2019 Georgia Owner/Agent Meeting
August 13, 2019

Working Cooperatively
with Our Industry Partners
# GA Owner/Agent Meeting Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:45 p.m.</td>
<td>Welcome &amp; Introductions</td>
<td>Valerie Todaro</td>
<td>Chief Executive Officer</td>
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<tr>
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<td>National Housing Compliance</td>
</tr>
<tr>
<td>1:00 p.m.</td>
<td>GA HUD Updates</td>
<td>Mark Dominick</td>
<td>Director, Asset Management</td>
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<td>U.S Department of Housing and Urban Development</td>
</tr>
<tr>
<td>1:15 p.m.</td>
<td>HUD Draft Notice – Electronic Signature,</td>
<td>Jeff Wirrick</td>
<td>Chief Asset Management Officer</td>
</tr>
<tr>
<td></td>
<td>Transition &amp; Storage</td>
<td></td>
<td>National Housing Compliance</td>
</tr>
<tr>
<td>1:30 p.m.</td>
<td>Navigating Compliance</td>
<td>John Nocheherly</td>
<td>Compliance Manager</td>
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<td>National Housing Compliance</td>
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<tr>
<td>2:15 p.m.</td>
<td>Voucher Processing</td>
<td>Deonna Wheeler</td>
<td>Voucher Financial Manager</td>
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<td>National Housing Compliance</td>
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<tr>
<td>2:45 p.m.</td>
<td>Award Ceremony</td>
<td>Valerie Todaro</td>
<td>Chief Executive Officer</td>
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<td>National Housing Compliance</td>
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<tr>
<td>2:50 p.m.</td>
<td>BREAK</td>
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<td>3:00 p.m.</td>
<td>Rent Adjustment Best Practices/Gross Rent</td>
<td>Kim Lance</td>
<td>Director, Asset Managers</td>
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<tr>
<td></td>
<td>Changes</td>
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<td>National Housing Compliance</td>
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</table>
Navigating Compliance

National Housing Compliance
John Nocheherly
Senior Compliance Manager
“Raising the Bar in Compliance”
ABLE Accounts
Notice H 2019-06

- **Achieving Better Life Experience Act** of 2014 (ABLE Act) issued on 5-6-2019.

- Applicable to Project-based Section 8:
  - 202/8, RHS, LMSA, PDSA, and RAD/PBRA
  - Also, LIHTC and Section 236

- It’s a savings account established for the benefit of an eligible individual and maintained under a qualified ABLE program.

- Contributions may be made to a tax-advantaged ABLE savings account to provide for the qualified disability expenses of the designated beneficiary.

- A designated beneficiary must be a person with disabilities which began prior to his/her 26th birthdate and meets statutory eligibility requirements.
ABLE Accounts
Notice H 2019-06 (Continued)

- ABLE accounts are excluded from the calculation of income & Assets for the purpose of eligibility and continued occupancy.
- Actual or imputed interest income on the ABLE account balance are not counted as income.
- Distribution from the ABLE account are not considered income.
- However, a portion of the beneficiary’s wages that is directly deposited in the ABLE account, is counted as income.
- Pre-tax employer contributions to the ABLE account (that are not deducted from wages) are not counted.
- Contributions from others such as friends and family members, deposited directly into the ABLE account are not counted.
Working with Owners & Residents
Memorandum 7-8-2019

- Owner’s responsibility to notify residents of physical inspection
  - Owners must notify residents of any planned physical inspection of their units or the housing development in general.
  - Resident should be given at least 24-hour notice of planned physical inspection unless state and/or local law requires more than a 24-hour notice.
  - HUD encourages owners to give as much advance notice as possible to residents.
Owners must make the physical inspection report and all related documents available to residents during business hours and upon requests for review and copying, once the review appeal period (30 days) and database adjustment appeal (45 days) time period has expired.

Related documents include but, are not limited to:

- Notice of Default (NOD) of Housing Assistance (HAP) contract, or
- Notice of Violation (NOV) of Regulatory Agreement, if the owner received one.
- The “Owner’s Certification that the physical condition of the project is in compliance with HUD contracts and Physical Condition Standards along with 100% survey of the project, as requested in an NOD or NOV.
- Owner’s plan of corrective action, if one was submitted.
Once the final score is issued, the owner must make any additional information, such as the results of any re-inspections, technical review and database adjustment appeal requests available for review and copy by residents upon reasonable request during regular business hours.

All documents must remain available for review for 60 days from the date of the final score was issued.

The owner must also post a Notice in management office and on bulletin board in all common areas that advises the residents of the availability of the material noted above.

The Notice should include the name, address, and telephone number of the HUD Field Office Account Executed or Resolutions Specialist.
Implementation of New House Rules Memorandum 7-8-2019 (continued)

- House Rules are the owner’s written and displayed policies outlining the residents’ responsibilities.

- House Rules establish normal conduct for owners, management agents, and residents at the property and provide the rules for areas of mutual interest.

- Owners and management agents are encouraged to consult their residents before establishing or making significant changes to the House Rules.

- It is in the best interest of owners, management agents and residents to work collaboratively in development of the House Rules that are fair, practical, and effective in supporting a safe, sanitary and decent living environment.

- all residents must receive a copy of the House Rules and have opportunities to ask questions to ensure they understand the policies.
Implementation of New House Rules
Memorandum 7-8-2019 (continued)

- House Rules are not reviewed by HUD Asset Management staff unless they are the subject of a tenant complaint or other concern about a property’s management.

