Iowa Finance Authority
INVESTING IN HOME AND COMMUNITY

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Management Bulletin #23

Date: 4 August 2006

To: Owner/Management Agents

Fr: Sharon Livingston, Budget Supervisor

Re: New Processing Guidelines Required to submit Special Claims

Effective August 1, 2006 Iowa Finance Authority Section 8, Contract Administration will adhere to and enforce the Special Claim Processing Guide dated June 2006.

Attached you have been provided a copy of the Special Claims Processing Guide and checklists containing all required documents that must be submitted before special clams can be reviewed. You **must** attach the IFA checklist with your special claims to ensure that you have included all required forms HUD form 52670-A part 2, HUD 52671-A and/or HUD 52671-C. All forms must be complete and signed.

Documentation now required to obtain a vacancy loss include:

1.) IFA Vacancy Checklist
2.) HUD-Forms 52670-A and 52670-C completed and signed
3.) Copy of the HUD-50059 showing the security deposit
4.) Documentation that the security deposit was collected example:
   a.) copy of the original lease
   b.) copy of the tenant rent ledger card
   c.) or a copy of the receipt for security deposit
5.) Copy of the security deposit disposition notice to the tenant indicating the move-out date, amount of security deposit collected, amount of security deposit returned, any charges withheld from the deposit for unpaid rent, tenant damages or other charges due under the lease.
6.) Documentation that verifies the date the unit was ready for occupancy which includes:
   a.) voucher adjustment page verifying the move-out date of the former tenant and the move-in date of the new tenant
   b.) maintenance record or reconditioning log showing the move-out date, start and finish of each process, date the unit was ready for occupancy and the date unit was re-rented if applicable
7.) Copy of the waiting list from which the tenant was selected or information from

previous waiting list describing contact with applicant and the outcome of the contact

8.) If the unit was not filled by from the waiting list you must provide:
   a.) documentation of marketing effort must be included such as copies of advertisement or invoices for advertising expenses

9.) The owner must verify all tenant transmissions to TRACS (move-in, move-out) prior to submitting the special claim for approval. Attach the TRACS printout for verification that the tenant data exists in TRACS. If the unit is not reoccupied by a subsidized tenant, the move-in will not be viewable in TRACS; therefore a hard copy of the form HUD-50059 for market rent tenant must be submitted

Documentation now required to obtain an unpaid rent claim include:

1.) IFA Unpaid Rent/Damage Checklist
2.) HUD-Form HUD-52670A Part 2 an HUD-52671A completed and signed
3.) Copy of the HUD-50059 showing the security deposit
4.) Documentation that the security deposit was collected example:
   a.) copy of the original lease
   b.) copy of the tenant rent ledger card
   c.) or a copy of the receipt for security deposit

   Note: If the owner/agent did not collect the appropriate security deposit from the tenant, the claim will be reduced by the amount of the security deposit the owner should have collected from the tenant
5.) Copy of the security deposit disposition notice to the tenant indicating the move-out date, amount of security deposit collected, amount of security deposit returned and any charges withheld from the unpaid rent, tenant damages or other charges due under the lease.
6.) A certified letter sent to the tenant detailing the unpaid rent and other charges, the disposition of security deposit, demanding payment and advising the tenant that failure to pay the sum due will result in the owner/agent hiring a collection agency to collect the debt
7.) Documentation that the matter was turned over to a collection agency for collection and that the collection agency has attempted to collect the debt (i.e. copies of the first demand letter)
8.) Documentation for other charges that were due under the lease that demonstrates the charges were approved by HUD
9.) If a claim is being made for unpaid rent and other charges due under the lease 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

Documentation now required to obtain damage claim includes:

1.) IFA Unpaid Rent/Damage Checklist
2.) HUD-Form HUD-52670A Part 2 an HUD-52671A completed and signed
3.) Copy of the HUD-50059 showing the security deposit
4.) Documentation that the security deposit was collected example:
   a.) copy of the original lease
   b.) copy of the tenant rent ledger card

c.) or a copy of the receipt for security deposit

Note: If the owner/agent did not collect the appropriate security deposit from the tenant, the claim will be reduced by the amount of the security deposit the owner should have collected from the tenant

5.) A copy of the security deposit disposition notice provided to the tenant which indicates the move-out date, amount of security deposit collected, amount of security deposit returned and any charges withheld from the deposit for unpaid rent, tenant damages or other charges due under the lease.
6.) A certified letter sent to the tenant detailing the unpaid rent and other charges, the deposition of security deposit, demanding payment and advising the tenant that failure to pay the sum due will result in the owner/agent hiring a collection agency to collect the debt
7.) Documentation that the matter was turned over to a collection agency for collection and that the collection agency has attempted to collect the debt (i.e. copies of the first demand letter)
8.) Documentation for other charges that were due under the lease that demonstrates the charges were approved by HUD
9.) Owner must certify the submitted claim is not a result of normal wear and tear or routine maintenance
10.) Copies of the move-in and move-out inspection forms
11.) A repair cost breakdown that must include at least one of the following:
    a.) Invoices
    b.) Receipts
    c.) Owner/Agent Certification
    d.) Other documentation acceptable to HUD or CA

Other Requirements:
The owner/agent should request payment for an approved claim on the next scheduled voucher. However, payment must be requested with in 90 calendar days from the date of the approval decision

Instructions detailing the above can be found in the Special Claims Processing Guide. A complete copy of the processing guide may be located on the HUD website located at www.hudclips.org under “WHAT’S NEW” and in the Hudclips library under “Guidebooks”, the guidebook will also be available on IFA website located at http://www.ifahome.com/partner_section8_mgmtBulletins.asp.

If you have any questions please feel contact me at 515-242-0216

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

JUL 5 2006

MEMORANDUM FOR: All Multifamily Hub Directors
All Multifamily Program Center Directors
All Owners and Management Agents of
Multifamily Insured Properties
All Contract Administrators

FROM: Lanier M. Hylton, Director, Office of Housing Assistance Contract Administration Oversight, HTC

SUBJECT: Implementation of the Special Claims Processing Guide

The purpose of this memorandum is to announce the Office of Management and Budget's approval and the implementation of the Special Claims Processing Guide. The Guide is available on HUDCLIPS under "What's New" or can be accessed through the HUDCLIPS Library, "Guidebooks." The Guide is effective for all special claims submitted on or after August 1, 2006 and it replaces all previous editions. HUD had received comments on earlier drafts of the Guide from project-based Section 8 owners and management agents, HUD staff and industry representatives. Many of their comments were incorporated into the Guide.

The Special Claims Guide has been developed to assist in the reduction of errors in the administration of HUD's rental housing assistance programs. The Special Claims Guide provides detailed guidance for the processing of Special Claim requests and is intended for use by HUD staff, Contract Administrators and Owners and Management Agents of Section 8 project-based contracts. Many property owners are still unsure of the rules regarding special claims submissions. This Guide expands on the guidance provided in Chapter 9 of HUD Handbook 4350.3 REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*.

HUD recognizes the financial risks owners undertake in their efforts to provide affordable housing. It is HUD's intent to ensure that owners involved in this effort remain financially viable partners. The special claims process is one tool that owners can use to be reimbursed for their financial loss. Owners are encouraged to submit special claims for eligible losses.

Questions regarding the Special Claims Guide should be directed to the Special Claims Mailbox at Special Claim Comment Box@hud.gov. This mailbox will serve as a temporary resource for you to send any questions you may have regarding the Special Claims Guide.

SPECIAL CLAIMS PROCESSING GUIDE

June 2006

U. S. Department of Housing
and Urban Development
Office of Multifamily Housing

The information collection requirements contained in this Guide have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0182. In accordance with the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

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CHAPTER 1: GENERAL INFORMATION

Section 1-1 PURPOSE

This Guide provides the Department of Housing and Urban Development (HUD) field offices, Contract Administrators (CA), and owners/management agents information they need to prepare, review and approve special claims. As part of its commitment to provide affordable housing, HUD recognizes that owners of affordable housing have a potential financial risk because of the limitation on security deposits and the need to adhere to waiting list requirements; therefore, owners should be reimbursed for their financial loss through the special claims process.

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Section 1-2 PROCESSING RESPONSIBILITY

A. Processing and approving special claims is the responsibility of the organization administering the assistance contract. This organization could be HUD, a Traditional Contract Administrator, or a Performance Based Contract Administrator (PBCA).

B. References to Contract Administrator (CA) in the Guide includes both the Traditional Contract Administrator and the Performance Based Contract Administrator unless otherwise indicated.

C. This Guide expands on the guidance provided in Chapter 9 of Handbook 4350.3 REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*, for processing special claims.

Section 1-3 APPLICABILITY

A. The processes and procedures apply to all projects/contracts listed in Figure 1-1, unless otherwise stated.

B. Owners may claim reimbursement for the types of special claims eligible under the assistance contract for their properties, as listed in Figure 1-1.

Figure 1-1 Applicable Special Claim Types and Eligible Project/Contract Types

Special Claim Types	Eligible Project/Contract Types	24 CFR* Section
1. Vacancies during rent-up	Section 202 PRAC, Section 811 PRAC	891.445(b)
2. Vacancies after rent-up	Section 8, Section 202/8, Section 202 PAC, Section 202 PRAC, Section 811 PRAC	880.611(c) 884.106(c) 886.109(c) 886.309(d) 891.445(c) 891.650(c) 891.790(c)
3. Debt service claims	Section 8 NC/SR (New Regulation contracts), RHS Section 515/8, Section 202/8, Section 202 PAC, PDSA/8	880.611(d) 884.106(d) 886.309(g) 891.650(d) 891.790(d)
4. Unpaid rent/damages	Section 8, Section 202/8, Section 202 PAC, Section 202 PRAC, Section 811 PRAC	880.608(f) 884.115(a) 886.116(a) 886.315(d) 891.435(c) 891.635 891.775

* Code of Federal Regulations

Section 1-4 OWNER/AGENT SUBMISSION REQUIREMENTS

A. See Sections 2-4, 3-4, 4-4 and 5-4 of this Guide for the submission timelines for each of the four types of special claims.

