Agreement record should always be the unit in which the household is living on the first of the month prior to the voucher month.

Similarly, the HOH information reported in the record is for the HOH as of the first of the month prior to the voucher month.

### Determining Whether or Not a Tenant Repayment Agreement is Required

Questions have come up asking when corrected certifications are submitted and whether or not adjustments related to transmitted certifications may be reversed if there is no Repayment Agreement and the household has not paid the amount owed.

There are several scenarios to address when misreporting is discovered through EIV or other methods.

1. Tenant refuses to cooperate in the investigation and moves out without signing any certifications. **There is no Repayment Agreement. No retroactive certifications are created or transmitted**. Currently, owner/agents are prohibited from submitting these certifications when a resident refuses to sign. These certifications must not be submitted with an Extenuating Circumstance Code in lieu of a signature.
2. Tenant remains in unit; verifications are completed; tenant does not sign certifications. **There is no Repayment Agreement.** No retroactive certifications are created or transmitted. Currently, owner/agents are prohibited from submitting these certifications when a resident refuses to sign. Owner/agents should seek termination of tenancy for material non-compliance with the lease.
3. Tenant signs certifications but does not sign a Repayment Agreement. Certifications are transmitted and the total improper payment (less any lump sum payment) is reversed with a Section 7 record of type N (None). Additional information can be found in HH 4350.3, Paragraph 8-21. The type N (None) Repayment Agreement continues to appear on the voucher as long as the resident(s) remain in the unit following the rules for 2.0.3.A status codes. An N (None) Repayment Agreement uses the same status codes as a T (Tenant) Repayment Agreement. The primary difference is that the Repayment Agreement has not been executed by the resident.
4. Tenant signs certifications and Repayment Agreement. Certifications are transmitted and the total improper payment (less any lump sum payment) is reversed with a Section 7 record of type T (Tenant). Additional information can be found in HH 4350.3, Paragraph 8-21.

***Note:*** *For either 3 or 4 above, a Section 7 record is transmitted but only if the tenant owes a balance when the record is created. An example showing what this transaction will look like has been added to the examples spreadsheet.*

### Repayment Agreement Amount Calculation

When determining the amount of the Repayment Agreement, owner/agents and CAs should compare the amount of assistance and Tenant Rent received by the owner/agent compared to the correct assistance and Tenant Rent.

**Example – Repayment Agreement Calculation**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Month** | **Unit Rent** | **Amnt. Resident Paid** | **Amnt. on Voucher** | **Total** | **Correct Voucher Amnt.** | **Voucher Adjust** | **Net Total Received by owner/agent from HUD and Resident** | **Total Repayment** |
| March | $600 | $25 | $575 | $600 | $80 | $495 | $105 | $495 |
| April | $600 | $25 | $575 | $600 | $80 | $495 | $105 | $495 |
| May | $600 | $25 | $575 | $600 | $80 | $495 | $105 | $495 |
| June | $600 | $25 | $575 | $600 | $80 | $495 | $105 | $495 |
| July | $600 | $25 | $575 | $600 | $80 | $495 | $105 | $495 |
| Aug | $600 | $25 | $575 | $600 | $80 | $495 | $105 | $495 |
| Sept | $600 | $25 | $575 | $600 | $80 | $495 | $105 | $495 |
| Oct | $600 | $520 | $575 | $1,095 | $80 | $495 | $600 | $0 |
| Nov | $600 | $520 | $80 | $600 | $80 | $0 | $600 | $0 |
| **Total** | **$5400** | **$1215** | **$4680** | **$5895** | **$720** | **$3960** | **$1935** | **$3465** |

$5400 (Unit Rent) - $1935 Net Total Received from HUD and Resident) = $3465 (Repayment Agreement Amount). Because assistance is billed in advance, and because there may be an overlap as noted above, CAs or HUD may not routinely reject initial Repayment records simply because the Agreement Amount does not match the sum of the adjustments caused by the applicable certifications. See the next example.

In addition, the application of a GR does not necessarily require the Owner/agent to recalculate the Repayment Agreement payment. The Repayment Agreement payment amount is part of the negotiation between the owner/agent and the resident who failed to fully and accurately report income.

### Agreement IDs

The Agreement ID must be unique within the property. This means that a Repayment Agreement record may not have the same ID as another Repayment Agreement or an FSS Escrow record.

Specifically, an Agreement ID that is unique within the project/property must be assigned and transmitted unchanged for all subsequent transactions for that Repayment Agreement/FSS Escrow even if the terms of the agreement are renegotiated.

A second agreement for a household that already has a Repayment Agreement must use a new Agreement ID.

### Repayment Agreements Records

Several new fields have been added to the record in an effort to enforce correct reporting of amounts and balances. The new fields include:

* Record Type,
  + R – Repayment
  + F – FSS Escrow
* Agreement End Date,
* Beginning Agreement Amount and
* Beginning Balance.
* Status,
* **AV = Active** (FSS & Repayment) = For Repayment - Tenant on target or has missed less than three consecutive payments. After three consecutive missed payments, status must change to IA (Inactive) on the fourth voucher. For FSS – Tenant is on target with the CoP/ ITSP. Appears on the voucher each month. This is true for Repayment Agreements even if resident does not submit a payment.
* **CO = Completed** (FSS & Repayment) = Tenant Successfully Completed Repayment Agreement/Escrow Account Requirements. Tenant fulfilled the terms of the Repayment Agreement and the balance due is 0.00. Once a repayment has been completed, it is assumed there will be no future transactions for this Agreement ID. However, transactions are not forbidden in order to allow for additional transactions such as those required if the final payment check bounces. Appears on the voucher once unless a Repayment Agreement payment is not valid.
* **IA = Inactive** (Repayment Only) = Tenant has missed 3 or more consecutive payments. Set on month 4. Appears on the voucher each month. Status changes back to AV – Active if tenant submits a payment.
* **LC = Transferred to LOCCS – (**Use only for (O) Owner Repayment Agreements only) When HUD negotiates an alternative payment option recorded in LOCCS. The balance due is reduced to zero but the amount requested is $0. Owner Repayment Agreements with a status of LC will appear on the voucher once and will not appear on subsequent vouchers.
* **MO = Moved-out Inactive** (FSS & Repayment) = **For Repayment -** Former resident no longer making payments This code is used when a resident who is subject to repayment, moves out and no longer lives on the property. The resident may or may not be making payments. Once a Repayment Agreement is set up with a status code of MO, it is assumed there will be no future transactions for this Agreement ID so it only appears on the voucher once. If a former resident begins making payments, those payments will be submitted to HUD using the Repayment Agreement with a status of MO. When the transaction is displayed on the voucher, the HOH Last Name, HOH First Name and Unit Number will be masked as MO, MO or Moved-out, Moved-out. When this is the case, the Repayment Agreement will appear only on the voucher reflecting the payment. **For FSS** – For the family, all participants in the FSS program move out (no remaining FSS participants live in the unit) without fulfilling the CoP/ ITSP
* **RV = Reversed** (FSS & Repayment) = Reversed – **For Repayment** - Use when the resident (current or former) should not have been subject to repayment.  Resident was not responsible for returning any housing assistance to HUD. Agreements with this status only appear on the voucher one time when the RV status is indicated. Normally no further transactions are submitted for this ID**.** For FSS - Use when the resident (current or former) is assigned an FSS Agreement in error (usually wrong resident). Agreements with this status only appear on the voucher one time when the RV status is indicated. Normally no further transactions are submitted for this ID.
* **SU = Suspended** (Repayment Only) = Tenant unable to make payments due to reduced income This code is used when the household income is so low that it is not reasonable to expect payment. Appears on the voucher each month.
* **TE = Terminated** (FSS & Repayment) = For Repayment - owner/agent unable to enforce agreement. Court order. This is used when a judge rules the Repayment Agreement void. This does not usually create an adjustment to the voucher. Once a repayment has been terminated, it is assumed there will be no future transactions for this Agreement ID. For FSS – **Current resident** has withdrawn or been removed from the FSS Agreement/program. Per the final FSS rule, the escrow money stays with the owner. FSS agreements with this status only appear on the voucher one time when the TE status is indicated. Normally no further transactions are submitted for this ID.

***Note:*** *When an agreement amount is not reduced to zero, there may be an adjustment to the voucher to ensure that the owner/agent remains “financially whole”. In this case, if the new repayment amount is less than the amount received, there will be a positive adjustment. In this case, if there is still a balance due, there will be future transactions, but the status code will be changed from TE on the next voucher.*

* **TR = Transferred (**FSS only) **Former resident** is still participating in and fulfilling the requirements under the FSS program.  FSS Agreements with this status only appear on the voucher one time when the TR status is indicated. Normally no further transactions are submitted for this ID.Depending on the circumstance (the transfer is to another multifamily project or to a PIH property) the transaction numbers will either follow the rules for a Termination or a Completion. Check with HUD for guidance when this situation arises.

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

* Agreement End Date,
* Beginning Agreement Amount, and
* Beginning Balance.

The old Agreement Type field has been renamed to Transaction Type. Owner/agents will use:

* F = FSS Escrow transactions.
* R = Repayment when the transaction is a Repayment Agreement;

The Agreement Amount field has been renamed to Ending Agreement Amount.

See MAT Guide, Chapter 7, MAT Voucher Payment System Record Formats and Definitions for the definitions and use of the new fields. Section 7 records are to be grouped by type with Repayment Agreements first followed by FSS Escrow records.

On the printed voucher leave a blank line between types if both are present on the voucher. Multiple Repayment Agreement transactions for the same ID and voucher month must be submitted as individual records.

The records must be grouped by ID and must be in the correct sequential/date order 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.

**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/agent remains financially whole after the transaction.

See examples 17-20 (covering court orders) and 21-22 (covering the transfer of Owner Agreements to LOCCS) on the Repayment Examples tab of the CalculationsForRepayments spreadsheet.

Unreimbursed costs may continue to accumulate over time. The retention rule does not apply only to the expenses incurred during the month of the payment but rather to the total of any unreimbursed owner/agent expenses 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

Section 7 records that fail any of the Calculation Rules and Record Consistency Checks will receive FATAL errors.

