

To Our Valued EPS Customers:

Please read this document thoroughly and be sure to pass along a copy to anyone who is involved in preparing your paperwork, especially the 50059 forms that are submitted to EPS with your monthly processing.

EPS Inc. is always striving to improve the accuracy of our processing and at the same time trying to find ways to reduce our turn-around time to insure you receive your vouchers well before your filing deadline. We recently did a process review and determined that it would be a good idea to send out a reminder of our basic filing guidelines and at the same time point out the most common issues that delay the processing of your paperwork. By making you aware of what your standard monthly request should include, we are hoping to avoid many of the common pitfalls that have delayed your voucher preparation in the past or can cause a late submission to HUD or your Contract Administrator in the future.

### **HAP Request Form**

The HAP Voucher Request Form (the yellow form we send back each month with your voucher) is the form that is used to initiate the entire voucher preparation process. *It is very important that we receive a signed and dated HAP Voucher Request form along with any supporting documentation **by close-of-business on the 1<sup>st</sup> of each month*** to insure that we will be able to meet the filing deadline of the 10<sup>th</sup>. This allows for last minute reporting of end-of-month move-outs and recent move-ins. Contract Administrators require that they receive a signed copy of the voucher by the 10<sup>th</sup> of the month. All TRACS files, going to HUD or to a Contract Administrator, must be sent by the 10<sup>th</sup> of each month.

For example, all TRACS files for the September vouchers need to be transmitted by August 10<sup>th</sup> so we would need your September voucher request by August 1<sup>st</sup> at the latest. The only exception would be for Rent Supp. or Section 236 properties which report for the current month rather than a month ahead. As a reminder, when a voucher request is received after the 10<sup>th</sup> of the month, our billing department automatically adds a late fee to the processing charges for the month. You're always welcome to send in your next request form as soon as you receive a voucher from us. Sending them in by the 15<sup>th</sup> of the month (a couple weeks before they're due) qualifies for the \$5 early filer discount. Please note that it's the HAP Request form that helps our mailroom (and faxroom) personnel route the paperwork to our department. Occasionally we receive some 50059s with no Voucher Request Form and it's unclear who they're intended for.

On the HAP Request form, please be sure to include:

**HAP Date** - This is the month and year of the next voucher to be prepared for the property. If the last voucher we prepared for you was the August 2004 voucher, the next request form you send in would have a voucher date of 09/04.

**Property Name** - as it appears on the monthly HAP voucher. Please do not leave blank.

**50059's** - Any Annuals, Interims, Move-ins or Initials being reported. Please be sure to write the number of 50059s being included so we will know if any are missing.

**Move-out or Unit Transfers** need to be noted on the **yellow** Voucher Request Form sent by EPS to you each month. Please do not report Move-Outs, Unit Transfers or Move-ins before they actually take place. EPS is unable to process Move-outs, Unit Transfers, or Move-ins until

after the effective date of the action. When we receive voucher requests with changes that have not yet taken place, we have to put the request on hold until the date of the change and will then need to call to verify that the change took place. These changes are normally reported on the next month's voucher, always after the fact. Occasionally we are told that the tenant actually moved out earlier but paid rent up through the end of the month which is why the move-out date was written as the last day of the month. Please be aware that the 4350.3 handbook states that the move-out date needs to be the date the tenant physically moved out, the date the manager found the unit empty if it was abandoned or, in the event of the tenant's death, it needs to be the date the unit was vacated, limited to **14 days** after the date of death.

**Gross Rent Change** – If you are requesting that a new Gross Rent Change be reported on the voucher, please be sure to include: 1.) A fully-executed Rent Schedule (form HUD-92458) including the 2<sup>nd</sup> page with the necessary authorization signatures AND 2.) A signed letter from HUD stating the approval of the Gross Rent Change. We are unable to process Gross Rent Changes without the two required documents. *Please be sure to send us the necessary paperwork as soon as you receive it. The HUD Handbook 4350.3 recommends that a Gross Rent Change be reported on your voucher within 45 days of receiving final HUD approval.*

**Vacancies and Market Renters** – Since information on market rent tenants is not normally reported to EPS, our database may not always have a current roster of market renters. Filling in the number of vacant units and market rent tenants on the HAP Voucher Request form will allow us to include the correct unit types on your voucher. Also, if a market rent tenant who at any time received subsidy moves out, reporting the move-out to us promptly will allow us to keep our database up to date in the event an assisted tenant moves into that unit in the future.