- House Rules must be consistent with the HUD Model Lease, any applicable Use Agreement, and in accordance with residents’ rights under federal, state and local law.

- HUD staff and/or the Performance Based Contract Administrator (PBCA) will work with an owner to resolve any issues that are inconsistent with these requirements.
Owner Responses to Tenant Complaints
Memorandum 7-8-2019 (continued)

- When an owner or management agent submits a written response to a resident complaint to HUD or the PBCA, a copy of that response should be provided to the person who made the complaint, if requested.

- Since the owner’s response may contain references to a tenant’s personal information or circumstances, all applicable HUD privacy procedures must be followed in order to provide a copy of the response to anyone other than the person who made the original complaint.
Owner Self-Certification of Completed Repairs and EH&S Findings
Memorandum 7-8-2019 (continued)

- Resident advocates have raised concerns about owner self-certification of completed repairs.

- Owners and management agents are encouraged to submit supporting documentation with their reports identifying and certifying completion of repairs, such as:
  - Photographs taken before and after repairs.
  - Work orders or invoices from the contractor whom completed the repairs.
  - Letters from relevant tenant organizations satisfied with the repairs.
  - The HUD staff and PBCAs may request supporting documentation, at their discretion.

- If you have any questions, please contact Brandt Witte at (202) 402-2614 or Brandt.T.Witte @hud.gov.
The Waiting List

- The waiting list is created to ensure that applicants are appropriately and fairly selected for the next available unit.

- The Tenant Selection Plan must describe how the waiting list is managed and maintained.

- Any changes made in the waiting list, action taken or an activity specific to an applicant must be noted on the waiting list.

- The waiting list must be maintained in an auditable fashion. An independent reviewer should be able to:
  - Find an applicant on the waiting.
  - Readily confirm that an applicant was housed at the appropriate time based on unit size needs, preferences and income targeting.
  - Trace various actions taken with respect to a family’s application for tenancy.
The Waiting List (Continued)

- Data included on the waiting list:
  - Date & time the applicant submitted the applications.
  - Name of head of household.
  - Annual income level.
  - Identification of the need for an accessible unit and accessible features.
  - Preference status.
  - Unit size.
The Waiting List (Continued)

- An owner must not skip over a family that has reached the top of the list and has indicated a need for certain unit accommodations because of a disability.
- The owner must notify the household whenever any unit becomes available, without regard to unit accessibility.
- Owners must periodically update the waiting list and/or require applicants to contact the property every six months in order to stay on the waiting list.
The Waiting List (Continued)

- Owners may maintain a manual waiting list; however, the list must be maintained as a permanent record, which means:
  - It must not be re-written.
  - It must be maintained in a manner that cannot be easily altered.
  - It must be kept in a manner that can be audited.
  - It must provide an easily viewable record of the date/time of application and date/time of selection from the waiting list.

- Owners may maintain an electronic waiting list. The electronic waiting list must:
  - Have a mechanism for maintaining the date/time or each applicant’s placement on, or selection from the waiting list and document changes made to the list.
The Waiting List (Continued)

The procedures for opening and closing the waiting list should be described in the Tenant Selection Plan.

The waiting list may be closed for one or more unit size when the average wait time is excessive. However, the owner must:

- Advise potential applicants that the waiting list is closed.
- Publish a notice to that effect in a publication likely to be read by potential applicants.
- The notice must state the reasons for not accepting additional applications.

Opening the waiting list requires that the owner publish a notice in a publication.

- The notice should list the rules for applying and the order in which applications are processed, including where and when to apply.
Resident Concerns

- Residents contact NHC when their concerns are not resolved by the on-site manager or the owner/management agent.
- Residents may contact NHC by phone, emails or letters.
- Resident concerns are generally related to:
  - Property management policies and procedures.
  - Calculation of income & rents.
  - Repairs.
- NHC will act accordingly to resolve the concerns by:
  - Providing information to the tenant.
  - Contacting the O/A to gain an understanding of O/A’s position.
  - Propose a solution.
- Life-threatening concerns are handled immediately and given highest priority.
Responding to MORs

- Upon completion of the onsite review (MOR), the compliance manager prepares a MOR Report, which is sent to the owner/agent within 30 days from the date of the Review.

- No action is needed for MOR Reports that don’t include any findings.

- MORs including findings requires the O/A to take action to correct the findings, and prepare a response to NHC within 30 days from the date the MOR report was sent.

- If/when the O/A’s response indicates that all deficiencies were corrected, the MOR is closed and a Clear letter is sent to the O/A confirming that the MOR has been closed.
Responding to MORs (Continued)

- O/A’s response(s) is/are sent to NHC’s dedicated email address:
  - mordocs@nhcinc.org

- Proper delivery will ensure that the O/A’s response is placed in the appropriate property files.

