Overview

- How TRACS Works
- TRACS 202D
  - Key Features
  - Current Issues
- Recent Statutory and Regulatory Changes
- TRACS 203A
- TRACS 203B
- Possible Statutory Changes: Head’s Up
How TRACS Works

• TRACS Processing
  • Files are checked for MAT (formatting) errors immediately (iMAT processing) and messages are returned every 15 minutes
  • Files that pass the MAT checks are saved for a nightly batch process that checks for business rules (TRACS checks)
  • Any files that are received by TRACS by 4:30pm Eastern make it into the nightly batch. Other files are held for the following night’s run
  • TRACS errors (Fatal, Discrepancy--levels 1, 2, 3, Informational, Status) are returned every 6 hours: 2am, 8am, 2pm and 8pm
  • During busy times of the month, sometimes not all files get processed in the nightly batch. These are held over for the next night.
  • TRACS uses Friday night and Saturday to catch up

TRACS Processing Order

• TRACS processing is by certification type in this order:
  • MAT40 (MO-Move-Out)
  • MAT65 (TM-Termination)
  • MAT10 (AR, IR, MI, IC)
  • MAT70 (GR-Gross Rent, UT-Unit Transfer)

• All files of each type are processed for the entire country before the next type is processed

• A consequence of the above is that processing is NOT in effective date order within a file that you submit

  Certs can also be processed out of date sequence within a category or cert type
TRACS Processing Order

- What this means:
  - Sometimes you need to send certs to TRACS one at a time (one per day and wait for a TRACS response) to get the intended result

- The classic example:
  - MI 5/6/2016
  - MO 5/7/2016
  - Both certs are sent to TRACS in the same batch
  - TRACS processes the MO first and fatals it
  - Then it processes the MI and stores it leaving the tenant active unless you retransmit the MO

- A more serious and more common example:
  - MO 6/1/16 submitted in June
  - GR retroactive to 4/1/16 processed some months later
  - TRACS resurrects the household and, unless the MO is retransmitted you likely have TRACS thinking that there are two households in the unit (assuming a new MI)
The TRACS Cert Query

- TRACS displays what it calls the Current And Active Cert
- Each row is for a full cert (MI, IC, AR, IR)
- The action processed column shows that the full cert has been modified by a partial cert (MO, TM, UT, GR)
  - Partial certs can’t be stored by themselves
- So, in the example on the last slide, the MO is overwritten by the GR
- If you retransmit the MO, then the household is considered moved out again

Some site software may do this for you

TRACS Errors

- TRACS generates the types of errors mentioned earlier
  - MAT errors—always fatal
  - TRACS errors—ranging in severity from minor information up to fatal
- If you submit your TRACS files to a Contract Administrator, the CA will also error check your files and issue MAT errors and TRACS errors plus, optionally, additional messages
- How to tell where the messages are coming from
  - TRACS errors are of the form F0023 or CE123
  - If the error comes from a CA it will have the form F0023-CA or CE123-CA
TRACS Errors

- Because of their role in processing certs and vouchers, CAs are permitted to escalate the severity of errors
- A common escalation is for a Level 1 Discrepancy (such as a cert calculation error) to be promoted to a Fatal
- If you receive fatal errors, the cert involved is not being used by the CA or TRACS and you should correct those ASAP
  - If you submit to a CA, follow the CA’s instructions in this regard
  - If necessary, consult with your software vendor’s tech support for guidance on how to correct the error in your software

TRACS 202D
202D Key Features

- There were many changes in 202D as compared to 202C but only two major ones along with a significant clarification on certification signatures
- Voucher Changes
- CA responsibilities with respect to the voucher
- Extenuating Circumstances Code related to signatures

The Voucher

- The first big change was expanding the MAT30 record (the electronic voucher) to include the full voucher
  - Before, the MAT30 contained only information from the voucher cover page along with records for each Special Claim and Miscellaneous Accounting Request
  - After, the MAT30 contains full detail on regular tenant assistance and adjustments—information that was missing before
  - In addition Repayment Agreements now have their own record and are no longer submitted as Miscellaneous Accounting Requests of type OARQ
Repayment Agreements