We understand the desire of many owners and managers to include the most up-to-date information each month, especially end of month move-outs or last minute recertifications, BUT please bear in mind the importance of EPS receiving the submission by the end of the business day on the 1<sup>st</sup> of the month. HUD fully understands that some changes, especially Move-outs and Move-ins, may not get reported until the next voucher and that the retroactive adjustments will appear on that voucher. This is not out of the ordinary. In fact, it's the preferred method for reporting to HUD.

**We ask that all necessary paperwork be submitted to EPS at one time.** If it is absolutely necessary to fax or mail extra 50059s or other documents after your initial request, please make sure they are sent to the attention of the Core Department and clearly indicate that they are being sent in addition to a previously submitted request. EPS has several divisions. You deal with the Core Department. Please indicate this on your coversheets. This will insure that your paperwork will be routed to the correct department. It is not necessary to send EPS copies of Social Security Cards, tenant leases, pay stubs, etc. We rely on the signed 50059 forms to report changes in tenant information. All verification of the information on the form should take place at the property. The only exception to this rule would be if you were correcting a misreported Social Security number. In that event, please send us a copy of the card for our records.

We currently have a pool of data analysts who prepare the vouchers with paperwork processed on a first in, first out basis. This means that you may receive your voucher from a different analyst each month. We believe that this is the most equitable manner of processing and it allows our analysts to continually audit the work of each other.

HUD released a revised 4350.3 Handbook on June 12<sup>th</sup>, 2003. We strongly recommend that you contact your local HUD field office to receive a copy for your property if you have not already done so. You may also download a copy of the Handbook from the HUD website: [www.hudclips.org](http://www.hudclips.org).

## Completing the 50059 Recertification form

Although HUD has officially discontinued using the 50059 form, most managers find that it is still the most useful form to use to report tenant information accurately and completely. Also, since the structure of a TRACS file is based on the 50059 form, the form includes all the necessary information we need to report your information to TRACS. Please feel free to continue reporting your tenant information to us using this form. Since blank 50059s are hard to find now, we are hoping to have a downloadable 50059 available on our website soon, one which includes some of the new fields that HUD has added to the tenant's recertification. If you are preparing your 50059s by hand, you may want to consider downloading the 50059 when it's available, completing one for each tenant and saving them as separate files which can be edited and printed each time the tenant recertifies.

It is extremely important for the person preparing the recertification to print clearly, especially if the form is to be faxed to EPS as it may lose clarity in transmission. If your 50059s are prepared using management software and the text prints out very small, please consider mailing your paperwork to us as there's a good chance it may not be legible if faxed to us. If you have more than 20-25 pages to fax to us for a particular month, you may want to mail those instead to avoid the chance of the fax not coming through correctly.

You should always refer to the 4350.3 handbook for guidance when completing the 50059 form. Appendix 7 in the handbook gives a detailed description of each field on the 50059 although they're listed in the order they occur in a TRACS file. Below is a list containing some of the items on the 50059 that, if not filled in correctly, will cause a delay in preparing and reporting your voucher:

**Effective Date** – Effective dates vary based on the action being reported. The effective date of all Annuals and Interims needs to be the first of the month. Initial certifications and Unit Transfers can be effective at any time during the month. Annuals need to be effective for the month in which they are due. That month is based either on the month the tenant originally moved in, the month a tenant who was once a market renter came back onto assistance, or, in the case of blanket recertifications, the month the property recertifies all their tenants.

**Action Processed** – The 4350.3 handbook states that when a tenant moves into a unit, and you collect subsidy, that a Move-In certification is required. If the tenant was paying market rent and is being brought onto a subsidy program, the correct action is an Initial certification. When their subsidy begins, either as a Move-in or as an Initial certification, their next Annual recertification is due on the 1<sup>st</sup> of that month, one year later. Example: If they move in January 3<sup>rd</sup> or January 23<sup>rd</sup>, their next annual should be effective January 1<sup>st</sup> of the following year. It is important to note that if a tenant moved in on July 1, 1998 and has had subsequent July Annuals, if they go to market rent and again become eligible to receive subsidy in September, their **future Annuals will be due on the first of September, not July**, for subsequent years. If EPS receives a July annual the following year, we will need to process the certification as an Interim and would be expecting a future September Annual certification. Any recertification for an assisted tenant, which falls on a month other than when an Annual is due, should be an Interim unless you are processing a Unit Transfer or Gross Rent certification.