B. In the event of a project opt-out or a terminated contract, all special claims must be submitted to the appropriate HUD office no later than 90 calendar days following the effective date of the opt-out or contract termination. No loss incurred after the date of opt-out or contract termination shall be eligible for a special claim. HUD staff will review the special claims to determine eligibility for payment and notify the owner/agent of the approved amount and claim identification (ID) number.

Section 1-5 OWNER/AGENT CLAIMS PROCESS

A. All required documentation must be submitted with the claim to ensure timely processing of the claim.

B. A checklist of required documentation must be used and submitted with each claim package to ensure all required documentation is submitted with the claim form. See Appendices 2B, 3B, 4B and 5B for sample checklists for each claim type.

C. Any overpayment of subsidy and/or special claim identified during a voucher review must be reimbursed to HUD before HUD or the CA can process or approve a special claim.

D. Any special claim reimbursement from HUD received by the owner must first be applied toward any unpaid tenant rent due under the lease. Additionally, no reimbursement may be claimed for unpaid rent for the period after termination of tenancy. However a special claim for vacancy loss may be submitted.

E. The owner must verify all tenant transmissions to TRACS (move-in, move-out, etc.) prior to submitting the special claim for approval. A move-in date is not required for special claims for vacancy loss during rent-up or for regular vacancies if 60 days have elapsed from the ready-to-occupy date, or if 180 days have elapsed for a debt service claim.

F. If TRACS will not accept a move-out, the owner/agent must submit a TRACS Multi-Family Move-Out Request Form to the multifamily helpdesk. The request form is located at http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm

G. Incomplete Claim Packages:

1. Within 30 calendar days from the date of receipt of an incomplete claim package HUD or the CA will either return the incomplete package or contact the owner by email, fax or telephone requesting the missing items. Either method is acceptable. It is the discretion of the HUD Field Office or CA which method they choose to use.

2. If the incomplete claim package is returned, a letter will be included with the returned claim package indicating why it was determined that the package was found to be incomplete. If HUD or the CA uses the option of notifying the owner via email, fax or telephone requesting the missing items, HUD or the CA must specify the date by which the documents must be received.

3. The owner must resubmit the complete claim package within 30 calendar days from the date of the letter included with the returned claim package. If HUD or the CA elects not to return the package but to request via email, fax or telephone that the owner fax or mail the missing documents, the missing documents must be received by the date specified by HUD or the CA. Any claims received after the specified date will be denied and ineligible for resubmission.

H. Denied or Reduced Claims:

After the review of a complete package:

1. The owner/agent must appeal a denied or reduced claim within 30 calendar days from the date of the letter denying or reducing the claim, or the appeal will be denied. The appeal should include a brief explanation as to why the claim should be paid, along with any new or additional supporting documentation. The owner is allowed one original submission, one resubmission, and one appeal.

2. HUD or the CA will approve or disapprove the appeal within 30 calendar days from the date the appeal is received from the owner/agent.

3. The owner/agent must request payment for any approved claim(s) within 90 calendar days from the date of the approval decision.

I. The owner/agent should request payment for an approved claim on the next scheduled voucher. However, payment must be requested within 90 calendar days after approval date of the claim.

A special claim transmitted for payment is subject to the availability of funds.

J. The voucher must include the assigned special claims ID number for the type of claim. Failure to include the assigned special claim ID on the voucher, entering the incorrect claim type or requesting a special claim amount that differs from the approved amount will result in rejection of the voucher.

Section 1-6 HUD OR CA CLAIM REVIEW PROCESS

A. A claim must be date stamped the day it is received.

B. HUD or the CA must maintain a Special Claim log containing: property name, contract number; type of claim, date received, unit number, tenant name, special

claim ID number, date approved, whether the claim was adjusted, rejected, or appealed, the dollar amount submitted, dollar amount approved and payment status.

C. Special Claim ID Number.

1. For all approved or reduced claims HUD or the CA will notify the owner/agent of the approved amount and claim ID number within 30 calendar days from the date of receipt.

2. HUD staff will use the Special Claims Approval option on the TRACS Main Menu in Secure Systems to record the special claim and to create the special claim ID number. For each claim ID number, only one type of claim (rent-up vacancy, regular vacancy, debt service, and unpaid rent or damages) is permitted. Multiple special claims of the same type for the same contract will be processed together and assigned the same special claim ID number.

3. CAs will use their own system for assigning the special claim ID number. The CA must follow HUD's practice and assign a unique claim ID for each type of claim (rent-up vacancy, regular vacancy, debt service, unpaid rent, or damages). Multiple special claims of the same type for the same contract should be processed together and assigned the same special claim ID number.

D. Processing a Reduced Claim.

1. The review of claims that require a reduced or revised amount will be clearly annotated.

2. A reduced claim will be approved for payment at the reduced amount.

3. The owner/agent will be notified in writing of the reason(s) for reduction and of the right to appeal the decision. The letter will include the owner/agents appeal rights, and the name and address of the person to whom the appeal may be made.

4. All appeals received from the owner/agent will be processed within 30 calendar days of receipt.

E. Incomplete Claims.

1. Within 30 calendar days from the receipt of an incomplete package HUD or the CA will either return incomplete claim packages or contact the owner by email, fax or telephone requesting the missing items.

2. Incomplete claim packages returned to the owner will include a letter stating the reason the package is incomplete and providing the owner/agent 30 calendar days from the date of the letter to resubmit a complete package. If the resubmission is received by HUD or the CA after the 30 day calendar deadline has elapsed, the claim will be denied and cannot be resubmitted.

3. If HUD or the CA elects not to return the package but to request via email, fax or telephone that the owner fax or mail the missing documents, the missing documents must be received by the date specified by HUD or the CA or the claim(s) will be denied and cannot be resubmitted.

F. Processing an Unacceptable Claim.

1. An unacceptable claim will be marked as denied.

2. The owner/agent will be notified in writing of the reason(s) for denial and of the right to appeal the decision. The letter will include the owner/agent's appeal rights and the name and address of the person to whom the appeal may be made.

3. All appeals received from the owner/agent will be processed within 30 calendar days of receipt.

Section 1-7 RETAINING COPIES

A. HUD or the CA must retain copies (or electronic images), of approved claims and supporting documentation for three (3) years from the date of approval.

B. Owners/agents must retain copies of claims and supporting documentation for three (3) years after the date the claim(s) was paid.

C. Approval of payment of claims does not prevent HUD or CA staff from reviewing special claims during subsequent Management and Occupancy Reviews and Annual Compliance Reviews, requesting reimbursement, if required.

CHAPTER 2 SPECIAL CLAIMS FOR VACANCY LOSS DURING RENT-UP

Section 2-1 CONCEPT

Special claims for vacancy loss during rent-up are compensation to property owners for rental loss attributed to vacant units during the initial rent-up period of a property.

Section 2-2 ELIGIBILITY REQUIREMENTS

A. Project/Contract types:

Section 202 PRAC and Section 811 PRAC

Note: Although vacancy loss during rent-up is permissible under the project-based Section 8 regulations, Section 8 and Section 202/8 projects are no longer eligible because the authority has been repealed and all of the projects have passed the rent-up stage. Therefore, no claim for vacancy loss during rent-up should be submitted for project-based Section 8 and Section 202/8 projects.

B. Other requirements:

1. Only units that are in decent, safe and sanitary condition and are available for occupancy during the vacancy period for which payment is claimed are eligible for special claims.

2. Owners/agents must comply with the PRAC Agreement and implement diligent marketing efforts at least 90 calendar days prior to the anticipated date of initial occupancy.

3. By signing form HUD-52671-B, the owner/agent certifies they have taken all feasible actions to fill the vacancy and did not reject eligible applicants.

4. Owners must comply with the required HUD-approved Affirmative Fair Housing Marketing Plan (AFHMP) and all Fair Housing and Equal Opportunity (FHEO) requirements.

Section 2-3 OWNER/AGENT CLAIM SUBMISSION REQUIREMENTS

The owner/agent must submit the following:

A. Claim forms:

HUD-52670-A Part 2, Special Claims Schedule
HUD-52671-B, Special Claims for Vacancies During Rent-Up

B. Submit claim forms to:

HUD field office only

C. Supporting documentation:

1. Refer to Section 1-5 for the general requirements that are part of the claims process.

2. Provide a list of all units leased and available for lease as of the effective date of the Permission to Occupy (Form HUD-92485) signed by the HUD Architect/Engineer or the effective date of the contract, whichever is later. In addition, justification must be provided for all vacant units, explaining why they remain vacant.

3. Documentation that marketing began at least 90 calendar days prior to initial occupancy, including:

    a. Copies of advertisements or invoices for advertising expenses substantiating the date marketing began.

    b. Copy of the waiting list.

    c. Documentation that explains the status of the waiting list and the outcome of applicant contacts (i.e., date applicant was contacted, response of applicant, status of applicant's move-in).

    d. Copies of letters to rejected applicants demonstrating rejection for good cause.

D. Checklist:

A checklist of required documentation must be used and submitted with the claim forms. See Appendix 2B for a sample "Checklist - Special Claim for Vacancies During Rent-up".

E. TRACS requirements:

If a unit was initially occupied within the claim period, the move-in date must be viewable in TRACS to support the date the claim period ends for that unit.

F. Claim amount:

May not exceed 50% of operating cost for the claim period.

Section 2-4 OWNER/AGENT CLAIM TIMELINES

A. Submission deadline:

The claim must be received by HUD within 180 calendar days from the date the unit is first available for occupancy and after the ending date specified below. If a claim is received after the 180 days, it will not be eligible for review.

B. Start date:

The claim period begins with the date of the permission to occupy the unit or the effective date of the contract, whichever is later.

C. Ending date:

The claim period ends on the date preceding the day on which the unit is initially occupied, or 60 calendar days from the start date, whichever is earlier.