### Multiple Outstanding Repayment Agreements for A Tenant

While HUD encourages owner/agents to enter into repayment, owner/agents may decline or may limit the number of Repayment Agreements executed for a family. Tenant misreporting is generally considered a material lease violation so the owner/agent may pursue termination of tenancy/eviction instead.

Owner/agent policies must be applied consistently and in compliance with the Fair Housing Act, Section 504 and other fair housing laws.

If the tenant or owner/agent has multiple Repayment Agreements running simultaneously (one agreement for one situation and another one for a later one), payments are reported separately for each Repayment Agreement. If there is more than one payment in a month for the same Repayment Agreement, the payments must be reported as separate transactions.

It is acceptable to have multiple instances of misreporting covered by a single executed agreement. However, TRACS reporting for each instance of misreporting must be through multiple Section 7 records each with a unique Agreement ID—in effect through separate electronic agreements. The Agreement Date will also be different for each instance of misreporting.

If a Repayment Agreement is renegotiated as a result of changed tenant financial circumstances or for any other reason, reporting for the revised agreement must be under the same Agreement ID as used in the original Section 7 record.  Doing this permits HUD and Contract Administrators (CA)s to track all payments related to the original misreporting.

If there is a Repayment Agreement in effect and a tenant is involved in a new instance of misreporting, a new electronic agreement must be created with a unique Agreement ID and with an Agreement Date that reflects the new instance.  Creating and maintaining a new electronic agreement allows HUD and Contract Administrator (CA)s to properly audit payments related to specific instances of misreporting.

**Example - Creating a Separate Repayment Agreement Record (With A Separate Repayment Agreement ID) When There Is More Than One Instance Of Tenant Misreporting**

* In January 2024, owner/agent reviews EIV Income Reports and discovers that a resident failed to report employment information for a new job with a start date of February 2023.
* The owner/agent completed appropriate verification and created an IR.
* Site software automatically created a voucher adjustment.
* The owner/agent then determined the amount of the improper payment (not always the same as the voucher adjustment) and the resident entered in to a Repayment Agreement.
* The Repayment is entered in to site software and the Repayment Agreement ID is 11111111
* In January 2025, owner/agent reviews EIV Income Reports and discovers that a resident failed to report an increase in income and that increase was effective March 2024.
* The owner/agent completed appropriate verification and created an IR.
* Site software automatically created a voucher adjustment.
* The owner/agent then determined the amount of the improper payment (not always the same as the voucher adjustment)
* The executed Repayment Agreement is modified to include the new amount owed. (**Note:** Owner/agents may modify or addend the current agreement based on corporate policy and local tenant/landlord rules or the owner/agent may execute a separate agreement)
* The owner/agent enters a second Repayment Agreement and the Repayment Agreement ID is 22222222.

It is permissible to have a single executed agreement (paper or electronic agreement signed by the OA & the resident(s) that covers multiple instances of misreporting. If this is done, the executed agreement should clearly indicate the dates of and amounts of misreporting related to each instance. When a tenant has more than one Repayment Agreement Record with a balance greater than zero, owner/agents have two options when applying tenant Repayment Agreement payments.

The first option is to apply all payments to one Repayment Agreement until that agreement is complete (zero balance) and then to apply all payments to the next Repayment Agreement.

If the owner/agent /agent uses this method, the Repayment Agreement being paid has a Status Code of Active - AV (as long as payments are made and the resident does not miss three consecutive payments).

Any other Repayment Agreements will have a Status Code of Inactive - IA until the first Repayment Agreement is Complete (CO) and payments start on the next Repayment Agreement.

The second option is to apportion payments among multiple outstanding Repayment Agreements. All of the Repayment Agreements will be given a Status Code of Active – AV.

**Example – Repayment Agreement Payment Distributed to Multiple Repayment Agreements**

* Resident has three instances of misreporting.
* The owner/agent has created three separate Repayment Agreement transactions.
* Each Repayment Agreement has been reported on separate voucher submissions.
* Resident pays $33.00 per month.
* $11.00 per month is applied to each Repayment Agreement.
* All Repayment Agreements have a Status Code of Active – AV

**Example – Repayment Agreement - Multiple Repayment Agreements**

**Owner/agent Applies Payment to Oldest Repayment Agreement First**

* Resident has two instances of misreporting.
* The owner/agent has created two separate Repayment Agreement transactions.
* Each Repayment Agreement has been reported on separate voucher submissions.
* Repayment Agreement 1 is created to return an improper payment of $200.
* Repayment Agreement 2 is created to return an improper payment of $450.
* Resident pays $50.00 per month.
* $50.00 per month is applied to Repayment Agreement 1.
* Repayment Agreement 1 has a Status Code of AV - Active.
* Repayment Agreement 2 has a Status Code of IA – Inactive.
* In June, Repayment Agreement 1 is Complete.
* Repayment Agreement 1 now has a Status Code of CO – Complete.
* The owner/agent applies the next $50 payment to Repayment Agreement 2.
* Repayment Agreement 2 has a Status Code of AV - Active.

Since the release of TRACS 202D and the use of the Section 7 records to report Repayment Agreement transactions, Contract Administrators (CA)s have said that the adjustments associated with initial Repayment Agreement transactions (the reversing entry) are not always correct. On investigation, the adjustments themselves have been found to be correct based on certification Effective Dates and cert data.

**An example resulting in a mismatch between the Repayment Agreement Amount and the net of the adjustments on the voucher**: In this case, the tenant begins paying the new rent on October 1 for a corrected current certification with an Effective Date of February 1. The corrected certification causing the Repayment Agreement, appears on the November voucher.

The Repayment Agreement is in the amount of $800 ($100 decrease in assistance for February-September) but the total of the adjustments is -900 because the adjustments run through October up to the voucher date.

The Section 7 record reversing entry (creating the agreement) will have a requested amount of +800 and is correct given the circumstances described.

The amount of the improper payment is $800. It is not appropriate to enter into a Repayment Agreement for $900 simply to match the total of the adjustments

### Improper Payment Tracking in The Absence Of A Repayment Agreement:

If the tenant has signed retroactive certifications but does not sign a Repayment Agreement, the certifications are transmitted and the reversing entry is created by entering a Repayment Agreement record using an Agreement Type of None (N).

Contract Administrators (CA)s must not establish a policy or practice of rejecting Repayment Agreements because the Repayment Agreement Type is N (None). See example #14 in the CalculationsForRepayments spreadsheet.

This is true even if the owner/agent policies require Termination Of Tenancy instead of execution of a Repayment Agreement as long as the steps required to terminate tenancy have been initiated or when the resident moves out or skips.

**Example – Repayment Agreement Type None**

* Jane Jacobs (HOH) lives in unit 101
* Her last certification is December AR – TTP = $25 and AP = $575.
* In September, the owner/agent begins next AR process.
* Through EIV, the owner/agent discovers Jane failed to report a new job.
* Owner/agent verifies that employment began on 2/21 and resident earns $10.00/40 hours per week.
* This represents an income increase that exceeds 10% of Adjusted Income.
* On 9/10 owner/agent submits October voucher (AP request for Jane is $575).
* After the voucher is submitted, the owner/agent creates a retroactive IR with an Effective Date of 3/1 and the EIV Indicator set to Y – TTP = $520 and AP = $80.
* Residents signs IR on 9/15.
* Resident begins paying new rent in October (no 30-day Rent Increase Notice since tenant failed to report as required).
* Owner/agent asks resident to sign Repayment Agreement for $3465.00 and resident refuses
* Owner/agent initiates termination of tenancy.
* Owner/agent Enters Repayment Agreement Type N (None)
* Agreement Amount is $3465.
* The certification is reported on the November voucher and includes an AP adjustment of -$3960 for Jane.
* Repayment Agreement Requested Amount is $3465.00.

### Processing A Gross Rent Change in The Same Voucher Month as Transactions That Will Be Reversed Subject to A Repayment Agreement

In rare cases, a GR will be applied and will be submitted with certifications (corrected or new) created when a tenant fails to fully and accurately report income or changes in household composition. There is no rule prohibiting submission of a GR - even a deeply retroactive GR - in the same month as certifications (corrected or new) related to tenant misreporting.

The GR – even a retroactive GR - will provide the correct Contract Rent and correct Utility Allowance. It is acceptable for an owner/agent to submit these transactions using any of the three scenarios described below:

1. GR transmitted in Month 1 and tenant misreporting transmitted in Month 2
2. GR and tenant misreporting both transmitted in the same month
3. Tenant misreporting transmitted in Month 1 and GR transmitted in Month 2

There should be no difference in the net adjustments in the three scenarios. It is not correct to argue that the “correct” amount of misreporting can only be determined in a month where a GR is not being processed simultaneously. Repayment Agreement amounts do not always equal voucher adjustment amounts.

## Family Self Sufficiency (FSS) Escrows

HUD Housing Notice 2016-08 [*Family Self Sufficiency Program in Multifamily*](https://www.hud.gov/program_offices/administration/hudclips/notices/hsg/2016) communicates information about the Family Self Sufficiency program and its applicability to the HUD Multifamily industry. When in doubt about how to address a specific scenario, please refer to the Notice or any subsequent Notices/guidance issued by HUD.

With the release of TRACS v 2.0.3.A, the Section 7 record will be used to report information about FSS Escrow Account transactions--contributions to and withdrawals from the FSS escrow account--as called for by the FSS Contract of Participation (CoP) or Individual Training Service Plan (ITSP). Withdrawals may be made

1. When the tenant fulfills the CoP/ ITSP requirements,
2. When a tenant transfers to another property and continues to participate in the FSS program, or
3. When participation in the program is terminated.

Owner/agents supporting the FSS program must follow HUD FSS guidance with respect to the FSS escrow account.

FSS Escrow transactions are different than Repayment Agreement transactions in that there is no Agreement Amount.

Accordingly, the Beginning Agreement Amount, Agreement Change Amount and Ending Agreement Amount fields are not filled for FSS Escrow transactions.

Also, while Repayment Agreement payments are returning money to HUD, FSS Escrow deposits are funded with money from HUD.

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.

There is a difference between how owner/agents record a disbursement of funds to the tenant after successful completion of the CoP/ ITSP and what happens to the funds when the CoP/ 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 Termination, the current escrow balance is retained by the owner/agent and must be used as provided by HUD.