In the event that your property has been granted permission by HUD to recertify all tenants for a particular month, please be sure to make EPS aware of that fact. When processing future Move-ins or Initials certifications we set the Next Annual Date correctly. As a reminder, the tenant's Next Annual Due date does not change if they transfer to a different unit. It's always based on their actual move-in date to the property, the property wide recertification month (if applicable)

or, if they went to market rent at some point, it's based on the date they came back onto assistance.

**Tenant Names** – The names of the tenants, especially those collecting Social Security or SSI benefits, should appear exactly as they do on their Social Security cards.

**Relationship to Head of Household** – It is very helpful, and can avoid potential errors, if each tenant's relationship to the head of household is listed in Item 15. Rather than using Wife, Son, Daughter, etc. the HUD definitions are actually Head, Spouse, Co-Head, Dependent, Other Adult, Foster Child or Foster Adult, or Live-in Aide.

**Special Status Code** - It is important that any tenants who are Handicapped or Disabled have an "H" in this field. Any tenant, who is age 18 or older, is a fulltime student and is being claimed as a dependent needs to have a Special Status code of "S". This field is commonly not filled in when needed and can delay the processing of the voucher.

**Social Security Numbers** – The 50059 form needs to include the Social Security Number for any household member over the age of 5. If a household member aged 5 or younger has no Social Security Number, it is acceptable to leave the field blank.

It is important for the person preparing the recertification to insure that the tenant's names, birthdates and Social Security Numbers are correct because EPS must report the information exactly as it appears on the form. We compare this information with our database each time, assuming that the recertification reflects the most up to date and accurate information. Any differences are considered corrections to what we previously submitted and must be reported to HUD as such.

**Eligibility Codes** – Although most tenants are Eligible Citizens (EC), or Eligible Non-citizens (EN), the Eligibility Code for every tenant listed on the 50059 needs to be entered in Item 21. This is the other field we definitely need completed, especially on Move-in 50059s. Please be aware that although the tenants place of birth written on the 50059 is helpful, it's even more important to include the Eligibility Codes.

**2% Passbook Savings Rate** - There have been a few instances during the past year where local or regional HUD field offices have issued notices stating that a Passbook Savings Rate lower than 2% can be put into effect. In each case, the HUD office in Washington D.C. had to issue a reminder that although the rates for Public Housing contracts can be adjusted by local or regional HUD offices, the rate used by Section 8 Project Based contracts can only be adjusted at the HUD Central level and that the rate is to remain at 2%. If you receive a notice stating that a new rate is to be put into effect, please verify the notice is from the Washington HUD office before implementing the new rate on a recertification.

**Incomes Amounts and Types** – It is important to write the incomes of different household members on separate lines and to write the household member number (1, 2, 3, etc.) in the box to the left so we will know who to attribute the income to. Also, since various types of income can be written in the same column, it is extremely helpful if you write next to the amount the exact type of income it is (SS, SSI, VA Pension, Child Support, Unemployment, etc). Although the exact income type doesn't appear on the 50059 form, the exact income type is included in the TRACS file. Any clarification on the 50059 form is very helpful and will avoid TRACS errors.

**Calculating the tenant's TTP** – The HUD Handbook 4350.3 says to determine the Total Tenant Payment by using two different methods and using the higher of the two results. The method which usually results in the higher TTP is to divide the Annual Adjusted Income by 12 to find the Monthly Adjusted Income, immediately multiply by 30% (without rounding first), then round the amount to dollars and cents and round that to get the TTP.

For example: Adjusted income is \$10300. Monthly adjusted income is \$858.3333. Multiply \$858.3333 by 30%, which is \$257.4999 which rounds to \$257.50 which is then rounded up to a TTP of \$258. Notice that the decimals are maintained and only rounded after multiplying by 30%. Also, notice that .4999 doesn't round down to .49 because the rules of rounding begin with the rightmost number which rounds the number to it's left and so forth. Reminder: Round up at \$0.50.

