

# Special Claims Submissions: Avoiding Common Errors



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# Purpose

- Discuss relationship between MOR's and Special Claims
- Prepare to Submit a Special Claim
  - Manage the Waiting List
  - Comply with CA State and HUD requirements for Security Deposits
- Summarize CAHI's Special Claims Review Process
- Avoid Common Errors in your Special Claims submission and Waiting List Management



# MOR's and Special Claims

- Management and Occupancy Reviews (MOR's)
  - Verify management practices are in compliance to the Housing Assistance Payments (HAP) Contract, Regulatory Agreement, Management Agreement, as well as HUD, state and local regulations,
  - Focus on continuing procedures and policies.
- Special Claims
  - Partially reimburse Owners to mitigate financial risks due to the limitations on Security Deposits, and the need to adhere to the Waiting List requirements.
  - Focus on the turnover process and the final records.



## Preparing to Submit

Follow the requirements of the HUD Handbook 4350.3, plus State and Local laws when turning over your unit, as it relates to:

- Waiting List and Tenant Selection,
- Timeliness of Repairs,
- Security Deposit Disposition, and
- TRACS.

*Note: all SSN's, DOB's, and other PII  
**must be redacted** from actual Special Claims submission*



# Preparing to Submit: Waiting List Requirements

- Process Applicants from your Waiting List in a timely manner
- Follow your Tenant Selection Plan
- Add notations to your Waiting List
  - Update timely to reflect your selection process
  - Complete all required fields, e.g. Income Limits, Need for Accessible Unit, and Dates (of application, contacts, rejection, removal, skips, MI, etc)
- Ensure the printed Waiting List provided for the MOR or Special Claims
  - Shows active AND inactive applicants
  - Is sorted by application date and time (or lottery number)
  - Shows all the required fields and comments.



# Preparing to Submit: Waiting List Review

- Document Changes to your Waiting List:
  - 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.
- Independent reviewers looking at the waiting list should be able to:
  - Find an applicant on the waiting list;
  - Readily confirm that an applicant was housed at the appropriate time based on unit size needs, preferences, and income-targeting; and
  - Trace various actions taken with respect to a family's application for tenancy.



# Security Deposit Disposition Letter: HUD Requirements

For an Unpaid Rent / Damage Claims only, HUD also requires that the letter also:

- be sent to the tenant via certified mail,
- demands payment,
- advises the tenant that failure to pay the sums due will result in the Owner hiring a collection agency to collect the debt, and
- notifies the tenant that they have a right to discuss the charges with the Owner.



HUD Handbook 4350.3:  
Occupancy Requirements of Subsidized  
Multifamily Housing Programs



# Submitting on Time: Unit has Been Re-Rented

## Special Claims for Regular Vacancies

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0182  
(Exp. 06/30/2016)

Instructions Follow guidelines in HUD Handbook 4350.3, Rev. 1, Chapter 9	Project name Fraser's Ridge		FHA project no. 123-AB4567	Sec 8/PAC/PRAC Cont # CA34567891		
			Vacated Tenant name Y. Willoughby	Unit No. 123		
Part A <small>(applies to the</small>	1. Tenant's move-out date 01/01/2018	2. No. days taken to clean / repair unit 2	3. Date unit ready for occupancy 01/04/2018	4. Date unit ready for occup. + 59 days 03/04/2018	5. Date unit was re-rented 01/15/2018	6. No. of days vacant (Not to exceed 60. Include day in line 3 but not day in line 5.) 11
	7. Contract rent/operating rent at move-out 1,000.00					

Earliest Date of Special  
Claim Submission:  
(Regular Vacancy)

- Date Unit was re-rented = 01/15/2018.
- *Must be submitted **after** the unit has been re-rented AND the MO & MI certs are viewable in TRACS.*

Last Date of Special  
Claim Receipt  
by CAHI / CGI:

- Date Unit Ready for Occupancy + 180 days =
- 01/04/2018 + 180 days = 07/03/2018.
- *All claims must be received by CAHI / CGI within **180 calendar days** of the date the unit was ready for occupancy.*





# Submitting on Time: Unit has NOT Been Re-Rented

## Special Claims for Regular Vacancies

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0182  
(Exp. 06/30/2016)

Instructions Follow guidelines in HUD Handbook 4350.3, Rev. 1, Chapter 9	Project name Fraser's Ridge		FHA project no. 123-AB4567	Sec 8/PAC/PRAC Cont # CA34567891		
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Part A <small>(applies to the</small>	1. Tenant's move-out date 01/01/2018	2. No. days taken to clean / repair unit 2	3. Date unit ready for occupancy 01/04/2018	4. Date unit ready for occup. + 59 days 03/04/2018	5. Date unit was re-rented	6. No. of days vacant (Not to exceed 60. Include day in line 3 but not day in line 5.) 60
	7. Contract rent/operating rent at move-out			1,000.00		

