



# Management and Occupancy Reviews Common Findings

HUD SF Industry Meeting  
October 2017

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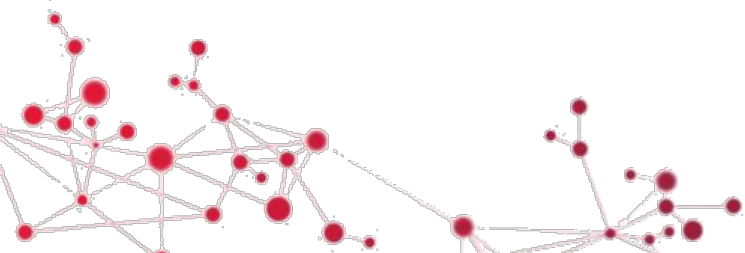


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# Agenda

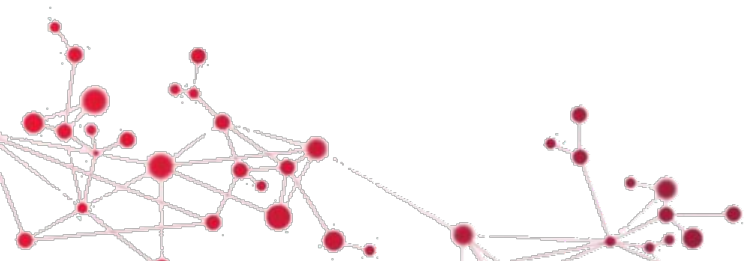
1. Housekeeping
2. Introduction
3. Common Findings
4. Questions



# Housekeeping

Exit social media and instant messaging apps.

Please silence or turn off cell phones.



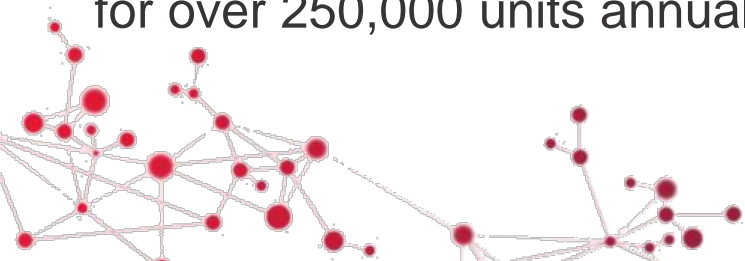
# Who are CAHI and CGI?

California Affordable Housing Initiatives, Inc. ("CAHI") was formed as an instrumentality of the Oakland Housing Authority to enhance, preserve, develop and administer housing for HUD-defined low and moderate income families and individuals in California.

The primary purpose of CAHI is to administer Section 8 contracts within the State of California on behalf of HUD.

CAHI has CGI as its business-processing partner to perform many of the processing activities required under the Annual Contributions Contract (ACC). CGI is an IT and business process outsourcing company.

CGI Federal's HCP sector, working with its partners in Northern California, Ohio, New York, Florida, US Virgin Islands and Washington D.C. is currently the largest HUD contractor for Section 8 Performance Based Contract Administration, processing over \$1.8 Billion of housing assistance payments for over 250,000 units annually.

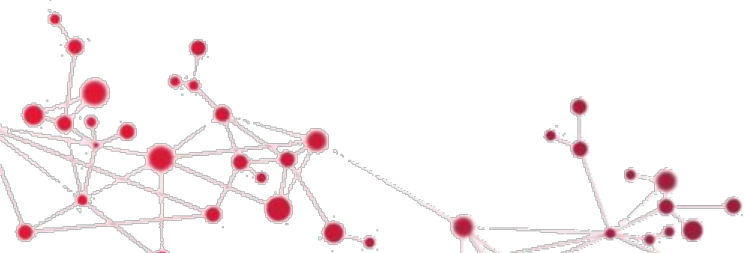


# Since 2004...

Charles Young, State Manager

Paul Rabuy, Local Services Manager

LeeAnn Farner, Contract Administrator



# Common Findings



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# Common Findings (Conditions)

A finding is a deficiency or error noted in the property's statutory, regulatory, and/or administrative operation during the Management and Occupancy review.

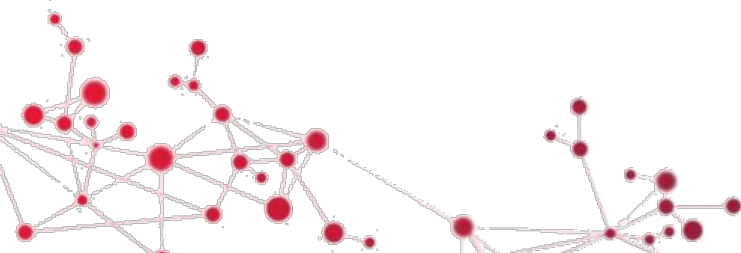
HUD tracks findings in four categories:

- **Calculation Findings**

- **Eligibility Findings**

- **Reporting Findings**

- **Timing Findings**



# Calculation & Eligibility Findings



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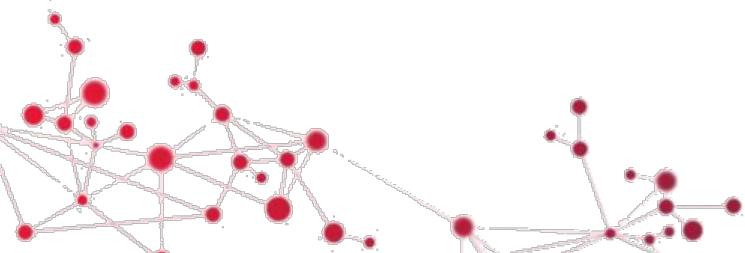
# Calculation and Eligibility Findings

Calculation findings are drawn when an error causes a difference in Total Tenant Payment(s)

- Commonly, these findings are reported under section E22 of HUD 9834

Eligibility findings are drawn as a result of missing or erroneous documents involving eligibility status of tenants

- Commonly, these findings are reported under section E14, E22, and G25 of the HUD 9834

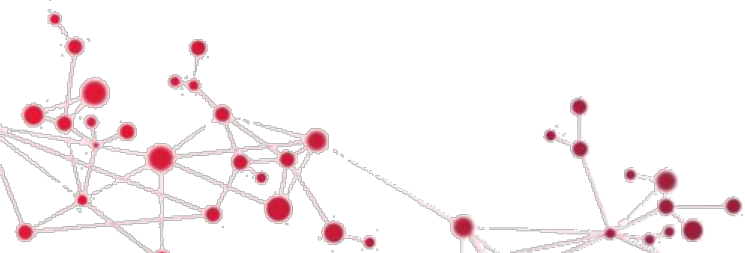


For each applicable category, assess the overall performance by checking the appropriate column. Indicate A (Acceptable) or C (Corrective action required). Include target completion dates (TCD) for all corrective action items. For those items not applicable, place N/A in the TCD column.