When the CoP/ ITSP contract is signed, a Section 7 record must be transmitted to TRACS on the next voucher with a Transaction Type of E to indicate the execution/creation 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.

Owner/agents are required to post any accrued interest to individual FSS Escrow Accounts at least annually. The owner/agent is required to meet with each tenant annually to review the agreement, the account and the current balance including interest earned.

If a certification changes and, subsequently, the escrow deposit amount changes, the owner/agent will submit separate FSS escrow transactions reversing the prior deposits and depositing the new corrected total.

See the CalculationsForRepayments spreadsheet for an example—Month by Month Examples—Example #6.

For the special rules for FSS Escrows Involving Component 1 PH to PBRA RAD Conversions, Component 2 Mod Rehab to PBRA RAD please see Chapter 4 MAT PBRA RAD.

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 FSS Escrow 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 - Active, IA - Inactive, MA – Moved out Active or SU - Suspended.

### FSS Forfeiture (Termination)

*Conditions for forfeiture.* Amounts in the FSS escrow account shall be forfeited upon the occurrence of the following:

1. The CoP/ ITSP is terminated, as provided in § 984.303(h); or,
2. The CoP/ ITSP is completed by the family, as provided in § 984.303(g), but the FSS family is receiving welfare assistance at the time the CoP/ ITSP term expires, including any extension thereof.

*Treatment of forfeited FSS escrow account funds.* FSS escrow account funds forfeited by the FSS family must be used by the PHA or owner/agent for the benefit of the FSS participants.

Specifically, such funds may be used for the following eligible activities:

1. Support for FSS participants in good standing, including, but not limited to, transportation, child care, training, testing fees, employment preparation costs, and other costs related to achieving obligations outlined in the CoP/ ITSP;
2. Training for FSS Program Coordinator(s); or
3. Other eligible activities as determined by the Secretary.

Such funds may not be used for salary and fringe benefits of FSS Program Coordinators; general administrative costs of the FSS program, for housing assistance payments (HAP) expenses or public housing operating funds; or any other activity determined ineligible by the Secretary.

## TRACS 2.0.3.A Transition Rules – Repayment Agreements & FSS Escrows

Prior to 2.0.3.A, the MAT30 Section 7 record was used exclusively to report information about Repayment Agreements. For 2.0.3.A, the MAT30 Section 7 record will be used to report information about Repayment Agreements and FSS Escrow Accounts. New fields have been added to help the transactions function more as accounting records. New rules require transactions to be submitted in the order that the transactions occur. As a result, there need to be guidelines for getting from records from TRACS 202D to the new 2.0.3.A format.

### TRACS 2.0.3.A Transition Rules - Repayment Agreements

With the initial implementation of TRACS 2.0.3.A, owner/agents must transmit to HUD the current status of ALL Repayment Agreements that have been or should have been recorded in TRACS when:

1. There is still a balance due; and
2. The residents are still in residence.

Transactions that have been reported previously will be submitted as Repayment Agreement Baseline records the first time these transactions are submitted in 2.0.3.A.

(Please see Chapter 4 MAT PBRA RAD for Special Rules about Repayment Agreements for PH/Mod Rehab to PBRA RAD and Rent Supp/RAP/PRAC to PBRA RAD). This includes those Repayment Agreements with a Repayment Agreement Type of N (None).

Do not transmit Repayment Agreement records for residents who have moved out even if there are Tenant Repayment Agreements with a balance due.

Repayment Agreement Transactions must be included on one of the first three voucher transmissions submitted after implementation of 2.0.3.A.

For the baseline transmission of an agreement, the Beginning Agreement Amount field is filled with the value from the former Agreement Amount field from the last submitted transaction under TRACS 202D.

***Note:*** *The Agreement Amount field is now renamed as Ending Agreement Amount.*

The Beginning Balance field is filled with the Ending Balance value from the prior transaction.

If there is an executed Repayment Agreement, the Agreement Date should match the date on the executed Repayment Agreement.

If there is no executed Repayment Agreement (most commonly for a None Repayment Agreement) enter an Agreement Date based on when the Repayment Agreement should have been reported on a voucher. The amount of the agreement is either:

1. The original amount owed after any initial lump sum payment; or
2. The original amount owed before any lump sum payment as long as the lump sum payment is included in the Total Payment field.

This will create a positive adjustment on the voucher increasing the voucher request.

CAs may verify the accuracy of the transaction but may not refuse to process a Repayment Agreement transaction for an existing resident with a Repayment Balance Due (unless there is an error on the voucher or the submission is inaccurate or overpaid).

If a Repayment Agreement was reported (as an OARQ prior to 202D or as an Agreement in 202D) and when the balance due is not zero, submit a baseline Repayment Agreement even if:

* There have been no payments (or other activity); or
* Payments have stopped

A regular record will also be created based on the Status Rules.

For example, an IA-Inactive Repayment Agreement is displayed on the voucher each month.  The first 2.0.3A voucher will include the baseline record and the “regular” Inactive Repayment Agreement record.  (See the 203A52670Part6BaselineExample.pdf.)

If an existing Repayment Agreement has a balance greater than zero, and if the Repayment Agreement was never reported (as an OARQ prior to 202D or as an Agreement in 202D), the Agreement must be submitted as a new Agreement (not baseline).

If any payments have not been previously reported, the Amount Paid on the regular record should be equal to the cumulative payments that were not reported. If the owner/agent opted to retain a portion of the payment based on the cost to collect the improper payment, the Amount Retained should be the lesser of 20% of the Total Paid or actual unreimbursed expenses.

### Repayment Agreement/FSS Escrow Baseline—Required On The First 203A Voucher

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 FSS Escrow record the Record Type value appends a B (Baseline) to the R (Repayment Agreement) or F (FSS Escrow) that is normally used.

So, a baseline Repayment record would be coded as RB and a baseline FSS Escrow record would be coded FB.

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

Baseline records report only zero values for the following fields:

* Agreement Change Amount;
* Total Payment; and
* Amount Retained.

This means that the Amount Requested for the Baseline record will be $0.

If there is no Payment or Agreement Change Amount activity in the month for which the baseline record is reported, there is no need to include an additional non-baseline transaction to report zero values unless the status calls for monthly transmissions.

A baseline record for a Repayment or FSS Escrow 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.In other words, the Beginning Agreement Amount and the Beginning Balance fields do not have to match the Ending Agreement Amount and Ending Balance fields from the last, submitted record.

A re-baseline record may be needed to correct either or both the Agreement amount or the Balance but only if the only issue is an error in reporting those values and all prior change amounts and payments were recorded correctly.

If there were errors in establishing an Agreement (the original reversing entry was for an incorrect value) then do not re-baseline but rather submit a record with an Agreement Change Amount to correct the problem.

If submitting vouchers through a Contract Administrator (CA), work with the CA to determine whether or not a re-baseline record or a regular transaction is needed. Deciding whether 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 a Repayment Agreement starting with the initial transaction but where the owner/agent is reporting incorrect amounts and balances.

The CA may request a re-baseline to get the Agreement Amount and Balance corrected without voucher consequences.

On the other hand, if the owner/agent 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.

### Providing Repayment Agreement Information That Was Not Reported Previously

In some cases, owner/agents created and submitted corrected/new certifications (created in response to tenant misreporting) but the owner/agent did not submit the required OARQ (202C) or Repayment Agreement Record (HUD 52670-A Part 6 in 202D). The adjustments driven by the corrections/new certifications were reflected on the voucher, but the amount of the improper payment was never “reversed”.

It is assumed that the owner/agents have been tracking any repayment amounts received and have not reported any improper payment/repayment information to HUD through TRACS.

***Note:*** *If the owner/agent did not create the “reversing entry”, but did send repayment transactions (creating a voucher adjustment), the voucher request amounts were incorrect and additional action is required.*

Under 2.0.3.A rules, the status of all Repayment Agreements for existing residents, with balances greater than zero, must be reported to TRACS on one of the first three 2.0.3.A vouchers.

For the special rules for Repayment Agreements Involving Component 1 PH to PBRA RAD Conversions, Component 2 Mod Rehab to PBRA RAD Conversions and RAD Component 2 Rent Supp/RAP/PRAC to PBRA RAD Conversions, see Chapter 4.

## State Agency 811 PRA Voucher Creation Instructions:

***Note:*** *The initial voucher payment process will be different than in the future. Currently, RAC vouchers will be submitted to the PRA 811 Grantee who in turn incorporates these child vouchers onto a singular, Parent Voucher submission to TRACS each month. When the Parent voucher is submitted to TRACS, it will be put into a suspended status. It will then be reviewed and released manually by HUD’s Voucher Processing Staff. At some point in the future (pending code changes), MFH would like the individual RAC vouchers to be transmitted and TRACS will handle, as appropriate, per the requirements (as occurs now for vouchers in other programs.)*

Aside from differences noted below, all other TRACS voucher functionality and rules apply. In particular, voucher delete transactions (MAT 31 files) for Parent Vouchers may be transmitted so long as the original MAT 30 has not been issued an estimated pay date and instructions sent to Treasury for payment. This remains a very brief window of time.

The Parent Voucher may include only Child Voucher (RAC) FORQ amounts for months equal to or less than the Parent voucher month.

***Note:*** *A Parent voucher must be submitted for each active voucher month even if Child Vouchers are delayed or not submitted. The first Parent voucher month must be within 90 days of the Cutover Date for the Parent contract Grantee staff enter into eLOCCS for HUD approval. For example, if the Cutover Date is April 1, 2020, then the first Parent Voucher transmitted to TRACS must be for April 2020, May 2020, or June 2020. If there are no RAC voucher OARQs to be included in the first Parent Voucher submission, the CO-OP voucher can be submitted for a $0 amount. If a $0 Parent Voucher is submitted, any RAC vouchers for that beginning voucher month that are submitted later must be included on a subsequent month CO-OP voucher. Once the first Parent Voucher is transmitted, no gaps in parent voucher transmissions is permitted.*

On the Parent voucher, the Section 2 Record, fields 7-11 and 55 are filled as follows: (WAS 4.20.4)

**Field 7, Total Units in Contract:** The total units authorized for all active RACs under the CO-OP parent contract. This number does not change from month to month unless additional new RACs are executed or the number of authorized units for any of the RACs changes as a result of an amended RAC. This number is not impacted by whether or not an active RAC bills for the current voucher month.

