Special Claims

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References

Special Claims Processing Guide – June 2006

MAT Guide Chapter 7

(used to be HUD Handbook 4350.3 Chapter 9)



Special Claims Processing Guide FAQs – February 2007

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Learning Objectives

At the end of this lesson, you will be able to:

- Identify the General Requirements for processing a Special Claim;
- Collect and prepare all documentation required with your Special Claim submission; and
- Understand the most common reasons a claim is denied.

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Special Claims – What are they?

Allows for Owners of Affordable Housing to be reimbursed for their financial loss due to limitations on security deposits and waiting list requirements.

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Special Claims

Properties in Los Angeles County –

- 307 units
  - 2026 YTD - $84,516 (25 claims)
- 105 units
  - 2026 YTD - $4,577 (8 claims)

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Types of Special Claims

- Vacancy Loss After Rent-Up (Regular Vacancy)
- Unpaid Rent, Tenant Damages and Other Charges

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General Requirements

Owner must:

- Use HUD checklists and submit with each special claims packet to ensure all required documentation is submitted
- Reimburse HUD for any overpayment of subsidy and/or special claim identified during a voucher review
- Verify all tenant transmissions to TRACS prior to submitting the special claim for approval
  - If TRACS will not accept a move-out, submit a Move-Out request form to the multifamily helpdesk at (888) 297-8689

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General Requirements

- Owner/Agent must request payment of any approved claims within 90 calendar days from the date of the approval decision
- Owner/Agent should request payment for an approved claim on the next scheduled voucher
  - Voucher must include the assigned Special Claim ID number for the type of claim (assigned by HUD/CA)
- Voucher will be rejected if:
  - Special Claim ID number is not included
  - Incorrect claim type is entered or
  - Requesting a special claim amount differs from the approved amount
- Owner/Agent must retain copies of claims and supporting documentation for 3 years after the date the claim was paid

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Vacancy Loss After Rent Up (regular vacancy)

Compensation to the property owners for loss of rental income of a unit that was previously occupied by an assisted tenant, but has been vacant by circumstances beyond the owner's control

ELGIBILITY REQUIREMENTS	
Applicable Properties	Section 8 Section 202/8 Section 202 PAC Section 202 PRAC Section 811 PRAC
Claim Submission	HUD or CA

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Vacancy Loss After Rent Up (regular vacancy)

ELIGIBILITY REQUIREMENTS	

Claim Eligibility	• Former tenant was receiving assistance at move-out
	• Assistance was terminated prior to move-out for failure or inability to:
	  ○ Provide needed information on family composition and/or income
	  ○ Provide Social Security Numbers
	  ○ Sign consent and/or verification forms
	  ○ Sign HUD-50059
	  ○ Establish Citizenship or eligible immigration status
	  ○ Move to a different-size unit within 30 days after notification by Owner

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Vacancy Loss After Rent Up (regular vacancy)

ELIGIBILITY REQUIREMENTS	

Claim Eligibility	• Units must be:
	  ○ Decent, Safe and Sanitary
	  ○ Available for occupancy during the vacancy period in which the payments are claimed
	• Owner/Agent has taken and continues to take all feasible actions to fill the vacancy
	• Owner/Agent has not rejected applicants, except for good cause in accordance with Tenant Selection Plan
	• Signed HUD-52671-C, certifying they have not caused vacancy by violating the lease, the contract or any applicable law and have complied with HUD requirements on termination of tenancy

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Vacancy Loss After Rent Up (regular vacancy)

SUPPORTING DOCUMENTATION	
Claim Forms	• HUD-52670-A Part 2, Schedule of Special Claims • HUD-52671-C, Special Claims for Regular Vacancies

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HUD-52670-A, Part 2

Special Claims Schedule

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

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

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

		Type and Amount of Claim ($)				
Head of Household Name Last, First, Initial	**Unit Number**	Unpaid Rent from HUD 52671-**A**	Tenant Damages from HUD 52671-**A**	Rent-Up Vacancies from HUD 52671-**B**	Regular Vacancies from HUD 52671-**C**	Debt Service from HUD 52671-**D**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**

