

CHAPTER 4 TRACS Operating Tips

Chapter 4 contains practical information on resolving common errors and dealing with various situations. It includes new requirements for site and CA software vendors.

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4.1 How to Decide What Transaction to Submit for a Change in Unit

Possible Transactions to Change a Unit Association	Has the Project Number for the affected Household changed?	Has the Contract Number for the affected Household changed?	Has the actual Unit Number for the affected Household changed?	Notes
MAT70 (Unit Transfer transaction)	No	No	Yes	Submit a Unit Transfer for the household to transfer to the new unit. There are no other changes affecting Household.

<p>MAT10</p> <p>(Annual certification transaction with Unit Transfer Code field = 'Y', and the previous unit number field populated with the appropriate value.)</p>	<p>No</p>	<p>No</p>	<p>Yes</p>	<p>A unit transfer of this type may be submitted when the tenant is transferring to another unit at the same time that an Annual Recertification is due. Submit a MAT 10 to update Household information and ensure Unit Transfer Code = 'Y' and the previous unit number field has appropriate value.</p> <p>Note: We are waiting on a determination from Policy on how to deal with a mid-month unit transfer that corresponds to a change in household composition. The issue is whether to submit a MAT70 UT followed by a MAT10 IR effective on the first of the month (following the rules for rent increases and decreases) or whether to submit a MAT10 IR/UT effective mid-month. Previous unofficial guidance from Policy was to follow the MAT70 + IR route.</p>
<p>MAT65 and MAT10</p> <p>(Termination transaction followed by an Initial Certification transaction.)</p>	<p>No</p>	<p>Yes</p>	<p>Yes/No</p>	<p>In this scenario, a contract has expired or merged with another contract or a tenant is moving to another unit simultaneously with a change in subsidy type or contract. Submit a MAT 65 transaction to terminate the assistance under the existing contract. Subsequently, submit a MAT10 Initial Certification including updated TTP and HAP values to establish tenant in new unit and contract. The Previous Unit Number field should be filled with the appropriate value. Set the Unit Transfer Code to 'Y'.</p>
<p>MAT40 and MAT10</p> <p>(Move-Out transaction followed by a Move-In transaction.)</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>In this scenario, a tenant is moving out of an existing unit and contract to a new unit in a different project and contract. Submit the Move-out transaction to move tenant out of existing unit/contract. Submit a Move-In transaction with updated values to establish tenant in new project, contract, and unit.</p>

4.2 How to Correct a Move-Out

Once a Move-Out (MAT40) transaction for a household has been processed, both 'Move-Out Date' and 'Move-Out Code' can be corrected by submitting a subsequent Move-Out (MAT40) transaction with new values for one or both of these fields.

A Headquarters (HQ) move-out can be corrected in the same manner. Often a user wishes to change the 'Move-Out Date' for an HQ Move-Out to replace the TRACS determined Move-Out Date with another value. Please note that TRACS currently does not allow the new Move-Out Date to be greater than the Headquarters (HQ) move-out date. Under TRACS version 2.0.2.C the move-out will be accepted and the new property will be notified and expected to charge market rent from the original new property move-in date through the move-out date from the old property. The new property is expected to terminate the tenant effective on the move-in date using the new DS termination code. It is not clear what penalty would apply to a household moving in to a PAC or PRAC property.

4.3 What to Do After Receiving an HQ Move-out Message

If you receive an HQ123 message indicating that one of your tenants has moved in to another subsidized property you should investigate immediately. If you believe that your tenant is still in residence, determine the facts. If the tenant has given notice, you should submit a move-out effective on the actual move-out date. If the tenant has not given notice, determine whether you are dealing with a skip or whether the tenant is planning to move but has not given notice. There have been cases where a tenant on a waiting list in another property has been moved in by mistake, so do not assume that an actual move-in has occurred. In all cases, the move-out record should record the actual move-out date or the date on which you gain possession of the unit in the case of a skip.

If you receive an MA003 message indicating that one of your recently moved-in tenants has moved out from another subsidized property after your move-in date, perform the following:

1. Verify with the other property, that the move-out date is correct and in agreement with the examples in the table below. You should charge the tenant market rent starting with the original move-in date and through the move-out date indicated in the MA003 message.
2. Next, terminate the tenant effective on the move-in date using the new DS termination code to indicate that no subsidy is earned for the termination day.
3. Finally, perform an initial certification effective the day after the effective date of the move-out from the former property to establish the start of subsidy in the new property.
4. You should also submit an adjustment, on the next voucher, refunding subsidy from the original move-in effective date through the day prior to the new move-in date.

NOTE: To avoid these situations, owner/agents are expected to use the EIV query allowing you to see if an applicant is living in another subsidized property. A positive response allows you to coordinate the MO and MI dates appropriately. If the tenant is moving in shortly before the MO from the old property, the MI should be done at market rent. The day after the MO from the old property, an IC should be processed moving the tenant to subsidy.

Move-Out/Move-In Scenarios

Notice	Old Property			New Property	
	Actual MO Date	Reported MO Date	Last day of subsidy	Actual MI Date	First day of subsidy
30 Days	12/31	12/31	12/31	12/31**	1/1
30 Days	12/31	12/31	12/31	1/1	1/1
30 Days	12/31	1/1 or later*	12/31	1/1	1/1
30 Days	12/31	12/31	12/31	12/25**	1/1
Skip-No notice	12/31 = Date Management Takes Possession of Unit	12/31	12/31	12/25**	1/1
0-29 Days	12/31	12/31	12/31	12/31**	1/1
0-29 Days	12/31	12/31	12/31	1/1	1/1
0-29 Days	12/31	1/1 or later*	12/31	1/1	1/1
0-29 Days	12/31	12/31	12/31	12/25**	1/1

*This date is incorrect. In all cases the reported MO date should be the same as the actual.

**This date, while actual, is not acceptable as a start of subsidy date. Subsidy may not start in a new unit and property until the day after the end of subsidy in the old unit and property.

Should a CA or HUD office be asked to adjudicate a dispute between two properties in a double subsidy situation, their sole task is to determine the move-out date according to the HUD rules. That date determines the end of subsidy in the old unit and the start of subsidy in the new unit. The previous property is entitled to subsidy through the move-out date. The new property is entitled to subsidy starting the day after the move-out date.