Earliest Date of Special  
Claim Submission:  
(Regular Vacancy)

- Date Unit Ready for Occupancy + Max Claim period of 60 days =
- 01/04/2018 + 60 days = 03/05/2018.
- *Must be submitted at least after **60 calendar days** from the date the unit was ready for occupancy, AND the MO cert is available in TRACS.*


Last Date of Special  
Claim Receipt  
by CAHI / CGI:

- Date Unit Ready for Occupancy + 180 days =
- 01/04/2018 + 180 days = 07/03/2018.
- *All claims must be received by CAHI / CGI within **180 calendar days** of the date the unit was ready for occupancy.*



# Submitting a Complete Package

- HUD Forms 52670-A - part 2
- HUD Form 52671-A or 52671-C

<b>Special Claims Schedule</b>		<b>U. S. Department of Housing and Urban Development</b> Office of Housing Federal Housing Commissioner			OMB Approval No. 2502-0182 (Exp. 06/30/2016)	
<b>Instructions</b> Follow guidelines in HUD Handbook 4350.3, Rev. 1 Chapter 9		Project Name	FHA Project No.	Section 8 / PAC / PRAC Contract No.		
<b>Head of Household Name</b> Last, First, Initial  (1)		<b>Unit Number</b>  (2)	<b>Type and Amount of Claim (\$)</b>			
			Unpaid Rent from HUD 52671-A  (3)	Tenant Damages from HUD 52671-A  (4)	Rent-Up Vacancies from HUD 52671-B  (5)	Regular Vacancies from HUD 52671-C  (6)
<input type="checkbox"/> I certify: (a) the information provided is true and correct; and (b) all requirements of the Contract are being met; and (c) all requirements of the Contract are being met.		<input type="checkbox"/> Claim denied. Reason: Official's name, signature, and date				
Owner's printed name, signature, date and phone no.						
HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. Sections 1001, 1010, 1012; 31 U.S.C. Sections 3729, 3802).						

# Regular Vacancy: Complete Package

## Sample Checklist

### Special Claim for Regular Vacancies

Project Name: \_\_\_\_\_

Contract Number: \_\_\_\_\_

Unit Number \_\_\_\_\_

Attach the following items to the claim submission:

- Completed form HUD-52670-A Part 2.
- Completed form HUD-52671-C.
- A copy of the signed form HUD-50059 completed at move-in for the former tenant which shows the amount of the security deposit required.
- Documentation that the appropriate security deposit was collected from the tenant: for example, a copy of the original lease, a copy of the tenant's ledger card, or a copy of the receipt(s) for security deposit.
- A copy of the security deposit disposition notice provided to the tenant.
- Documentation that verifies the date the unit was ready for occupancy.
- Copy of the waiting list from which the tenant was selected (i.e. unit transfer waiting list, one-bedroom waiting list, etc.)
- If the unit was not filled from the waiting list(s), documentation of marketing efforts must be included such as copies of advertising or invoices for advertising expenses that substantiate the date marketing occurred in accordance with the AFHMP.

Redact  
SSN & DOB



# Regular Vacancy: Complete Package

## Sample Reconditioning Log

1. Project Name: Fraser's Ridge 2. Contract Number: CA34567891

3. Unit Number: 123

4. Date of Death: N/A 5. Date of Unit Transfer: N/A

6. Date of Move-Out: 01/01/2018 7. Anticipated Move-In Date: N/A

	Start Date	Finish Date:	Comments:
Maintenance:	8. <u>01/02/2018</u>	9. <u>01/02/2018</u>	<u>N/A</u>
Painted:	10. <u>N/A</u>	11. <u>N/A</u>	<u>N/A</u>
Carpet Cleaned:	12. <u>01/02/2018</u>	13. <u>01/02/2018</u>	<u>N/A</u>
Unit Cleaned:	14. <u>01/03/2018</u>	15. <u>01/03/2018</u>	<u>N/A</u>
	16. Approved for Occupancy Date: <u>01/04/2018</u>		

Approved By: Owner / Agent Signature Date: 01/03/2018



# Unpaid Rent/Damages: Complete Package

## Sample Checklist (page 1 of 2)

### Special Claims for Unpaid Rent/Damages

1. Project Name: \_\_\_\_\_
2. Contract Number: \_\_\_\_\_
3. Unit Number: \_\_\_\_\_

Attach the following required items to the claim submission:

#### A. For all claim submissions:

1. \_\_\_\_\_ Completed form HUD-52670-A, Part 2.
2. \_\_\_\_\_ Completed form HUD-52671-A.