D. Length of claim period:

The claim period may not exceed 60 calendar days.

Section 2-5 HUD FIELD OFFICE CLAIM REVIEW PROCESS

In addition to the general review requirements in Section 1-6, the reviewer must:

A. Confirm that all required documents are submitted with the claim and that they are signed appropriately.

B. Review all calculations on form HUD-52671-B (Appendix 2A) for accuracy.

C. Review the documentation describing the status of the waiting list and the outcome of applicant contacts to determine if the owner/agent is maintaining the waiting list and is processing applications in a timely manner, including following-up on initial contacts and applicant responses. If it is discovered that the owner/agent has violated its waiting list policy, previously paid claims are subject to recapture.

D. Review copies of advertising and invoices to confirm that marketing began at least 90 calendar days prior to the anticipated date of initial occupancy.

E. Review copies of letters to rejected applicants to confirm that rejection was for good cause.

F. Review the list of units leased and vacant and the justification for the vacant units to determine the reasonableness of the justification.

CHAPTER 3 SPECIAL CLAIMS FOR VACANCY LOSS AFTER RENT-UP (REGULAR VACANCY)

Section 3-1 CONCEPT

A special claim for vacancy loss after rent-up is compensation to the property owner for the loss of rental income of a unit that was previously occupied by an assisted tenant but has been vacant for circumstances beyond the owner's control.

Section 3-2 ELIGIBILITY REQUIREMENTS

A. Project/Contract types:

   Section 8, Section 202/8, Section 202 PAC, Section 202 PRAC, Section 811 PRAC

B. The owner/agent is eligible to submit a special claim for vacancy loss after rent-up if:

   1. Upon learning of a vacancy the owner/agent transmits the move-out data to TRACS.

   2. The former tenant was receiving rental assistance at move-out; or if the rental assistance had been terminated prior to move-out, the assistance was terminated based upon the tenant's failure to comply with his/her responsibilities to fulfill program requirements, such as:

      - Failure to provide the needed information relating to family composition and income.
      - Failure to provide social security numbers.
      - Failure to sign consent forms and or verification forms.
      - Failure to sign the form HUD-50059.
      - Failure or inability to establish citizenship or eligible immigration status.
      - Failure to move to a different-sized unit within 30 days after the owner notifies him/her that the unit of the required size is available.

      Note: Owners cannot submit a special claim for the unit when termination of rental assistance was based on the tenant's income increasing to where he/she no longer qualifies for assistance or for the period of occupancy by a police officer or security personnel.

3. In projects that are partially assisted, if a tenant's assistance is terminated tenant or moves out of a unit and the assistance is given to a tenant in a another unit effective the day after the termination or move out, the owner is not entitled to a special claim for a vacancy loss.

   For example, in a partially assisted Section 236 project the tenant in Unit 26 who is receiving Section 8 assistance moves-out on July 26. The owner gives the Section 8 assistance to the tenant in Unit 30 effective July 27. The owner is not entitled to receive a special claim for vacancy loss for Unit 26.

4. The owner/agent is eligible to submit a special claim only for units that are in decent, safe and sanitary condition and are available for occupancy during the vacancy period in which the payments are claimed. Vacancy loss claims may not be paid for the days a unit is being prepared for re-occupancy.

5. The owner/agent has taken and continues to take all feasible actions to fill the vacancy, including contacting any applicants on the waiting list and/or advertising the availability of the unit in accordance with Fair Housing and Equal Opportunity requirements in HUD Handbook 4350.3 REV 1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*, Chapters 2 and 4.

6. The owner/agent has not rejected applicants, except for good cause in accordance with the owner's tenant selection plan.

7. By signing form HUD-52671-C, the owner/agent certifies they have not caused the vacancy by violating the lease, the contract, or any applicable law and that they have complied with all HUD requirements on termination of tenancy listed in HUD Handbook 4350.3 REV-1, Chapter 8.

Section 3-3 OWNER/AGENT CLAIM SUBMISSION REQUIREMENTS

The owner/agent must submit the following:

A. Claim forms:

HUD-52670-A Part 2, Schedule of Special Claims
HUD-52671-C Special Claims for Regular Vacancies

B. Submit claim forms to:

HUD or the CA

C. Supporting documentation:

1. Refer to Section 1-5 for the general requirements that are part of the claim process.

2. A copy of the signed form HUD-50059 completed at move-in for the former tenant which shows the amount of security deposit that was required.

3. 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 rent ledger card, or a copy of the receipt(s) for security deposit.

   Note: If the security deposit held by the owner met the rules in effect at the time the deposit was collected, or if the owner was not previously required to collect a security deposit under program requirements, the special claim will not be reduced because a security deposit wasn't collected or where the deposit does not match the current rules.

4. A copy of the security deposit disposition notice provided to the tenant indicating the move-out date, amount of security deposit collected, amount of security deposit returned and any charges withheld from the deposit for unpaid rent, tenant damages or other charges due under the lease.

5. Documentation that verifies the date the unit was ready for occupancy. Examples of such documentation could consist of the voucher adjustment page verifying the move-out date of the former tenant and the move-in date of the new tenant or the maintenance record or reconditioning log confirming the move-out date and the date the unit was ready for occupancy.

6. Copy of the waiting list from which the tenant was selected (i.e. unit transfer waiting list, one-bedroom waiting list, etc.) or information from previous waiting list describing contact with the applicant and the outcome of the contact.

7. If the unit was not filled from the waiting list(s), documentation of marketing efforts must be included such as copies of advertisements or

invoices for advertising expenses that substantiate the date marketing occurred in accordance with the AFHMP.

D. Checklist:

A checklist of required documentation must be used and submitted with the claim forms. See Appendix 3B for a sample "Checklist -Special Claims for Regular Vacancies".

E. TRACS requirements:

1. The move-out or unit transfer date of the former tenant must be viewable in TRACS.

2. If the unit was rented within the claim period, the move-in or unit transfer for the new tenant must be viewable in TRACS. If the unit is not re-occupied by a subsidized tenant, the move-in will not be viewable in TRACS; therefore, a hard copy of the form HUD-50059 for the market rent tenant must be submitted.

F. Claim amount:

1. A claim for a unit under a Section 8 contract, Section 202/8 or Section 202 PAC may not exceed 80% of the contract rent for up to 60 calendar days for each vacancy. A claim for a unit under Property Disposition Set-aside (PDSA/8) is an exception and may not exceed:

    a. The housing assistance payment for the number of days elapsed between the date the tenant vacated the unit and the last day of the month, plus

    b. 80% of contract cost for any days the unit remains vacant in the following month.

2. A claim for a unit under a Section 202 PRAC or Section 811 PRAC may not exceed 50% of the operating rent for up to 60 calendar days for each vacancy.

3. The claim must be reduced by any amounts the owner/agent has collected from other sources (i.e., security deposits, etc.)

    Note: If the tenant failed to give proper notice to vacate as required under the lease, the security deposit may be included as an amount. collected from other sources.

Section 3-4 OWNER/AGENT CLAIM TIMELINES

A. Submission deadline:

The completed claim form and documentation must be received by HUD or the CA within 180 calendar days from the date the unit is available for occupancy. See Section 1-4.B for requirements for submitting claims when a contract is terminated.

B. Start date:

The claim period begins the day the unit is available for occupancy by another tenant. Vacancy loss claims may not be paid for the days a unit was being prepared for occupancy.

> Example: A unit was vacated May 5, cleaned May 5 through May 8, and available for occupancy on May 9. The claim period would begin on May 9.

C. Ending date:

The claim period ends on the day preceding the day on which the unit is re-rented, or 60 calendar days from the date the unit is available for occupancy (start date), whichever is earlier.

D. Length of claim period:

The claim period may not exceed 60 calendar days.

Section 3-5 HUD OR CA CLAIM REVIEW PROCESS

In addition to the general review requirements in Section 1-6, the reviewer must:

A. Verify that the correct amount of security deposit was collected from the tenant at move-in.

B. Review copies of the voucher adjustment page(s) to verify move-out date of the former tenant and move-in date of the new tenant and that appropriate move-in and move-out adjustments were made.

C. Review the maintenance record or reconditioning log to confirm the move-out date and the date the unit was ready for occupancy.

D. If the unit is not leased from the waiting list, review documentation of advertisements or invoices for advertising expenses that support that marketing was undertaken and substantiates the date marketing occurred. If the waiting list is closed, it is not necessary to review the owner's/agent's marketing and outreach methods.

E. Review the documentation describing the status of the waiting list for the past several months and the outcome of applicant contacts to determine whether or not the owner/agent is maintaining the waiting list and is processing applications in a timely fashion, including following up on initial contacts and applicant responses. Claims will be denied when owners/agents are in violation of the waiting list policy or Fair Housing laws.

CHAPTER 4 SPECIAL CLAIMS FOR DEBT SERVICE VACANCY PAYMENTS

Section 4-1 CONCEPT

Special claims for debt service vacancy payments are compensation to a property owner for units that have been vacant beyond the 60 calendar day limit for regular vacancy (either during or after initial rent-up) in order to avoid mortgage default.

Section 4-2 ELIGIBILITY REQUIREMENTS

A. Project/Contract types:

Section 8 NC/SR (New Regulation contracts), Section 202/8, Section 202 PAC, RHS 515/8, PDSA/8.

The following are not eligible for debt service payments: NC/SR Old Regulation contracts, Section 8 Loan Management Set aside (LMSA), Section 202 PRAC, Section 811 PRAC and projects that have prepaid their mortgage (uninsured projects). Debt service payments may not be applied towards management fees and/or owner distribution payments. Debt service payments must be placed in the operating budget for the project.

Note: Section 8 new construction and substantial rehabilitation new regulation contracts:
In general projects eligible to receive debt service vacancy payments are assisted under HAP contracts with the date "8-80" or later printed next to the form number. These form versions will contain a paragraph, typically located in section 2.4(e), concerning debt service vacancy payments. If there is a question regarding whether a project is eligible for a debt service vacancy claim (i.e. falls under the old or new regulations) contact HUD Field Office staff.