<b>A. General Appearance and Security</b>	<b>A</b>	<b>C</b>	<b>TCD</b>	Enter a score between 1 and 100 for the General Appearance and Security Rating. If this Section was not reviewed, enter 0. ___ is 10% of the overall score. This category is rated
1. General Appearance	<input type="checkbox"/>	<input type="checkbox"/>		
2. Security	<input type="checkbox"/>	<input type="checkbox"/>		
<b>B. Follow-up and Monitoring of Project Inspections</b>	<b>A</b>	<b>C</b>	<b>TCD</b>	Enter a score between 1 and 100 for the Follow-up and Monitoring of Project Inspections Rating. If this Section was not reviewed, enter 0. ___ is 10% of the overall score. This category is rated
3. Follow-Up and Monitoring of Last Physical Inspection and Observations	<input type="checkbox"/>	<input type="checkbox"/>		
4. Follow-Up and Monitoring of Lead-Based Paint Inspection	<input type="checkbox"/>	<input type="checkbox"/>		
<b>C. Maintenance and Standard Operating Procedures</b>	<b>A</b>	<b>C</b>	<b>TCD</b>	Enter a score between 1 and 100 for the Maintenance and Standard Operating Procedures Rating. If this Section was not reviewed, enter 0. ___ is 10% of the overall score. This category is rated
5. Maintenance	<input type="checkbox"/>	<input type="checkbox"/>		
6. Vacancy and Turnover	<input type="checkbox"/>	<input type="checkbox"/>		
7. Energy Conservation	<input type="checkbox"/>	<input type="checkbox"/>		
<b>D. Financial Management/Procurement</b>	<b>A</b>	<b>C</b>	<b>TCD</b>	Enter a score between 1 and 100 for the Financial Management/Procurement Rating. If this Section was not reviewed, enter 0. ___ is 25% of the overall score. This category is rated
8. Budget Management	<input type="checkbox"/>	<input type="checkbox"/>		
9. Cash Controls	<input type="checkbox"/>	<input type="checkbox"/>		
10. Cost Controls	<input type="checkbox"/>	<input type="checkbox"/>		
11. Procurement Controls	<input type="checkbox"/>	<input type="checkbox"/>		
12. Accounts Receivable/Payable	<input type="checkbox"/>	<input type="checkbox"/>		
13. Accounting and Bookkeeping	<input type="checkbox"/>	<input type="checkbox"/>		
<b>E. Leasing and Occupancy</b>	<b>A</b>	<b>C</b>	<b>TCD</b>	
14. Application Processing/ Tenant Selection	<input type="checkbox"/>	<input type="checkbox"/>		Enter a score between 1 and 100 for the Leasing and Occupancy Rating. If this Section was not reviewed, enter 0. ___ is 25% of the overall score. This category is rated
15. Leases and Deposits	<input type="checkbox"/>	<input type="checkbox"/>		
16. Eviction/Termination of Assistance Procedures	<input type="checkbox"/>	<input type="checkbox"/>		
17. Enterprise Income Verification (EIV) System Access and Security Compliance	<input type="checkbox"/>	<input type="checkbox"/>		
18. Compliance with Using EIV Data and Reports	<input type="checkbox"/>	<input type="checkbox"/>		
19. Tenant Rental Assistance Certification Systems (TRACS) Monitoring and Compliance	<input type="checkbox"/>	<input type="checkbox"/>		
20. TRACS Security Requirements	<input type="checkbox"/>	<input type="checkbox"/>		
21. Tenant File Security	<input type="checkbox"/>	<input type="checkbox"/>		
22. Summary of Tenant File Review	<input type="checkbox"/>	<input type="checkbox"/>		
<b>F. Tenant/Management Relations</b>	<b>A</b>	<b>C</b>	<b>TCD</b>	
23. Tenant Concerns	<input type="checkbox"/>	<input type="checkbox"/>		
24. Provision of Tenant Services	<input type="checkbox"/>	<input type="checkbox"/>		
<b>G. General Management Practices</b>	<b>A</b>	<b>C</b>	<b>TCD</b>	General Management Practices Rating. If this Section was not reviewed, enter 0. ___ is 10% of the overall score. This category is rated
25. General Management Operations	<input type="checkbox"/>	<input type="checkbox"/>		
26. Owner/Agent Participation	<input type="checkbox"/>	<input type="checkbox"/>		
27. Staffing and Personnel Practices	<input type="checkbox"/>	<input type="checkbox"/>		

# Most Common Calculation Findings

1. Third party verifications for income, eligible expenses, and/or assets were not attempted/used or do not match 50059 entries
2. Value of annuities, stocks, bonds, CDs, properties, and/or assets disposed of were miscalculated in the 50059s.
3. Gross social security income or wages were not utilized to calculate total income
4. \$400 elderly/disabled deduction was given to an ineligible tenant
5. \$400 elderly/disabled deduction was not given to an eligible tenant
6. Ineligible medical expenses were counted on HUD 50059 (4350.3 Ex 5-3)
7. Income from assets were calculated incorrectly



# Is Third Party Income Verification Needed?

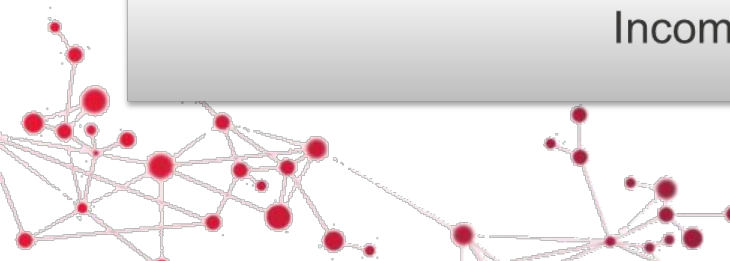
The tenant disputes the EIV income information

The tenant is unable to provide acceptable and current employment and/or income documentation to support the wage and unemployment income in the EIV system