- Proper delivery requires that:
  - The correct property ID number is entered in the subject line.
  - The size of the email including attachment does not exceed 25 Megabytes (25 MB) or 25,000 Kilobytes (KB).
Responding to MORs (Continued)

- If the Owner’s response is not received within 30 days, NHC will send a No Response letter as a reminder.
- NHC will send an Additional Actions Letter if the owner’s response does not adequately address all of the findings in the MOR report.
- O/A must respond to No Response letters and Additional Actions letters within 10 days.
Common Findings

1. EIV Owner’s letter, UAAF, CAAF and Cyber Awareness Training.

2. Master files:
   - New Hire Report (Quarterly)
   - Multiple Subsidy Report (Quarterly)
   - Deceased Tenant Report (Quarterly)
   - Failed EIV Pre-Screening Report (Monthly)
   - Failed Verification Report (Failed SSA Identity Test) (Monthly)

3. Documenting actions taken to resolve EIV discrepancies.

4. Applications no date/time received.

5. HUD form 50059 not signed/dated & not in the tenant files.
Common Findings (Continued)

6. Unit inspections not done, not signed/dated, and no completion date.

7. Existing Tenant Search not printed or printed after tenants move-in.

8. Missing or incomplete HUD form 9887 (Consent Form).


10. Repeat Findings.
Voucher Processing

National Housing Compliance
Deonna Wheeler
Voucher Financial Manager

“Raising the Bar in Compliance”
Voucher Processing Reminders

- Owner/Agents are to submit vouchers between the 1st and the 10th of the month.
- Do not submit your next voucher until you have received/reconciled the previous months voucher.
- PHA/OAs are paid 1st business day in the following month:
  - If received after the 10th; PHA/OAs are paid within 20 days of submission.
Voucher Processing Reminders

- Reconcile the TRACS Certification Query each month to ensure all submitted TRACS files have been recorded properly
- Review your TRACS Certifications with Discrepancy Report
- Review your TRACS messages
- Review your TRACS Voucher Tenant Compliance Query compliance percentage weekly
May 1, 2019 NHC implemented a new checklist for Special Claims request.

Submit Claim requests and appeals to: specialclaimsGA@nhcinc.org

Submit following the naming convention:

- GA06T1000000 – V – 770  (Vacancy Claim)
- GA06T1000000 – D – 770  (Damages Claim)

Each file must contain all documentation necessary to verify the claim eligibility. Call your Voucher Analyst to discuss, in advance of sending an incomplete packet.
Special Claims Reminders

- A claim must be submitted within **180 days of RFO**
  - 180 days from the date the vacated unit is available for occupancy.
- Three attempts are allowed to get the claim processed
  - Initial submission
  - Resubmission
  - Appeal (must be submitted within 30 days of denial or adjusted notice)
- When submitting an Appeal, you must submit the entire packet, not just missing items
- Claims will be processed within **30 calendar days**
- Approved claims should be applied on the next voucher
Special Claims Errors

- Incorrect Ready for Occupancy Dates
  - Incomplete finish dates on maintenance log
- The original signed MI 50059 not submitted
  - Can request a waiver to HUD
- Security Deposit
  - Not accounting for a forfeited security deposit
  - Not proof of security deposit amounts collected
- No TRACS report or Certification Query
- Waiting List Submission
  - Evidence of not working the waitlist
  - Not provided
  - Missing the tenant that moved in
Special Claims Best Practices

- Follow the HUD Special Claim Processing guidebook and NHC checklist instructions;

- Review calculations and dates for accuracy (e.g., Did I use the correct ready for occupancy date? Did accurately account for the security deposit?)

- Review TRACS report to ensure that the applicable household are listed (the certifications must appear in TRACS)

- Apply security deposit interest to the tenant’s account;

- Submit claim within the required timeframe;

- Ensure that the applicable HUD form(s) are signed and dated.
HUD 50059

Full Certifications

“Raising the Bar in Compliance”
Completing Certifications

- Instructions for completing the 50059 are available at https://www.hud.gov/program_offices/administration/hudclips/forms/hud5
- Additional information is available in MAT Guide Chap. 5
- MAT guide is rewritten for TRACS 203A to accommodate RAD
Form HUD 50059

 Owners calculate TTP at various times:

- Prior to occupancy by an applicant
  - (Move In (MI) MAT 10)
- Households HAP was terminated and now qualifies for subsidy
  - (Initial Certification (IC) MAT 10)
- Every year for residents
  - (Annual Recertification (AR) (MAT 10)
- Change in income or household composition
  - (Interim Recertification (IR) MAT 10)
Full Certifications = MAT 10

- Move In (MI) MAT 10
- Initial Certification (IC) MAT 10
- Annual Recertification (AR) MAT 10
- Interim Recertification (IR) MAT 10

- These certifications are submitted by the O/A to the Contract Administrator.
- O/As should submit Tenant TRACS files as each certification is completed.
HUD 50059 - A

Partial Certifications
Partial Certifications

- Move Out (MO) MAT 40
- Unit Transfer (UT) MAT 70
  - When no change in income or composition
- Gross Rent Change (GR) MAT 70
  - Change to contract rent or utility allowance
- Termination (TM) MAT 65
  - Household no longer qualifies for subsidy due to; Ineligibility, Lease Violation, or Income increases resulting in zero HAP
Transmitting Tenant Files

TRACS
TRACS – Tenant Files

- TRACS accepts two types of TRACS files:
  - TRACS Tenant files
    - Tenant files can be sent at any time during the month and may; and include any completed 50059 or 50059A transactions.
  - TRACS Voucher files
    - Voucher files are generally sent once a month and include HAP submission files.
TRACS Processing Order

- TRACS processes files in certain order
- **Voucher files** are processed before any other files
- **Tenant files** are processed in order below:
  - 1st - Move Outs (MAT 40)
  - Next – Terminations (MAT 65)
  - Next – Full Certifications (MAT 10)
  - Next – Unit Transfers/Gross Rents (MAT 70)
- TRACS considers last transaction as the current action
TRACS Submission Errors

- When submitting multiple TRACS Tenant Files, they may fatal based on sequence and may require a resubmission
- Most software allow you to “Send All” or “Mark Specific” TRACS tenant files
- PHA/OAs should review files to determine which option is best
Retroactive Certifications