- Information submitted:
  - Head: First & Last Name (current head)
  - Unit # (current)
  - Agreement ID (unique in the property)
  - Agreement Date
  - Agreement Amount
  - Agreement Type (Tenant, Owner, None)
  - Agreement Change Amount
  - Total Payment
  - Amount Retained
  - Ending Balance
  - Amount Requested

CA Vouchers

- Now that CAs receive a full voucher from you, they are required to send you a full electronic final, approved voucher in addition to sending it to TRACS
- The CA may send you a Preliminary Voucher if it wants you to fix something before moving to a final
- Note: If you submit direct to TRACS you will NOT receive a final voucher
- CAs are also required to return CA and TRACS error messages to you
Benefits of a Final Voucher

- The biggest gain is that you can see exactly what is going to be paid for each item on the voucher because the final voucher includes both what you requested and what you are being paid for each line item.
- This detail is a huge help in reconciling your billing with your actual payment.
- Some site software automates the reconciliation process and can show you only line items where the CA payment differs from your request.

Certification Signatures

- In 202D, the signature rules associated with GRs were extended to GR corrections to full certifications. Before full certs with GRs needed to be signed before transmitting.
- In addition and related to this, the old Tenant Did Not Sign Indicator was renamed the Extenuating Circumstances Code and a range of situations were defined:
  - 1 = Medical
  - 2 = Late annual certification due to accommodation or extenuating circumstances.
  - 3 = Late annual certification due to owner/agent delay.
  - 4 = Late annual certification due to third party delay (For example a Guardian).
  - 5 = Military Deployment.
Certification Signatures

- 6 = Eviction In Progress. Must be for a valid Handbook reason.
- 7 = Court order
- 8 = No Signature Required (Retroactive GR done after a MO or a GR correction to a previously transmitted 50059 where the only change is the GR modification of the contract rent and where none of the TTP, Tenant Rent, or Utility Allowance changes). See Par 7-8 of MAT Guide Chapter 7
- 9 = No signature required for 60 days (based on anticipated voucher reported on date). An example would be a retroactive GR causing a correction to a previously transmitted 50059 and where any of the TTP, Tenant Rent or Utility Allowance changes. A signature is required but the cert may be transmitted immediately and the signature collected within 60 days.
- 10 = Other

202D Current Issues
Upcoming TRACS Infrastructure Change

- TRACS is replacing the servers that receive your files and process transactions for MAT Errors
- As a result the code that your software uses to communicate with TRACS needs to be recompiled and an update given to you
- The current date for the changeover to the new technology is July 31 but that date might slip
- Until then both the old and new communication code will work

MAT Guide Edits

- The MAT Guide is being edited to improve consistency of formatting and to add additional clarifications and examples
- The clarifications and examples are needed since the 4350.3 has eliminated much technical guidance that used to be there and the Guide is now being used by many people beyond the software developer community
- The chapters related to TRACS errors are being extensively edited to give clearer and more detailed advice
- The expectation is that the revised Guide will be published within the next 2-6 months
Use of the Previous Housing Code

- At Move-In a value for the Previous Housing Code is required
- For TRACS 202D, Code 2 (Without or Soon to Be Without Housing) was dropped and replaced by 5 (Lacking a Fixed Nighttime Residence) and 6 (Fleeing/Attempting to Flee Violence)
- Code 2 is permitted only for corrections to TRACS 202C certifications.
- Since some are still using Code 2, HUD is requiring all MIs effective 10/1/2015 or later be corrected if a 2 was used

Repayment Agreements

- HUD must report regularly on improper payments
- Tenant misreporting that results in a repayment agreement is a key part of what HUD reports on
- Unfortunately the quality of the data submitted in repayment agreement records has been questionable causing problems for HUD’s reports
  - Incorrect math
  - The same numbers in every field
  - Negative ending balances
  - Multiple records for a tenant with the same data in each
Repayment Agreements

- Agreement Amount
  - The total amount of misreporting
- Agreement Type (Tenant, Owner, None)
  - Type None is for the case where the tenant signs certifications but does not sign an agreement
- Agreement Change Amount
  - The amount by which the Agreement Amount is changing with the current transaction. By definition this is the same as the Agreement Amount for the first transaction establishing the agreement
- Total Payment
  - The amount the tenant paid