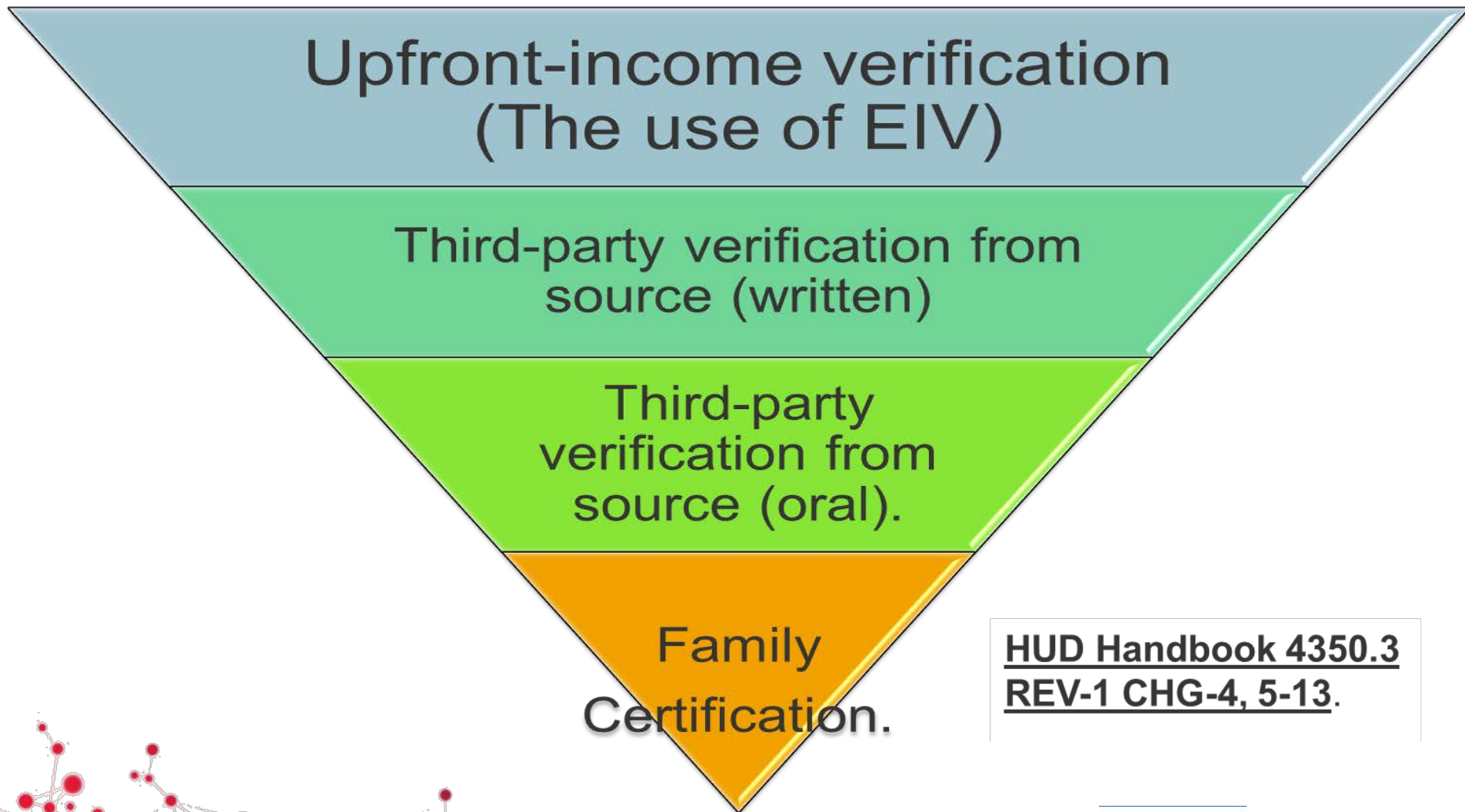
There is an EIV income discrepancy reported at the time of the recertification which the tenant disputes

There is incomplete EIV income data for a tenant

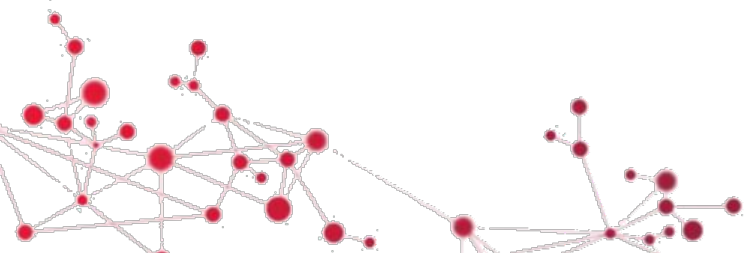
Income data is not available in EIV.



# Acceptable Verification Methods



HUD Handbook 4350.3  
REV-1 CHG-4, 5-13.



# Proactive Mitigation of Calculation Findings

Maintain EIV and other third party verifications or proof of attempt of third party verifications supporting the 50059 and/or a corrected 50059.

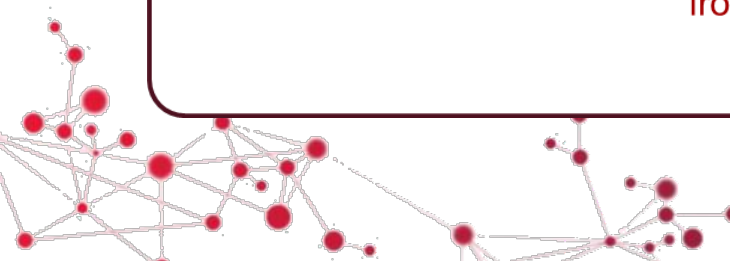
And/or

Consider developing a document/worksheet to track income, assets, expenses, deductions, etc utilized for the 50059.

And/or

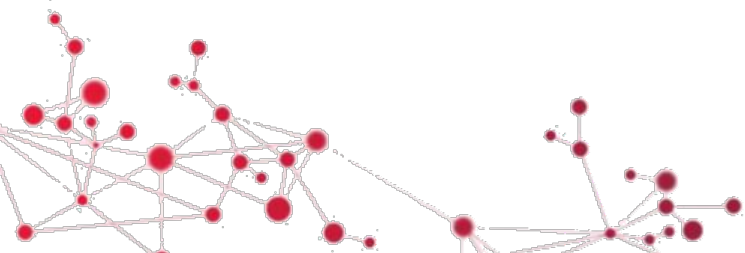
Maintain proof of documents following tenant rent changes. I.e. 30 day rent increase notices, overcharged tenant rent reimbursement or overcharged subsidy reimbursement.

Note: If the O/A is at fault for the calculation error, management cannot collect back-dated rent from tenants if their rent increased.



# Most Common Eligibility Findings

1. HUD 9887/9887A was not completed by all adult household members; out-of-date addresses for CAHI & HUD
2. Screenings were not conducted timely or with written consent from the applicants/tenants
3. Social security number verification was missing
4. Age verification was missing
5. Ineligible tenant was admitted to the property
6. Owners Notice #1, Tenant citizenship declaration, Race/Ethnicity Form/ HUD 92006 incomplete or missing
7. Applications not updated with the required questions (“All states lived in” and “Sex Offender”)
8. Lack of criminal/sex offender screening (HUD 2002-22)



# Proactive Mitigation of Eligibility Findings

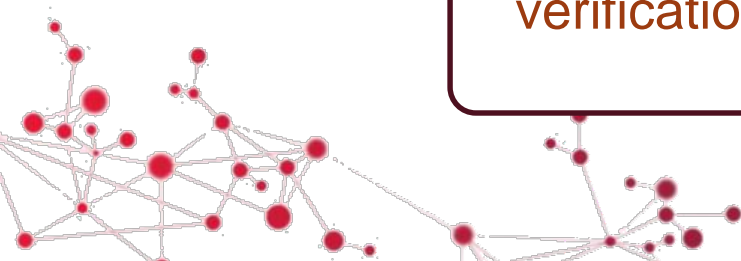
Ensure that all required consents are obtained prior to conducting screenings and/or third party verifications.

And/or

If a permanent document is missing from the tenant file, your reviewer may ask you to provide confirmation/evidence that a copy of the document was retrieved and placed in file.

And/or

Management is required to obtain verification of Social Security number.





