I. Introduction

The HUD 4350.3 REV-1 Handbook, Figure 6.6 lists the amount of security deposit to collect from tenants at MI (move-in). Because the revision lists multiple Section 8 programs, current TRACS logic is being revised to comply with the guidelines and collect security deposits from Section 8 tenants by both subsidy and program type. The matrix chart, messages, and security deposit logic sections of this document have been updated to reflect the proposed modifications.

For Section 8, PAC, and PRAC units, collection of a correct security deposit amount is a prerequisite to receiving approval for special claims.

To inform the Industry that TRACS now collects security deposits, discrepancy CE131 will be generated if a MAT10 transaction other than an MI is submitted with a security deposit of $0.

If the certification is an MI, use the matrix table to discern the amount of security deposit expected and the discrepancy code returned if the submitted deposit differs from the expected amount.

Logic for non-Section 8 programs will continue to use subsidy type to determine the security deposit amount for 202 PRAC (7), 811 PRAC (8), and 202 PAC (9) subsidy types. The logic, however, will be revised to be more specific in the amount requested.

Section 8 logic will be replaced by new logic that uses program guideline id, an attribute in the F87PTRENTASSTCNTR table, along with subsidy type to determine the security deposit amount.

In order to comply with the guidelines of the 4350.3 Handbook and the more stringent requirements of collecting Sec 8 security deposits, each Sec 8 program is identified by a program guideline id (an attribute associated with each contract in the F87PTRENTASSTCNTR table). To determine the security deposit collection amount for, TRACS will use the:

1. Subsidy type reported in the mat transaction to determine the security deposit amount for PACs and PRACs.

2. Program guideline id that is associated with the contract number stored in a TRACS reference table and identifies the Sec 8 program, which determines the security deposit amount.

II. Security Deposit Matrix

Security Deposit Matrix Chart for Move-In Certifications

<table>
<thead>
<tr>
<th>Subsidy Type</th>
<th>Program</th>
<th>Security Deposit Amount</th>
<th>Discrepancy Code</th>
<th>Program Guideline Id</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Section 8 Loan Management Set-Asides</td>
<td>An amount up to, but not greater than, 1 month’s TTP</td>
<td>CE261</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sec 8 New Construction (With AHAP executed before 11/5/1979)</td>
<td>1 month’s TTP</td>
<td>CE259</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Sec 8 New Construction FmHA (RHS 515 with Section 8)</td>
<td>1 month’s TTP</td>
<td>CE259</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Sec 8 Substantial Rehab (With AHAP before 2/20/1980)</td>
<td>1 month’s TTP</td>
<td>CE259</td>
<td>7</td>
</tr>
</tbody>
</table>
**Subsidy Type** | **Program** | **Security Deposit Amount** | **Discrepancy Code** | **Program Guideline id**
--- | --- | --- | --- | ---
Section 8 Property Disposition | Provided with sale of HUD-owned property | Greater of:  
1) 1 month’s TTP, or  
2) $50; | CE260 | 2, 15, and 16
Section 202 with Section 8 or PAC | | Greater of:  
1) 1 month’s TTP, or  
2) $50; | CE260 | 4, 10, 11, 17, 18, and 21
Sec 8 State Agency with AHAPs on or after 02/29/80 | | Greater of:  
1) 1 month’s TTP, or  
2) $50; | CE260 | "6"
Sec 8 State Agency with AHAP before 02/29/80 | | 1 month’s TTP | CE259 | "9"
Sec 8 New Construction (With HAPs executed on or after 11/05/1979) | | Greater of:  
1) 1 month’s TTP, or  
2) $50; | CE260 | "3"
Sec 8 Substantial Rehab (With HAPs executed on or after 02/20/1980) | | Greater of:  
1) 1 month’s TTP, or  
2) $50; | CE260 | "7"
7 202 PRAC | Greater of:  
1) 1 month’s TTP, or  
2) $50; | CE252 | None
8 811 PRAC | | | |
9 202 PAC | | | |

**See Section IV. Security Deposit Amounts for programs 3, 6, 7, and 9 depend on AHAP/HAP effective dates.**

### III. Messages

The following specifications mirror the security deposit matrix chart on the following page.

**CE131 (Action Required Code of 3)**

“Security Deposit is now being collected by TRACS”

**CE252 (Action Required Code of 3)**

“Security Deposit Should Equal the Greater of Total Tenant Payment or $50.”

- Security Deposit: (MAT Security Deposit)
- Subsidy Type: (MAT Subsidy Type)
- Total Tenant Payment: (If Subsidy Type = 7, 8, or 9)

**CE259 (Action Required Code of 3)**

“Security Deposit for this Section 8 Program Should Equal One Month’s TTP.”