B. If claim is for both unpaid rent and other charges and tenant damages are for the same unit and tenant, the claim for tenant damages must be calculated on the same form HUD-52671- A and filed as one claim.

#### C. Unpaid rent and other charges:

1. \_\_\_\_\_ Documentation, such as a copy of the original lease or a copy of a security deposit receipt indicating the amount of the security deposit collected from the tenant. .
2. \_\_\_\_\_ A copy of the signed form HUD-50059 completed at move-in
3. \_\_\_\_\_ A certified letter sent to the tenant detailing the unpaid rent and other charges, the disposition of the security deposit, demanding payment, and advising the tenant that failure to pay the sums due will result in the owner/agent hiring a collection agency to collect the debt.
4. \_\_\_\_\_ Documentation that the matter was turned over to a collection agency and that collection agency attempted to collect the debt.
5. \_\_\_\_\_ Documentation for other charges that were due under the lease that demonstrates the charges were approved by HUD.

Redact  
SSN & DOB



# Unpaid Rent/Damages: Complete Package

## Sample Checklist (page 2 of 2)

D. Tenant damages: In addition to documentation for unpaid rent and other charges:

1. \_\_\_\_\_ Copies of the signed and dated move-in and move-out inspection reports.
2. \_\_\_\_\_ Itemized list of damages.
3. \_\_\_\_\_ Breakdown of costs to repair the damages, which may include invoices, receipts, copies of work orders or maintenance records supporting dates work was completed.
4. \_\_\_\_\_ A copy of the security deposit disposition notice provided to the tenant.
5. \_\_\_\_\_ The owner/agent must certify the submitted claim is not the result of normal wear and tear or routine maintenance.



# Unpaid Rent: Eligibility Considerations

Other Costs are NOT eligible to be included in Unpaid Rent Claims:

- Legal fees
- Collection agency fees
- Unpaid utility bills
- Cost of photographing unit to prove tenant damage
- Section 202/8 leases do not allow charges for late fees, returned checks

For Tenant Damages:

- Tenants can only be charged with damage above the normal wear and tear, and Owners must take into account the life expectancy of the item damaged before charging the tenant.



# Special Claims: CAHI review & Payment

- CAHI will notify you within 30 days if your Special Claim is:
  - Incomplete (you will have 30 days to provide us with the missing information),
  - Approved or adjusted, or
  - Denied (we will provide an explanation).
- If approved or adjusted, request payment on the next scheduled voucher.
  - Payment will be denied if request is made more than 90 days from the date of the approval.
- Voucher must include assigned special claim ID number per the approval letter and the claim amount.
  - There is no need to return a copy of the approval letter to us.





# Ensuring Quality

- Review Success Rate of Special Claims Submissions
  - Determine Root Cause of Errors (Accuracy? Timeliness? Turnover?)
- Periodically analyze Waiting List policies and documentation
  - Review from the perspective of an Independent 3<sup>rd</sup> Party
  - Make changes to waiting list format and/or procedures to improve transparency
- Adhere strictly to the 21 day timeline for returning Security Deposits
  - or providing a good faith estimate if the repairs or documentation are not yet complete
- Identify training requirements
- Keep an open dialogue with your Specialist



# OA resources: www.cahi-oakland.org



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## Knowledge Center

Welcome to the Knowledge Center. This site was created to be a resource to Owners, Agents and Contract Administrators working to improve housing for California communities.

This section contains helpful links to CAHI and HUD Handbooks, Forms and Notices to help and assist you in administering the HUD Multifamily Housing Section 8 Project-Based Program. Please bookmark this page and return to it frequently.

If you have any questions or suggestions for additional information you would like to see added that is not listed, please contact us using the Contact Us page

<b>HUD Handbooks</b>	HUD Forms & Information	Frequently Requested Documents	Password Protected Sites
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**HUD Housing Handbooks**

[Section 8 Renewal Guide and Page Changes](#)

[HUD Handbook 4350.1: Multifamily Asset Management and Project Servicing](#)  
[HUD Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs](#)  
[HUD Handbook 4381.5: The Management Agent Handbook](#)

**HUD Housing Guidebooks**

Special Claims Processing Guide

Please Select

Special Claims Processing Guide Handbook (complete)  
 CHAPTER 1: GENERAL INFORMATION  
 CHAPTER 2: SPECIAL CLAIMS FOR VACANCY LOSS DURING RENT UP

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# Questions?

HUD Special Claims Processing Guide (issued June 2006)

Special Claims Processing Guide FAQs

HUD Handbook 4350.3 REV-1, Chapter 4: *Waiting List and Tenant Selection*

California Civil Code:

[https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=CIV&sectionNum=1950.5](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV&sectionNum=1950.5)

[www.cahi-oakland.org](http://www.cahi-oakland.org)

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