# Reporting & Timing Findings



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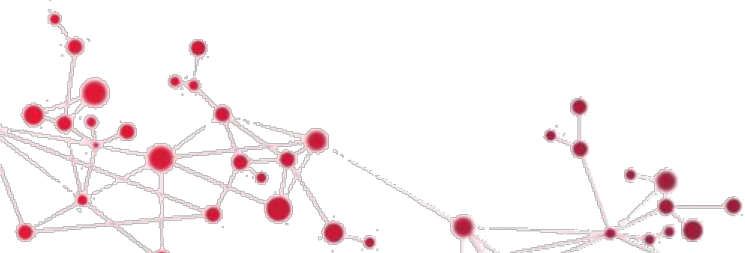
# Reporting and Timing Findings

Reporting findings are generally written when the information in the file is conflicting with the data reported on the 50059(s)

- Commonly, Reporting findings are reported under Section E22 and C6 of the HUD 9834

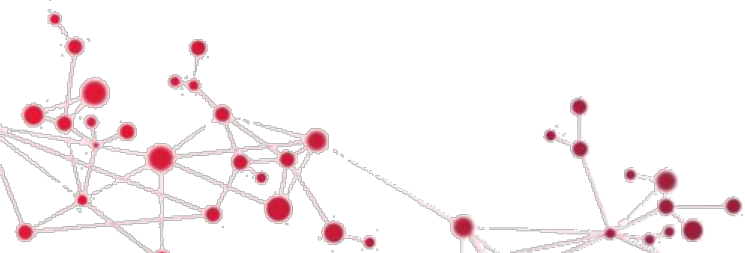
Timing findings are a result of errors in the effective dates and time recording

- Commonly, Timing findings are reported under Section E22 of the HUD 9834



# Most Common Reporting Findings

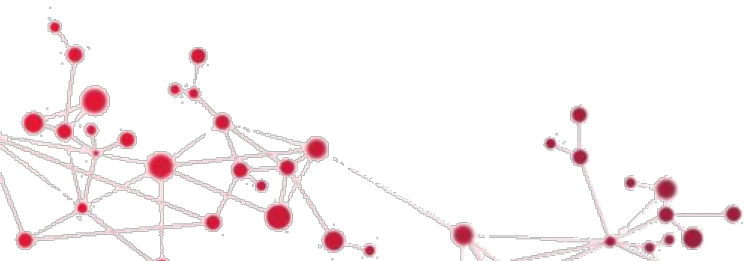
1. Social security number(s), birth date(s), security deposit amount, or name(s) were inaccurately reported on the 50059
2. Adjustments to the 50059 were not in the file (GR, IR, etc.)
3. Move-in, recertification, corrections, and interim HUD 50059s were missing signatures and dates of signatures
4. Lease changes without documented HUD approval
5. Owner and Family summaries not updated with a change in household composition



# Most Common Timing Findings

1. Tenants and/or owner/agent signed the 50059s after the effective date of the 50059, not signed at all or not even in file
2. Inaccurate certification or recertification date was reported on the 50059
3. Move-in/move-out date incorrectly vouchered
4. Move-in inspections were conducted after the move-in date
5. Annual inspections not being completed; inspection forms are incomplete
6. Lack of initial\*, first, second, third reminder notices for recertification

\*Tenant must sign it!



# Proactive Mitigation of Reporting & Timing Findings

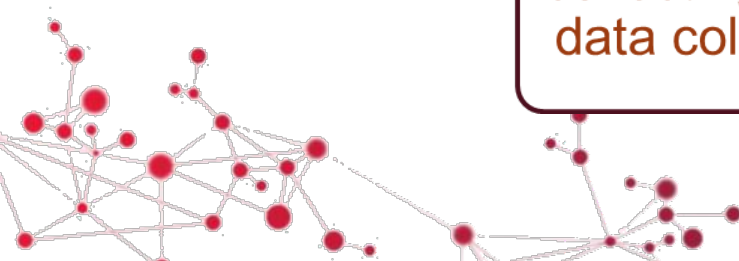
Ensure that data reported on the HUD 50059s is accurate prior to the submission.

And/or

Consider a secondary review of data reported on the HUD 50059s prior to the submission.

And/or

Consider segregation of duty in collecting verifications and reporting data collected on the HUD 50059s.



# Other Common Findings

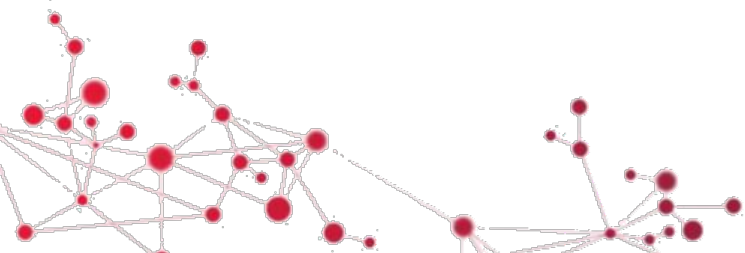


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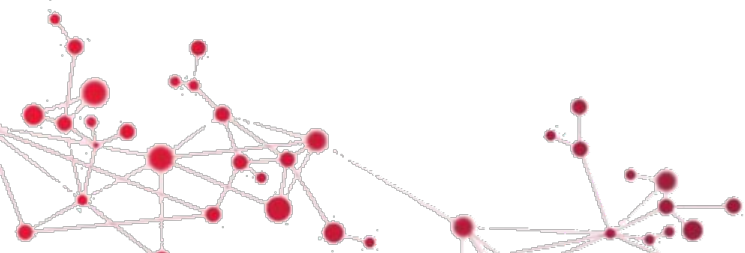
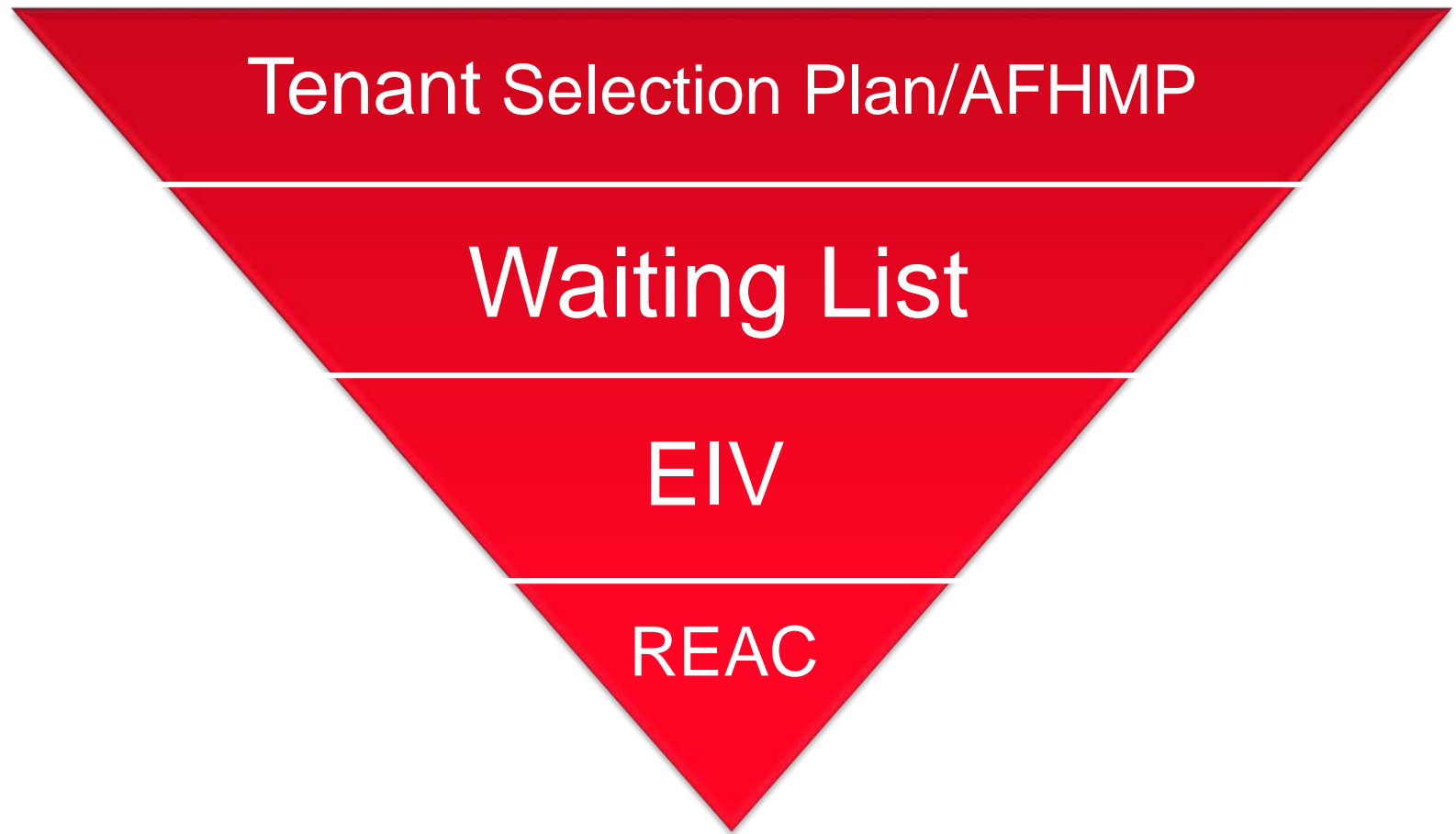
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# Other Common Findings