B. Other requirements:

1. Units must have been vacant and ready for occupancy for more than 60 calendar days. Owners may not receive payment for special claims for vacancy loss and debt service at the same time. Therefore, a unit is not eligible for mortgage debt service payments until the 60 calendar day vacancy loss period has ended.

2. Payments may not exceed the amortized principal and interest payments due for that unit on the project's first mortgage, or the net operating loss on an un-audited financial statement.

3. Units must be in decent, safe and sanitary condition and available for occupancy during the vacancy period in which the payments are claimed.

4. By signing form HUD-52671-D, the owner/agent certifies that they have they have followed their HUD approved Affirmative Fair Housing Marketing Plan when marketing available units.

5. Documentation of marketing activities, such as copies of advertisements or invoices for advertising expenses that support that marketing was undertaken and substantiates the date marketing occurred if applicable.

6. Projects must show a net operating loss on an unaudited financial statement. Depreciation and owner expenses cannot be included in this statement.

7. HUD must determine if the project can achieve financial soundness within a reasonable period of time.

Section 4-3 OWNER/AGENT CLAIM SUBMISSION REQUIREMENTS

The owner/agent must submit the following:

A. Claim forms:

   HUD-52670-A Part 2, Schedule of Special Claims
   HUD-52671-D, Special Claims for Debt Service

B. Submit claim forms to:

   HUD field office only, except in the case where the Traditional Contract Administrator is a State Housing Finance Agency and the property was financed by that agency. In that case the CA will review all debt service claims.

C. Supporting Documentation:

   1. Refer to Section 1-5 for the general requirements that are part of the claim process.

   2. Unaudited financial statement, covering a six-month period for which claims are made.

   3. Written narratives detailing the items below:

a . Cause(s) of the vacancies.

b. Cause(s) of financial problems.

c. Actions taken to correct the financial condition and to prevent recurrence.

d. Sources of funds and time frames for paying off delinquent mortgage and excessive accounts.

e. Evidence of marketing activities indicating an attempt to fill the vacancy if applicable.

D. Checklist:

A checklist of required documentation must be used and submitted with the claim forms. See Appendix 4B for a sample "Checklist – Special Claims for Debt Service".

E. TRACS requirements:

1. If the unit was previously occupied, the move-out or unit transfer for the former tenant must be viewable in TRACS.

2. If the unit was rented within the claim period, the move-in or unit transfer for the new tenant must be viewable in TRACS. If the unit is not re-occupied by a subsidized tenant, the move-in will not be viewable in TRACS; therefore, a hard copy of the form HUD-50059 for the market rent tenant must be submitted.

F. Claim amount:

The owner may request a claim for the lesser of:

1. The amount of the amortized principal and interest payments attributable to the vacant unit(s). Form HUD-52671-D must be used to calculate this amount. Daily debt service is found in Exhibit 2 of the Housing Assistance Payments (HAP) contract, or

2. The amount of the operating loss attributable to the unit, exclusive of depreciation and any owner expenses. This amount is calculated on an un-audited financial statement.

Section 4-4 OWNER/AGENT CLAIM TIMELINES

A. Submission deadline:

The claim form must be filed semi-annually, starting 6 months after the "regular vacancy" claim period (60 calendar days). The HUD field office may authorize a more frequent submission schedule if the semi-annual schedule threatens the project's performance.

B. Start date:

The day following the 60 calendar-day vacancy loss period.

> Example: Initial 60 calendar-day vacancy loss ends January 31. Submit claims for the two six-month periods ending July 31 and January 31.

C. Ending date:

The date on which the unit is rented, or 12 months after the start date, whichever is earlier.

D. Length of claim period:

The claim period may not exceed 12 months.

Section 4-5 HUD FIELD OFFICE CLAIM REVIEW PROCESS

A. HUD has the responsibility for the review and approval of debt service special claims except in the case where the Traditional Contract Administrator is a State Housing Finance Agency and the property was financed by that agency. In that case the CA will review all debt service claims.

B. PBCAs may not review or approve special claims for debt service.

1. HUD will forward the results of its review to the PBCA.

2. If the claim has been approved, the PBCA will be instructed to issue an approved special claims ID number to the owner for submission with the next monthly HAP billing.

C. In addition to the general review requirements of Section 1-6, the reviewer must:

1. Confirm that all required documentation is submitted with the claim, and that the claim is properly signed.

2. Review all calculations on form HUD-52671-D for accuracy. The reviewer will need to determine the debt service (amortized principal and interest payment) attributable to the unit(s) through prorating. The debt service can be found in Exhibit 2 of the HAP contract. The claim payment must be the lesser of the calculated debt service and the net operating loss.

3. Review documentation of advertisements or invoices for advertising expenses that support that marketing was undertaken and substantiates the date marketing occurred.

4. Review financial statement to confirm that the project has not provided the owner with sufficient revenue to cover expenses less depreciation (i.e., the project shows a net operating loss).

5. Review the narratives provided and available financial information to determine whether the project is likely to achieve financial soundness in a reasonable period of time.

CHAPTER 5 SPECIAL CLAIMS FOR UNPAID RENT, TENANT DAMAGES, AND OTHER CHARGES

Section 5-1 CONCEPT

A special claim for unpaid rent, tenant damages and other charges due under the lease is reimbursement to a property owner for a former tenant's failure to pay the monthly rent, other charges due under the lease, or for damages caused by the negligence or abuse of the former tenant.

Section 5-2 ELIGIBILITY REQUIREMENTS

A. Project/Contract types:

   Section 8, Section 202/8, Section 202 PAC, Section 202 PRAC or Section 811 PRAC.

B. The owner is eligible to submit a special claim for unpaid rent, other charges due under the lease and damages if:

   The former tenant was receiving rental assistance at move-out; or if the rental assistance had been terminated prior to move-out, the assistance was terminated based upon the tenant's failure to comply with his/her responsibilities to fulfill program requirements, such as:

   - Failure to provide the needed information relating to family composition and income.
   - Failure to provide social security numbers.
   - Failure to sign consent forms and or verification forms.
   - Failure to sign the form HUD-50059.
   - Failure or inability to establish citizenship or eligible immigration status.
   - Failure to move to a different-sized unit within 30 days after the owner notifies him/her that the unit of the required size is available.

   Note: Owners cannot submit a special claim for the unit when termination of rental assistance was based on the tenant's income increasing to where he/she no longer qualifies for assistance.

C. In projects that are partially assisted, if a tenant's assistance is terminated or a tenant moves out of a unit and the assistance is given to a tenant in another unit effective the day after the termination or move out, the owner is not entitled to a special claim for unpaid rent, tenant damages, or other charges.

For example, in a partially assisted Section 236 project the tenant in Unit 26 who is receiving Section 8 assistance moves-out on July 26. The owner gives the Section 8 assistance to the tenant in Unit 30 effective July 27. The owner is not entitled to receive a special claim for unpaid rent, tenant damages, or other charges for Unit 26.

D. Other requirements for unpaid rent and other charges due under the lease:

1. The owner/agent collected the appropriate security deposit from the tenant. If the owner/agent did not collect the appropriate security deposit from the tenant, the claim will be reduced by the amount of the security deposit the owner should have collected from the tenant.

   Note: If the security deposit held by the owner met the rules in effect at the time the deposit was collected, or if the owner was not previously required to collect a security deposit under program requirements, the special claim will not be reduced because a security deposit wasn't collected or where the deposit does not match the current rules.

2. By signing form HUD-52671-A, the owner/agent certifies they have billed the tenants for unpaid rent and have taken all reasonable steps to collect the debt:

   a. A certified letter has been 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. The letter must include a notice to the tenant that they have a right to discuss the charges with the owner/agent.

   b. If the tenant did not make payment on the monies owed, other efforts were attempted to collect the monies (i.e., engaging a collection agency).

3. State and local law must permit such amounts to be deducted from the tenant's security deposit.

4. "Other charges" due under the lease are to be included with unpaid rent.

   a. Allowable "other charges" due under the lease include:

      (1) Failure to return keys.

(2) Late fees, if allowable under the lease and state or local law, or

(3) Any charges for damages during tenancy that the tenant was previously billed for and that were still unpaid at move-out.

b. Not allowable "other charges" due under the lease include:

(1) Legal fees.

(2) Collection agency fees.

(3) Unpaid utility bills left by the tenant.

(4) Cost of photographing unit to prove tenant damage.

c. Section 202/8, Section 202 PAC, Section 202 and Section 811 PRAC leases do not allow for charges for late fees, returned checks or unreturned keys therefore these charges are not allowable as special claims.

E. Other requirements for tenant damages:

1. By signing form HUD-52671A the owner/agent certifies they have determined the damage claim was due to the tenant's negligence or abuse.

2. Only extraordinary repairs and/or replacements should be claimed. See Appendix 5C, " Tenant Damages versus Normal Wear and Tear."

3. The owner/agent cannot request reimbursement on the damage claim for items where reimbursement was made from the Reserve for Replacements or Residual Receipts accounts or by insurance coverage. An owner/agent should be encouraged to apply for insurance reimbursement prior to submitting a claim to HUD. However, it is important to note, if an owner receives special claims reimbursement for damage covered by the owners insurance after HUD has already paid, the owner is required to repay HUD.

4. Any damages, other than those billed during tenancy, found and billed at move-out are claimed as damages on the claim form.