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HUD-52671-C

Special Claims for Regular Vacancies

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

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

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

	1. Tenant's move-out date	2. No. days taken to clean / repair unit	3. Date unit ready for occupancy	4. Date unit ready for occup. + 59 days	5. Date unit was re-rented	6. No. of days vacant (Not to exceed 60. Include day in line 3 but **not day** in line 5.)
Part A						
(applies to the following)	7. Contract rent/operating rent at move-out					
880: Section 8 New Construction	8. Enter daily contract rent/operating rent (Divide contract rent/ operating rent in effect on move-out date by actual no. days in move-out month)					
881: Substantial Rehabilitation	9. Multiply lines 6 and 8 (Contract rent /operating rent for days vacant)			0.00		
884: Rural Housing Services	10. Multiply line 9 by 0.80 for Section 8/PAC units or 0.50 for Section 202/811 PRAC units (This is the most HUD will pay)					
886: LMSA Subpart A	11. Enter amounts paid by other sources (Security deposit, Title I, etc.)			(—)		
891: Elderly Housing	12. Subtract line 11 from line 9				0.00	

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Vacancy Loss After Rent Up (regular vacancy)

SUBMISSION REQUIREMENTS	

Supporting Documentation	• General Required Documents
	• Copy of signed move-in 50059 for former tenant showing amount of required security deposit (TTP)
	• Documentation that appropriate security deposit was collected (original lease, receipt, ledger card)
	• Copy of security deposit deposition notice provided to tenant indicating:
	  ○ Move-out date
	  ○ Amount of security deposit collected
	  ○ Amount of security deposit returned and
	  ○ Any charges withheld from the security deposit for unpaid rent, tenant damages or other charges under the lease

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Vacancy Loss After Rent Up (regular vacancy)

SUBMISSION REQUIREMENTS	

Supporting Documentation	• Documentation verifying date unit was ready for occupancy
	  ○ Voucher adjustment page verifying move-out date of former resident and move-in date of current resident
	  ○ Maintenance record or reconditioning log
	• Copy of the Waiting List which current resident was selected or previous Waiting List describing contact and outcome with applicant
	• Copies of marketing efforts if unit was not filled with an applicant from the waiting list to ensure marketing was completed in accordance with the HUD-approved AFHMP

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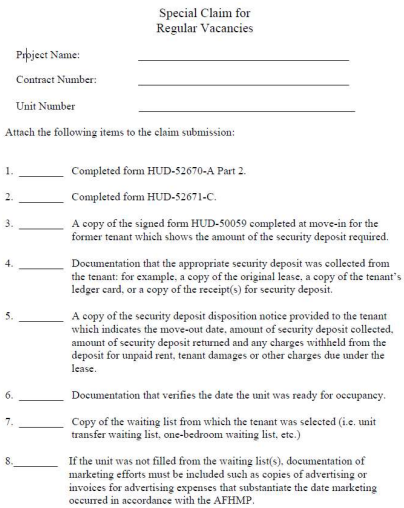
Vacancy Loss After Rent Up (regular vacancy)

SUBMISSION REQUIREMENTS	
Checklist	Checklist of required documentation
TRACS Requirements	Must be viewable in TRACS: • Move-out or unit transfer date of former tenant • Move-in or unit transfer for new tenant or • Hard copy of HUD-50059 for market rate tenant

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Special Claims Processing Guide – Appendix 3B



Special Claim for
Regular Vacancies

Project Name: _____

Contract Number: _____

Unit Number _____

Attach the following items to the claim submission:

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

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Vacancy Loss After Rent Up (regular vacancy)

SUBMISSION REQUIREMENTS	
Claim Amount	Section 8, Section 202/8 or Section 202 PAC • May not exceed 80% of contract rent for up to 60 calendar days for each vacancy Property Disposition Set-aside (PDSA/8) • May not exceed housing assistance payment for the number of days elapsed between the date the tenant vacated the unit and the last day of the month and • 80% of the contract cost for any days the unit remained vacant in the following month Section 202 PRAC / Section 811 PRAC • May not exceed 50% of the operating rent for up to 60 calendar days for each vacancy Claims must be reduced by any amounts the Owner/Agent has collected from other sources (security deposits, etc.)

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Vacancy Loss After Rent Up (regular vacancy)

TIMELINES	
Submission Deadline	Must be received within 180 calendar days from the date the unit is available for occupancy
Start Date	The day the unit is available for occupancy by another tenant.
End Date	The day preceding the day on which the unit is re-rented or 60 calendar days, whichever is earlier
Claim Period	May not exceed 60 days

Move-Out date of former resident:	October 1
Date unit is ready for occupancy:	October 10 (start date)
New Resident move-in date:	November 15
Claim Period:	With new resident – November 14 Without new resident – December 9

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Unpaid Rent, Tenant Damages & Other Charges

Reimbursement to a property owner for a former tenant's failure to pay the monthly rent, other charges due under the lease, or for damages caused by the negligence or abuse of the former resident.