Keep in mind that there are many findings that do not fall under the four categories of Calculation, Eligibility, Reporting, and Timing.



# Other Common Findings





# Most Common TSP Finding

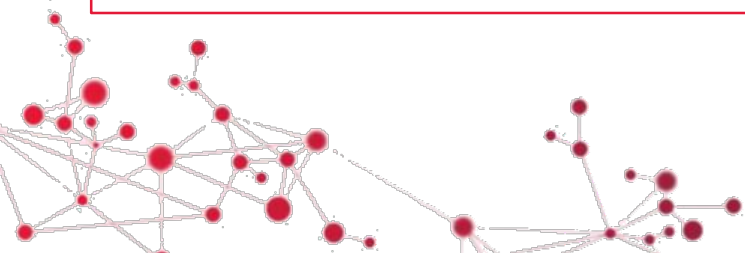
1. Not property specific
2. The tenant selection plan (TSP) does not include all of the required criteria as per HUD Handbook 4350.3
3. The tenant selection plan contains policies that are not in compliance with HUD requirements
4. VAWA Protections –
  - Must be included in the TSP
  - Must include the guidance found in 4350.3 Chapter 4, 4-4 C. 9. and the new requirements found in the Final Rule that extends protections to applicants as well as tenants.
  - Beginning on June 14, 2017, the TSP must also include the property's Emergency Transfer Plan.

**Make sure to reference HUD Handbook 4350.3, Figure 4-2 for Written Tenant Selection Plan Topics (Required and Recommended)**



The TSP/application does not make exception to the SSN requirements at the time of MI for children under age six.

**24 CFR § 5.216 (3):** “If a child under the age of 6 years was added to the assistance applicant household within the 6-month period prior to the household's date of, the assistance applicant may become a participant, so long as the documentation required in paragraph (g)(1) of this section is provided to the processing entity within 90 calendar days from the date of admission into the program. The processing entity must grant an extension of one additional 90-day period if the processing entity determines that, in its discretion, the assistance applicant's failure to comply was due to circumstances that could not reasonably have been foreseen and were outside the control of the assistance applicant. If the applicant family fails to produce the documentation required in paragraph (g)(1) of this section within the required time period, the processing entity must follow the provisions of § 5.218.”



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# Proactive Mitigation of TSP Findings

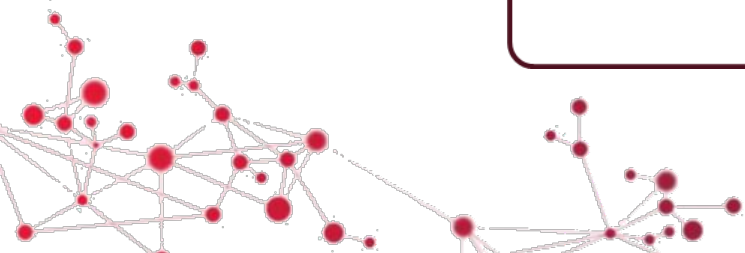
Review the TSP to ensure it contains all required topics in Chapter 4 Paragraph 4-4 Figure 4-2

And/or

Don't forget to make sure the TSP contains Existing Tenant Search criteria and SS# criteria

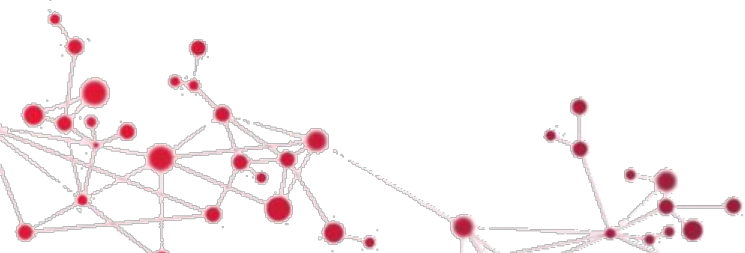
And/or

The TSP must be updated to include VAWA criteria (Change 4)



# Most Common AFHMP Findings

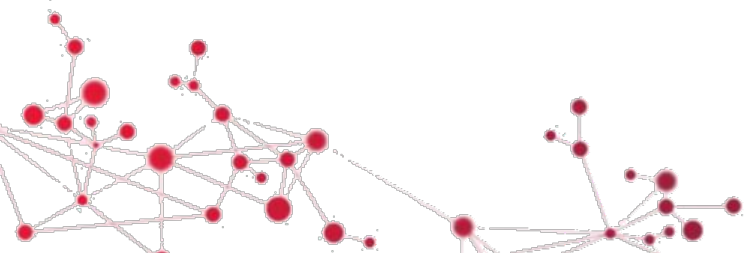
1. Property doesn't have one
2. Property has a very old AFHMP with no documentation of review/updates every five years



# Most Common Wait List Findings

1. The waiting list does not include all the HUD required elements as stated in the HUD Handbook 4350.3
2. The waiting list is not auditable.

**Make sure to reference HUD Handbook 4350.3, Chapter 4 for all guidance relative to maintaining a waiting list and selecting applicants from the waiting list**



# Proactive Mitigation of Wait List Findings

Make sure that your waiting list includes all of the HUD required criteria.

And/or

Place all applicants on the waiting list.

And/or

If you are using an electronic waiting list that only tracks current applicants, you need to print a copy of the waiting list every time there is a change and keep it for auditing purposes.