- Amount Retained
  - The lesser of 20% of the payment or actual costs
- Ending Balance
  - Prior balance from the last transaction less the Total Payment on this transaction
- Amount Requested
  - Agreement Change Amount
  - Minus the Total Payment
  - Plus the Amount Retained
Repayment Agreements

• Ever since 202D went live, CAs have been saying that the adjustments are often incorrect on the transactions establishing the agreement but adjustments are not often incorrect
  • Because the OA is held harmless for the misreporting, the negative adjustments for the related certs are reversed with the record establishing the agreement. In other words the agreement record requests a positive amount that offsets the negative adjustments

• Recently, Mary Ross talked to some of those CAs and discovered what the real issue is—a mismatch between the month in which the higher rent is paid and the month in which the adjustments appear on the voucher

For example: suppose that a tenant has been paying $100 per month with assistance of $500 on a 8/1/15 AR

• The tenant is found to have misreported income and the correct rent should be $400 with assistance of $200

• Suppose that the corrected AR is signed on March 13, 2016 and the cert transmitted. The tenant starts paying the higher rent on April 1

• Under the vouchering rules, the corrected AR will appear on the May voucher (the April voucher was sent on March 10
Repayment Agreements

- The adjustment for the AR will be for 8/15 through 4/16 or a total of 9 months. So the adjustment is 9x300 = $2,700

- Most software will treat the $2,700 as the agreement amount and balance owed. The problem is that doing so does not reflect the fact of the higher rent payment in April

- To make this scenario work correctly, the transaction establishing the agreement of $2,700 should also show a payment of $300 (the difference between the new and old rents) on the transaction creating the agreement

- Doing this will result in an agreement of $2,700 with a balance due of $2,400

Another way to handle this situation would be to start the tenant on the higher rent on May 1, the month that the adjustments appear on the voucher

- Doing this will result in an agreement of $2,700 with a balance due of $2,700

- Either way can be considered correct
Double Occupancy at MI

- There is some confusion over how best to handle a particular double occupancy at move-in scenario

- Double occupancy occurs if a subsidized tenant has not completed a MO the day prior to moving into a new subsidized unit

- If the new owner does not know that the MI will cause double occupancy, the typical cert sequence is:
  - MI
  - TM/DS with an effective date equal to the MI date
  - IC effective the day after the actual MO from the prior property

- If the new owner does know that the MI will cause double occupancy, the correct cert sequence is:
  - MI at market (cert not transmitted to TRACS)
  - IC effective the day after the actual MO from the prior property

- Some argue that the sequence should be:
  - MI (using the income that would be used on the IC below)
  - TM/DS
  - IC

- But this is not correct. The MI was at market and market certs are never transmitted per TRACS rules. To transmit the MI would be misstating the facts
Origination of Data

- HUD is in the final stages of reviewing an addition to the MAT Guide clarifying that CAs are not permitted to modify certifications sent to them except under very limited circumstances

- The reason for this is that both full and partial certifications are lease addendums and CAs have no authority to modify the lease

- Lease changes must originate with the owner/agent

- CAs may, however, modify parts of a TRACS file that do not contain lease information—things like record numbers and the like

- What this means is that there will be a greater burden on owner/agents and their software to get it right

- Many CAs have been willing to help in these cases by modifying data while site software is working on a fix to the problem

- In the future that will only be the case for fixes to formatting and related issues
GR Clarifications

- There have been questions asking whether a gross rent that is effective after, say, a change in the passbook rate should use the new rate in calculating the assistance due
- The answer is a definite NO!
- The only changes to the data on the prior certification that are permitted with a GR are changes to the contract rent and UA

Miscellaneous Accounting Requests

- The Comment Field is often unclear and inadequate for monitoring
- The Comment must clearly indicate what it is for
  - Unit # if applicable
  - Tenant Name if applicable
  - Transaction Month if applicable
  - Adequate description of what the request is for
- Often OAs submit multiple OARQs for the same or different amounts but with identical comments
- CAs are free to fatal these
RAD Rent Calcs and Rent Phase-In