**Field 8, Number of Units Receiving Subsidy:** The sum of the Field 8s for any RAC contracts being paid for a voucher month that matches the parent voucher month (Parent Field 4, Voucher Date = RAC Field 4, Voucher Date).

**Field 9, Number of Units Abated:** The sum of the Field 9s for any RAC contracts being paid for a voucher month that matches the parent voucher month (Parent Field 4, Voucher Date = RAC Field 4, Voucher Date).

**Field 10, Number of Units Vacant:** The sum of the Field 10s for any RAC contracts being paid for a voucher month that matches the parent voucher month (Parent Field 4, Voucher Date = RAC Field 4, Voucher Date).

**Field 11, Contracted Units Occupied by Market Rent Tenants:** The sum of the Field 11s for any RAC contracts being paid for a voucher month that matches the parent voucher month (Parent Field 4, Voucher Date = RAC Field 4, Voucher Date).

**Field 55, Contracted Units Undergoing Rehab**

Zero can be a valid entry. The number of residential spaces (6a) that are undergoing rehab. These units are not counted in either the market, vacant or abated unit counts. This is true even if an abated unit is undergoing rehab. When a unit is abated it must be counted as abated.

***Note:*** *Since there are different rules applied to Field 7 than for Fields 8-11, the grand total of Fields 8-11 may be less than the Field 7 value. Other fields follow the normal rules.*

### 811 PRA MAT30 Section 6 Record--Miscellaneous Accounting Requests

One Section 6 Record is submitted for each RAC/child voucher month being paid on the Parent CO-OP voucher. The FORQ comment field should contain the child contract number and voucher month in the following format—Contract Number followed by Voucher Month. For example: FL39RD11111 – 04/2020.

This allows for multiple RAC child vouchers to be billed on a single CO-OP parent voucher.

Only one CO-OP parent voucher may be submitted each month. Therefore, any RAC vouchers not included on a particular month’s CO-OP voucher must be added to a subsequent month’s submission.

Once a RAC is executed, the participating owner/agent can establish the month of the first child voucher submission. The month of this first voucher must be equal to or later than the month of the effective date of the RAC. Once the first child voucher for a RAC is submitted and approved by the Grantee, no gaps in voucher months transmitted from the owner/agent to the Grantee can occur.

Under this model, each approved RAC voucher is assigned to a single Misc. Request row of type FORQ on the parent voucher. Field 7 (Misc. Request Amount) is set to RAC voucher Section 2 Field 29 (Total Subsidy Authorized) of the RAC voucher and Field 9 (Paid Amount) is set to Section 2, Field 44 (Total Voucher Amount Approved by the Contract Administrator (CA)) of the RAC voucher.

### 811 PRA - TRACS File Data Flow

Owner/agents send tenant and voucher TRACS files to the state agency’s iMAX address. Owner/agents should never send any files directly to TRACS and should not include the CAID in the file information.

Jenny – can you add how the tenant files are handled and mention that they go from TRACS to EIV in order for owner/agents to be able to review EIV reports as required.

***Note:*** *Since the RAC does not have a Project Number, the rules for MAT15 address records in the absence of a Project Number apply.*

The state Grantee audits the tenant data and sends valid certifications to TRACS under the **RAC contract number** just as Contract Administrator (CA)s normally do. Those tenant data files that process successfully in TRACS will appear under the Tenant Certification Query, as do those for other programs. The RAC child voucher is audited by the state Grantee and a final approved payment amount determined.

The approved RAC child voucher is returned to the Owner/agent, as is done for other subsidy types under TRACS 202D and later. **However, this RAC voucher is NOT sent to TRACS**. Therefore, Owner/agents will not see the individual child vouchers in the Voucher Query when selecting the RAC Contract Number in the drop down menu.

The approved payment amounts for each RAC child voucher are incorporated into the Parent CO-OP voucher as FORQ Miscellaneous Accounting Requests as detailed above. The Section 2 record contract and unit counts are filled as described above.

The state Grantee transmits the Parent voucher to TRACS for payment. This Parent voucher submission must include the CAID for the grantee to denote it was created by the Grantee.

### 811 PRA - Examples Parent/Child Vouchers:

The examples below assume a CO-OP contract with two active RACs (FL39RDD1202 with 10 units and FL39RDD1203 with 6 units).

May 2024 CO-OP voucher containing billing only for FL39RDD1202 for May 2024: 8 subsidized and 2 vacant units. The owner/agent voucher requested amount is $1,200 and the CA paid amount $1,022.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Section 2** | | | | |  |
| Units in Contract | Units Receiving Subsidy | Units Abated | Units Vacant | Market Units | Undergoing Rehab |
| 16 | 8 | 0 | 2 | 0 | 0 |

|  |  |  |
| --- | --- | --- |
| **Misc. Requests** | | |
| Misc. Request Amount | Comment | Paid Amount |
| 1200 | FL39RDD1202 – 05/2024 | 1022 |

May 2024 CO-OP voucher containing billing for both RACs each also for May 2024. First RAC, same as above, second RAC 4 subsidized units, 1 vacant and 1 market. For the second RAC both the requested and paid amounts are the same.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Section 2** | | | | |  |
| Units in Contract | Units Receiving Subsidy | Units Abated | Units Vacant | Market Units | Undergoing Rehab |
| 16 | 12 | 0 | 3 | 1 | 0 |

|  |  |  |
| --- | --- | --- |
| **Misc. Requests** | | |
| Misc. Request Amount | Comment | Paid Amount |
| 1200 | FL39RDD1202 – 05/2024 | 1022 |
| 871 | FL39RDD1203 – 05/2024 | 871 |

May 2024 CO-OP voucher containing billing only for FL39RDD1202 but for both April 2024 and May 2024. Same unit counts and assistance on each voucher as in Example 1.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Section 2** | | | | |  |
| Units in Contract | Units Receiving Subsidy | Units Abated | Units Vacant | Market Units | Undergoing Rehab |
| 16 | 8 | 0 | 2 | 0 | 0 |

|  |  |  |
| --- | --- | --- |
| **Misc. Requests** | | |
| Misc. Request Amount | Comment | Paid Amount |
| 1200 | FL39RDD1202 – 05/2024 | 1022 |
| 1200 | FL39RDD1202 – 04/2024 | 1022 |

***Note:*** *The state agency Admin Fee is not dealt with through a TRACS submission. The state agency needs to apply for access to eLOCCS and do an online submission for the fee each month. HUD staff will review and approve the fees.*

## Utility Reimbursements

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.

Funds covering the Utility Reimbursement (UR) will be paid to the owner/agent in trust, solely for the purpose of making URs. The UR may not be applied to any other outstanding balance including rent.

If the UR is more than $45 per quarter, the owner/agent must provide the UR to the resident or utility provider within five (5) business days of receipt of the Assistance Payment from HUD.

[The Final Rule Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews Under the Fixing America’s Surface Transportation (FAST) Act](https://www.federalregister.gov/documents/2020/05/07/2020-09298/streamlining-administrative-regulations-for-multifamily-housing-programs-and-implementing-family) published on May 7, 2020 (Proposed Final Rule published December 2017 and effective March 2018) explicitly allows owner/agents 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. For example:

* Utility Allowance = $80
* Resident TTP = $75
* Utility Reimbursement = $5
* Previous Rule - $5 per month must be disbursed within 5 days of receipt by Owner/agent.
* New Rule - OA has the option to distribute $15 per calendar-year quarter instead of $5 per month.

Owner/agents exercising this option will be required to have a policy in place to assist tenants for whom the quarterly Utility Reimbursements will pose a financial hardship.

In the event a family leaves the program in advance of its next quarterly UR distribution, the owner/agent is required to reimburse the family for a prorated share of the Utility Reimbursement.

### Uncollected Utility Reimbursements

HUD does not provide guidance explaining what an owner/agent should do if the UR is not disbursed to the resident or utility provider (e.g., resident never picks up the check, resident never cashes the check or family moves-out) except to say the owner/agent can treat the payment as abandoned property under state law.

According to HUD’s Policy Division, HUD does not have the authority to require owners to return uncollected Utility Reimbursements because those funds are owed to the tenants.  The funds should accumulate, as stated in the FAQ.  The uncollected funds could ultimately be disposed of in accordance with state law (e.g., “unclaimed property law,” “escheats law,” or other applicable laws).

The uncollected Utility Reimbursements are not be used to pay the former or current tenant’s unpaid balances such as unpaid rent or unpaid damage/repair fees, etc.  The Utility Reimbursement is being provided to the tenant for the purpose of paying utilities.  The owner is essentially holding the Utility Reimbursements in trust for a very specific purpose.

HUD plans to provide updated guidance on this item.

The owner/agent must ensure that the family has been given sufficient opportunity to collect the UR and that all attempts have been exhausted in reaching former tenants, including any requirements under state or local law.

***Note:*** *Previous versions of the MAT Guide instructed Owner/agents to return UR using the Miscellaneous Accounting Request Code UUTL. That guidance has been rescinded and the Miscellaneous Accounting Request Code UUTL is no longer valid.*

### Utility Reimbursement PRAC

For the Section **202 PRAC** and Section **811 PRAC** programs, the regulations do not contain the requirements around *Utility Reimbursements*, in general, leaving such requirements in the *Assistance Contracts*.

Therefore, HUD is not including regulatory text to implement these new flexibilities in this *Interim Final Rule*, but rather would be open to amending the *Assistance Contracts* of any Owner/agents looking to take advantage of the flexibilities.

### Utility Reimbursement Options

Rather than paying UR directly to the family, if the resident consents, the owner/agent may:

* Make the UR payable jointly to the household and the utility provider; or
* Make the UR payable to the utility provider.

## Vouchers – PBRA Housing Assistance Payment Requests

For those properties receiving subsidy from HUD (Section 8, PRAC, etc.), a TRACS Voucher File is created and submitted every month.

TRACS Voucher Files are generally sent by an owner/agent once a month - between the 1st and the 10th of the month - and include the Housing Assistance Payment (HAP) request.