# Most Common EIV Findings

1. Existing tenant search or 90 days (after MI) income report not run and/or not retained in tenant files
2. EIV policies are incomplete and do not include all of the required information
3. EIV reports are not being run in accordance with the HUD rules or are not being run consistently with the property's P&P. No Master File.
4. No follow up documentation for reported EIV issues
5. Initial and Current CAAF and UAAF for EIV users are not available upon request
6. No EIV follow up on new hires report.
7. Zero Income procedures not followed

**Make sure to reference HUD Handbook 4350.3,  
Exhibit 9-5 for a complete list and use of EIV reports**

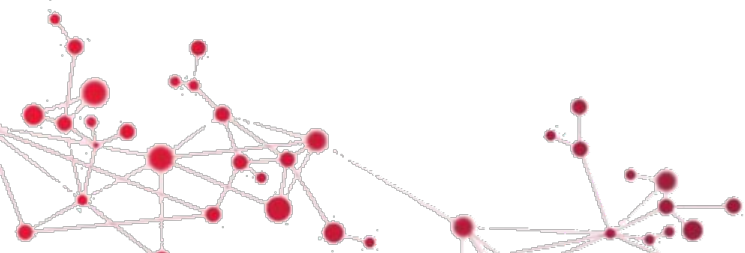
**HUD SF Zero Income policy**



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# Most Common EIV Findings – Master Files

Master File					
Title of Report	Must (or best practice) be accessed at least				
	App. Process	W/in 90 Days of MI	AR/IR	Monthly	Quarterly
New Hire Summary					X
Multiple Subsidy Summary					X
Failed Verification (Failed SSA Identity Test) Summary				X	
Failed EIV Pre-Screening Summary				X	
Deceased Tenant Summary					X



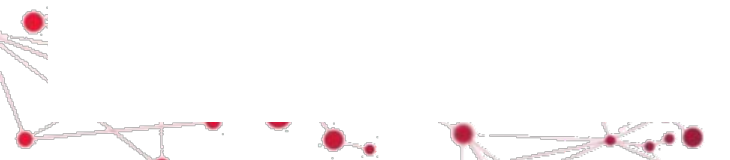


# Most Common EIV Findings – Tenant Files

Tenant File							
Title of Report	Must (or best practice to) be Accessed as least:						
	Application Process	W/in 90 Days of MI	AR/IR	Monthly	Quarterly	When Applicable	As Described P&P
Existing Tenant Search*	X						
Summary			X				
Income		X	X				
Income Discrepancy		X	X				
No Income as Reported on 50059**							X
No Income Reported by HHS or SSA**							X
New Hires Detail***						X	
Multiple Subsidy Report***						X	

**What report, when, where??**

**HUD Notice 2013-06 Attachment 6!**



# Proactive Mitigation of EIV Findings

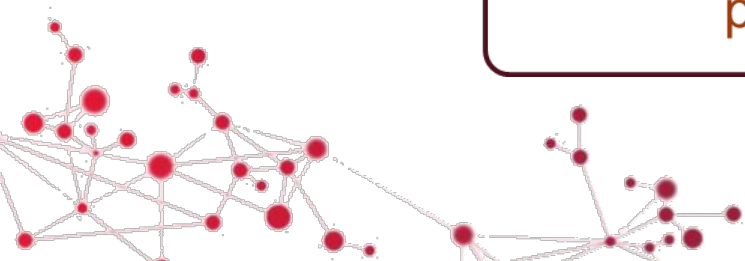
Make sure your written EIV policies are updated to include the most recent HUD rules (Chapter 9 of 4350.3)

And/or

Certain reports must be run before annual recertification, before Move-in, at least quarterly and monthly. Don't forget with MI tenants that income verification must be run within 90 days of the MI date.

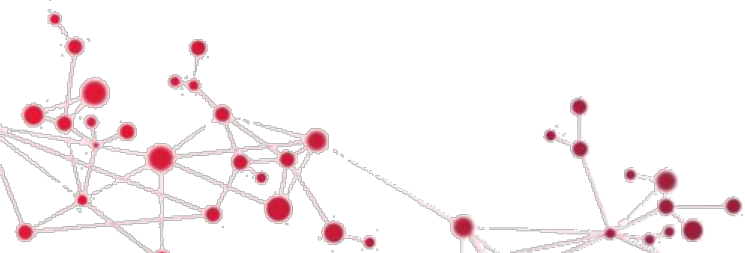
And/or

Existing tenant search needs to be run at the time you run screenings for possible MI tenants.

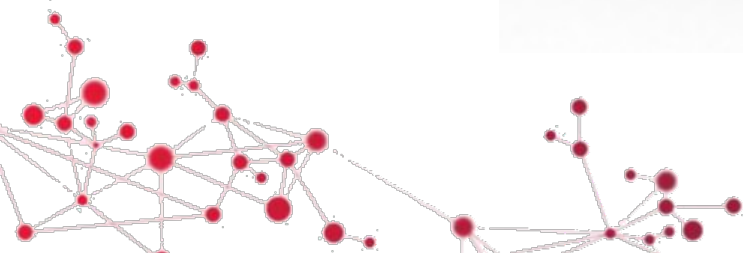


# REAC Follow up

Non-EHS and EHS items from most recent REAC report not mitigated



# Questions?



# Appendix



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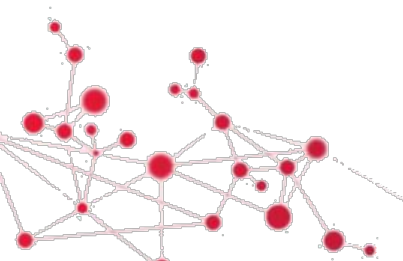
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- b. The owner must confirm with the tenant that the employment and/or unemployment information in EIV is correct. If the tenant confirms that the employment and/or unemployment information in the EIV system is correct, the owner must:
- (1) Print the Income Report and use the report as third party verification of the tenant's employment and/or unemployment.
  - (2) Request the tenant provide documentation, e.g., four current, consecutive check stubs, which will support his/her current income being received.
  - (3) Use the tenant provided documentation for determining the tenant's income unless additional information is needed or the owner has reason to reject the tenant provided documentation. In these instances, third party verification must be obtained from the income source. (See Chapter 5, Paragraph 5-13 for guidance on tenant provided documents.)
  - (4) Annualize the tenant's income using the current income projected forward for the next 12 months. (See Chapter 5, Section 1 for instructions on calculating income.)
  - (5) Make copies of any tenant provided documents for the tenant file and return the originals to the tenant.
  - (6) Retain the Income Report and supporting documentation in the tenant file along with the applicable form HUD-50059.
- c. If the tenant disputes the employment, wage or unemployment information in the EIV system or when the tenant reports he/she is employed or receiving unemployment but there is no information in EIV, the owner must obtain third party verification from the employer or SWA.

**NOTE:** See Chapter 5, Paragraph 5-5.A for calculating income using the EIV system.

#### 4. Social Security Benefits

- a. Owners must use the Income Report identifying the SSA benefit information in the EIV system as third party verification of the tenant's receipt of SS benefits and to calculate the tenant's income. A copy of the SSA award or benefit letter or Proof of



intensity of family composition and income.