ELGIBILITY REQUIREMENTS	
Applicable Properties	Section 8 Section 202/8 Section 202 PAC Section 202 PRAC Section 811 PRAC
Claim Submission	HUD or CA

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Unpaid Rent, Tenant Damages & Other Charges

ELIGIBILITY REQUIREMENTS	
Claim Eligibility	• Former tenant was receiving assistance at move-out, or • Assistance was terminated prior to move-out for failure or inability to: ○ Provide needed information on family composition and/or income ○ Provide Social Security Numbers ○ Sign consent and/or verification forms ○ Sign HUD-50059 ○ Establish Citizenship or eligible immigration status ○ Move to a different-size unit within 30 days after notification by Owner

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Unpaid Rent, Tenant Damages & Other Charges

ELIGIBILITY REQUIREMENTS	
Claim Eligibility – Unpaid Rent and Other Charges	• Appropriate security deposit was collected. If the amount collected was not correct amount, the claim will be reduced by the amount the security deposit should have been collected

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Unpaid Rent, Tenant Damages & Other Charges

ELIGIBILITY REQUIREMENTS	
Claim Eligibility – Unpaid Rent and Other Charges	• Signed HUD-52671-A, certifying that the Owner/Agent has billed the tenant for unpaid rent and has taken all reasonable steps to collect the debt ○ Proof a Certified letter has been sent to the tenant (or estate of) detailing: ▪ Unpaid rent and other charges under the lease ▪ Disposition of the security deposit ▪ Demanding payment ▪ Advising the tenant that failure to pay the sums due will result in the Owner/Agent hiring a collection agency to collect the debt ▪ Notice to tenant that they have the right to discuss the charges with Owner/Agent ○ If tenant did not make payment on monies owed, other efforts were attempted to collect the monies (collection agency)

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Unpaid Rent, Tenant Damages & Other Charges

ELIGIBILITY REQUIREMENTS	

Claim Eligibility – Unpaid Rent and Other Charges	• State and Local laws must permit such charges to be deducted from the security deposit
	• "Other charges" include:
	  ○ Failure to return keys*
	  ○ Late fees (if allowable under the lease and state or local law)*
	  ○ Any charges for damages during tenancy that were previously billed and were still unpaid at move-out
	
	** Section 202/8, 202 PAC and Section 202 and 811 PRACs leases do not allow for these charges and therefore, they are not allowable for a special claim*

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Unpaid Rent, Tenant Damages & Other Charges

ELIGIBILITY REQUIREMENTS	

Claim Eligibility – Unpaid Rent and Other Charges	• Unallowable "other charges"
	  ○ Legal fees
	  ○ Collection Agency fees
	  ○ Unpaid utility bills left by tenant
	  ○ Cost of photographing unit to prove tenant damages

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Unpaid Rent, Tenant Damages & Other Charges

ELIGIBILITY REQUIREMENTS	
Claim Eligibility – Tenant Damages	• Signed HUD-52671-A, certifying that the damage claim was due to tenant's negligence or abuse • Only extraordinary repairs and/or replacements are claimed vs. normal wear and tear • Any damages, other than those billed during tenancy, that were found and billed at move-out

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Unpaid Rent, Tenant Damages & Other Charges

ELIGIBILITY REQUIREMENTS	
Claim Eligibility – Tenant Damages	• Cannot request reimbursement for items where reimbursement was made from the Reserve for Replacements or Residual Receipts accounts or by insurance coverage ○ Owner/Agents are encouraged to apply for insurance reimbursement prior to submitting a claim to HUD • Failure to provide the tenant with an itemized list of damages will result in the denial of the claim

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Unpaid Rent, Tenant Damages & Other Charges

SUBMISSION REQUIREMENTS	
Claim Forms	• HUD-52670-A Part 2, Schedule of Special Claims **(1C)** • HUD-52671-A, Special Claims for Unpaid Rent/Damages **(5A)** If submitting a claim for both unpaid rent and other charges for the same unit and tenant, Tenant damages must be calculated on the same HUD-52671-A and filed as one claim