The other method, which is easily overlooked but occasionally will produce a higher TTP amount, is to divide the tenant's **Annual Income** by 12 to find the Monthly Income and then multiply by 10%. When a tenant has an average income and higher than average medical expenses, this method will often result in the higher TTP that needs to be reported on the 50059.

For those who are using management software to prepare your 50059s, if your software wasn't updated to reflect HUD's clarified method of calculating the TTP, you'll want to double-check the TTP on your 50059s because you may occasionally find that the TTP should be \$1 more or less. Catching that difference right off, before the tenant signs the 50059, can save having to have them come back in later to sign a revised 50059 if the one we process is \$1 different and is determined to be accurate.

### **Minimum Rent Rule –(this rule applies to Section 8 contracts only)**

If the tenant cannot pay the \$25 minimum rent, they simply need to give the property manager a written request that the minimum rent be waived and a reason for the request (i.e. because of their financial situation, they cannot pay the minimum rent and being required to do so could lead to their eviction). It is then the property manager's responsibility to make the determination whether or not the situation is temporary or long-term. If a waiver is granted, it needs to be in writing, to the tenant, and we will need a copy to process the recertification without the \$25 minimum rent. If the situation is determined to be long-term, the owner/manager must recertify the tenant every 90 days while the waiver is in effect to verify that the circumstances have not changed. If it is temporary, they must recertify within 90 days and are responsible for paying the \$25 that accrued for each of those 3 months. EPS should be sent a recertification with the minimum rent in effect and after three months, the tenants would owe \$75 to the property. Another determination should be made at that time as to whether or not it is temporary or permanent. Please note that if a TTP calculates to be less than \$25, for example \$12, the tenant can request a waiver from the \$25 TTP but their TTP would still be \$12 and not \$0.

**Owner/Agent and Tenant Signatures** – The 50059 Recertification only becomes a legal document after both the tenant and the owner/agent sign it. When creating a TRACS file the signature dates for both the owner/Agent and the tenant must be entered before the file can be created and sent to HUD. The new 4350.3 handbook states that 50059s that are not signed and dated by the tenant and Agent are not to be reported to HUD (Chapter 7, Figure 7-2).

The handbook also states that the 50059 the tenant signs needs to be a computer generated 50059 and it must be signed before the change is sent through TRACS. That would mean that 50059s that are prepared by hand would need to be sent to us, processed and printed, mailed back to the property for the tenant to sign, and sent back to us to be reported through TRACS. We recently contacted HUD to explain the additional workload this would create for TRACS Service Bureaus and property managers and they responded by saying that it is fine for us to report changes to TRACS based on signed 50059s that were prepared by hand. They also said that the computer generated 50059s we prepare and mail back each month should be stapled to the back of the signed 50059s in your files as a receipt of what was reported to HUD. If our 50059 calculates with a different TTP, etc. (and is determined to be accurate) it's important that the tenant sign that new 50059 and that a copy be kept on file.

In the rare instance where it's been determined by the property manager that there were extenuating circumstances which kept the tenant from signing the 50059, EPS can transmit the recertification through TRACS without the tenant's signature. To do this, we will need, for our files, a copy of the manager's determination of the extenuating circumstance in writing. When the 50059 does eventually get signed, it is necessary to report this signed recertification through TRACS as a correction to the original. Please be sure to send the signed 50059 to EPS as soon as possible.

Finally, I wanted to mention that we used to ask our customers to send us back a copy of their signed vouchers to let us know they are accurate and the TRACS files are ok to send to HUD. That occasionally led to delays in sending the TRACS files, especially if we received a signed voucher back after the 10<sup>th</sup> of the month. For those of our customers who still send back signed vouchers, it is no longer necessary to do so. The TRACS files go through an error checking process each evening and are transmitted the following morning and, within that period, any errors on the vouchers can be corrected immediately or, if the files do get transmitted, the corrections can be done on the following month's voucher. Of course, we'll always attempt to resolve any issues before the voucher is finalized and sent to you.

We hope that you find the information included here helpful. Our goal is to continue to share information with our customers on a regular basis. It will help you stay informed, make your job easier and will insure that we are able to accurately prepare your voucher in a timely manner.

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