NOTE: The difference between a skip and a 0-day notice situation is that the actual move-out date is known in the 0-day notice case—namely when the tenant turns in the keys. With a skip, discovering the fact of the move-out is not necessarily the date on which the owner gets legal possession of the unit. In some jurisdictions, owners have to get a court order to take possession of the unit if anything has been left behind.

NOTE: Some owners have a policy of submitting a move-out effective the last day of the month even if the notice period ends earlier. Others will submit a move-out effective at the end of the notice period even if the tenant has moved out earlier. Neither of these practices is appropriate. The move-out date is always the actual move-out date or the date that the owner takes possession of the unit in the case of a skip.

4.4 How to Re-establish a Tenant Certification Following a Move-out

Should there be a need to re-establish a Tenant in TRACS after a Move-Out transaction has been successfully processed, there are two methods available when the tenant moves back into the property:

- Submit a MAT10, Move-In transaction.
- Submit a MAT10, Initial Certification transaction.

If, however, the move-out was submitted in error and you simply want to undo the MO, resubmit (as a correction) the most recent full certification effective prior to the MO date. In addition resubmit any partial certifications effective after that full cert. Should there be any certifications effective on or after the MO date, resubmit them as well.

4.5 What to Do After an HQ Termination Due to Failure to Receive an AR

NOTE: An HQ termination should be effective the day before the recertification anniversary date. This advice applies to owner-initiated terminations as well.

If an annual certification was prepared on or before the effective date of the AR and any adult household member failed to appear to sign the certification, the household must be terminated unless extenuating circumstances exist.

If the tenant has reported for recertification at any time prior to the recertification date, but the owner/agent did not or could not complete the steps in Handbook Figure 7-3 by the AR effective date, submit an annual recertification.

If the tenant reports on or after the recertification date:

- If there are extenuating circumstances, an annual certification should be submitted.

- If there are no extenuating circumstances, the tenant should be terminated effective the day before the recertification anniversary date. Any initial certification taking the tenant back to subsidy should be effective on the first of the month following the date on which the tenant reports.
- If a court orders restoration of subsidy back to the recertification date, submit an annual recertification.

4.6 How to Split a Household or Move a Household Member to Another Household

(Updated 12/1/2008 to reflect new policy guidance)

These are cases where what was formerly a single household becomes two households (household splits) or where two existing subsidized households exchange one or more members (household swaps). A split can be more formally defined as the creation of a new subsidized household by one or more members of an existing subsidized household, leaving at least one member of the existing household in place. A swap can be more formally defined as a situation, starting with two existing subsidized households, where one or more members of a household move to the other household leaving at least one member behind. In some cases the move is in one direction only—only one household loses members and the other gains. In other cases the move could be in both directions—each household adds and subtracts members.

Examples of situations covered are similar to the following:

- Head and Spouse, in a subsidized unit, decide to separate and one or the other moves into a new subsidized unit in the same or different property establishing a new household (split).
- Another family member (other than the head or spouse), in a subsidized unit, moves into a new subsidized unit in the same or different property. This could be the adult child of the head, an unrelated member, the parent of the head or some other relationship to the head (split).
- A dependent child in a subsidized unit who qualifies as an emancipated minor, moves into a new (split) or existing (swap) subsidized unit.
- A dependent child in a subsidized unit, qualifying for the \$480 deduction, moves to another subsidized unit (swap).

Earlier versions of the TRACS 202C Industry Specification and MAT Guide indicated that the proper way to deal with these cases was through a move-in and interim certification, both effective on the same day, for the case of a split and through two interim certifications, both effective on the same day, for the case of the swap. Mid-month interims were explicitly allowed. However, the original guidance conflicts with the lease requirement to give a 30-day notice in the event of a rent increase.

Household splits should now be dealt with by processing a move-in certification effective on the occupancy date for the household member or members establishing a new household (subsidy starts on the MI date) and by processing an interim certification for the remaining household member(s) in the

existing unit. The interim certification effective date is determined by following the rules for interims as given in handbook paragraphs 7-13.C and 7-13.D and will always be on the first of the month when rent changes.

Household swaps should now be dealt with by processing two interim certifications adding or removing household members as appropriate. The effective dates of the two interims are determined by the rules in handbook paragraphs 7-13.C and 7-13.D and may differ from one another depending on whether the rent increases or decreases and whether the tenants followed the rules in reporting the changes.

Mid-month interim certifications involving a change in rent completed pursuant to the earlier guidance concerning household splits and swaps is not subject to a finding on a management and occupancy review.

4.7 Submitting Data for Market Rate Tenants

Housing does not have the authority to require the submission of certification data for market rate tenants. Market tenants are defined as unsubsidized tenants. These would include Section 8, RAP, Rent Supplement and 202 PAC households who are not receiving subsidy (subsidy = \$0) along with Section 236 and BMIR tenants who are paying market rent. Such households are not required to recertify unless they want to begin receiving or return to receiving subsidy. Section 202 and 811 PRAC tenants, because of the unique rules of the program, are never considered market tenants even when they are paying more than the contract rent (subsidy is negative). Therefore certifications are required for all PRAC tenants whether subsidy is positive, negative or zero.

With the exception of MAT15 address records, TRACS is not programmed to accept certification records for market tenants. It will fatal certifications with \$0 subsidy for Section 8, RAP, Rent Supplement and 202 PAC households.

A tenant who changes from subsidized to market status **MUST** be terminated and the termination record must be sent to TRACS or the CA. The fact of the termination will be recorded on the voucher (if applicable for the subsidy type) for one month per the requirements for vouchering. After that month the household will not be listed on the regular tenant assistance portion of the voucher.

A tenant who changes from market to subsidized status **MUST** qualify for subsidy through the submission of an initial certification.

As an example, during the annual recertification process a Section 8 household's income is found to have increased such that subsidy would be \$0. No AR certification is submitted showing \$0 subsidy. Instead a termination (TM) is sent to TRACS effective the day before the recertification date. Eight months later, the household reports a decrease in income such that they could re-qualify for subsidy. Assuming that a subsidized slot is available, the owner/agent would qualify the tenant and submit an initial certification (IC) and resume vouchering for the tenant.