When you need a retroactive certification

- Unreported income or other instances where you have to have a tenant return overpaid HAP
- Correction to existing certification
- Applying a Retroactive Gross Rent change

- If transmitted in the order things, no problem.
- However, when a retroactive certification has to be created TRACS may not accept as intended
Gross Rent Changes

- Gross Rent change transactions are generally submitted for the entire property at one time.
- The residents Tenant Rent will change only when the Utility Allowance changes
  - If the TR and UA change, the HOH is required to sign the 50059A.
  - All adults must sign a corrected 50059
- PHA/OAs must know that applying a GR will create a correction to any existing certification with an Effective Date on or after the GRC Effective Date
Gross Rent Changes

- The GR changes are effective to coincide with contract anniversary date per HAP Contract language.
- Gross Rent certifications (50059-A) effective dates must match rent schedule executed by PBCA/HUD.
- PBCA/HUD will reject the files if the effective date does not match PBCA/HUD executed rent schedule.
Unique Situations

When you come across a unique issue, contact your Software vendor for help.

Before implementing creative solutions please also contact your Voucher Analyst for additional guidance.
TRACS Troubleshooting

No Payment Received….Let’s research why
TRACS Queries

Queries/Reports

Voucher
- Contract/Project Based Voucher Summary Query
- Voucher Detail/Summary Reports
- Voucher Query
- Voucher Tenant Compliance Query

Tenant
- Assistance Payment Query
- Certification Query
- Certifications with Discrepancies Query
- Late Recertification Query
- Move-In/Move-Out Query
- Multiple Occupancy Query
- Project Evaluation Query
- Tenant Unit Address Query
- Verification Query
<table>
<thead>
<tr>
<th>Certification Query</th>
<th>Displays the most current active household certification within the past 15 months.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification History List</td>
<td>Allows Owners and CA ability to review the certification history for a household in the project.</td>
</tr>
<tr>
<td>Certification Discrepancies Report</td>
<td>Report contains information for Owner or CA on certifications containing discrepancies and gives information for corrections.</td>
</tr>
<tr>
<td>Late Rectification Report</td>
<td>Query lists households within your project that are late in recertifying.</td>
</tr>
<tr>
<td>Move-In/Move Out Query</td>
<td>Provides a list of all move-ins and move-outs for a specific property</td>
</tr>
<tr>
<td>Voucher Query</td>
<td>Allows for Owners and CA the ability to retrieve detailed information regarding vouchers that have been submitted for payment.</td>
</tr>
</tbody>
</table>
TRACS Audit

- There are two tests conducted by TRACS before a voucher can be paid:
  - The voucher must be in TRACS
  - The property compliance must be 90% or above
- TRACS requires certifications to be present in order to forward the voucher to the Treasury for payment
- To complete a TRACS audit, take the voucher (HUD 52670) and compare the detailed information to the information in TRACS Certification Query
TRACS and EIV

- The TRACS Certification Query is also used to investigate EIV issues
- PHA/OA’s are to review EIV Income Reports within 90 days of submission of a MI when completing AR and IR
- If the message stating “no 50059 record was found” either:
  - The most recent certifications has not been accepted in TRACS or
  - The SSN is wrong
Compliance Percentage

HUD takes the number of active certifications in TRACS and divides that number by the number of units receiving subsidy on the last voucher; calculated nightly.

- In order to receive HAP payments, a property’s compliance percentage must be at least 90%.
- CA’s perform monthly voucher audits comparing information transmitted to TRACS against information the CA has transmitted.
- The compliance percentage is displayed on the TRACS Certification and TRACS Tenant Voucher Query reports.
- PHA/OAs should check TRACS Certification Query after each voucher is submitted to ensure receipt.
Compliance Percentage

- The compliance percentage is displayed on the TRACS Certification Query and TRACS Voucher Tenant Compliance Query.

TRACS Voucher Tenant Compliance Query

“Raising the Bar in Compliance”
## TRACS Active Certifications

<table>
<thead>
<tr>
<th>Tenant Name</th>
<th>SSN</th>
<th>Unit Number</th>
<th>Effective Date</th>
<th>Cart Type</th>
<th>Action Code</th>
<th>Action Code</th>
<th>Action Code</th>
<th>Action Code</th>
<th>TRACS Process Date</th>
<th>AP</th>
<th>TIP</th>
<th>Annual Income</th>
<th>Adjusted Income</th>
<th>Gross Rent</th>
<th>Assist Status Code</th>
<th>Previous Contract Number</th>
<th>Subsidy Type</th>
<th>Project or Contract Number</th>
<th>Next Recert Date</th>
<th>Bedroom Count</th>
<th>Over/Under</th>
<th>Move In Date</th>
<th>DUNS Number</th>
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<tbody>
<tr>
<td>Neville, S.</td>
<td>019</td>
<td>08/08/2018</td>
<td>MI OR</td>
<td>10/01/2018</td>
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<td>$25</td>
<td>$0</td>
<td>$0</td>
<td>$654</td>
<td>E</td>
<td>1</td>
<td>08/01/2019</td>
<td>0</td>
<td>08/02/2018</td>
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<td>Beers, A. R.</td>
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<td>030</td>
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<td>AR GR</td>
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<td>Hissom, T. J.</td>
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Active Certifications

- An “Active Certification” is a MAT 10 (MI, IC, AR) that was effective within the last 15 months (to date)
- Active certifications are blue in TRACS
- Resident is an existing resident receiving subsidy
- Future certifications do not count
- The HOH names are links and allows you to click to drill down to see the discrepancies
Compliance Percentage