- Per a HUD Notice, a RAD tenant is not limited to paying contract rent if its income increases. The tenant may pay above contract rent similar to what happens with PRACS
- Currently TRACS will fatal a cert like that so the current workaround is to terminate the household
- With TRACS 203A, this will be fixed and the rent calculation rule changed for RAD
- Additionally, the decision whether to phase in a rent increase for a tenant being converted to RAD is being changed to the time of the conversion as opposed to at the first AR or IR. However the rent in effect prior to conversion is still used on the IC

Statutory & Regulatory Changes

- Fixed Income Recert schedule (statutory—not yet in effect)
- Verification of Fixed Incomes (regulatory—currently in effect)
- SSN exception (Code M) at MI or IC for a child under the age of 6 without an SSN providing that the child has been part of the household for 6 months or less at the time of the MI (regulatory—currently in effect)
  - Note: TRACS is currently not enforcing the old requirement
  - Expect guidance from HUD on what to do before TRACS 203A
**Fixed Income Recert Schedule**

- Fixed Income Recertifications (statutory—not yet in effect)
- Part of the FAST (Fixing America’s Surface Transportation) Act passed last December
- A household with 90% or more of its income fixed (Social Security etc) will only have to do a full recertification every 3 years
- In the out years, there will only be a self-cert needed saying that the income is still 90% fixed
- This is now the law but not yet in effect.

The HUD Secretary was given 6 months to publish rules implementing the change so stay tuned.

**Verification of Fixed Incomes**

- Verification of Fixed Incomes (regulatory—currently in effect)
- If an income is fixed, a full verification only needs to be done once
- After that, the published COLA can be applied when recertifying
- Note that unlike the FAST act provision, this rule applies on an income by income basis and is independent of the recert schedule

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SSNs for Children < 6 at MI/IC

- Previously, a household was not permitted to move-in if it had a child under the age of 6 who did not have an SSN
  - HUD could and did provide waivers when asked
- Now, such MI’s or IC’s are permitted
- But only if the child has been part of the household for 6 months or less at the time of the MI
- The household has 90 days to obtain the SSN
- An additional 90 days may be granted
- Tenancy must be terminated if the SSN is not obtained on schedule

TRACS 203A

- Likely for November or December 2016
TRACS 203A

- Items to be included (very likely but not yet final)
  - Extending the SSN exception code M (child under the age of 6) to the case of a MI or IC per the currently effective regulatory change. Also the SSN and DOB for fosters will likely not be printed on the cert
  - New race and ethnicity sub-codes
    - Hispanic sub-types
    - Asian sub-types
    - Native Hawaiian/Pacific Islander sub-types
  - Changing the fatal error (F0019--double subsidy at MI) to a level 1 discrepancy (CAs will be required to transmit such certs to TRACS so that EIV will work properly
  - Require clear comments for Miscellaneous Accounting Requests
  - Spreadsheet correction for rounding when calculating Imputed Income From Assets (when the total cash value is > $5,000)
  - RAD rent phase-ins and rent calculations

TRACS 203B

- Tentatively for Summer of 2017
Repayment Agreements

- New fields to improve the auditability of the records
- Sequence numbers
- Beginning and ending Agreement Amounts
- Beginning and Ending balances
- Expanded Agreement Types
- Improved and expanded documentation and examples

Fixed Income Recert Dates

- 90% fixed income and a 3-year recert schedule with self-certifications in between
**Family Self-Sufficiency**

- This is now applicable to HUD Multifamily
- FSS will result in a rent override situation with possible new cert fields being added

**Vacant and Market Units on the Voucher**

- Report these situations under regular tenant assistance
- Name:
  - Vacant, Vacant
  - Market, Market
Possible Statutory Changes

- (NOT to be taken seriously unless it actually happens—This is just a head’s up)
- HR3700
  - Passed the House unanimously
  - In the Senate but no action
- Features
  - Elderly Allowance = 525
  - Medical and Disability Expenses = amounts in excess of 10% of income
  - Allowances subject to COLAs (rounded down to a multiple of $25)
  - Hardship exemptions apply
  - Income reviews if there is an increase or decrease of 10% or more of adjusted income

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