(2) **UIV using non-EIV system (Optional)**

(a) Owners may use other non-HUD UIV tools such as The Work Number and other state government databases, if available, to verify income:

- (1) Of applicants;
- (2) When no employment or income is available in EIV; or
- (3) For other types of income received by the family.

b. **Third-party verification from source (written)**

- (1) An original or authentic document generated by a third party source that is dated within 120 days from the date of receipt by the owner. Such documentation may be in possession of the tenant (or applicant), and commonly referred to as tenant-provided documents. These documents are considered third-party verification because they originated from a third-party source.

Examples of tenant-provided documentation that may be used includes, but is not limited to: pay stubs, payroll summary report, employer notice/letter of hire/termination, SSA benefit letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.

Owners must consider the following when using tenant-provided documentation:

## I. Periodic Social Security Payments

Count the gross amount, before deductions for Medicare, etc., of periodic Social Security payments. Include payments received by adults on behalf of individuals under the age of 18 or by individuals under the age of 18 for their own support.

\*See Section J below regarding adjustments for overpayment of benefits and Section O for calculating the income for tenants in ICF/MR or ICF/DD projects and assisted living units in elderly projects.\*

**\*Example:** Mary's gross social security benefit is \$700 per month. The owner calculates annual income by annualizing the gross monthly social security benefit amount.

$\$700 \text{ per month} \times 12 \text{ months} = \$8,400 \text{ gross annual income.}^*$

## J. Adjustments for Prior Overpayment of Benefits

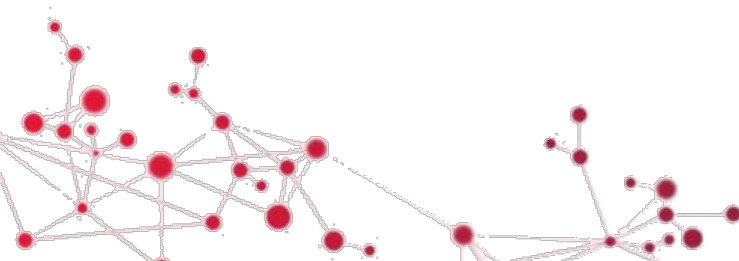
If an agency is reducing a family's benefits to adjust for a prior overpayment (e.g., social security, SSI, TANF, or unemployment benefits), count the amount that is actually provided after the adjustment.



- c. when a family has both disability assistance expenses and medical expenses, it is important to review the collected expenses to be sure no expense has been inadvertently included in both categories.

## E. Elderly Family Deduction

An elderly or disabled family is any family in which the head, spouse, or co-head (or the sole member) is at least 62 years of age or a person with disabilities. Each elderly or disabled family receives a \$400 family deduction. Because this is a "family deduction" each family receives only one deduction, even if both the head and spouse are elderly or disabled.



## 5-13 Acceptable Verification Methods

### A. Methods of Verification

Owners must use verification methods that are acceptable to HUD. The owner is responsible for determining if the verification documentation is adequate and credible. \*Acceptable methods of verification, in order of acceptability: 1) upfront-income verification (UIV) with use of EIV being mandatory and use of non-EIV UIV being optional; 2) third-party verification from source (written), 3) third-party verification from source (oral), and 4) family certification.\* If third-party verification is not available, owners must document the tenant file to explain why third-party verification was not available. **Appendix 3** provides a detailed list of acceptable forms of verification by type of information.

### B. Third-Party Verification

1. \*The following describes the types of third-party verification in order of acceptability

- a. Upfront-income verification (UIV)

UIV is verification of income before or during a certification and/or recertification, through an independent source that systematically and uniformly maintains income information in a computerized form.

- (1) Using HUD's EIV system for tenants (not available for applicants). **(Mandatory)**

It is mandatory that owners use the EIV system as the third-party source to verify employment and income information of tenants during recertification (annual and interim) of family composition and income.

- (2) UIV using non-EIV system **(Optional)**

- (a) Owners may use other non-HUD UIV tools such as The Work Number and other state government databases, if available, to verify income:

- (1) Of applicants;
        - (2) When no employment or income is available in EIV; or
        - (3) For other types of income received by the family.

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submissions, and transmit them to HUD or the Contract Administrator on the owner's behalf.

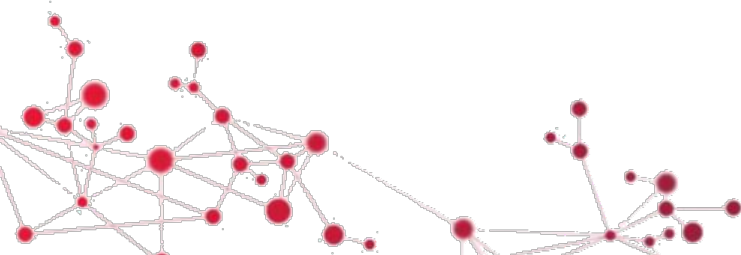
- a. In cases where an owner uses a service provider, that company must provide the owner with printed copies of form HUD-50059, \*form HUD-50059-A\*, form HUD-52670, and related forms that were transmitted to HUD.
- b. The owner must sign and obtain the signature of the head, spouse, co-head, and all adult family members on the copy of the HUD-50059 certifying to the information that is transmitted to HUD or the Contract Administrator, whether the HUD-50059 was produced on site or received from a service provider. The owner may consider extenuating circumstances when an adult family member is not available to sign the HUD-50059, for example, an adult serving in the military, students away at college, adults who are hospitalized for an extended period of time, or a family member who is permanently confined to a nursing home or hospital. In these instances, the owner must document the file why the signature(s) was not obtained and, if applicable, when the signature(s) will be obtained. The owner must provide the tenant a copy of the signed HUD-50059 and retain a copy in the tenant's file.
- c. \*For actions requiring preparation of a HUD-50059-A, the owner must sign and date the completed HUD-50059-A. The head of household must sign and date the completed HUD-50059-A when there is a change in the amount of rent the household must pay, a

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change in the utility reimbursement, when there is a unit \*transfer and when required by state or local law. In all instances where a HUD-50059-A is prepared, the owner must provide the head of household with a copy and a copy must be retained in the tenant file.

- d. The owner must also sign and retain copies of the facsimile of the voucher (form HUD-52670), forms HUD-52670-A, parts 1, 2, 3, 4, 5, or



**CGI**

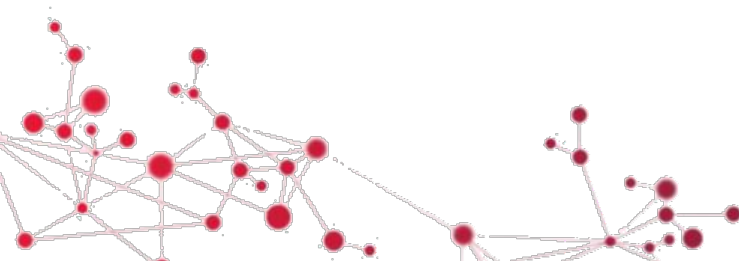
## 7.8 The HUD-50059 and HUD-50059-A

A. \*The business rules to use in completing the HUD-50059 and HUD-50059-A are located in Chapter 5 and Chapter 7 of the 4350.3 Handbook. Information about the specific HUD-50059 and HUD-50059-A requirements can be found in the \* instructions posted with the forms on HUDCLIPS at <http://www.hud.gov/offices/adm/hudclips/forms/> or the TRACS MAT User's Guide. The MAT User's Guide is available on the TRACS Internet site (see Figure 7-3).