<table>
<thead>
<tr>
<th>Part II - Occupancy &amp; Income Eligibility Information</th>
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<tr>
<td>6. General Occupancy Information (contract specific):</td>
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<tr>
<td>a. Total Units in contract</td>
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<tr>
<td>b. Number of Units receiving subsidy under this contract</td>
</tr>
<tr>
<td>c. Number of units abated under this contract</td>
</tr>
<tr>
<td>d. Number of Units vacant under this contract</td>
</tr>
<tr>
<td>e. Number occupied by Market Rent Tenants</td>
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<td>Note: 6a must equal 6b + 6c + 6d + 6e</td>
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<th>Part III - Breakdown of Assistance Payment Requested</th>
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<td>8. Type of Assistance</td>
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<td>a. Regular Tenant Assistance Payments for (mo./yr.):</td>
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</table>

| 9. Number of Units in Billing | 9 |
| 10. Amount Requested |
| 11. Amount Approved |

- 10 total units vacant and 10 total units market renters
- Voucher
  - Line 6b = Units receiving subsidy
  - Line 9a = Units in regular billing (the last voucher should reflect 100 units receiving subsidy)
- 90 active certifications would have to be in TRACS to reach 90% compliance \((90/100=0.9 \text{ or } 90\%)\)
Compliance > 100% (greater than)

What can cause compliance percentage to go above 100%?

- Failed or reverse Move Out
- Failed Termination

- If a move out does not record in TRACS, and the residents last MAT 10 is within 15 months, the resident is still considered an active household
- If the PHA/OA move someone in the same unit, TRACS will send a discrepancy indicating that the MAT 10 was submitted for an occupied unit
  - The move in will work but it will show two households receiving subsidy inflating the Compliance percentage
- Failed move outs can create issues like EIV multiple subsidy
Compliance < 100% (less than)

What can cause compliance percentage to drop below 100%?

- Missing Move In Recertification's
- Failed Annual Recertification's

- If the Compliance Percentage is less than 90%, then voucher is suspended in TRACS with T53 status.
- If the AR was submitted but not showing, the PHA/OA should work with their site software to get certification accepted into TRACS; CAs and the TRACS help desk may assist
- Only upon the count of active certs in TRACS that brings the compliance percentage above 90%, TRACS nightly process will then pick up T53 voucher for further process.
Example - Active Certifications

- AR Due 1/1/19
- No new AR, MO, or TM is received, the CA pays the most recently calculated HAP for January (month 13), February (month 14), and March vouchers (month 15)
- Tenant reported before anticipated AR date
- If no new AR, MO, or TM is received, the HAP payment for this tenant stopped on April voucher (month 16) – *HUD may complete a HQ termination*
- PHA/OA generates April voucher- they must terminate assistance effective the day prior to the AR due date (12/31/18)
- The TM will cause adjustments on the April voucher reversing the subsidy for months 13, 14, and 15 (Jan., Feb., and Mar.)
- The Terminations will be reflected on the month 16 (April) voucher
HUD HQ Termination

- When residents fail to complete their AR timely, PHA/OAs are provided a 90 day (3 month) grace period.
- If the AR is not received by the “Next Recertification Date” plus 90 days, CAs are required to stop HAP payment and the PHA/OA is required to terminate subsidy so that the last day HAP is paid is the day before the “Next Recertification Date”.
- O/A must submit the AR or a TM for the resident.
HUD HQ Termination

- HH 4350.3 Rev. 1, Chapter 4 and Chapter 7 for information regarding annual recertification's.
- If a resident failed to recertify, HUD will continue to pay HAP based on the most recent certification for 90 days or 3 months (up to 15 months).
- If PHA/OA fails to submit a AR, MO or TM within 90 days; HUD completes a HQ termination effective day before the AR due date.

NOTE: If an AR was prepared on or before the effective date of the AT and any household member failed to appear to sign the certifications, the household must be terminated unless extenuating circumstances exist (owner initiated termination).
TRACS Errors and Messages

- PHA/OA’s are required to address TRACS errors and messages
- The MAT Guide provides you with errors and messages with explanations on how to address them
- The TRACS Errors and Messages types are:
  - Fatal Errors
  - Discrepancy Messages
  - Informational Messages
TRACS Errors and Messages

FATAL ERRORS
- Fatal errors suggest that the certification or voucher failed a primary validation and was not accepted at TRACS
- These error types must be addressed immediately

DISCREPANCY MESSAGES
- Discrepancy messages include Action Codes.
- Action Codes determine how to correct the error

INFORMATIONAL MESSAGES
- Informational messages confirm that an action has been processed or potential concern
TRACS Errors and Messages

If you receive a Fatal Error the transaction has not been recorded in TRACS

You must Correct the error and resend transaction in order for TRACS to have record
Discrepancy Messages

- Discrepancy Codes are Included in message returned to the O/A via iMAX
- Discrepancy code determines action required
- All codes and descriptions in MAT User Guide, App D
  http://www.hud.gov/offices/hsg/mfh/trx//trxdocs.cfm
- MAT gives an abbreviated or full messages
Discrepancy Action Code 1

- **Action Code 1** indicates a certification error must be corrected **within next 45 days**.

- CA software may stop certification before it is transmitted to HUD.