5. Failure to provide the tenant with an itemized listing of damages will result in the denial of the claim.

Section 5-3 OWNER/AGENT CLAIM SUBMISSION REQUIREMENTS

The owner/agent must submit the following:

A. Claim forms:

   HUD-52670-A Part 2, Schedule of Special Claims
   HUD-52671-A, Special Claims for Unpaid Rent/Damages

B. Submit forms to:

   HUD or CA

C. Supporting documentation for unpaid rents and other charges due under the lease:

   1. Refer to Section 1-5 for the general requirements that are part of the claim process.

   2. Evidence that the owner/agent took all reasonable steps to collect the debt. Such information must include:

      a. A copy of the signed form HUD-50059 completed at move-in which shows the amount of security deposit that was required.

      b. 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 rent ledger card, a copy of the receipt(s) for security deposit.

      c. Copy of the certified letter sent to the tenant detailing the unpaid rent and other charges due under the lease, 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. The letter must include a notice to the tenant that they have a right to discuss the charges with the owner/agent. (See Security Deposit Disposition Notice 3-3.C 4).

      d. Documentation that the matter was turned over to a collection agency for collection and that the collection agency has attempted to collect the debt (i.e., copy of the agency's first demand letter).

e. Documentation for other charges that were due under the lease that demonstrates the charges were approved by HUD.

D. Supporting documentation for a damage claim:

1. Evidence that the owner/agent took all reasonable steps to collect the debt (see item C.2 above for documentation requirements).

2. The owner/agent must certify the submitted claim is not the result of normal wear and tear or routine maintenance. See Appendix 5C, Examples of "Tenant Damage versus Normal Wear and Tear".

3. Copies of the move-in and move-out inspection reports.

4. A copy of the security deposit disposition notice provided to the tenant which indicates the move-out date, amount of security deposit collected, amount of security deposit returned and any charges withheld from the deposit for unpaid rent, tenant damages or other charges due under the lease.

5. A repair cost breakdown that must include at least one of the following:

(1) Invoices

(2) Receipts

(3) Owner/agent certification

(4) Other documentation acceptable to HUD or the CA

The owner/agent must determine the useful life expectancy of replaceable items that have been damaged by the tenant. Refer to Appendix 5D for a sample "Life Expectancy Chart" to determine the predicted life expectancy of replaceable items.

Example: In 2000 new carpeting was installed in a unit. The owner/agent determines that the carpet had a life expectancy of five years and would not have expected to replace the carpet until 2005. In 2001, a family moved into the unit and then moved out in 2003. At move-out, the entire carpet had to be replaced two years earlier than expected. The family should not be charged more than 2/5 of the cost of the new carpeting. If the carpeting had been in service for five or more years at the time the family moved-out,

none of the cost of replacing the carpet would have been charged to the family.

E. If a claim is also being made for unpaid rent and other charges due under the lease 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.

F. Checklist:

A checklist of required documentation must be used and submitted with the claim forms. See Appendix 5B for a sample "Checklist- Special Claims for Unpaid Rent/Damages.

G. TRACS requirements:

The move-out or unit transfer for the tenant who owes the unpaid rent or who was responsible for the damages must be viewable in TRACS.

H. Claim Amount:

1. The total claim for unpaid rent and damages for any Section 8 units may not exceed the monthly contract rent in effect when the tenant vacated the unit (or at the time the tenant's rental assistance was terminated), minus the security deposit, plus interest earned and amounts collected from the tenant or other sources to cover the unpaid rent and damages.

   Example: $65.00 is held by the owner, which includes the security deposit and interest earned. The tenant left the unit owing $300.00 in unpaid rent and $200.00 in damages. The owner/agent is unable to collect payment from the tenant for the unpaid rent or damages. The contract rent at the time the tenant moved-out is $400.00. HUD will pay up to $335.00 (contract rent minus the security deposit and interest).

2. For the LMSA program the total claim limit is the security deposit and the remainder of one month's contract rent.

3. For the PD program the limit is two month's rent less the security deposit collected or potentially collected.

Section 5-4 OWNER/AGENT CLAIM TIMELINES

A. Submission deadline:

The claim forms must be received by HUD or the CA within 180 calendar days from the date the vacated unit is available for occupancy.

B. Start Date: N/A

C. Ending date: N/A

D. Length of claim period: N/A

Section 5-5 HUD OR CA CLAIM REVIEW PROCESS

In addition to the general review requirements in Section 1-6, the reviewer must:

A. Review all calculations on HUD-52671-A for accuracy.

B. Confirm that the appropriate security deposit was collected from the tenant. If the owner/agent did not collect the appropriate security deposit from the tenant, the claim will be reduced by the amount of the security deposit the owner/agent did not collect.

C. Confirm that any other charges due under the lease are allowed under the lease for the project.

D. If the tenant did not make payment, confirm that the owner/agent pursued the debt through a collection agency and the collection agency attempted to collect the debt.

E. Review the owner/agent breakdown of costs to repair the damages and confirm that the costs are reasonable for the work described.

F. Confirm that the damage charges were not due to normal wear and tear but were for extraordinary repairs and/or replacements. Appendix 5C provides guidance on the distinction between allowable claims for tenant damages and normal wear and tear on a unit and may be provided to an owner/agent for clarification on this matter.

G. Verify that the owner/agent used the life expectancy for replaceable items to calculate how much, if any, of the replacement cost should be charged to the tenant.

Section 5-6 REIMBURSEMENT OF SPECIAL CLAIMS PAYMENTS

A. Any reimbursement from HUD received by the owner must be applied first toward any unpaid rent due under the lease.

4. No reimbursement may be claimed for unpaid rent for the period after termination

of tenancy.

5. If the tenant reimburses the owner/agent for the monies owed after a claim has been paid for unpaid rent, other charges due under the lease, or tenant damages, the owner/agent must refund the tenant's payment to HUD.

Appendix 1A

Housing Owner's Certification and Application for Housing Assistance Payments

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

OMB Approval No. 2502-0182 (04/30/2009)

Part I - Contract Information

1. Project Name :	2. FHA / EH / Non-Insured No.	3. Section 8/PAC/PRAC Contract Number:	HUD/CA Use Only Voucher Number:
4. Type of Subsidy (one only): ☐ Sec. 8 ☐ Rent Supp. ☐ RAP ☐ PAC ☐ PRAC	5a. Management Agent's Name: 5b. EIN :		Date Received : Date Paid :

Part II - Occupancy & Income Eligibility Information

6. General Occupancy Information (contract specific):

a. Total Units in contract	
b. Number of Units receiving subsidy under this contract	
c. Number of units abated under this contract	
d. Number of Units vacant under this contract	
e. Number occupied by Market Rent Tenants	

Note: 6a must equal 6b + 6c + 6d + 6e

7. Exceptions to Limitations on Admission of Low-Income Families (only for Sec. 8 contracts effective on or after 10/1/81):

a. Project-based exceptions in use	
b. Project-based exceptions allocated	
c. Tenant-based exceptions in use	
d. **Total exceptions** (line b + line c)	
e. Date Field Office last changed allocations for project-based exceptions (mm/dd/yy)	

Part III - Breakdown of Assistance Payment Requested

8. Type of Assistance	9. Number of Units in Billing	10. Amount Requested	HUD/CA Use Only 11. Amount Approved
a. Regular Tenant Assistance Payments for (mo./yr.):			
b. Adjustments to Regular Tenant Assistance Payments			
c. i. Section 8 Special Claims for Unpaid Rent			
ii. Section 8 Special Claims for Tenant Damages			
iii. Section 8 Special Claims for Vacancies			
iv. Section 8 Special Claims for Debt Service			
d. Miscellaneous Accounting Requests			
e. **Total Subsidy Authorized** under instructions in Handbook 4350.3 Rev. 1			

Part V - Owner's Certification I certify that: (1) Each tenant's eligibility and assistance payment was computed in accordance with HUD's regulations, administrative procedures, and the Contract, and are payable under the Contract; (2) all required inspections have been completed; (3) the units for which assistance is billed are decent, safe, sanitary, and occupied or available for occupancy; (4) no amount included on this bill has been previously billed or paid; (5) all the facts and data on which this request for payment is based are true and correct; and (6) I have not received and will not receive any payments or other consideration from the tenant or any public or private source for the unit beyond that authorized in the assistance contract or the lease, except as permitted by HUD. Upon request by the Department of Housing and Urban Development, its duly authorized representative, or the Comptroller General of the United States, I will make available for audit all books, records and documents related to tenants' eligibility for, and the amount of, assistance payments. **Warning:** HUD will prosecute false claims & 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).

Part IV - Distribution of Subsidy Earned (HUD/CA Use Only)

	Amount Approved
12. Applied to HUD-held mortgage	
13. Applied to debts owed by mortgagor	
14. Paid to Project	
15. $ of the amount in item E, part III was released from the Residual Receipts Account.	

Printed Name, Date, Title & Phone No. (Include area code) & Signature :

X

Previous editions are obsolete

Submit an Original and two copies

form **HUD-52670** (10/2002)
ref. Handbook 4350.3 Rev. 1

This form is submitted monthly by owners/agents to their Contract Administrator or HUD for each subsidy contract and provides basic information on the project, reports the number of contract units which are occupied by eligible tenants and bills HUD for the housing assistance payments. Section 8 projects also must report exceptions to the rule requiring that all units be leased to families with incomes below 50 percent of area median income.

This form must be completed so HUD/CA can pay owners the difference between the gross rent and the total tenant payment (housing assistance payments) according to regulation. It is also necessary for the forms to be completed so the owner can recoup money lost during vacancy, and money spent to fix damaged units and cover rent when these expenses are unpaid by the vacating tenant.

Regulations require that owners complete this form using statutory formulas for calculating housing assistance payments, unpaid rent and tenant damages and vacancy loss payments.

The statutes requiring the submission are S101, Housing and Urban Development Act of 1965 (12 U.S.C. 1701s), S236(f)(2), National Housing Act (12 U.S.C.17152z-1, S8, United States Housing Act (42 U.S.C. 1437f), Section 202 of the Housing Act of 1959 as amended by Section 801 of the National Affordable Housing Act (12 U.S.C. 1701(g)), and Section 811 of the National Affordable Housing Act (42 U.S.C. 8013). The regulations stipulating these rules are: 24 CFR 215, 236, 880, 881, 883, 884, 886, and 891. The administrative requirements for these forms are provide in HUD Handbook 4350.3 Rev. 1, Chapter 9.