- Security Deposit: (MAT Security Deposit)
- Subsidy Type: (MAT Subsidy Type)
- Total Tenant Payment: (If Program Guideline ID = 3, 5, 7, or 9)

**CE260 (Action Required Code of 3)**

“Security Deposit for this Sec 8 Program Should Equal the Greater of TTP or $50.”
IV. Business Security Deposit Logic

The Section 8 subsidy programs identified by program guideline ids 3, 6, 7, and 9 collect either of two security deposit amounts depending on whether the subsidy began before a specified date or on/after a specified date (see Program in the matrix chart).

IF certification type IS NOT EQUAL TO “MI”
    IF security deposit = 0
        Escape to logic for generating CE131

ELSE IF certification type IS EQUAL TO “MI”
    IF subsidy type = 7, 8, or 9
        (The security deposit amount = the greater of TTP or $50)
        IF Security Deposit is not the greater of TTP or $50
            Escape to logic for generating CE252

ELSE IF subsidy type = 1
    (TRACS will look up the contract number in a table that identifies its program type.)
        IF contract’s program guideline id = 1
            (The security deposit = an amount up to, but not greater than, 1 month’s TTP)
            IF Security Deposit Amount is greater than TTP
                Escape to logic for generating CE261

ELSE IF contract’s program guideline id = 3
    IF AHAP effective date is filled
        IF AHAP effective date IS LESS THAN OR EQUAL TO “1979-11-05”
            (The security deposit amount = 1 month’s TTP)
            IF Security Deposit Amount is not equal to TTP
                Escape to logic for generating CE259

    ELSE IF AHAP effective date IS GREATER THAN “1979-11-05”
        IF HAP execute date IS GREATER THAN or EQUAL TO “1979-11-05”
            (The security deposit amount = the greater of 1 month’s TTP or $50)
            IF Security Deposit Amount is not equal the greater of TTP or $50
                Escape to logic for generating CE260

    ELSE IF AHAP effective date is blank
        IF HAP execute date IS GREATER THAN or EQUAL TO “1979-11-05”
            (The security deposit amount = the greater of 1 month’s TTP or $50)
            IF Security Deposit Amount is not equal the greater of TTP or $50
                Escape to logic for generating CE260

ELSE IF contract’s program guideline id = 5
    (The security deposit amount = 1 month’s TTP)
    IF Security Deposit Amount is not equal to TTP
        Escape to logic for generating CE259
ELSE IF contract’s program guideline id = 6, 9
  IF AHAP effective date is filled
    IF AHAP effective date IS LESS THAN OR EQUAL TO “1980-02-29”
      (The security deposit amount = 1 month’s TTP)
      IF Security Deposit Amount is not equal to TTP
        Escape to logic for generating CE259
    ELSE IF AHAP effective date IS GREATER THAN “1980-02-29”
      IF HAP execute date IS GREATER THAN or EQUAL TO “1980-02-29”
        (The security deposit amount = the greater of 1 month’s TTP or $50)
      IF Security Deposit is not equal the greater of TTP or $50
        Escape to logic for generating CE260
  ELSE IF AHAP effective date is blank
    IF HAP execute date IS GREATER THAN or EQUAL to “1980-02-29”
        (The security deposit amount = the greater of 1 month’s TTP or $50)
    IF security deposit amount is not equal the greater of TTP or $50
      Escape to logic for generating CE260

ELSE IF contract’s program guideline id = 7
  IF AHAP effective date is filled
    IF AHAP effective date IS LESS THAN OR EQUAL “1980-02-20”
      (The security deposit amount = 1 month’s TTP)
      IF Security Deposit Amount is not equal to TTP
        Escape to logic for generating CE259
    ELSE IF AHAP effective date IS GREATER THAN “1980-02-20”
      IF HAP execute date IS GREATER THAN or EQUAL TO “1980-02-20”
        (The security deposit amount = the greater of 1 month’s TTP or $50)
      IF Security Deposit is not equal the greater of TTP or $50
        Escape to logic for generating CE260
  ELSE IF AHAP effective date is blank
    IF HAP execute date IS GREATER THAN or EQUAL to “1980-02-20”
        (The security deposit amount = the greater of 1 month’s TTP or $50)
    IF security deposit amount is not equal the greater of TTP or $50
      Escape to logic for generating CE260

ELSE IF = contract’s program guideline id = 2, 4, 10, 11, 15, 16, 17, 18, or 21
  (The security deposit amount = the greater of 1 month’s TTP or $50)
  IF Security Deposit is not equal the greater of TTP or $50
    Escape to logic for generating CE260