- Indicate a serious issues - CA may want problem fixed before certification is sent to HUD.
Discrepancy Action Code 2

**Action Code 2** indicates an error, which must be corrected with the next transmission, meaning:

- Next time an interim certification or an annual recertification occurs for a resident.
- Next time you submit a voucher for the contract.
Discrepancy Action Code 3

Action Code 3 indicates that TRACS wants you to take notice of something that you have done, which is not necessarily an error.
Discrepancy Action Code 4

Action Code 4 indicates that HUD or the CA may want to check resident information to address specific concerns.

Most common is that the resident may be over-housed or under-housed.
Informational Messages

- HUD will also send informational messages
- HUD’s way to confirm that an action has been processed
- HUD may send messages to inform you about potential management concerns; these require no response
Review Certification in TRACS

- TRACS does not store fatal errors or informational messages
- TRACS does store discrepancies and you can view in a detailed report
- NHC sends these messages from TRACS back to the property
- The O/A can view these messages in the TRACS Certification Query or the Certifications with Discrepancies Query
Review Certification in TRACS

Scenario: You have a MI, MO or GR that is not showing in TRACS.

Questions to ask:

- Is the person in EIV as multiple subsidy?
- Is the Compliance percentage above 90%?
  - Check TRACS Voucher Tenant Compliance Query
- Does the household appear in TRACS?
  - Check TRACS Tenant Certification Query
- Does TRACS show the household in correct unit?
- Does the last MAT 10 show correct certification type? Effective Date?
- Does the last action reflect correctly?
- Is the tenant receiving the correct assistance?
- Is the Gross Rent correct?
- Is the household active?
- Are there other unexplained errors?
Review Certification in TRACS

TRACS
Certification Detail Options

Project/Contract Number: GA12RD00001
Head Tenant SSN: XXXXX1234
Head Tenant Name: Jones, J. J.
Effective Date: 12/01/2017

Select an option for more certification data
To print results of query use letter size paper and select landscape orientation

1. Certification Discrepancies
2. Certification History List

Back to Query    Back to Certification List
Review Certification in TRACS

U.S. Department of Housing and Urban Development
TRACS Certification Discrepancies

Head Tenant Name: Jones, J.
Head Tenant SSN: XXXXX1234
Certification Effective Date: 12/01/2017
Project/Contract Number: GA12RD00001

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<td>RECALC, IF UTILITY ALLOWANCE &gt; TTP, SUBTRACT TTP FROM UTILITY ALLOWANCE</td>
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<td>RECALCULATE GROSS RENT, TTP, AND ASSISTANCE PAYMENT</td>
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Interpreting and printing this page
Review Certification in TRACS

- Owner/Agents are required to monitor TRACS to ensure that transmissions are recorded accurately
- As a requirement of EIV, the TRACS database directly impacts your ability to run required reports
- At your MOR you should be prepared to discuss open discrepancies with your reviewer
Address Updates

Need to Change Your Unit Numbers?
Please don’t. But if you have to…Call first
Unit Address Updates

**Step 1:** Contact NHC prior to performing or sending an address change update (MAT 5). An address update can take several days to complete.

**Step 2:** Send NHC a MAT15 record, code 2, address update - This will update the Address Query in TRACS and prepare TRACS for a unit address change.

**Step 3:** Send NHC a MAT 15 record, code 3, unit renumber. This will link the new and old unit.

**Step 4:** Audit the Address Query to ensure TRACS accepted the address renumber.

- Once completed, all certifications must be sent with the new unit address. If you have to correct previous certifications (that were submitted under the old unit address) you must send that certification with the new unit address.
Repayment Agreements

Obligations to Pay
Improper Payments-Overpayments of Housing Assistance Payments (HAP)

HH 4350.3 R1, C4 ,PAR. 8-21

HUD must be reimbursement for all HAP overpayments.

- Repayment Agreements allow a tenant to return any assistance payments paid in error
- Types of Repayment Agreements
  - Tenant
  - Owner
  - None
This includes HAP received in error by:

- Tenants
- Owner/Agent

Owners are obligated to reimburse HUD for Owner’s errors
- Failure to check EIV

Tenants are obligated to reimburse the O/A when:
- The household fails to report income; and/or Income is underreported
- To reimburse the Owner for the overpayment, the recoupment is effective as of the date the overpayment began but not to exceed 5-years.

Tenants are not required to reimburse assistance when the error was caused by the O/A.
Repayment Agreement Types

- Tenant
  - Resident fails to accurately disclose income and a retroactive certification/correction is created to recapture the overpaid HAP

- Owner
  - Owners error or failure to follow procedures

- None
  - Resident does not enter into repayment agreement; signed certifications
    - O/A not responsible for returning the improper payment
Repayment Agreement Options

- Lump sum payment;
- Entering into an agreement with the Owner/Agent (O/A); or
- Lump sum down payment & enter into a repayment agreement with the O/A for the remaining balance.

Note: Residents that fail to enter into a repayment agreement will be in non-compliance with the lease agreement and may be subject to termination of tenancy.

Note: The O/A is not required to reimburse HUD immediately for overpayments of assistance.
Repayment Agreements

**MUST:**

- Include the total retroactive rent amount owed, the amount of lump sum paid at time of execution of agreement, if applicable, the payment arrangement- (term and monthly payment amount).
- Reference the paragraph of the lease in which the resident is non-compliant;
- Contain a clause explaining that the terms of the agreement will be renegotiated if the family’s income increases or decreased by at least $200 or more per month;
- Include a statement that the repayment amount is in addition to the monthly rental payment payable to the O/A;
- Indicate that late/missed payments constitute default and may result in termination of assistance and/or tenancy.
- Be signed and dated by the HOH and the O/A.
  - HUD recommends that HOH as well as the family member(s) with the unreported and/or underreported income sign and date the agreement.
Repayment Agreements

The O/A is able to recover funds for expenses incurred for activity related to collecting improper payments.