HUD does not promise confidentiality but will not disclose data on a specific project or tenant. No questions of a sensitive nature are asked in this form.

The Department of Housing & Urban Development is authorized to collect this information by the U.S. Housing Act of 1937, as amended, and to request the Employer Identification Number (EIN) by the Housing & Community Development Act of 1987, 42 U.S.C. 3543. The owner/agent must provide all this information including the EIN. The information provided will be used by HUD for the following: (1) Review accuracy of funds requested by owner / agent for tenants' housing assistance payments and special claims payments. (2) Review owner / agent computation of tenant assistance payment and tenants' rents using specific forms and formulas. (3) Evaluate the date owner/ agent re-certify assisted tenants. (4) Limit the number of Section 8 units that may be leased to low-income families whose incomes exceed 50% of the area median income. (5) Restrict or prohibit the admission of tenants who are ineligible for assistance. (6) The EIN may be cross-checked against the EIN reported on the Management Entity Profile (form HUD-9832) or the Rent Schedule (form HUD-92458). This cross-check will assist in identifying inconsistencies whereby corrective action may be taken. The EIN is used as a unique identifier. HUD may disclose this information to Federal, state, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. Otherwise, it will not be disclosed or released outside of HUD, except as permitted or required by law. Providing all information is mandatory, and failure to provide information will affect participation in HUD programs.

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

form **HUD-52670** (10/2002)
ref. Handbook 4350.3, Rev. 1

Appendix 1B

Schedule of Tenant Assistance Payments Due

Before completing this form, read and follow the instructions in the Monthly Activity Transmission (MAT) User's Guide.
See the statements on the form HUD-52670 for information on public burden.

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

OMB Approval No. 2502-0182
(04/30/2009)

Schedule of Tenant Assistance Payments Due	2. Project Name:	3. FHA / EH / Non-Insured Proj. No:	4. Section 8/PAC/PRAC Contract Number:	5. Type of Subsidy:

6. Head of household	Unit						Turnover Date		Recertification Date		Assistance Payment		
Name Last, First, Initial and / or Reason For Adjustment	7. Number	8. Unit Size	9. Contract Rent	10. Utility Allowance	11. Gross Rent	12. Income Code	13a Code	13b MO/Day	14a. Effective Date	14b First Reminder Notice Date	15. Change Code	16a. Requested	16b. Approved (HUD/CA use only)

Appendix 1C

Special Claims Schedule

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

OMB Approval No. 2502-0182 (04/30/2009)

Instructions Follow guidelines in HUD Handbook 4350.3,Rev. 1 Chapter 9	Project Name	FHA Project No.	Section 8/PAC/PRAC Contract No.

Head of Household Name, Social Security Number, Date of Birth (1)	Unit Number (2)	Type and Amount of Claim ($)				
		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)	Debt Service From HUD 52671-D (7)
	Totals					

I certify: (a) the above amounts have been computed in accordance with all instructions and requirements prescribed by HUD and the applicable Section 8/PRC/PRAC Contract; (b) all prerequisites to and conditions for the assistance claimed have been met; and (c) all required documentation will be retained in the project's files for 3 years.

Owner's printed name, signature, date, & phone no.

HUD will prosecute false claims & 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).

HUD/Contract Administrator Review

- ☐ Claim approved.
- ☐ Claim adjusted. Reason:
- ☐ Claim denied. Reason:

Official's name, signature, & date

Previous versions obsolete
Submit an original and three copies

form **HUD-52670-A Part 2** (03/2003)
ref. Handbook 4350.3 Rev. 1

This form must be completed so HUD can pay owners an amount to offset unpaid rent, tenant damages, vacancy, and debt service losses.

Regulations require that owners complete this form using statutory formulas for calculating these loss amounts.

The statutes requiring the submission are S8, United States Housing Act (42 U.S.C. 1437f), Section 202 of the Housing Act of 1959 as amended by Section 801 of the National Affordable Housing Act (12 U.S.C. 1701(g)), and Section 811 of the National Affordable Housing Act (42 U.S.C. 8013). The regulations stipulating these rules are: 24 CFR 880, 881, 883, 884, 886, and 891. The administrative requirements for these forms are provide in HUD Handbook 4350.3, Rev. 1, Chapter 9.

HUD does not promise confidentiality but will not disclose data on a specific project or tenant. No questions of a sensitive nature are asked in this form.

The Department of Housing & Urban Development is authorized to collect this information by the U.S. Housing Act of 1937, as amended. The owner/agent must provide all this information. The information provided will be used by HUD to review accuracy of funds requested by owner/agent for these claim amounts. HUD may disclose this information to Federal, state, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. Otherwise, it will not be disclosed or released outside of HUD, except as permitted or required by law. Providing all information is mandatory, and failure to provide information will affect participation in HUD programs.

Public reporting burden for this collection of information is estimated to average 0.33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

Privacy Act Statement: The Department of Housing and Urban Development is authorized to collect this information by the National Housing Act, Section 235(b), P.L. 479, 48 Stat. 12 U.S.C. 1701 et seq. HUD is authorized to collect the Social Security Number (SSN) by Section 165(a) of the Housing and Community Development Act of 1987, P.L. 100-242, and by Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, P.L. 100-628. The information is being collected to determine the amount of assistance (if any) the applicant is entitled. The information is also used as a tool for managing the program(s) related to this form, and for protecting the Government's financial interests. **The information may be used to conduct computer-matching programs to check for underreported or unreported income.** The SSN is used as a unique identifier. The information may be released to appropriate Federal, State, and local agencies, and when relevant, to civil, criminal, or regulatory investigators and/or prosecutors. This information will not be otherwise disclosed or released outside of HUD except as permitted or required by law. It is mandatory that you provide all of the requested information, including all SSN(s), for you and all other household members age six years and older. Failure to provide SSN(s) and required documents will result in a delay or loss of assistance payments.

Appendix 2A

Special Claims for Vacancies During Rent-up

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

OMB Approval No. 2502-0182 (04/30/2009)

Instructions. Follow guidelines in HUD Handbook 4350.3, Rev. 1, Chapter 9	Project name	FHA project no.	Section 8/PRAC contract no.

Unit Number	Unit Size (No. of Bedrooms)	Period Vacant		# days vacant (NTE 60)	Daily Contract Rent or Operating Rent	Multiply columns 1 & 2 & enter here	HUD's limitation *	Amount Claimed (column 3 times column 4)
		Effective Date of Contract	To (date)	(1)	(2)	(3)	(4)	(5)

This form must be completed so HUD can pay owners an amount to offset vacancy costs during rent up.

Regulations require that owners complete this form using statutory formulas for calculating vacancy rent up.

The statutes requiring the submission are S8, United States Housing Act (42 U.S.C. 1437f); Section 202 of the Housing Act of 1959 as amended by Section 801 of the National Affordable Housing Act (12 U.S.C. 1701(g)); and Section 811 of the National Affordable Housing Act (42 U.S.C. 8013). The regulations stipulating these rules are: 24 CFR 880, 881, 883, 884, 886, and 891. The administrative requirements for these forms are provided in HUD Handbook 4350.3, Rev. 1, Chapter 9.

HUD does not promise confidentiality but will not disclose data on a specific project or tenant. No questions of a sensitive nature are asked in this form.

The Department of Housing & Urban Development is authorized to collect this information by the U.S. Housing Act of 1937, as amended. The owner/agent must provide all this information. The information provided will be used by HUD to review accuracy of funds requested by owner/agent for vacancy loses during rent up. HUD may disclose this information to Federal, state, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. Otherwise, it will not be disclosed or released outside of HUD, except as permitted or required by law. Providing all information is mandatory, and failure to provide information will affect participation in HUD programs.

Public reporting burden for this collection of information is estimated to average 0.33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

Previous versions obsolete
Submit an Original and two copies

form **HUD-52671-B** (09/2002)
ref. Handbook 4350.3 Rev. 1

Appendix 2B

SAMPLE CHECKLIST

Special Claim for
Vacancies During Rent-Up

Property Name: _____

Contract No. _____

Attach the following items to the claim submission

1._____ Completed form HUD-52670-A, Part 2

2. _____ Completed form HUD-52671-B.

3. _____ A list of all units leased and available for lease as of the effective date of the Permission to Occupy (form HUD-92485 signed by the HUD Architect or Engineer) or the effective date of the contract, whichever is later. Also include justification for all un-leased units explaining why they remain vacant.

4. _____ Evidence that marketing began not less than 90 days prior to initial occupancy, including copies of advertisements, or invoices for advertising expenses substantiating the date marketing began and a copy of the waiting list.

5. _____ Waiting-list documentation. Documentation should include the outcome of applicant contacts, (i.e. date applicant was contacted, response of applicant and the status of applicant's move-in).

6._____ Copies of letters to rejected applicants demonstrating rejection for good cause.

Appendix 2C

SUGGESTED WAITING LIST GUIDELINES

A. Updating Waiting lists.

1. Waiting lists must be kept current, and should be updated at least annually.

2. Owners are required to develop a written "Waiting List Policy" outlining the following as required by Handbook 4350.3 REV-1:

   - How often an applicant must contact management to stay active on the list.
   - Method for contacting management (telephone, mail, etc.).
   - A recording process to be used by management.
   - How often an applicant will be offered a unit before they are either removed or dropped to the bottom of the waiting list.

3. Send a letter to each applicant stating your "Waiting List Policy" and asking him or her to respond. The letter should cover the following:

   - Request a response from the applicant that includes applicant's name, level of interest in remaining on the waiting list, any change in eligibility status, family size, unit size needed and need for Section 8 assistance (if project has both market and affordable units).
   - The letter should also indicate a date by which a response is needed, and notify the applicant that he/she may be removed from the waiting list if there is no response. If the applicant does not respond by the deadline date, make one attempt to contact.
   - Remind the applicant of the necessity to report any changes in address or telephone number.