Site software vendors are free to code market tenants as they wish keeping in mind that a market tenant is not considered to be part of the subsidy program that they were formerly under. Therefore a terminated Section 8 tenant is no longer Section 8. The owner/agent is free to use a lease for the tenant that is different than the model lease. It is best to consider such tenants as being on subsidy type 0 (market) to avoid confusion.

Notwithstanding the discussion above, there are two circumstances where limited information about a market tenant must be submitted to TRACS or a CA. If a market tenant was previously subsidized and was terminated for failing to follow the program rules (refusing to recertify, for example) the owner/agent is allowed to submit special claims for a vacancy involving that tenant. The special claims guide requires that the move-out (MO) transaction be visible in TRACS before a vacancy claim can be paid. A second and related situation is that of a terminated tenant who transfers to a new unit. The old unit may be the subject of a vacancy claim if the tenant was terminated for failing to follow the program rules. Given that TRACS cannot accept MO or UT records for market tenants and to avoid having TRACS reactivate a tenant on receipt of a UT, the site software **MUST** include the capability to create a MO record under the previously applicable subsidy type. In the example above, the site software would have to be able to create a Section 8 MO and transmit it to TRACS or the CA. The MO should be effective on the actual MO date if the tenant is moving out. It should be effective on the UT date in the event of a unit transfer. In both cases, the head-of-household should be reported as of the original termination date. For example, if the tenant is terminated from Section 8 on 12/31 and then moves to another unit on 1/17, site software should send a MO to TRACS or the CA effective on 1/17 listing as head-of-household the person who was head on 12/31.

TRACS Processing of MO certs is dependent on the next recert date on the last full certification for the household. If the MO effective date is less than three months after the next recert date, the MO will be accepted. However, if the MO effective date is after the three-month grace period, TRACS will fatal the cert with a F0185. In cases such as this, it is necessary to contact the Help Desk and have a manual move-out processed if you need to have a MO in TRACS for special claim purposes.

As discussed below, under CA requirements, CAs and CA software **MUST** consider terminated tenants as the equivalent of moved out for occupancy purposes. Therefore, if a CA receives a move-in for a unit occupied by a terminated tenant, the CA and the CA software must not reject the transaction. It would be acceptable to issue an informational message saying what appears to be happening and that the previously terminated tenant is no longer being considered as residing in the unit.

4.8 Terminations and Initial Certifications

There has been some confusion in the industry concerning how to handle moves from one subsidy to another or from subsidized to market status and back. The general rule is that termination and initial certifications should always occur in pairs. Optional exceptions are noted below.

NOTE: This discussion does not apply to 202 PRAC and 811 PRAC. Under these subsidy types, a tenant may pay more than contract rent and terminations related to increases in income do not apply.

Under this model, whenever a tenant stops receiving subsidy a termination should be generated effective on the last day of subsidy. Next an initial certification should be done taking the tenant to market rent (Subsidy Type 0). This will be true even for Section 236 and BMIR tenants. If a Section 236 tenant is due to pay market rent, terminate from 236 and IC to Subsidy 0. In these examples, the IC to Subsidy Type 0 or to 236 or BMIR market rent is optional. However the termination is not.

If a tenant receiving a deep subsidy starts to pay a Section 236 rent that is less than market rent or starts paying the BMIR rent, the termination is from the deep subsidy and the initial certification is to 236 or BMIR.

Similarly, whenever a tenant moves from market to subsidy, a termination from Subsidy 0 is done, followed by an initial certification to the new subsidy type. The termination from Subsidy type 0 (market) is optional. However, the IC to subsidy, including to 236 or BMIR is not.

Essentially, whenever a tenant moves from one subsidy type to another or from one contract to another, a TM/IC pair of records should be created. If any of the TM or IC records are associated with a subsidy (anything but subsidy type 0) they must be submitted to TRACS.

4.9 Repayment Agreements

The proper way to deal with retroactive adjustments that result in repayment agreements is as follows: Allow the full amount of the adjustment(s) due to the retroactive action(s) to appear on the voucher. Do not prevent the adjustments from appearing on the voucher. Reverse the amount of the adjustment subject to the repayment agreement by submitting an OARQ Miscellaneous Accounting Request noting that the amount is subject to a repayment agreement and giving the tenant name and unit.

As the tenant makes payments, enter them on the voucher as OARQ Miscellaneous Accounting Requests. Enter one OARQ request for each tenant making a payment in the voucher month. In the Comment field indicate the tenant and unit and the fact that this is money from a repayment agreement. In cases of fraud, the amount entered can be the amount collected less allowed collection expenses per handbook guidance.

4.10 Baselines

There are two different uses of the term Baseline. First, there is the concept of a baseline certification. The original TRACS guidance related to baseline certifications is reproduced immediately below. Second, there is the Re-Baseline Process described after Baseline Certifications.

4.10.1 Baseline Certifications

TRACS Release 201A introduced a “baseline indicator” in the MAT10 Section 2 Record. The purpose of this document is to flesh out the intention behind the baseline indicator and to illustrate how the baseline indicator can be used as Contract Administrators build their own baselines in preparation for performing the pre-payment voucher reviews.

There have been many requests in the past for a way to reestablish a tenant inventory for a project or contract. These requests have come in when a property changed management and the electronic files weren't transferred to the new management. A new baseline would enable the new management to proceed with some confidence that they and TRACS have similar data in their respective files. There are cases where a tenant's record in TRACS has become so

cluttered with mistakes that it is easier to start over than enter the transactions needed to correct the record. Since there still is no delete transaction in TRACS, a new baseline certification for the tenant is one way of restarting the tenant's current record with a fresh HUD 50059.

The baseline indicator was intended as a vehicle for reestablishing a clean current certification occurrence for individual tenants or complete projects or contracts. CAs should be aware that once they submit data to TRACS for a HAP contract, TRACS will be expecting all subsequent data submissions for that contract to come from the CA. Similarly, if the CA acts as a conduit for all data from a project, including Section 236, BMIR, Rent Supplement or RAP, TRACS will expect that CA to continue acting as the conduit for that data.

The rules for using the baseline indicator are:

1. When establishing a new baseline for a contract, pick a voucher submission to define the point in time that the baseline represents.
2. Resubmit the active (re)certification (MAT10) with the Baseline Certification Indicator equal to "Y" and the Voucher Date equal to the Voucher Date submitted originally with the (re)certification (or the correct Voucher Date if the original was wrong). If establishing the baseline as of a voucher date, the "active" certification may include (re)certifications that aren't active at the time of submission but will be active for the voucher month.