- **O/A retention is 20% of amount received from tenant**
  - Must be deposited into the project’s operating account
  - Must have supporting documentation for retained amount
  - Expenses include staff time (e.g., meeting with the tenant, verifying income, drafting the agreement, sending notification to tenant, generating voucher adjustments, and making arrangements with the collection agency).

- The O/A may send debt to a collection agency
  - If the collection fee is higher than 20%, the O/A is responsible for paying the additional percentage of the collection fee to the agency.
  - Fees are collected only as the household makes payments.
Repayment Agreements

- 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.

- Tenant remains in unit; verifications are completed; tenant does not sign certifications. There is no repayment agreement. No retroactive certifications are created or transmitted.

- Tenant signs certifications but does not sign a repayment agreement: Certifications are transmitted and the total adjustments caused by the certifications are reversed with an Agreement type N (no repayment).

- Tenant signs certifications and repayment agreement: Certifications are transmitted and the total adjustments caused by the certifications are reversed. The Agreement type is T (Tenant).
Repayment Agreements Baselines

- To allow for improved tracking and reporting, with 203A, Repayment Agreements will be accounted for with the HUD 52670 A Part 6 – Repayment Agreements for Schedule of Tenant Assistance Payments Due

- 4th Qtr. NHC will contact you to regarding baselines for you Repayment Agreements for 203A
Owner/Agent Changes

Prior to a sale or management/ or banking change - Please contact NHC for the following:

- Ownership Changes
- Management Changes
- Update Bank Account Information
- Update Contact Information
- Change Signature Authorization Forms

Failure to provide NHC with the most current information could delay contract renewals, rent increases, voucher processing and HAP payment!
Rental Adjustment Best Practices/Gross Rent Changes

National Housing Compliance
Kim Lance
Director, Asset Management
“Raising the Bar in Compliance”
Auto OCAF Process

- Most Multi-Year Contracts are entitled to an “Auto OCAF” Rent Increase annually effective on the anniversary date of the contract.

- Exceptions Include:
  - Properties at the 5th year anniversary of their contract.
  - Properties with a Plan of Action that dictate another mechanism for adjusting rents.
Auto OCAF Process

- HUD’s Secure System generates Auto OCAF letters to Owners approximately 5 months ahead of the HAP Anniversary Date.
- Letters are sent to the Owner-Agent once generated from HUD’s secure system.
- Letters are “form” letters and include debt service/non-section 8 rent potential based on best available information.
Auto OCAF Process

- Owners/Management Agents should check the debt service amounts and make sure it is accurate before signing the form. Considerations:
  - Has the property refinanced in the past year?
  - Has the property gone through rehab and received post rehab rents?
  - Adjustable rate mortgage?

Send back up documentation for new debt service with Auto OCAF letter.
Auto OCAF Process

- Form letter states to return within “10 days”
- If package is not complete (U/A needed; debt service verification) – hold package until it is complete.
- Incomplete/Partial submissions are not acceptable
HUD Utility Analysis Requirements

- HUD Notice 2015-04
  Issued June 22, 2015 –
  U/A Methodology
- FAQ’s Issued
Methodology Requirements

- Methodology requirements put into place for properties with contract anniversary dates on or after December 18, 2015.

- Auto OCAF/Renewal notices from NHC will indicate if a baseline is due or UAF can be used instead.
Methodology Requirements

- Must establish baseline analysis for each bedroom size once every third year.
- After baseline is established, owner has option to perform a factor-based utility analysis for 2 years.
- Consistent sample size requirements outlined in notice.
Baseline Utility Analysis

- Request utility data from either the utility company or the tenant household.

- Must be done for each bedroom size at the property.

- Must meet minimum sample size.
### Sample Size Requirements

<table>
<thead>
<tr>
<th>Number of Units/per bedroom size</th>
<th>Minimum Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-20</td>
<td>All units</td>
</tr>
<tr>
<td>21-61</td>
<td>20</td>
</tr>
<tr>
<td>62-71</td>
<td>21</td>
</tr>
<tr>
<td>72-83</td>
<td>22</td>
</tr>
<tr>
<td>84-99</td>
<td>23</td>
</tr>
<tr>
<td>100-120</td>
<td>24</td>
</tr>
<tr>
<td>121-149</td>
<td>25</td>
</tr>
<tr>
<td>150-191</td>
<td>26</td>
</tr>
<tr>
<td>192-259</td>
<td>27</td>
</tr>
<tr>
<td>260-388</td>
<td>28</td>
</tr>
<tr>
<td>389 and above</td>
<td>29</td>
</tr>
</tbody>
</table>
## Sample Size Example

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>Number of Contract Units</th>
<th>Sampling for Utility Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Bedrooms</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>113</td>
<td>24</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>74</td>
<td>22</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td>Total units</td>
<td>252</td>
<td>81</td>
</tr>
</tbody>
</table>
Units Excluded from Sample Size

- Units receiving an increased U/A as a reasonable accommodation
- Units vacant for more than 2 months. Units included in the sample should have at least 10 months of occupancy
- Units receiving a flat utility rate as part of a low-income rate assistance utility program
Excel Spreadsheet

- Calculations can be made using a software tool of the owner’s choice or owners may use the Excel Worksheet offered by HUD.