4. Document all actions taken with copies of letters sent, those returned undeliverable, follow-up responses, and action taken. Retain applications and documents for three years after placing in the inactive file. Document waiting list status.

B. Pre-Certify the top applicants for each unit size.

1. Owners/agents should determine the project's average annual turnover rate, and at all times have the top 2 or 3 applicants from the waiting list, for each bedroom size, verified and ready to move at the earliest time possible after being notified.

2. In most instances, an incoming tenant will have to give his or her current landlord proper notice. However, the tenant should be certified in advance to shorten the process.

3. Applicants that have been certified for occupancy should be placed in a file marked "Ready for Move-In". The file should be updated on a regular basis to ensure the verifications are valid as outlined in HUD Handbook 4350.3 REV-1.

Appendix 3A

Special Claims for Regular Vacancies

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

OMB Approval No. 2502-0182 (04/30/2009)

Instructions Follow guidelines in HUD Handbook 4350.3, Rev. 1, Chapter 9	Project name	FHA project no.	Section 8/PAC/PRAC contract no.
		Vacated Tenant name	Unit No.

Part A
(applies to the following)
880: Section 8 New Construction
881: Substantial Rehabilitation
884: Rural Housing Services
886: LMSA Subpart A
891: Elderly Housing

1. Tenant's move-out date	2. No. days taken to clean / repair unit	3. Date unit ready for occupancy	4. Date unit ready for occup. + 59 days	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.)
7. Contract rent/operating rent at move-out					
8. Enter daily contract rent/operating rent (Divide contract rent/ operating rent in effect on move-out date by actual no. days in move-out month)					
9. Multiply lines 6 and 8 (Contract rent /operating rent for days vacant)			0.00		
10. Multiply line 9 by 0.80 for Section 8/PAC units or 0.50 for Section 202/811 PRAC units (This is the most HUD will pay)					
11. Enter amounts paid by other sources (Security deposit, Title I, etc.)			(—)		
12. Subtract line 11 from line 9				0.00	
13. Compare line 10 with line 12 & enter the lesser amount Enter in column 6 on HUD 52670-A Part 2.					

Part B
(applies to)
886: Property Disposition, Subpart C

14. Tenant's move-out date	15. No. days taken to clean / repair unit	16. Date unit ready for occupancy	17. Last day of mo. (or day before move-in if in same month)	18. Number of days vacant in first month (Line 17 minus line 16, plus one day. Not to exceed 30.)
19. Enter daily assistance payment (Divide assistance payment in effect on move-out date by actual no. days in move-out month.)				
20. Multiply lines 18 by line 19 **This is the most HUD will pay for the first month.** If vacancy continues for a second month, continue with line 21. However, if a new tenant moved in the same month as the previous tenant moved out, **skip to line 26.**				0.00
21. Day of second month the unit was rented				
22. Subtract one (1) day from line 21 (Or enter actual no. days vacant if the unit was not re-rented.)				
23. Enter daily contract rent/operating rent (Divide contract rent/ operating rent in effect on move-out by actual no. days in move-out month.)				
24. Multiply line 22 by line 23			0.00	
25. Multiply line 24 by 0.80 **This is the most HUD will pay for the second month.**				0.00
26. Add lines 20 & 25				0.00
27. Enter amounts paid by other sources (Security deposit, Title I, etc.)				(—)
28. Subtract line 27 from 26 Enter in column 6 on HUD 52670-A Part 2.				0.00

I certify: (a) Units are in decent, safe, and sanitary condition, and are available for occupancy during the vacancy period in which the payments are claimed. (b) The Owner / Agent did not cause the vacancy by violating the lease, the contract, or any applicable law. (c) I notified HUD or the contract administrator immediately upon learning of the vacancy, or prospective vacancy, and the reasons for it. (d) I complied with all HUD requirements on termination of tenancy (Chapter 8, Section 3 of Handbook 4350.3 Rev.1) if the vacancy was caused by an eviction. (e) All documentation will be retained in the project's file for 3 years.
Owner's printed name, signature, & date

HUD will prosecute false claims & 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).

HUD/Contract Administrator Review
- ☐ Claim approved.
- ☐ Claim adjusted. Reason:
- ☐ Claim denied. Reason:

Official's name, signature, & date

Claim ID: _____

Previous versions obsolete Clear All Submit an Original and two copies Print

form **HUD-52671-C** (09/2002)
ref. Handbook 4350.3 Rev. 1

This form must be completed so HUD can pay owners an amount to offset 60 day vacancies.

Regulations require that owners complete this form using statutory formulas for calculating such vacancy loses.

The statutes requiring the submission are S8, United States Housing Act (42 U.S.C. 1437 f), Section 202 of the Housing Act of 1959 as amended by Section 801 of the National Affordable Housing Act (12 U.S.C. 1701(g), and Section 811 of the National Affordable Housing Act (42 U.S.C. 8013). The regulations stipulating these rules are: 24 CFR 880, 881, 883, 884, 886, and 891. The administrative requirements for these forms are provided in HUD Handbook 4350.3, Rev. 1, Chapter 9.

HUD does not promise confidentiality but will not disclose data on a specific project or tenant. No questions of a sensitive nature are asked in this form.

The Department of Housing & Urban Development is authorized to collect this information by the U.S. Housing Act of 1937, as amended. The owner/agent must provide all this information. The information provided will be used by HUD to review accuracy of funds requested by owner/agent for vacancy losses up to 60 days in length. HUD may disclose this information to Federal, state, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. Otherwise, it will not be disclosed or released outside of HUD, except as permitted or required by law. Providing all information is mandatory, and failure to provide information will affect participation in HUD programs.

Public reporting burden for this collection of information is estimated to average 0.33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

Previous versions obsolete Submit an Original and two copies

form **HUD-52671-C** (09/2002)
ref. Handbook 4350.3 Rev. 1

Appendix 3B

SAMPLE CHECKLIST

Special Claim for
Regular Vacancies

Project Name: _____

Contract Number: _____

Unit Number _____

Attach the following items to the claim submission:

1. _____ Completed form HUD-52670-A Part 2.

2. _____ Completed form HUD-52671-C.

3. _____ 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.

4. _____ 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.

5. _____ A copy of the security deposit disposition notice provided to the tenant which indicates the move-out date, amount of security deposit collected, amount of security deposit returned and any charges withheld from the deposit for unpaid rent, tenant damages or other charges due under the lease.

6. _____ Documentation that verifies the date the unit was ready for occupancy.

7. _____ Copy of the waiting list from which the tenant was selected (i.e. unit transfer waiting list, one-bedroom waiting list, etc.)

8._____ 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.

Appendix 3-C

Sample
Vacancy Reconditioning Log

1. Project Name: _____

2. Contract Number: _____

3. Unit Number: _____

4. Date of Death: _____ 5. Date of Unit Transfer: _____
Unit Transfer:

6. Date of Move-Out: _____ 7. Anticipated Move-In Date: _____

8. Maintenance: Start Date: _____ 9. Finish Date: _____
Comments: _____
_____

10. Painted: Start Date: _____ 11. Finish Date: _____
Comments: _____
_____

12. Carpet Cleaned: Start Date: _____ 13. Finish Date:_____
Comments: _____
_____

14. Unit Cleaned: Start Date: _____ 15. Finish Date: _____
Comments: _____
_____

16. Date Approved for Occupancy: _____

Approved By: _____ Date: _____

Appendix 4A

Special Claims for Debt Service

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

OMB Approval No. 2502-0182 (04/30/2009)

Instructions: Follow guidelines in HUD Handbook 4350.3, Rev. 1, Chapter 9	Project name	FHA project no.	Section 8/PAC contract no.

Unit number	Unit size (No. of Bedrooms)	Period vacant		No. of days vacant (1)	Daily debt ser. attributed to that unit from HAP contract (exhibit 2) (2)	Amount Claimed (column 1 x column 2) (3)
		From (date)	To (date)			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						

I certify: (a) Units are in decent, safe, and sanitary condition, and are available for occupancy during the vacancy period in which the payments are claimed. (b) I took all appropriate actions to market and fill the vacant units. (c) The project shows a net operating loss on an unaudited form HUD-92410, Profit & Loss Statement.

Owner's printed name, signature, & date

A	Total	
B	Enter operating loss from HUD-92410	
C	Enter **lesser of A or B.** Also enter in column 7 of HUD 52670-A Part 2.	

HUD will prosecute false claims & statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

HUD Field Office Review

- ☐ Claim approved.
- ☐ Claim adjusted.
- ☐ Claim denied. Reason:

HUD official's name, signature, & date X

Claim ID: _____

Previous versions obsolete
Submit an Original and two copies

form **HUD-52671-D** (09/2002)
ref Handbook 4350.3 Rev. 1

This form must be completed so HUD can pay owners an amount to help the contract remain viable during lengthy vacancy periods.

Regulations require that owners complete this form using statutory formulas for calculating vacancy loss payments.

The statutes requiring the submission are S8, United States Housing Act (42 U.S.C. 1437 f), Section 202 of the Housing Act of 1959 as amended by Section 801 of the National Affordable Housing Act (12 U.S.C. 1701(g), and Section 811 of the National Affordable Housing Act (42 U.S.C. 8013). The regulations stipulating these rules are: 24 CFR 880, 881, 883, 884, 886, and 891. The administrative requirements for these forms are provided in HUD Handbook 4350.3, Rev. 1, Chapter 9.

HUD does not promise confidentiality but will not disclose data on a specific project or tenant. No questions of a sensitive nature are asked in this form.

The Department of Housing & Urban Development is authorized to collect this information by the U.S. Housing Act of 1937, as amended. The owner/agent must provide all this information. The information provided will be used by HUD to review accuracy of funds requested by owner/agent for special claims payments. HUD may disclose this information to Federal, state, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. Otherwise, it will not be disclosed or released outside of HUD, except as permitted or required by law. Providing all information is mandatory, and failure to provide information will affect participation in HUD programs.