This will:

- Supersede the active (re)certification, if one exists in the TRACS database,
- Create an active (re)certification, if one doesn't exist in the TRACS database,
- Circumvent certification type edits that would otherwise reject inconsistent certification types (e.g. a Move-In for an existing tenant, an Annual Recertification or Interim Recertification when the tenant doesn't already exist), and

Delete any future recertifications (HUD 50059s with an effective date greater than the current date) that have been previously submitted for the tenant.

3. Resubmit any partial certifications (move-outs (MAT40), terminations (MAT65), unit transfers (MAT70), and gross rent changes (MAT70)) that apply to the freshly reestablished Baseline Certification with the Voucher Date equal to the Voucher Date submitted originally with the partial certification (or the correct Voucher Date if the original was wrong). There is no Baseline Certification Indicator for partial certifications. In TRACS, partial certifications reproduce and modify the certification occurrence(s) to which they apply creating a new occurrence without recertifying the tenant.
 - Do not resubmit the partial certifications the same day the Baseline Certification (MAT10) is resubmitted. If the Baseline Certification is rejected for some reason, the partial certifications will not be processed as intended.
 - Do resubmit the partial certifications following successful processing of the Baseline Certification.

If there are multiple partial certifications effective after the Baseline Certification, submit the partial certifications in effective date order, waiting for a successful TRACS response before submitting the next one in the series.

4. Resubmit any certifications with an effective date greater than the date of submission and greater than the voucher baseline date, if applicable. This does not include recertifications submitted for a targeted voucher date that may have an effective date greater than the submission date, but will be active on the baseline voucher date.
5. Unacceptable Baseline Certifications:
 - (Re)certifications with a (MAT10 certification) effective date that is less than the highest MAT10 effective date for an active tenant on the TRACS database.
 - Recertifications with future effective dates.

The Performance-based Section 8 Contract Administrators (CAs) will be building baselines of tenant data for use in reviewing vouchers prior to payment. If the CAs have concerns about the data quality in TRACS for their contracts, they may submit baselines to TRACS to make sure that their databases and the TRACS database are in synch. This is not a requirement, but it is a feature available in TRACS. The CA may start sending baseline data to TRACS before it starts paying vouchers. The CA will act as a conduit between the OA and TRACS for submission of data used by TRACS/LOCCS to pay the OA. The timeliness of the transmissions from the CA can affect the timeliness of the OA's payment. Although, TRACS can handle baseline certifications one-at-a-time, we recommend that the CAs do not send Baseline Certifications to TRACS until they reconcile the first month's baseline.

The downloadable Tenant Query by Contract and the downloadable Voucher Detail Reports are other tools that the CA may use to verify that they and TRACS have the same data.

There will be additional modifications to TRACS edits for Baseline Certifications regarding the MAT15 Address Records. If a MAT15 Address record is submitted with a Baseline Certification as an "address load", TRACS will treat it as a correction if that address for that tenant, unit and contract is already on the Tenant database. A MAT15 load transaction submitted with a baseline will not be rejected if the address already exists.

Baseline Certifications will be sent to SSA for SS/SSI validation. Although this may seem redundant, the Baseline Certification can be used to establish tenants on the TRACS database for the first time or reestablish them on the database. Housing cannot assume that the baseline certification has validated SS & SSI income amounts.

Remembering the characteristics of the Baseline Certification Indicator outlined above, we recommend that CAs use the following three-month cycle to submit or maintain a baseline in TRACS as part of their start-up procedure.

CAs are expected to make payments to owners three months after the first assignment of contracts, e.g. the CA is scheduled to start in June with the goal of issuing their first payments for the September vouchers received in August. The dates used in the example, below are approximate. Payment schedules will dictate timing:

(Month 1)

Day

1 - 10: OA submits tenant data updates and the July voucher to TRACS.

1 - 10: OA submits tenant baseline data and the July voucher to the CA.

2 - 15: TRACS sends payment requests to LOCCS.

2 - 30: CA reconciles baseline then submits the Baseline Certifications (if desired) to TRACS coded as follows:

- (certification) effective date = the effective date of the HUD 50059 reported on the July Voucher.
- voucher date = the original voucher date for the transaction submitted for this baseline transaction. If the transaction is a certification, use the voucher date used with the original submission. If the original certification has been modified by a gross rent change or other partial certification, submit the partial certifications(s), following the baseline certification, using the voucher date originally submitted with each partial certification.

20-30: LOCCS sends July payment to Treasury for distribution to OA bank accounts.

(Month 2)

Day

1 - 10: OA submits to the CA tenant data updates and baselines that have not previously been sent together with the August voucher.

2 - 14: CA performs the level of oversight specified through CA Guidebook and submits tenant data and the August voucher to TRACS.

2 - 15: TRACS updates the tenant database, processes the voucher and sends a payment request to LOCCS.

20-30: LOCCS sends August payment to Treasury for distribution to OA bank accounts.

(Month 3)

Day

1 - 10: OA submits tenant data updates, including certifications, recertifications and baselines, and the September Voucher to the CA.

1 - 14: CA submits tenant data updates and the approved September voucher to TRACS.

2 - 15: If LOCCS has an approved requisition for the CA, TRACS retains the voucher and does not send a request for payment to LOCCS; otherwise TRACS sends a payment request to LOCCS.

20 - 30: If LOCCS has an approved requisition, LOCCS sends a scheduled payment for the CA to Treasury for distribution to the CA bank account; otherwise, the payment will be for distribution to the OA bank account.

Submission of a full certification in lieu of a partial certification is generally not appropriate.

4.10.2 Re-Baseline Process

The HUD Multifamily HELP Desk (1-800-767-7588) can answer your specific questions regarding the Re-Baseline process.

The Re-Baseline process is invoked by HUD at the request of an owner or management agent for a contract or a project. It is a web-based process that can only be invoked by an authorized HUD employee. What it does is terminate every certification for the project/contract in the TRACS database with an effective date on or after the date submitted with the Re-Baseline request. The site then submits baseline certifications, as described above, to reestablish households in TRACS.