Properties are paid based on the Voucher Requested Amount not the Assistance Payment displayed on each individual certification – although we have to assume that the two are the same.

There are two key “tests” conducted by TRACS before a voucher can be paid.

1. The voucher must be in the TRACS database and
2. The property’s *Compliance Percentage* must be 90% or greater.

TRACS edits for other voucher issues as well.

* The property must be properly funded.
* Vouchers must be submitted in a timely manner.
* Any contract renewal must be submitted approved and updated in iREMS.
* The voucher should represent a similar amount each month.
  + Significant increases from one voucher to the next can cause a ***Threshold Error*** (VST31) and HUD’s ***Voucher Processing Division*** will conduct a line-by-line audit of the data in TRACS.
  + ***Voucher Processing*** will either reject the voucher (VST30) or will forward the voucher to the Treasury for payment (VSP00)
  + Voucher payment will be suspended until the ***Voucher Processing Division*** releases the voucher.
* ***Voucher Status Codes*** are included as part of the ***MAT Guide Appendix G***.

To check on the Voucher Status, owner/agents and CAs can view voucher information using the TRACS Voucher Queries in the Secure Systems (WASS) database.



### Billing for All Units

Prior to the release of 2.0.3.A, only occupied assisted units are reported.

**2.0.3.A introduces the concept of Unit Status for the Assistance Billing part of the voucher.**

Starting with 2.0.3.A, each unit covered by a contract will be reported on a MAT30, Section 3 Assistance Detail record. The display of and rules for the assisted units do not change.

Each unit has a status related to which Item 6 category it is counted in:

6.b -- Assisted

6.c – Abated

6.d – Vacant

6.e – Market

6.f – Rehab (New)

***Note:*** *Rehab is a new Item 6 type and has its own field in the MAT30, Section 2 record: Field 55—Contracted Units Undergoing Rehab. Since item 6 on the voucher now includes this count, item 6.d, Vacant Units, will include only Vacant units not undergoing rehab. A Rehab unit is considered as Rehab no matter how assistance ended for the unit—with a MO or TM or UT.*

The rules for determining Unit Status for a voucher are summarized in the table immediately below:

|  |  |  |
| --- | --- | --- |
| **Priority** | **Status** | **A Unit's Status Is The First One That Applies In Priority Order** |
| 1 | Abated | Always first--based on whether HUD will allow billing on the upcoming voucher. If billing is not allowed, then set Status to Abated |
|  |  |  |
| 2 | Assisted | If regular assistance is billed on the voucher, then the status is Assisted (includes pass through situations). This includes billing for zero or negative assistance for PRACS and Component 1 RADs. This does not include the case where the only billing for a unit is that for a MO or TM. |
| The logic for what counts as an assisted unit on a voucher follows the rules for when certifications may be billed on a voucher: See Appendix H-13. |
| Both normal and full cert UT versions of ICs, ARs and IRs effective on the first of the voucher month are included. This means that a unit may be vacant on the first of the month prior to the voucher but it may be assisted on the voucher due to a full cert UT. |
| Units with MOs and TM's effective on the first of the prior month do not count as assisted units unless occupied on the first of the voucher month via a full cert UT. |
| Both a MI and a UT effective on the first of the prior month cause a unit to be assisted. |
| A UT-O must appear on the same voucher as the UT-I: So a UT effective on the first is included on the upcoming voucher along with the UT-O whereas a UT on the 2nd is on a later voucher along with its corresponding UT-O. |
|  |  |  |
| 3 | Rehab | Unit is in rehab as of the first of the month prior to the voucher and is neither Abated nor Assisted. |
|  |  |  |
| 4 | Vacant | The unit is not occupied as of the first of the month prior to the voucher AND none of the higher priority statuses apply |
|  |  |  |
| 5 | Market | The unit is occupied by a market rate tenant as of the first of the month prior to the voucher AND none of the higher priority statuses apply |

See the table on the next page for a summary of how each unit should appear on the voucher based on the most recent transaction created and/or submitted for this unit.

|  |  |  |
| --- | --- | --- |
| **Most Recent Transaction** | **Unit Status** | **Appears on Voucher as** |
| AR | Assisted | HOH Last, First, Middle Initial |
| IC | Assisted | HOH Last, First, Middle Initial |
| IR | Assisted | HOH Last, First, Middle Initial |
| MI | Assisted | HOH Last, First, Middle Initial |
| MO | Assisted | Vacant/Vacant - note what if tenant is terminated first and then moves out |
| TM/AB = HUD abated unit. | Abated | Abated, Abated |
| TM/AR = Asset Restriction. | Market | Market, Market |
| TM/CE = Subsidy contract expired-not renewed. | Market | Market, Market |
| TM/DE = Death of Sole Family Member. | Market | Market, Market |
| TM/DS = Double subsidy at move-in. | Market | Market, Market |
| TM/EN = HUD generated Contract terminated for enforcement action. | NA | This transaction is not site generated |
| TM/HQ = HUD generated TRACS generated termination for failure to recertify, submit a termination or move-out. May be superseded by submission of an Annual Recertification with an Effective Date after the Effective Date of the HQ Termination. | NA | This transaction is not site generated |
| TM/ND = Natural Disaster or Uninhabitable Unit or Presidentially Declared Disaster. | Rehab | Rehab, Rehab |
| TM/NS = Resident did not qualify for subsidy at MI or IC for reason other than Double Subsidy. | Market | Market, Market |
| TM/OA = Delayed AR. | Market | Market, Market |
| TM/OT = Other. | Market | Market, Market |
| TM/RD = Section 8 RAD tenant transferred to other housing during rehab. | Rehab | Rehab, Rehab |
| TM/RH = Section 8 RAD tenant transferred to other housing during rehab and prior to the Effective Date of the RAD contract. | Rehab | Rehab, Rehab |
| TM/RR = Substantial Rehab Or Repair | Rehab | Rehab, Rehab |
| TM/ST = Ineligible Student. | Market | Market, Market |
| TM/TC = Did not supply citizenship/eligible alien documentation. | Market | Market, Market |
| TM/TF = Tenant refused to transfer as agreed or submitted false data. | Market | Market, Market |
| TM/TI = TTP Equals/Exceeds Gross Rent or moving to market rent. | Market | Market, Market |
| TM/TR = Did not re-certify on time. | Market | Market, Market |

All Section 3 Record fields are filled as usual for Assisted Units. How the fields are filed for non-assisted units depends on the unit status.

The status of each unit not counted under item 6.b (Number of units receiving subsidy) will be indicated using the Last and First Name fields in the record

* Abated – Last = Abated, First = Abated
* Vacant – Last = Vacant, First = Vacant
* Market – Last = Market, First = Market
* Rehab – Name depends on the reason for the rehab:
  + If this is initial RAD Rehab – Last = Rehab, First = RAD
  + If the rehab is caused by a PDD – Last = Rehab, First = Disaster
  + If the rehab is for repairs – Last = Rehab, First = Repair

The Middle Initial field is always left blank for a non-assisted unit.

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 are filled as follows:

* Certification Type = NA;
* Correction Flag = Blank;
* Cert Effective Date = Voucher Date = MM/01/YYYY.
* Requested amount and Paid Amount are always 0 for non-assisted units.

**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 unique units reported as Section 3 records by the owner/agent 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 and four 2-Bedroom Small units, then three of the large and four of the small 2-Bedroom unit types must appear in Section 3.

***Note:*** *Current guidance is for a MO or TM to appear on the voucher as a regular assistance row for the month following the event (the month that the event causes a voucher adjustment). This is a one-time, one-voucher only requirement. This practice will continue. The same unit may, therefore, have a separate Unit Status record.*

### Sorting on HAP Vouchers

On both the voucher detail and adjustment pages, information should be presented in Unit Number order where the unit numbers are sorted right-justified. The unit number used must be the TRACS Unit Number (see 4.36 above)—not the Unit Number used for the unit at the site.

For voucher detail, each Unit Status (Assisted, Abated, Turnover *(inhabitable or in “make ready”/repair status)*, Vacant *(made ready but vacant)*, Market, and Rehab) will be grouped together and sorted by Unit within a group. On the printed Voucher, leave a blank line between groups.

#### CA Role With Respect To The Unit Status Records

Outside of the assisted units and abated units, the CAs have no role in monitoring the validity of the statuses submitted as, in general, they have no basis for doing so outside of a site visit. The Unit Status records are an owner/agent report to HUD.

CAs may verify that the total number of records of each status matches the count in the comparable Item 6 field. And they may verify that 6.a = the sum of 6.b through 6.f. CAs may not add Unit Status records. They may, as they currently do, add a row for an assisted unit.

With this change, the values related to Items 6.a through 6.f are reserved for owner/agent reporting. CAs may not modify these values. CAs may, of course, modify the value of Item 9.a (Unit Regular Billing Count) to reflect the number of units on which assistance is being paid. Item 9.a forms the denominator when the Compliance Percentage is calculated.

#### Abated Units

When a unit is abated, subsidy may not be paid on that unit for the term of the abatement. Only HUD has the authority to abate a unit. CAs might hold a subsidy payment but they may not abate subsidy.

Abatements are usually applied to

1. Uninhabitable units related to a disaster or where a unit has health and safety issues.

Program violations. This means that a tenant can be living in a unit and paying a subsidized rent but the owner/agent is not allowed to collect subsidy. For voucher purposes, the unit would count as abated.

Police or other like action. In these cases, a crime may have occurred on the property and the property is not habitable due to court order.

Until HUD’s Policy Division provides guidance explaining how to handle cases such as these, in terms of transactions and how they should appear on the voucher, it is acceptable for an owner/agent to bill for subsidy as usual and then to reverse the subsidy billing with an OARQ Miscellaneous Accounting Request.

However, if possible, the site software should allow the owner/agent to indicate that the unit is “abated” and subsidy billing should be suspended.