- A protected Worksheet can be found on HUDCLIPS (password is Sharkey).

- Ensure Worksheet is used correctly, including not putting a zero in the blank spaces.
If your U/A analysis indicates a decrease in U/As is necessary, the following actions must be taken:

- The decrease is an increase in the tenant’s portion of the rent and must be posted for tenant comment for 30 days as required by 24 CFR 245.405 (a) and 245.410.
Comments

30 DAYS
U/A Decreases - Step by Step

- Once the 30 day comment period has passed, the owner must certify the posting took place and the owner has reviewed and evaluated all comments.

- Certification form (24 CRF 245) must be dated after 30 day posting period.
U/A Decreases - Step by Step

- After the 30 day comment period, a 30 day notice must be sent to the tenant of the approved U/A decreased amount.

- The 30 day notice must be in compliance with Chapter 6-11 of the 4350.3 REV-1 Guidebook.

- Phase-In of Decreases no longer required!
Rural Housing Projects (RHS)

- HUD clarified in the Section 8 Renewal Policy Handbook, Chapter 2 that RHS utility allowance calculations are not acceptable.
- Section 8 Policy Guidebook Chapter 2 – 17 part g.
Back-Up Documentation Requirements

- Can be from the utility provider or from the tenant directly;
- A combination of both can be used or either method;
- The starting month of the back-up documentation must be within 18 months of the contract anniversary date;
- The back-up documentation should cover the same time period to the greatest extent possible.
Best Practices

- The owner must demonstrate that **EVERY EFFORT** has been made to obtain the required sample and to otherwise meet the requirements of the analysis.

- It is the owner’s responsibility to provide an analysis that follows the protocol outlined in the notice.

- It is HUD/CA’s responsibility to make sure that the analysis justifies the resulting U/As with whatever compromises in the sampling were necessary to achieve that analysis.
Best Practices Continued…

- Obtain a Tenant Utility Release Form at Move-In and Annual Recertification.

- The tenant is required to sign a release as part of the HUD Model Lease for Subsidized Projects.

- The Release remains applicable for the household’s term of tenancy; however, there may be utility providers that require a signed release more frequently.
Best Practices Continued…

❖ Owners are encouraged to include language in their House Rules advising tenants of their obligation to sign release forms and to provide any information deemed necessary in administration of the Section 8 program, or face possible termination.

❖ Any changes to a property’s House Rules must be done according to the procedures outlined in HUD Handbook 4350.3,REV-1 paragraph 6-9.
Best Practices Continued…

Penalties for Tenant Noncompliance:

- Failure to comply with the requirements 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 HUD Handbook 4350.3.
Best Practices Continued…

When there is 100% sample size requirement and units are excluded due to vacancy (vacant more than 2 months):

- Provide Move-In and Move-Out dates of tenant for verification.

- Obtain information from tenant prior to Move Out. If unit is vacant less than 2 months, this information is REQUIRED according to the notice.
When there is 100% sample size requirement and units are excluded due to flat rate billing:

- Indicate Flat Rate billing on the spreadsheet and provide back up documentation (tenant bills showing same amount each month or utility company print out).

**Note:** If Flat Rate billing is the majority at the property, then the Flat Rate billing would be used in the analysis.
Best Practices Continued…

For Larger properties:

- Take the time to analyze the data on hand…. Is it representative of the actual bills of most of the tenants at the property?

- Consider submitting the U/A data most representative of the utility costs at the property in the sample size. (Submitting a larger sample size may be necessary.)
Best Practices Continued…

- Late and “other” charges are not allowed to be used as part of the utility allowance calculations.

- Owners can use a combination of data collection methods (some bills from residents, some from utility provider).

- Encourage tenants with medical equipment who have extraordinary utility bills to seek a reasonable accommodation for a higher utility allowance.
Best Practices Continued…

- Go ahead and post for tenant comment the proposed U/A amount when submitting to HUD/CA.
- HUD/CA can change the approved amount up or down and the 30 day posting for comment is still valid.
- No need to repost for 30 day comment period.
Best Practices Continued…

- It is the Owner’s responsibility to submit a U/A analysis that meets the new methodology.

- An incomplete U/A analysis is not acceptable.

- The rent adjustment effective date will not be delayed due to incomplete U/A unless there is a U/A decrease. The decrease will require tenant posting/notice requirements (if not already met).
Best Practices Continued…

What happens when the minimum sample size cannot be obtained?

- Depends on circumstances.
- The FAQ’s address “perfect” analysis hard to obtain.
- It is the CA’s responsibility to ensure the analysis justifies the resulting U/As with whatever compromises in the sampling were necessary to achieve that analysis.
- If circumstances warrant, CA can recommend a baseline the following year in consultation with HUD.
GROSS RENT CHANGES

- A fully executed HUD form 92458 (Rent Schedule) must be received before the property can submit for a Gross Rent Change (GRC)
- The effective date of the GRC is the HAP anniversary date of the contract
- GRC will be retro back to the HAP anniversary date
- U/A effective date must be same date as HAP Anniversary date
Utility Allowance Decreases and Gross Rent Changes

- The higher rent cannot be collected from the tenant until the 30 day notice is given.
- The difference is a loss to the property in cases where proper notice wasn’t given in time, unless HUD held up the rent adjustment.
QUESTIONS
Send Follow-up Questions to:

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Thank You …

For attending the 2019 Owner/Agent Meeting

**Please complete our survey**

The PowerPoint slides will be posted on NHC’s website by 9/13/19
www.nhcinc.org

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