The benefit to the new site management or the new software implementation is that any failed or un-submitted move-outs are mitigated through the re-baseline process. Everything gets terminated so any unrecognized anomalies will be terminated as well as all legitimate certifications. If the new site management simply uses the certification baseline transactions without asking HUD to invoke the re-baseline process, they may be unaware of odd transactions in the TRACS database that may distort their compliance percentage or cause legitimate certifications to be flagged with errors.

The Re-Baseline process should not be used to simply reestablish individual tenant certification histories that have become distorted. The baseline transaction handles this situation.

4.11 Transmission Protocols that Ensure TRACS Processing

TRACS batch processing order dictates strategies to ensure that data is processed correctly. Each night TRACS first processes all Move-outs. Next it processes all Terminations followed by all MAT10 full certifications. Finally it deals with all MAT70 UT and GR records. Input should be transmitted with an understanding of the TRACS transaction processing sequence.

Transaction files are processed within each category in order of the date-time stamp associated with the file. If a series of transactions for the same tenant are submitted within the same transmission, without regard to the sequence in which TRACS processes the transactions, the results may differ from what the submitter intended.

When there is more than one certification for a household or unit, the conservative course of action is to submit certifications in different transmissions in effective date order, waiting until a certification has been processed before sending the next certification in the sequence.

In particular, if there are two MAT70 records for a tenant it is especially important to transmit in order of effective date. If they are transmitted as part of the same batch, chance will determine which one is processed first. The last one processed is the one that will be current and active and that will show up in TRACS queries.

NOTE: A “batch” from a TRACS point of view includes all records processed in a nightly run whether or not they were sent in different MAT files.

4.12 Gross Rent Changes

The instructions below assume that all certifications processed are for the same subsidy contract/type.

When doing a gross rent change, adhere to the following guidelines:

If the effective date corresponds to that of a full certification, correct the full certification. However TRACS will accept a MAT70 effective on the same date as a MAT10.

NOTE: The handbook specifically allows for the submission of a partial certification as a full certification only for an annual recertification. In practice, TRACS will accept either a corrected full certification of any type, or a partial certification effective on the same date as an existing full certification.

If the effective date corresponds to that of a partial certification:

- If the existing certification is a MAT40 move-out or MAT65 termination, submit the GR and then resubmit the MO or TM after waiting for TRACS to successfully process the GR..
- If the existing certification is a MAT70 unit transfer, submit a MAT70 UT with the rent applicable after the GR.
- If the existing certification is a MAT70 gross rent, you are correcting a gross rent change and should submit a MAT70 GR.

NOTE: These situations create special challenges for TRACS. The safest course of action is to back up to the last full certification, submit it as a correction, and resubmit any subsequent partial certifications effective earlier than the gross rent change.

- If the effective date does not correspond to the effective date of any other certification, submit a MAT70 with the new rent information.
- If there are other certifications, effective after the gross rent change effective date, proceed as follows:
 1. Start with the certification with the earliest effective date after the gross rent date.
 2. Follow the chain of certifications forward, either correcting/recalculating or resubmitting transactions.
 3. For full certifications, correct the certification and submit.

4. For partial certifications:
 - For move-outs and terminations, resubmit the transaction after the GR has been successfully recorded in TRACS.
 - For unit transfers, recalculate and resubmit the transaction after the GR has been successfully recorded in TRACS.
5. Stop the correction/change process when any of the following is true:
 - The next certification in the chain is a gross rent change. In this case, simply resubmit the gross rent along with any subsequent partial certifications effective prior to the next full certification.
 - There are no more certifications

4.13 GR Submitted in Advance of the GR Effective Date

It is not good practice to submit gross rent changes in advance of the GR effective date as it creates challenges for site, CA and TRACS software. All GRs, as they can involve corrections to existing certifications, should be submitted after the fact, even if they are effective on the first of the month. However they should be submitted promptly after they take effect. In fact, the new requirements for creating HAP Vouchers (See Appendix H, HAP Vouchers/Voucher Creation) do not allow a future GR (one effective after the first of the month prior to the voucher date) to appear on a voucher.

From a TRACS and CA software point of view, if the future GR is effective after an Annual or other certification that has yet to be transmitted, TRACS will attach the GR to an incorrect certification.

From a site software point of view, if a tenant moves in prior to the effective date of the GR but after the GR has been run and sent, there may not be a mechanism to do the GR for the MI certification only.

If an in-place tenant moves out after the GR has been sent but prior to the GR effective date, adjustments need to be made.

4.14 Correcting a Gross Rent Change

There are many different scenarios where this might be necessary:

1. Owner/agent submits GRC before approval is received
2. GRC is approved, but subsequently rescinded and re issued with a new effective date
3. GRC is approved, but subsequently rescinded and re issued with different rent
4. The GRC has been sent previously but now the certification on which it is based changes (a corrected full cert is submitted or a new cert with an effective date greater than the original full cert and less than the GR effective date is sent)

In case #1, if the goal is to “erase” the GR in TRACS, simply resubmit, as a correction, the most recent full certification effective prior to the GR effective date and follow up on successive days by retransmitting any partial certifications effective after the full cert.

In case #2, resubmit, as a correction, the most recent full certification effective prior to the GR effective date and follow up on successive days by retransmitting any partial certifications effective after the full cert in effective date order. The “corrected” GR would be sent in its proper turn.

In case #3, all that needs to be done is transmit a new GR record reflecting the new rent. As long as one of the key fields is different, TRACS will accept the transaction even though the effective date has changed.

In case #4, the GR needs to be recalculated based on the cert (full or partial) effective just prior to it. This new GR record needs to be sent after the changed cert effective before it.

4.15 UT/GR Both Effective on the Same Date

The only way to transmit both transactions simultaneously to TRACS is as a single MAT70 Unit Transfer record as opposed to two MAT70s--one UT and one GR. This will take care of the unit number change and will change the rent. If one certification is transmitted before the other, especially in the same nightly batch, the luck of the draw will determine which record is processed first and you might not get the result you want. The only way to enforce sequence of processing of records of the same type is to submit them on different days.

4.16 Uses of the Previous Head Information Fields in the MAT10, Section 2, Record

There are two uses for the Previous Head information fields in the MAT10, Section 2 record from a TRACS perspective. The traditional use is to deal with a certification that changes the head of household relative to the previous full certification. The second use is to correct head of household identifying information.

Five of the “previous” fields included on the MAT10, Section 2 record (head ID, MAT10 effective date, head last name, head first name, and head birth date) must be filled when a change or correction is required to one or more head of household identifiers. The requirement for performing the change is the same regardless of the identifier being changed.