#### Presidentially Declared Disasters

***Note****: It is essential that the owner/agent understand the lease rules for a person subject to the rules in HUD Handbook 4350.1, Chapter 38. Requiring a victim of a presidentially declared disaster to sign a lease may disqualify the victim from eligibility for FEMA assistance. The rules in this area are in flux and it is best to check with HUD before proceeding. If a victim of a presidentially declared disaster (PDD) is being added to an existing subsidized household, they should be asked to sign a lease addendum indicating month-to-month occupancy. They should not be added to the regular lease. See HH 4350.1, Chapter 38 for additional information and for a sample lease addendum.*

In the case of a disaster or other situation where the unit is uninhabitable and there are no other units in the project for the household, there are two situations to be aware of:

* The household moves to a subsidized unit in another project.
* The household moves to an unassisted unit.

In the first case, the owner/agent would suspend assistance for the uninhabitable unit so that assistance can be paid in the new unit. The Termination/Suspension transaction would be created using the ND (natural disaster) Suspension Code.

When the household returns to the unit, submit an Initial Certification indicating that an eligibility check is not required.

In the second case, passthrough has been approved and the amount of the assistance is given to the tenant to help with the unassisted rent. Here no termination is done. The tenant continues to appear on the HAP voucher.

When the resident is expected to return, a Move-out should never be submitted in response to the circumstances described above—only a Suspension using the Termination/Suspension record.

## Market Rate Tenants

A market tenant is defined as an unsubsidized tenant—one who is paying the contract/market rent for the subsidy type. These would include Section 8, Section 202/8, SPRAC, 811 PRA and 202 PAC households who are not receiving subsidy (subsidy = $0) along with Section 236 tenants who are paying market rent. PRAC tenants are never considered market rate. Component 1 PH to PBRA RAD tenants are not considered market rate unless subsidy has been terminated for cause.

### 4.7.1 Submitting Data for Market Rate Tenants

Housing does not have the authority to require the submission of certification data for market rate tenants. Such households are not required to recertify unless they want to begin receiving or return to receiving subsidy.

Section 202 and 811 PRAC tenants, because of the unique rules of the program, are never considered market tenants even when they are paying more than the contract rent (subsidy is negative). Therefore, certifications are required for all PRAC tenants whether subsidy is positive, negative or zero.

Component 1 PH to PBRA RAD tenants are not considered market rate unless subsidy has been terminated for cause. This is true even when TTP is equal to or exceeds GR and they are paying more than the gross rent (subsidy is zero or negative). Therefore, certifications are required for all Component 1 PH to PBRA RAD tenants unless subsidy has been terminated for cause.

With the exception of MAT15 address records, TRACS is not programmed to accept certification records for market tenants. It will fatal certifications with $0 subsidy for Section 8 (except Component 1 PH to PBRA RAD) 202/8, 202 SPRAC, 811 PRA and 202 PAC households.

A tenant who changes from subsidized to market status MUST be terminated and the termination record must be sent to TRACS or the CA. The fact of the termination will be recorded on the voucher (if applicable for the subsidy type) for one month per the requirements for vouchering. After that month the unit will be listed on the voucher but the resident name will be replaced with Market, Market. .

A tenant who changes from market to subsidized status generally MUST qualify for subsidy and an initial certification MUST be transmitted. In the past, HUD policy has indicated that “If the project is 100% subsidized, in the case where an in-place tenant’s assistance was terminated due to an increase in income and whose income decreases to where they are again eligible for assistance, the tenant should be recertified and receive the assistance.  The tenant’s income eligibility was determined at move-in and does not have to be determined again.”

“If the project is not 100% subsidized with a deeper subsidy, e.g., Section 236 project, and the in-place tenant is moving from the Section 236 program to a deeper subsidy program, e.g., Section 8, the in-place tenant’s income must meet the income limit established for the assistance contract.  However, for projects that have a Section 8 contract covering part of the units, there is an exception to the very-low income limit that does not require HUD approval for tenant’s paying more than 30% of income toward rent, and whose income is at or below the low-income limit (see paragraph 3-7 of Handbook 4350.3 REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs)”.*

**Example of the Market Data Rule**

* During the Annual Recertification process a Section 8 household’s income is found to have increased such that subsidy would be $0.
* No AR certification is submitted showing $0 subsidy.
* Instead, a Termination (TM) is sent to TRACS effective the day before the Next AR Date.
* Eight months later, the household reports a decrease in income such that they could re-qualify for subsidy.
* Assuming that a subsidized slot is available, the owner/agent would qualify the tenant and submit an Initial Certification (IC) and resume vouchering for the tenant.
* The new Next AR Date is based on the effective date of the Initial Certification – not the move-in date. If the property reviews all ARs on the same date, the new AR date would coincide with the property’s AR date.

Site software vendors are free to code market tenants as they wish keeping in mind that a market tenant is not considered to be part of the subsidy program that they were formerly under except for unit count purposes on the HAP Voucher. Therefore, a terminated Section 8 tenant is no longer Section 8. The owner/agent is free to continue to use the HUD Model Lease or use a lease for the tenant that is different than the model lease.

Notwithstanding the discussion above, there are two circumstances where limited information about a market tenant must be submitted to TRACS or a CA. If a market tenant was previously subsidized and was terminated for failing to follow the program rules (refusing to recertify, for example) the owner/agent is allowed to submit special claims for a vacancy involving that tenant.

The Special Claims Guide requires that the Move-Out (MO) transaction be visible in TRACS before a vacancy claim can be paid. A second and related situation is that of a terminated tenant who transfers to a new unit. The old unit may be the subject of a vacancy claim if the tenant was terminated for failing to follow the program rules.

Given that TRACS cannot accept MO or UT records for market tenants and to avoid having TRACS reactivate a tenant on receipt of a UT, the site software MUST include the capability to create a MO record under the previously applicable subsidy type. In the example above, the site software would have to be able to create a Section 8 MO and transmit it to TRACS or the CA.

The MO should be effective on the actual MO date if the tenant is moving out. It should be effective on the UT date in the event of a Unit Transfer. In both cases, the head-of-household should be reported as of the original termination date.

For example, if the tenant is terminated from Section 8 on 12/31 and then moves to another unit on 1/17, site software should send a MO to TRACS or the CA effective on 1/17 listing as head-of-household the person who was head on 12/31. The MO will be a Section 8 MO and transmitted under a Section 8 TENHR.

TRACS processing of MO certs is dependent on the Next Recert Date on the last full certification for the household. If the MO effective date is less than three months after the Next Recert Date, the MO will be accepted. However, if the MO effective date is after the three-month grace period, TRACS will fatal the cert with a F0185. In cases such as this, it is necessary to contact the Help Desk and have a manual move-out processed if you need to have a MO in TRACS for special claim purposes. See HUD’s [TRACS Multi-Family Move-Out Request Form](https://www.hud.gov/sites/documents/DOC_25276.pdf).

As discussed below, under CA requirements, CAs and CA software MUST consider terminated tenants as the equivalent of moved out for occupancy purposes. Therefore, if a CA receives a Move-In for a unit occupied by a terminated tenant, the CA and the CA software must not reject the transaction. It would be acceptable to issue an informational message saying what appears to be happening and that the previously terminated tenant is no longer being considered as residing in the unit.

### 4.7.2 Treatment of Market Tenants on the HAP Voucher

The HAP Voucher cover page contains various unit counts including counts of market and vacant units. To get these numbers correct, it is important to distinguish between the subsidy type associated with the unit for HAP purposes and the subsidy type associated with the household living in the unit.

To give a concrete example, assume that we have a Section 236 project with 100% of the units covered by Section 8. The tenant in unit 101 has been terminated from Section 8 because income has risen to the point that subsidy would be 0. In such a case the rules require that the tenant be terminated and an IC is done moving the household to 236 and the Section 236 rent calculation. On the HAP, the count of subsidized units will drop by 1 and the count of market units will increase by 1. From a tenant point of view, the subsidy type is 236. From the unit point of view, the unit is both 236 and Section 8. The Section 8 HAP considers the unit as Section 8.

This calculation is more complex if there is more than one contract or deep subsidy in a 236. Depending on the regulatory agreement, the deep subsidy can be either fixed to specific units or can be floating. The fixed unit case is more straightforward because the same set of units are always considered when generating the unit counts for the voucher. In the floating unit case, the owner/agent must be careful in assigning a subsidy slot so as not to violate the regulatory agreement unit type counts—the numbers of each unit size that are permitted under the contract.

### 4.7.3 Market Tenants in Tax Credit Communities

HUD policy has ruled that a market household is not limited to paying contract/market rent when a tax credit funding program also applies to the unit. The owner/agent is free to charge the tax credit rent if it is higher than contract/market rent.

For Component 1 PH to PBRA RAD, certification submission is required even if the owner/agent is using LIHTC Maximum Rent as TTP. When this is the case, the owner/agent will use the new TC – LIHTC Max Rent Rent Override Code and the owner/agent may not bill for subsidy even when the LIHTC Max Rent is less than Gross Rent (or Contract Rent when there is no UA).

## HAP Payments for Late Recertifications

Residents are required to participate in a compliance review at least annually. Owner/agents are responsible for following all HUD guidance for creation of the Annual Recertification.

While residents MUST report and provide all required documentation before the Next Recert Date (Next Recert Date), owner/agents are given additional time to process ARs.

Residents are compelled to report before the 10th day of the 11th month.

However, residents are still compliant if they report and provide all documentation before the Next Recert Date.

When a resident reports after the 10th day of the 11th month, but before the Next Recert Date, owner/agents may need additional time to complete the tasks required to complete the AR.

If TRACS has not received either an AR, a MO or a TM by the end of the 15th month, TRACS will generate an HQ termination shortly after the beginning of the 16th month.

#### Billing Through the 15th Month

Per HH 4350.3, if the resident reports and provides all required documentation BEFORE the Next Recert Date, the owner/agent is to process the AR.

Sometimes the resident submission is only a day or so before the Next Recert Date. Because of this rule, HUD provides owner/agents with up to 3 additional months to process, complete and submit the AR.

In accordance with HUD policy, as articulated in HH 4350.3, Paragraph 7-6, CAs must pay the most current Assistance Payment amount until the receipt of a new Annual Recertification or until the sixteenth voucher month, the tenant moves out or the tenant is terminated, whichever occurs first.

***Note****: The Contract Administrator is not required to pay when there is evidence that the resident should have been terminated or has moved out.*

Under HUD rules, if there is no new AR, the resident is no longer entitled to subsidy starting with the Next Recert Date.