Public reporting burden for this collection of information is estimated to average 0.33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

Previous versions obsolete
Submit an Original and two copies

form **HUD-52671-D** (09/2002)
ref Handbook 4350.3 Rev. 1

Appendix 4B

SAMPLE CHECKLIST

Special Claim for
Debt Service Claims

Project Name: _____

Contract Number: _____

Unit Number: _____

Attach the following items to the claim submission

1. _____ Completed form HUD 52670-A, Part 2.

2. _____ Completed form HUD-52671-D.

3. _____ Unaudited financial statements covering a six-month period for which claims are made.

Written narrative detailing the following items:

4. _____ Causes of vacancies.

5. _____ Causes for financial problems.

6. _____ Actions being taken to correct the financial condition and to prevent recurrence.

7. _____ Sources of funds and time frames for paying off delinquent mortgage and excessive accounts.

8. _____ Efforts to market the vacant units if applicable.

Appendix 5A

Special Claims for Unpaid Rent / Damages

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

OMB Approval No. 2502-0182 (04/30/2009)

Instructions Follow guidelines in HUD Handbook 4350.3, Rev. 1 Chapter 9	Project name	FHA project no.	Section 8/PAC/PRAC contract no.
		Vacated Tenant name	Unit No.
		Tenant vacant date	New Tenant's move-in date

Total amount collected from tenant	1. Enter the security deposit you collected. **Warning:** If you did not collect the required security deposit from the tenant that caused this claim, **stop! You cannot file this special claim.**			
	2. Enter the interest you earned on the security deposit			
	3. Enter the money you collected for unpaid rents & damages (from tenant, insurance, etc.)			
	4. Total amount collected. Add lines 1-3			
HUD's maximum liability	5. Enter monthly contract rent at move-out for Section 8 or PAC units; or the monthly operating rent for Section 202/811 PRAC			
	6. Subtract line 4 from line 5 (equals maximum HUD liability). **If this amount is 0 or negative, stop!** You have exceeded HUD's maximum. You cannot file a claim for unpaid rent or damages.			
Unpaid rent claim	7. Enter rent charged but unpaid at move-out			
	8. Subtract line 4 from line 7 (not less than 0)			
	9. Enter the lesser of lines 6 & 8. Also, enter in column 3 on HUD 52670–A, Part 2.			
HUD's remaining liability applicable to damages	10. Subtract line 9 from line 6. **If this amount is 0 or negative, stop!** You have exceeded HUD's maximum. **You cannot file a claim for damages.**			
	11. Enter cost to repair damage			
	12. Enter the remaining amount of the security deposit (line 4 minus line 7) This cannot be less than 0			
	13. Amount of damage exceeding the remaining security deposit (line 11 minus line 12) This cannot be less than 0			
	14. Enter the lesser of lines 10 & 13. Also, enter in column 4 on HUD 52670-A, Part 2.			

I certify: (a) I collected the appropriate security deposit according to Chapter 6, Section 1, page 6-11, figure 6-3. (b) I billed tenants for unpaid rent or damages and took all reasonable steps to collect the debt. (c) I determined the damage claim was due to the tenant's negligence or abuse. (d) All documentation will be retained in the project's file for 3 years.

Owner's printed name, signature, & date

HUDContract Administration Review

- ☐ Claim approved.
- ☐ Claim adjusted. Reason:
- ☐ Claim denied. Reason:

Official's name, signature, & date

Claim ID: _____

HUD will prosecute false claims & 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).

Previous versions obsolete
Submit an original and two copies

form **HUD-52671-A** (10/2002)
ref. Handbook 4350.3 Rev. 1

This form must be completed so HUD can pay owners an amount to offset losses due to unpaid rent and/or tenant damages.

Regulations require that owners complete this form using statutory formulas to determine unpaid rent and/or tenant damages.

The statutes requiring the submission are Section 8, United States Housing Act (42 U.S.C. 1437f); Section 202 of the Housing Act of 1959 as amended by Section 801 of the National Affordable Housing Act (12 U.S.C. 1701(g); and Section 811 of the National Affordable Housing Act (42 U.S.C. 8013). The regulations stipulating the submission are: 24 CFR 880, 881, 883, 884, 886, and 891. The administrative requirements for these forms are provided in HUD Handbook 4350.3, Rev. 1 Chapter 9.

HUD does not promise confidentiality but will not disclose data on a specific project or tenant. No questions of a sensitive nature are asked in this form.

The Department of Housing & Urban Development is authorized to collect this information by the U.S. Housing Act of 1937, as amended. The owner/agent must provide all this information. The information provided will be used by HUD to review accuracy of funds requested by owner/agent for special claims payments for unpaid rent and/or tenant damages.

HUD may disclose this information to Federal, state, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. Otherwise, it will not be disclosed or released outside of HUD, except as permitted or required by law. Providing all information is mandatory, and failure to provide information will affect participation in HUD programs.

Public reporting burden for this collection of information is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to a collection information unless that collection displays a valid OMB control number.

Appendix 5B

SAMPLE CHECKLIST

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.

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.

Appendix 5C

EXAMPLES (Not all inclusive) of
TENANT DAMAGE versus "NORMAL WEAR AND TEAR"

Normal costs of turning over an apartment after a tenant vacates may not be included on a claim to HUD for tenant damages. The costs an owner incurs for the basic cleaning and repairing of such items necessary to make a unit ready for occupancy by the next tenant are part of the costs of doing business. The following is a list of items typically attributable to routine use or "normal wear and tear".

Normal Wear and Tear

- Fading, peeling, or cracked paint
- Slightly torn or faded wallpaper
- Small chips in plaster
- Nail holes, pin holes, or cracks in wall
- Door sticking from humidity
- Cracked window pane from faulty foundation or building settling
- Floors needing coat of varnish
- Carpet faded or worn thin from walking
- Loose grouting and bathroom tiles
- Worn or scratched enamel in old bathtubs, sinks, or toilets
- Rusty shower rod
- Partially clogged sinks caused by aging pipes
- Dirty or faded lamp or window shades

Tenant damages usually require more extensive repair, and at greater cost than "normal wear and tear", and are often the result of a tenant's abuse or negligence that is above and beyond normal wear and tear.

Tenant Damage

- Gaping holes in walls or plaster
- Drawings, crayon markings, or wallpaper that owner did not approve
- Seriously damaged or ruined wallpaper
- Chipped or gouged wood floors
- Doors ripped off hinges
- Broken windows
- Missing fixtures
- Holes in ceiling from removed fixtures
- Holes, stains, or burns in carpet
- Missing or cracked bathroom tiles

- Chipped and broken enamel in bathtubs and sinks
- Clogged or damaged toilet from improper use
- Missing or bent shower rods
- Torn, stained, or missing lamp and window shades

Appendix 5D

SAMPLE
LIFE EXPECTANCY CHART *

Many major items have a predictable life span. A list of items and their life expectancy are listed below:

Hot Water Heaters	10 years	All units
Plush Carpeting	5 years	Family
	7 years	Elderly
Air Conditioning Units	10 years	All units
Ranges	20 years	All units
Refrigerators	10 years	All units
Interior Painting - Enamel	5 years	Family
	7 years	Elderly
Interior Painting – Flat	3 years	Family
	5 years	Elderly
Tiles/Linoleum	5 years	Family
	7 years	Elderly
Window shades, screens, blinds	3 years	Family, Elderly

* If these items were in good condition at the time of move in, and it can be shown that damage, above the normal wear and tear has been sustained, then a damage claim can be submitted.

IFA CHECKLIST
Appendix 3B
Special Claims for Regular Vacancies

1. Project Name: _____
2. Contract Number: _____
3. Unit Number: _____

Attach the following required items to claim submission:

1.)_____ Completed form HUD-52670-A Part 2

2.)_____ Completed HUD-Form 52671-C

3.)_____ Copy of signed form HUD-50059 completed at move-in for the former tenant which shows the amount of security deposit required.

4.)_____ 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.

5.)_____ A copy of the security deposit disposition notice provided to the tenant which indicates the move-out date, amount of security deposit collected, amount of security deposit returned and any charges withheld from the deposit for unpaid rent, tenant damages or other charges due under the lease.

6.)_____ Documentation that verifies the date the unit was ready for occupancy. voucher adjustment page verifying the move-out date of the former tenant and the move-in date of the new tenant.

7.)_____Maintenance record or reconditioning log showing the move-out date, start and finish of each process, date the unit was ready for occupancy and the date unit was re-rented if applicable.

8.)_____Copy of the waiting list from which the tenant was selected (i.e. unit transfer waiting list, one-bedroom waiting list or information from previous waiting list describing contact with applicant and the outcome of the contact.

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9.)_____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 AFHMP.

10.)_____ Copy of TRACS printout for verification that the tenant data exist in TRACS, OR copy of Market Rate 50059.

IFA CHECKLIST

Appendix 5B

Special Claims for
Unpaid Rent/Damages

1. Project Name: _____

2. Contract Number: _____

3. Unit Number: _____

Attach the following required items to 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 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 security deposit collected from the tenant

2._____ A copy of 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 security deposit, demanding payment and advising the tenant that failure to pay the sum 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 for collection and that the collection agency has attempted to collect the debt (i.e. copies of the first demand letter)

5._____ Documentation for other charges that were due under the lease that demonstrates the charges were approved by HUD

IFA CHECKLIST

Appendix 5B

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

1._____ Copies of the move-in and move-out inspection forms

2._____ Itemized list of damages

3._____ Breakdown of cost to repair the damages, which may include invoices, receipts, copy of work orders or maintenance records supporting dates work was completed

4._____ A copy of the security deposit disposition notice provided to the tenant which indicates the move-out date, amount of security deposit collected, amount of security deposit returned and any charges withheld from the deposit for unpaid rent, tenant damages or other charges due under the lease.

5._____ The owner/agent must certify the submitted claim is not the result of normal wear and tear or routine maintenance