Case 1: No SSN for the Head – TRACS Generates a T-ID Number

When a certification is submitted to generate a T-ID none of the “previous” fields of the MAT10, Section 2 record are involved. Instead, 9s are entered in the identification code field of the MAT10 Section 3 record along with values for the pertinent mandatory member identifiers (last name, first name, birth date) and non-mandatory middle initial - if available. Using the information, TRACS generates the T-ID and stores it and the member information in the

household member table for later reference. When a SSN is received for the head of household, another MAT10 must be submitted with the original head of household information recorded in the “Previous” fields except that the Previous Head ID will contain the previously generated T-Number.

Case 2: T-ID Exists

a) T-ID is Unknown

When the user needs to submit a transmission to TRACS but does not remember the T-ID, submitting the following in the MAT10, Section 3 Family record enables TRACS to locate the existing T-ID and insert it into the certification during processing. Because the user is not changing any of the identifiers, the MAT10 Section 2 “previous” fields are not required and, therefore, should not be included in the submission.

- Identification code (999999999)
- Last Name (M)
- First Name (M)
- Middle Initial (MOC)
- Birth Date (M)

b) T-ID Exists – One or more Identifiers Changed

When any of the identifiers change, values for all mandatory identifiers must be submitted on the MAT10 Section 3 record. For example, to change the tenant’s last name from Davis to Davis-Hines follow the procedure below:

1. Fill in the new information along with all mandatory identifiers on the MAT10, Section 3 record.
 - Last Name (DAVIS-HINES) (M)
 - First Name (M)
 - Middle Initial (Optional, but if this field changes from the previous submission, all “previous” fields in the MAT10, Section 2 record must be filled).
 - Birth Date (M)
 - Identification Code (M)
2. Fill in the five (5) “previous” fields (mandatory identifiers) on the MAT10, Section 2 record. All five fields are required and the information supplied in the fields must be valid data taken from the most recent (prior) certification stored in TRACS. TRACS compares the information submitted in the “previous” fields with the data stored in the TRACS database. Any variation in the comparison will cause the submission to be rejected and fatal error F0130 generated.

- Previous Head ID (M)

- Previous MAT10 Effective Date (M)
- Previous Head Last Name (DAVIS) (M)
- Previous Head First Name (M)
- Previous Middle Initial (Must match the previously submitted value in the household's previous MAT10, Section 3 record)
- Previous Head Birth Date (M)

After processing the change and updating the member table, TRACS uses the data submitted in the “previous” fields, to locate and de-activate the tenant's prior certification. It also creates a link between the newly created certification and the old certification so both display in the tenant's history list.

c) SSN Exists – One or more Identifiers Changed

When any of the identifiers change, values for all mandatory identifiers must be submitted on the MAT10 Section 3 record. For example, to update the tenant's T-ID (T00000901) to his permanent SSN (321421521) follow the procedure below:

1. Fill in the five (5) “previous” fields (mandatory identifiers) on the MAT10, Section 2 record. All five fields are required and the information supplied in the fields must be valid data taken from the most recent (prior) certification stored in TRACS. TRACS compares the information submitted in the “previous” fields with the data stored in the TRACS database. Any variation in the comparison will cause the submission to be rejected and fatal error F0130 generated.

- Previous Head ID (T00000901) (M)
- Previous MAT10 Effective Date (M)
- Previous Head Last Name (M)
- Previous Head First Name (M)
- Previous Middle Initial (Must match the previously submitted value in the household's previous MAT10, Section 3 record.)
- Previous Head Birth Date (M)

2. Fill in the new information along with all mandatory identifiers on the MAT10, Section 3 record.
 - Last Name (M)
 - First Name (M)
 - Middle Initial (Optional but, if this field changes from the previous submission, all “previous” fields in the MAT10, Section 2 record must be filled)
 - Birth Date (M)
 - Identification Code (321421521) (M)

After processing the change and updating the member table, TRACS uses the data submitted in the “previous” fields, to locate and de-activate the tenant’s prior certification. It also creates a link between the newly created certification and the old certification so both display in the tenant’s history list.

Note: This example may be used to change any of the head of household identifiers.

4.17 Contract Combinations

TRACS de-implemented (eliminated) this headquarters procedure on 11/12/2004. Eliminating the procedure allows the Industry to handle the termination and re-instatement of subsidy for contracts that have been combined. This is appropriate since most properties submit a termination to terminate each tenant from the old contract, effective the day before the combination date. They then submit an initial certification for each tenant, effective on the combination date, to take the tenant to the new contract.

There is no mechanism in place to deal with retroactivity prior to the contract combination date. All billing after the combination should be for the new contract no matter what the effective date of the certification. This is a grey area for site software. Contract Administrators are encouraged to allow flexibility in dealing with retroactivity including allowing OARQ adjustments in lieu of certifications submitted with the new contract number.

4.18 Contract Splits

HUD has no formal mechanism for dealing with these situations. However, from a site level accounting point of view, the best thing is to terminate the affected tenants the day prior to the split date and then do an initial certification effective on the split date. This ends billing for the old contract and establishes it for the new contract. The initial certification should have the Do Not Check Eligibility flag set to yes.

It is unclear whether billing for retroactive events prior to the split date should be on the old or the new contract. When in doubt, consult with your contract administrator or HUD office. Since there are no defined rules on how to handle these cases, CAs and HUD offices should be flexible with respect to billing. For example, if site software is unable to bill for retroactive transactions on the contract desired by the CA or HUD, the owner should be allowed to offset the billing for the affected certifications with an OARQ Miscellaneous Accounting Request on the HAP Voucher and to bill on the correct contract using the same mechanism.

4.19 Correcting Partial Certifications After a Full Cert Insertion or Correction

Because of the design of the TRACS data model, whenever a full certification is corrected or whenever a full or partial certification is added effective prior to a full certification, any partial certifications (MO, TM, UT, GR) effective on or after the effective date of the corrected or added certs and prior to the next full certification in TRACS should be recalculated where applicable and retransmitted to TRACS. Special attention should be paid to the processing order to ensure that transactions are recorded properly in TRACS.