Unless an AR is submitted, the Effective Date of a MO or TM transaction must be no later than the day before the Next Recert Date.

If there is no new AR the owner/agent may not submit a MO or TM with an Effective Date that is after the Next Recert Date. If the owner/agent continues to bill for subsidy through the 15th month voucher, the CA may not stop paying assistance.

The request must be made based on the Assistance Payment for the most recent certification in effect for months 13-15.

**Example – Submitting AP Requests Through the 15th Month**

* AR due date is 1/1.
* If no new AR, MO or TM is received, the CA pays the most recently calculated subsidy amount for the January, February and March vouchers (months 13, 14 and 15).
* It is assumed that the tenant reported before the anticipated AR date. This may be a flag for an MOR file review.
* If no new AR, MO or TM is completed and submitted, owner/agent may not continue to bill for this resident. Submission of a voucher with a month 16 AP request will result in a FATAL error. **THE ENTIRE VOUCHER WILL BE REJECTED.**
* If the resident is still entitled to continued assistance because there is an Extenuating Circumstance, the owner/agent should follow their own internal process related to submitting an AR without a signature using the appropriate Extenuating Circumstance Code.
* Contract Administrators must not create or submit an AR, MO or TM transaction on behalf of the owner/agent.
* If the owner/agent submits a MO or TM effective before the AR Due Date, yet the owner/agent has been billing for month 13, month 14 and/or month 15, the TM or MO will cause an adjustment reversing the subsidy payments for these months -- (January, February and March in our example).
* The TM or MO must be reflected no later than the month 16 voucher (April if the AR anticipated AR Effective Date is 1/1).

If the recertification delay is a result of Extenuating Circumstances as outlined in this MAT Guide, an AR may be created and transmitted using one of the Extenuating Circumstances Codes. This will prevent TRACS from generating an HQ Termination transaction and “deactivating” the tenant.

When the situation causing the Extenuating Circumstance is resolved, the AR correction is processed and the appropriate adjustments are made on the voucher.

If an owner/agent is not familiar with the Extenuating Circumstances Codes, if legal proceedings delay completion of the AR, or if state tenant/landlord laws prohibit the owner/agent from sending a certification without a tenant signature, then completion of the AR may be delayed more than 90 days. The CA will stop paying subsidy and TRACS will generate an HQ Termination.

In these cases, if the resident is entitled to subsidy based on the anticipated AR date, the CA and TRACS will accept the AR using the original anticipated AR Effective Date, even though that date may be more than 90 days old. TRACS will generate an error with an Action Code 3.

The voucher will be adjusted to correct the Assistance Payment amount starting on the Effective Date of the AR.

Even though TRACS generated an HQ Termination, there is no requirement – and indeed it would be incorrect – for the owner/agent to create and submit a Termination (TM – MAT65) and/or an Initial Certification (IC-MAT10).

This is true regardless of whether the delay is caused by the owner/agent or by the resident. See HH 4350.3 Change 4, Paragraph 7-8.

The following example illustrates what is required on the site voucher for a late recertification when no AR is complete prior to the submission of the voucher for month 16.

**Example - CA Suspension of Payment & Recovery of Subsidy 16th Month Voucher**

Assume a recertification date of January 1 and an assistance from the prior year’s AR (assuming no transactions after the prior AR) of $400.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Voucher Month** | **Month #** | **Assistance Billed** | **CA Payment** | **Adjustment** |
| December | 12 | 400 | 400 |  |
| January | 13 | 400 | 400 |  |
| February | 14 | 400 | 400 |  |
| March | 15 | 400 | 400 |  |
| April | 16 | 0 | 0 | -1,200 |

Other examples include:

**Scenario 1:** If a resident submits appropriate paperwork and signs the AR on or before the effective date, the AR is on time. The AR does not have to be completed a month in advance. For example, if an AR is effective on 10/1 and the resident signs the AR on 9/30 and includes the AR on the November voucher (created on 10/2) the AR is completed on time. There is no penalty assuming that the owner/agent has provided notice in accordance with HUD guidance.

**Scenario 2:** If a resident submits information **on or after** the AR Effective Date and there are no extenuating circumstances, the household **MUST** be Terminated effective the day before the anticipated AR Effective Date. No subsidy will be provided for that month. If the resident still qualifies for assistance, and the resident subsequently submits their information, an IC is created and the Effective Date is the first of the month after information was submitted. Subsequent Annual Certification Effective Dates will be based on the IC Effective Date **not** the original Move in date.

**Scenario 3:** If a resident submits information after the deadline (10th day of the 11th month) and before the AR Effective Date, the AR will still be effective on the Next Recert Date, but the resident has no right to a 30-day Notice of Rent Increase (assuming proper Reminder Notices were provided by the Owner/agent). The owner/agent should make every attempt to complete the AR no later than the effective date, but verification tasks may force the owner/agent to complete the AR after the Effective Date. In this case, the AR is still effective on the original anticipated AR Effective Date and changes are retroactive to that date.

**Example – Late AR – Billing After the 12th Month**

* The Ford household is required to complete an AR every year in September.
* The Ford’s should submit information no later than July 10th.
* The Ford’s actually come in for their AR interview on August 20th. They submitted information late but the owner/agent will still complete the AR with the same effective date. Changes in rent (up or down) will be effective on the AR Effective Date.
* In August, the owner/agent billed, on the September voucher, for the old subsidy.
* It takes the owner/agent 35 days to obtain adequate verification of the information.
* In September, the owner/agent billed, on the October voucher, for the old subsidy
* The Ford’s sign their AR on September 24
* In October, the owner/agent bills for the new subsidy amount and includes appropriate adjustments for September and October

In this example, the owner/agent should be paid on the vouchers, even though the AR is late.

**To summarize:** The 15-month rule permits billing for 3 months after the Next Recert Date when there are Extenuating Circumstances or owner/agent or third-party delay. Billing for month 13 happens prior to the Next Recert Date and before we know if the tenant will appear prior to that date.

There are two main cases:

1. Tenant is late reporting (on or after the AR date)
   1. Presence of extenuating circumstances is not yet known
      1. Continue billing while determining whether extenuating circumstances exist.
   2. There are no extenuating circumstances
      1. Owner/agent is required to terminate assistance effective the day prior to the AR date and raise tenant to contract/market rent. Subsidy may be restarted with an IC effective no earlier than 30 days after the AR date.
   3. There are extenuating circumstances
      1. Billing continues while waiting for the tenant to complete the AR process
      2. At the point of billing for month 16, an AR, MO or TM must be executed by the owner/agent and must be effective the day prior to the AR date.
2. Tenant reports prior to the AR date
   1. No owner/agent or third-party delay
      1. Submit completed AR—may cause an adjustment if month 13 had previously been billed.
      2. Owner/agent or third-party delay (Some delay may be “normal” even if the tenant reports the day prior to the AR date—it takes the usual amount of time to verify and billing for month 14 needs to occur on or before the 10th of month 13)
      3. Billing is permitted for months 13-15.
      4. At the point of billing for month 16, a termination must be executed by the owner/agent and must be effective the day prior to the AR date.

### Extenuating Circumstances Codes On ARs And The Impact On The 15-Month Rule

The new Extenuating Circumstances Codes allow a certification to be sent with an owner/agent signature but no tenant signature. In some cases, the certification will be corrected when the signature is obtained and in other cases there will be no correction (a GR amending a certification for a moved-out household). The general understanding is that such a certification has the same status as a certification with a tenant signature and impacts billing in the same way.

**Examples – Appropriate Use of the Extenuating Circumstance Code**

1. HUD allows Owner/agents to bill during eviction proceedings. Owner/agent transmits an AR without a tenant signature using Extenuating Circumstance Code 6 = Eviction in Progress
2. Head of Household is deployed in Afghanistan and can’t sign the AR. Child is under the care of a friend temporarily residing in the unit. Owner/agent transmits an AR without a tenant signature using Extenuating Circumstance Code 5 = Military Deployment
3. Tenant extenuating circumstances exist at AR time. Owner/agent transmits an AR without a tenant signature using Extenuating Circumstance Code 2 = Late AR due to accommodation or extenuating circumstances.

Given that an Annual Recertification (AR-MAT10) transmitted with an Extenuating Circumstances Code is a permitted transaction, the 15-Month Rule does not apply after the Annual Recertification (AR-MAT10) is sent. The 15-Month Rule applies only in the absence of an Annual Recertification (AR-MAT10).

### Certifications with Effective Dates After the Next Recert Date And Prior To The Submission of an AR

At this writing, there is no clarification on the questions that have been raised concerning the validity of such transactions and subsidy billing related to them. What is known is that HUD permits billing for three months past the Next Recert Date (the 15-Month Rule) and that TRACS currently accepts and processes all transaction types when the Annual Recertification (AR-MAT10) is missing.

However, TRACS does not accept either a Move-Out (MAT40) or a Termination/Suspension (MAT65) effective three or more months after the Next Recert Date (F0181 and F0185). While TRACS does accept an Interim Recertification (IR) effective after the AR date, it does issue a CE029 Action Code 1 error pointing out that the Annual Recertification (AR) is missing.

## First and Last HAP Vouchers

There will be no formal requirements for dealing with first and last HAP Vouchers for 202D. What follows are suggestions for handling these cases in the absence of defined rules.

**First HAP Voucher**

With PRACs, work with the Financial Management Center to get them the transactions that they need.

**Last HAP Voucher**

With respect to the Last HAP case, there is a relatively simple workaround to get to a final Voucher that includes payments for transactions that the cert selection rules prevent from appearing on a HAP.

1. Generate the regular Voucher for the final month of the contract.
2. If there are transactions that would normally appear on the next voucher
   1. Generate the next voucher
   2. Print and retain the next voucher
3. Include the total from the next voucher on the final voucher in the form of an OARQ miscellaneous request.
4. Transmit the final voucher but do not transmit the next voucher.

Note that it may be necessary to generate and print two “next” vouchers if there are any transactions effective after the first of the month on the final month. Also, it is good practice to terminate all households effective on the last day the contract is live. That will cause the second “next” voucher to generate all of the correct adjustments to facilitate the calculation of the OARQ amount on the final voucher.