B. Actions for which owners MUST FULLY complete the owner and tenant data requirements:

1. Move-ins.
2. Initial certifications.
3. Annual recertifications.
4. Interim recertifications.
5. When converting a Rent Supplement or RAP tenant to Section 8.
6. When a HUD-owned project is sold and a tenant begins to receive Section 8 as a result of the sale.
7. When correcting a previous full submission.
8. When there is a change in the person who is head of household.

NOTE: Signatures by the head, spouse, co-head, all adult members of the household and the owner listed above. Signatures must be obtained on the HUD-50059 prior to submitting the tenant data to the Contract Administrator or HUD (refer to paragraph 7-5 A.4.b regarding consideration of extenuating circumstances when a family member is not available to sign the HUD-50059). A corrected HUD-50059 reflecting only changes due to a gross rent change, may be transmitted prior to obtaining tenant signatures so long as required signatures are obtained within 60 days. See also MAT Guide Chapter 5, MAT10, Section 2 field 99 Extenuating Circumstances Code and Chapter 4 4.39.6 HAP Payments for Late Recertifications. The signed HUD-50059 is filed in the tenant file.



1. Move-out.
2. Termination of assistance.
3. Unit transfer.
4. **Gross rent** change.

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

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

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

## 7.9 Resources

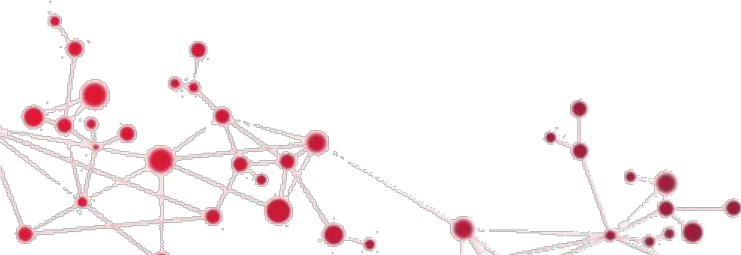
- A. This paragraph summarizes some of the resources available to TRACS users. Owners should visit the TRACS website often, as announcements and documents are posted regularly.

### TRACS Information Updates

TRACS frequently posts announcements on the TRACS website. These announcements notify owners and management agents of new procedures being implemented in TRACS.

Link to <http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm> for information on new TRACS error messages, for implementation of industry specifications, for TRACS Industry meetings, and for other important announcements.

- B. References are provided in this paragraph to resources for understanding TRACS and interpreting and correcting error messages. All resources can be accessed through the TRACS website located at <http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm>.



## 4-18 Documenting Changes to Waiting Lists

### A. Overview

Whenever a change is made in the waiting list, an action is taken, or an activity specific to an applicant occurs, a notation must be made on the waiting list.

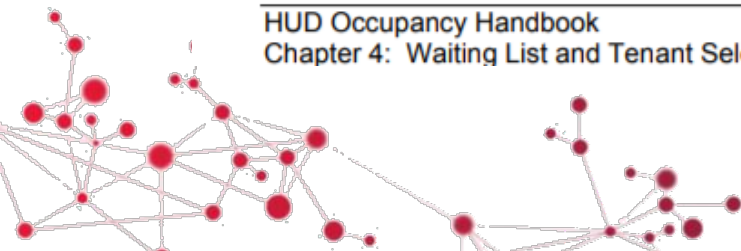
### B. Providing an Auditable Record of Changes to Waiting Lists

The goal of the annotation is to provide an auditable record of applicant additions, selections, withdrawals, and rejections. Independent reviewers looking at the waiting list should be able to:

1. Find an applicant on the waiting list;
2. Readily confirm that an applicant was housed at the appropriate time based on unit size needs, preferences, and income-targeting; and
3. Trace various actions taken with respect to a family's application for tenancy.

### C. Maintaining Documentation of the Waiting Lists

Owners must develop a method to maintain documentation of the waiting list composition, application status, and actions taken.



3. During compliance reviews, owners must be able to provide information documenting their compliance with affirmative fair housing marketing requirements and their approved plan.

**B. Affirmative Fair Housing Marketing Plan**

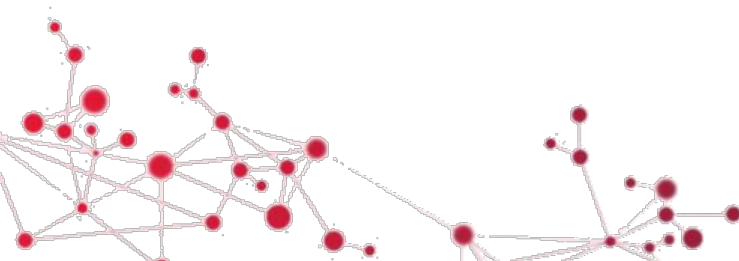
**F. Updating the Marketing Plan**

1. The approved Affirmative Fair Housing Marketing Plan must be followed. It is the owner's blueprint for marketing activity.
2. Owners must review their Affirmative Fair Housing Marketing Plan every five years or when the local Community Development jurisdiction's Consolidated Plan is updated.
3. When reviewing the plan, the owner should look at the current demographics of the market area to determine if there have been demographic changes in the population in terms of race, ethnicity



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## PROCEDURES FOR RESIDENTS REPORTING ZERO OR NOMINAL INCOME

When a resident reports a change resulting in zero or nominal income for the household, provide a copy of the Income Reporting Notice to the head of household and follow the steps below:

- Identify residents/families with little or no income on a quarterly basis (January, March, June, September).
- Check the EIV system, DES (unemployment, wage history, food stamps, cash assistance), and child support for possible unreported income.

Remember, if there is a fee for the information, you may include those fees in your operating budget. You may also want to consider revising your policies and procedures to allow for a credit check when a family remains at zero or nominal income for 3 months or more.

- Schedule interviews and complete an Income Questionnaire with each adult member of the household.

## INTERVIEW AND INCOME QUESTIONNAIRE

1. The site manager or supervisor should conduct an interview to complete the Income Questionnaire. Do not hesitate to ask additional questions if the answers provided are unclear. The family may not be aware that certain monies they are receiving should count as income.
2. Total the monthly expenses and compare to reported income. If there is a discrepancy, ask for an explanation. For example, if the monthly expenses add up to \$650 but the Head of Household declares their only income is \$180 in food stamps, it's likely other sources of income are not being reported. How is the family paying the remaining \$470 in monthly expenses?
3. Ensure that all adult members of the household sign an Income Questionnaire along with the property manager or supervisor.
4. If the household has been at zero or nominal income for 6 months, obtain a copy of the tax return for each adult member of the family by asking them to sign the IRS form 4506T. Follow the IRS instructions and request a copy of their last income tax return to verify income for the household.

## HARDSHIP EXEMPTIONS

Determine if a Hardship Exemption should be offered:

HUD defines a Hardship Exemption as an exemption from the \$25 minimum rent. An owner must provide an exemption for any household unable to pay the Section 8 minimum rent due to a long-term financial hardship defined in the regulation. [24CFR 5.630]

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