4.20 Site Software and TRACS Errors

Site software must allow owners to view TRACS messages as sent from TRACS without alteration. Should the software vendor want to interpret the messages for its users, append the vendor's advice or interpretation starting on a new line at the end of the TRACS message text indicating, that this is a vendor addition (See CA Error Checking below for the proper format). The reason for this requirement is that the text associated with TRACS messages is subject to change without notice. If all that the user can see is the vendor-interpreted message, valuable information or advice may be lost.

Site software vendors should keep in mind that CA software may also be appending advice to TRACS messages or may be returning messages with codes different than those that TRACS uses. Whatever messages are returned by the CA must be available unaltered to the user.

4.21 Printing Vendor Information on HUD Forms

It is permissible, but not required, for vendor software to print information about the software printing a HUD form. However such information should be printed in the footer of the form and start with the words "Printed By." An example might be: Printed By Fantastic Software Version 2.03

4.22 Contract Administrator Software and Processing Issues

4.22.1 CA and Site Software: Compatibility Issues

Both the Site and CA software must be compatible with TRACS. If CA software cannot accept or correctly process a legal transaction that TRACS accepts, the problem is one for the CA to resolve. The record must not be rejected and the site must be paid if there are no other problems with the transaction. This is not to say that a CA may not refuse to pay on a certification that TRACS accepts but rather that CA software limitations may not dictate what is paid and what is not paid.

As is well known, there are many areas of the Handbook 4350.3 that are subject to differing interpretations. There are also technical areas of the handbook that have not benefited from a complete analysis from the point of view of software implementation. When in doubt, a request should be made to HUD to provide clarification based on the current clarification request process. If there is a delay in the response, common sense and flexibility, combined with an analysis of what TRACS allows should prevail.

For example, the handbook mentions annual re-certifications as ones where a full certification should be submitted if a unit transfer or gross rent change occurs on the same date. In practice, TRACS does not check for this condition nor does it refuse to accept MAT70 records effective on the same date as a full certification already in the database. It also allows for UTs and GRs to be submitted as full certifications for other than AR certification types. As long as the correct subsidy is paid, CA software must accept either a full or partial certification if other handbook rules are upheld.

This is not to say that a full certification is a substitute for a partial certification in all cases. A full certification calculates ages of household members based on the effective date of the certification. Submitting a gross rent change as a full certification when there is not already a full certification in TRACS effective on the same date, can cause allowances to be increased or decreased thereby changing the TTP. In cases such as these, full certifications should not be submitted--only partials. For this reason, CAs must not request a set of full certifications in lieu of a proper baseline consisting of full certifications and any partial certifications effective after the full certifications. This means that site software must be able to submit a proper baseline.

Note related to special claims processing: TRACS does not flag a full certification UT as a UT. CAs and HUD reviewers may need to look at the tenant history to see that the unit has changed. Therefore, it would not be appropriate to deny a claim solely for lack of a cert in TRACS that is flagged as a UT given that the handbook requires full certification UTs in some cases.

4.22.2 Processing

CA software vendors are encouraged not to follow the TRACS processing flow but rather to process incoming certifications in effective date order, following the TRACS rules to break ties when multiple certifications are effective on the same date or multiple partial certifications are submitted for one household in one tenant file. When doing so, it is good practice to treat a unit transfer as both a transfer out and a transfer in. At some time in the future TRACS will process the transfer out portion of a UT prior to processing MAT10 records.

4.22.3 Transmitting

Owner/agents must correct and retransmit certifications rejected by a contract administrator.

The CA must transmit all non-fatal certifications to TRACS. It is the CAs responsibility to ensure that the certifications are reflected in TRACS unless TRACS issues a fatal error. As an aid in this process, owners should cooperate with CA requests to retransmit a certification as a correction or as a baseline if the site software is capable of doing so. In turn, CAs must respond to owner/agent's request to submit transactions that have been approved/paid by the CA but that are missing in the TRACS database. Failure to do so can result in subsequent errors. For example, if a move-out transaction is not recorded in TRACS, submitting a move-in transaction for the same resident in another property could result in unnecessary and inappropriate errors.

In this regard, CAs need to be aware of the fact that simply submitting a retroactive gross rent change can cause TRACS to reactivate a previously moved-out household (this happens when the GR date is earlier than the MO date). Not only can this cause a property to have a compliance percentage of greater than 100% but it causes the household to become active again in EIV. The consequence can be the rejection of a move-in to another property or erroneous double subsidy reports. If CA software routinely fatals a resubmission of a MO record, it is necessary for the CA to find a way to pass the MO on to TRACS in cases such as this where the household status has not changed but TRACS has reactivated it.

4.22.4 HAP Payments for Late Re-certifications Revised 7/17/2009 to reflect new guidance in the 4350.3, Change 3.

In accordance with HUD policy as articulated in HUD Handbook 4350.3, paragraph 7-6, CAs must pay the old HAP until the receipt of a new annual recertification or 15 months has passed or the tenant is terminated, whichever occurs first. Assistance must not be terminated earlier and payments must be made based on the most recent certification in effect for months 13-15. OAs are responsible for following all handbook recertification guidance.

For example, the AR due date is 1/1. If no new AR (or TM) is received, the CA pays the old HAP assistance on the January, February and March vouchers (months 13, 14 and 15). The HAP payment for the tenant is stopped on the April voucher. Site software must not bill and CA software must not pay for month 16 (April) unless an AR has been received. At the point of billing for month 16, if the tenant has not recertified, the OA must terminate assistance effective the day prior to the AR due date (12/31 if the due date is 1/1). The termination must be reflected on the month 16 voucher (April if the AR due date is January 1). The TM will cause the assistance previously paid for months 13-15 to be returned. If the recertification delay is a result of extenuating circumstances and or OA or third party issues, when the new AR is processed, it is effective on January 1 and the appropriate adjustments are made on the voucher. If the delay is the fault of the tenant and there are no extenuating circumstances, no AR should be submitted. Instead the tenant must requalify and an IC must be submitted effective no earlier than the first of the month after the original AR due date. If an AR is complete prior to billing for month 16, the AR is transmitted and its assistance is reflected on the month 16 billing. Any necessary adjustments back to the AR effective date are also made.

The following example illustrates what is required for a late recertification when no recertification is complete prior to the submission of the voucher for month 16. Assume a recertification date of January 1 and an assistance from the prior year's AR (assuming no transactions after the prior AR) of \$400.