## TRACS Errors

The current version of TRACS consists of two different systems. The first is server-based and is referred to as the MAT system. It is the first stop for files submitted to TRACS. The second is mainframe-based and referred to as the TRACS system

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. No business edits are performed.

Within 15 minutes after receiving a transmission, MAT will return a file to the sender containing error messages when errors exist. If there are no MAT errors, a file is returned stating that fact. 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/agent. If the CA is responsible for the MAT error or errors, the CA must correct and retransmit.

Once the data are validated by the MAT system, the data are sent to TRACS for overnight tenant and voucher processing. This is where the business edits are done. All error messages are automatically returned via the sender’s iMAX account, and users should review the contents of their mailbox daily.

Because of the requirement to secure any sensitive personally identifiable information for any tenant, it is considered a “best practice” to provide a separate iMAX ID (TRACSMail ID) for each project/contract number. Using a separate iMAX ID for each project/contract number is not a requirement, but rather strongly suggested.

### Resources for Understanding and Solving Payments Error Messages

Refer to **Figure 5-3** 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 5-3: Guide to Understanding and Solving Payments Error Messages**

|  |
| --- |
| **Guide to Understanding and Solving Payments Error Messages** |
| **How to Obtain a Copy of the MAT User’s Guide** |
| The MAT User’s Guide describes the prescribed format for MAT records, 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 <https://www.hud.gov/program_offices/housing/mfh/trx/trxdocs>  Click the link to TRACS Documents and follow the instructions provided. Contact the HUD Multifamily Help Desk Hotline toll-free at 800-767-7588 or via email [tracs@hud.gov](mailto:tracs@hud.gov) with questions or problems. When contacting the Help Desk via email, the owner/agent should not include any personal identifiers in the email. The owner/agent should provide the contract number, unit number and resident last name (if necessary). |

|  |
| --- |
| **Resources** |
| If help is needed submitting data to TRACS, owner/agents 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 owner/agents need further advice on when to submit a correction, deletion, etc. after consulting with their software vendor, they should contact the Multifamily Help Desk toll-free at 800-767-7588 or via email at tracs@hud.gov. When contacting the Help Desk via email, the owner/agent should not include any personal identifiers in the email. The owner/agent should provide the contract number, unit number and resident last name (if necessary).  When the problem is other than a systems issue, such as a late contract renewal or insufficient funding, owner/agents should contact their Contract Administrator or the appropriate HUD Office. |

|  |
| --- |
| **Error Message Basics** |
| The reference materials available on the HUD TRACS website provide additional information about errors and messages and also provide instructions explaining follow-up actions. If an owner/agent cannot resolve a problem on their own, the software vendor should be able to assist in resolving the problem and enable owner/agents to either resubmit their original transaction or submit a correction to the original submission. |

## CA MAT30s - When Is a Single Vs a Double Record Created and Returned?

Starting with the release of TRACS version 202D, CA software is required to create a full set of MAT30 records that are returned to Owner/agents and sent to TRACS. In other words, a copy of the electronic voucher sent to TRACS must also be sent to the owner/agent using the same required MAT Record format.

Owner/agents will use the records to assist in reconciling the site and CA HAP vouchers. In order to ensure consistency among the CA software vendors in how they implement these records, this section details the rules for when CA software creates a single record and when it creates two records.

Until we gain experience with the processes, what we are calling a “full match” of field data is required for a single record to be returned. If there is not a full match, the CA will return the site request record, setting the Paid Amount field to $0.

Additionally, a second record will be created indicating what the CA is actually paying. If there is a full match, the site request record is sent back to the site with the Paid Amount field filled with the amount of the CA payment.

The CA may pay an amount less than, equal to or greater than the site requested amount based on HUD guidance.

A $0 paid amount is possible in this case and would indicate that the CA is rejecting the site request if the site request is non-zero.

A full match is defined as the data in all key fields of the site and CA record matching perfectly. The key fields that are included in the match decision are listed below for each of the Section 3-7 record types.

An “Owner/agent Record” is defined as one that was sent by the site software. A “CA Record” is defined as one created by the CA software as a result of a lack of a full match with an owner/agent Record. There will always be an owner/agent Record corresponding exactly to what the site submitted with the exception of the Paid Amount field. There may or may not be a CA Record.

In addition, if the CA is paying for something unrelated to an owner/agent request, there would only be a CA Record.

There are two scenarios when the owner/agent submits a record:

**Scenario 1: There Is a Full Match**

The CA returns an owner/agent Record only. The only field that might differ from the original owner/agent Record is the Paid Amount field. The paid amount can have any value including $0. If the CA is paying exactly what the owner/agent requested, then the Requested Amount and the Paid Amount fields will be equal.

**Scenario 2: There Is Not a Full Match**

The CA returns an owner/agent Record consisting of the site record as submitted with the Paid Amount field filled with $0. The CA returns a CA Record with the Requested Amount set to $0 and the owner/agent Vendor Data field left blank. The Paid Amount will be whatever the CA is paying.

Key Fields are indicated below with an asterisk.

**Section 3 Record—Assistance Payment Detail:**

Last Name\*

First Name\*

Middle Initial\*

Unit Number\*

Bedroom Count\*

Contract Rent\*

Utility Allowance\*

Certification Type\*

Correction Flag\*

Cert Effective Date\*

Requested Amount

Paid Amount

owner/agent Vendor Data

**Section 4 Record—Adjustment Payment Detail:**

Last Name\*

First Name\*

Middle Initial\*

Unit Number\*

Billing Type\*

New Certification\*

Certification Type\*

Correction Flag\*

Effective Date\*

Assistance Payment\*

Adjustment Start Date\*

Adjustment End Date\*

Requested Amount

Paid Amount

owner/agent Vendor Data

CA Initiated (Will be blank for an owner/agent Record and ‘Y’ for a CA Record)

**Section 5 Record—Approved Special Claim:**

Claim Type Code\*

Claim ID\*

Claim Amount

Paid Amount

owner/agent Vendor Data

**Section 6 Record—Miscellaneous Accounting Request:**

Misc. Request Type\*

HOH Last Name\*

HOH First Name\*

Unit Number\*

Misc. Request Amount (The owner/agent request)

Comment\*

Paid Amount

owner/agent Vendor Data

**Section 7 Record—Repayment Agreement:**

Record Type\*

Head Last Name\*

Head First Name\*

Unit Number\*

Agreement ID\*

Agreement Date\*

Agreement End Date\*

Transaction Type\*

Status\*

Beginning Agreement Amount\*

Agreement Change Amount\*

Ending Agreement Amount\*

Beginning Balance\*

Total Payment\*

Ending Balance\*

Amount Retained\*

Amount Requested

Paid Amount

Owner/agent Vendor Data

## Special Claims

Owner/agents must refer to the [Special Claims Guide](https://www.hud.gov/program_offices/administration/hudclips/guidebooks/HSG-06-01) and subsequent guidance provided by HUD when processing a request for a Special Claim.

See HUD Forms 203AHUD52671A.pdf, 203AHUD52671B.pdf and 203AHUD52671C.pdf.

See the chart below to determine which types of claims the project is eligible to submit to the Contract Administrator (CA) or HUD.

|  |  |  |
| --- | --- | --- |
| Special Claims Types | Eligible Project/Contract Types | 24 CFR\* Section |
| HUD-52671-A  Unpaid Rent/Damages  Not mentioned in SPRAC/811PRA documentation but indicated on form. | Section 8, Section 202/8, Section  202 PAC, Section 202 PRAC  SPRAC ?? 811 PRA??(??)  Section 515/8? | 880.608(f)  884.115(a)  886.116(a)  886.315(d)  891.435(c)  891.635  891.775 |
| HUD-52671-B  Vacancies during Rent-up | Section 202 PRAC, Section 811 PRAC  811 PRA (Grantees decision) | 891.445(b) |
| HUD-52671-C  Vacancies after Rent-up | Section 8, Section 202/8, Section  202 PAC, Section 202 PRAC,  Section 811 PRAC  SPRAC (YES)  811PRA (Grantees decision )  Section 515/8 (YES) | 880.611(c)  884.106(c)  886.109(c)  886.309(d)  891.445(c)  891.650(c)  891.790(c) |
| HUD-52671-D  Debt Service | Section 8, Section 202/8, Section 515/8, Section 202 PAC | 880.611(d)  884.106(d)  886.309(g)  891.650(d)  891.790(d) |

Submitting and receiving payment for Special Claims is a three-step process.

* 1. Use the appropriate claim forms to create and submit claims to the Contract Administrator (CA) or HUD. The claim(s) must also have a completed HUD-52670-A, part 2 accompanying the claim(s).
  2. The CA or HUD reviews the claims and determines whether claim(s) submitted should be Approved, Adjusted or Denied.
  3. The CA or HUD also assigns Special Claims ID numbers to the claims. This Special Claims ID number will be used when submitting a HUD-52670-A, part 5 (Approved Special Claims) form with a HAP Voucher. The CA or HUD will return the claims to the O/A for submission on a subsequent HAP Voucher.

For an approved claim, the owner/agent has 90 days from the date the claim was approved to request payment for that claim on a HAP Voucher. If a claim is adjusted or denied, the owner/agent may appeal the decision. The appeal process is explained in the [Special Claims Processing Guide](https://www.hud.gov/program_offices/administration/hudclips/guidebooks/HSG-06-01).

Once the owner/agent receives approval, the owner/agent will process a HUD-52670-A, part 5 (Approved Special Claims) form and include it as part of the HAP Voucher submission.

### Special Claims For PRACs & 811 PRAs – Need to expand for all programs

The Special Claims forms used to refer to the use of Contract Rent for non-PRAC situations and to Operating Rent for PRACs. The Handbook defines Operating Rent as Contract Rent plus Utility Allowance. The three forms updated for 2.0.3.A revise the instructions on how to fill fields that used to refer to Operating Rent. “For PRAC projects, if the tenant pays utilities separately, the Contract Rent is the Operating Rent (operating cost) minus the HUD-approved utility allowances. If all utilities are included in the rent, the Contract Rent is the Operating Rent.” The forms are also applicable to the 811 PRA program.