Voucher Month	Month #	Assistance Billed	CA Payment	Adjustment
December	12	400	400	
January	13	400	400	
February	14	400	400	
March	15	400	400	
April	16	0	0	-1,200

4.22.5 TRACS Errors

CAs must return all TRACS generated messages to owners without alteration. If a CA wants to append additional text to an error message, it is permissible to do so starting on a new line at the end of the TRACS message and indicating that this is a CA addition—see CA Error Checking below. If CAs want to communicate guidance about errors in some other way, they must do so in addition to returning TRACS messages.

4.22.6 CA Error Checking

Error conditions that TRACS also checks for: Because of the terms of their contract with HUD, Contract Administrators (CAs) are permitted to be more stringent in requiring the resolution of non-fatal errors than is HUD. For example, TRACS issues only a level-one discrepancy message when a certification does not calculate correctly. TRACS stores and reports its own calculated values in such cases--not the values submitted by the sites. The CAs mission is to provide a higher level of data quality ensuring accuracy and currency of tenant certification data.

Error conditions that TRACS does not check for: CAs may check for additional errors that TRACS does not so long as the error conditions are in accord with handbook rules. Messages should be returned to sites using an error code that TRACS does not use. It is best not to use a code not currently in use by TRACS but whose numeric value is less than the greatest one that TRACS currently uses. If using a CE or F code for a new CA error, use a number greater than or equal than 800 (CE823, F0800) and contact owner/agents to tell them what the new errors are and how to deal with them.

- CAs should respond separately to each file (attachment) submitted following the guidelines below so that site level software can identify which submitted files generated which errors.
- Format of returned messages:
NOTE: Use a standard TRACS message header as follows. See Appendix B of the MAT Guide. The message header ends with the Effective Date line.

```
@*@ TRACM00098TRACM00098
OA Defined Data : MAT40TRANS
OA Software Vendor : MYSOFTWARE
OA Software Release/Version : TRACS8.3
CA Software Vendor : YOURSOFTWARE
CA Software Release/Version : 3.0.0.4
Agency Defined Data : 01515555
Project Name : PINECREST
Project No. : 24755316
Contract No. : CA30M000001
Unit No. : 106
SSN : 399369712
Name : WASHINGTON, REBECCA
Tenant No. : 106R
Effective Date : 0001-01-01
Fatal Error: F0096
MOVE-OUT EXISTS ON THE TRACS DATABASE
Fatal Error: F0035
```

MOVE-OUT ACTION NOT PROCESSED

NOTE: Do not send unformatted reports—i.e. reports without a standard message header. Reports can be appended to a standard error header as follows:

```
@** TRACM00098TRACM00098
OA Defined Data : MAT40TRANS
OA Software Vendor : MYSOFTWARE
OA Software Release/Version : TRACS8.3
CA Software Vendor : YOURSOFTWARE
CA Software Release/Version : 3.0.0.4
Agency Defined Data : 01515555
Project Name : PINECREST
Project No. : 24755316
Contract No. : CA30M000001
Unit No. : 106
SSN : 399369712
Name : WASHINGTON, REBECCA
Tenant No. : 106R
Effective Date : 0001-01-01
Informational : CE800-CA
CA PROCESSING REPORT
CA Message : Thanks for your submission
You sent 23 Annuals. We rejected 3 of them.
You sent 4 Gross Rent certs. We liked them all.
Etc., etc., etc.
```

- In the example above, “CA PROCESSING REPORT” is the name/description of the CE800-CA message. The text starting with “CA Message :” is a CA addendum (see below). Note that, since a message can refer only to a single file submitted by an owner/agent, a report such as the one above must not refer to more than one file.
- Preserve OA data (OA Defined Data, OA Software Vendor, OA Software Version) both when sending to TRACS and in the messages returned to sites. Failing to preserve OA data deprives TRACS of the ability to monitor vendor performance and makes it difficult for site software to attach a message to the file causing the message.
- Add CA vendor, version, and data (CA Software Vendor, CA Software Version, Agency Defined Data) to CA messages as in the samples above.

- Add a CA identifier (-CA) to CA and TRACS message codes generated by CA software following the examples below.
 - CE123-CA
 - F0111-CA
 - QQ005-CA (This error is not a TRACS error but rather a possible example of one unique to the CA software)

In other words, if the CA software generates an error message, add the CA suffix to the code. If the message has been generated by TRACS, do not add the suffix when passing the message on to the site.

- If a TRACS message code is used, return the same text message as does TRACS. Do not modify the TRACS wording.
- Optionally add a CA addendum starting on a new line and beginning with the words “CA Message :”. This rule also applies to site level vendors who wish to “enhance” the message to give a different or expanded explanation. Start with the literal TRACS message. Then, on a new line, add the vendor message beginning with the vendor or product name as in “Fly-Bi-Nite Software Message: Check your Property Settings on Screen 3 and be sure Field 6 is filled in”.
- CA MAT responses can be identified as follows: At the end of the TENTR and VCHTR records (after the Agency Defined Data field) add a new field 26 containing the text “CA MAT RESPONSE”.

4.22.7 Terminated Households

Contract Administrators should treat terminated households as moved out for all practical purposes. CAs may not request electronic or other proof of move-out for a terminated household prior to allowing another tenant to move-in or transfer in to the unit occupied by the terminated household. Once the termination occurs, the household is no longer the responsibility of the CA. The CA's primary responsibility is to ensure that two households do not receive subsidy in the same unit simultaneously. As long as this does not occur, the CA is upholding its obligations.

However, if a special claim is submitted for a unit occupied by a terminated tenant, HUD rules require that a move-out transaction be sent to TRACS to support the claim. Site software must offer a feature that allows for the creation and transmission of a MO record for the subsidy type of the household just before they were terminated.

In practice, there are several scenarios post termination:

- The tenant could be at market rent or could be on another subsidy. In either case the tenant could then move out. If the tenant is on another subsidy (terminated from Section 8 and now on 236) the MO will be sent to TRACS. It will not generally pass through the CA.
- The tenant could transfer to another unit. After the termination the CA could see a MI, IC, or UT (full or partial cert) into the terminated tenant's old unit. These transactions should be accepted.

- In the very rare case the CA could see a MI to the same unit from the same household. This would happen legitimately if the tenant moved out after termination and then back in.