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Unpaid Rent, Tenant Damages & Other Charges

SUBMISSION REQUIREMENTS	

Supporting Documentation – Unpaid Rent and Other Charges	• Copy of signed move-in 50059 for former tenant showing amount of required security deposit
	• Documentation that appropriate security deposit was collected (original lease, receipt, ledger card)
	• Copy of the certified letter sent to the tenant detailing:
	  ○ Unpaid rent and other charges under the lease
	  ○ Disposition of the security deposit
	  ○ Demanding payment
	  ○ Advising the tenant that failure to pay the sums due will result in the Owner/Agent hiring a collection agency to collect the debt
	  ○ Notice to tenant that they have the right to discuss the charges with Owner/Agent

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Unpaid Rent, Tenant Damages & Other Charges

SUBMISSION REQUIREMENTS	
Supporting Documentation – Unpaid Rent and Other Charges	• Documentation that the matter was turned over to a collection agency and the collection agency has attempted to collect the debt (copy of demand letter) • Documentation that other charges due under the lease were approved by HUD

Note: *Must be sent in sequence:*
- *Certified Letter*
- *Collection Agency*
- *Demand Letter*

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Unpaid Rent, Tenant Damages & Other Charges

SUBMISSION REQUIREMENTS	

Supporting Documentation – Damage Claim	• Evidence that Owner/Agent took all appropriate steps to collect the debt
	• Owner/Agent must certify that the submitted claim is not the result of normal wear and tear or routine maintenance **(5C)**
	• Copies of the Move-in and Move-out inspection reports
	• Copy of security deposit disposition notice provided to the tenant indicating:
	  ○ Move-out date
	  ○ Amount of Security Deposit collected
	  ○ Amount of Security Deposit returned
	  ○ Any charges withheld from the deposit for unpaid rent, tenant damages or other charges due under the lease

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Unpaid Rent, Tenant Damages & Other Charges

SUBMISSION REQUIREMENTS	
Supporting Documentation – Damage Claim	• Repair cost breakdown must include at least one of the following: ○ Invoices ○ Receipts ○ Owner/Agent certification ○ Other documentation acceptable to HUD/CA The Owner/Agent must determine the useful life of replaceable item that have been damaged by the tenant **(5D)**

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Unpaid Rent, Tenant Damages & Other Charges

SUBMISSION REQUIREMENTS	
Checklist	Checklist of required documentation **(5B)**
TRACS Requirements	Must be viewable in TRACS: • Move-out or unit transfer for the tenant who owes the unpaid rent or who was responsible for the damages

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Unpaid Rent, Tenant Damages & Other Charges

SUBMISSION REQUIREMENTS	
Claim Amount	Total claim for unpaid rent and damages for any **Section 8 units** may not exceed the monthly contract rent in effect when the tenant vacated the unit minus the security deposit, plus interest earned and amounts collected from the tenant or other sourced to cover the unpaid rent and damages. Example: *Security Deposit and Interest = $65.00* *Unpaid Rent and Damages = $500.00* *Contract Rent at time of Move-out = $400.00* *$400 - $65 = $355 (able to claim)*

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Unpaid Rent, Tenant Damages & Other Charges

SUBMISSION REQUIREMENTS	
Claim Amount	LMSA units – total claim limit is the security deposit and remainder of one month's contract rent PD program – total claim limit is two month's rent less the security deposit collected or potentially collected

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Unpaid Rent, Tenant Damages & Other Charges

TIMELINES	
Submission Deadline	Must be received by HUD within 180 calendar days from the date the unit is first available for occupancy
Start Date	N/A
End Date	N/A
Claim Period	N/A

Note: *Any reimbursement by HUD must be first applied to any unpaid rent.*
If the tenant reimburses the Owner/Agent for the monies owed after the claim has been paid for unpaid rent, other charges under the lease or damage claims – Owner/Agent must refund the tenant's payment to HUD

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General Requirements – Incomplete Claim Packages

- HUD / CA has 30 days from receipt of package to either return the incomplete package or contact the owner by email, fax or phone to request the missing items
- HUD/CA will include a letter indicating why it was determined as incomplete and specify the date which the documents must be received
- Owner must resubmit the complete package with 30 calendar days from the date of the letter included in the returned claim package.
- HUD/CA must receive all missing documents by the date specified. Claims received after date will be denied and are ineligible for resubmission

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General Requirements – Denied or Reduced Claims

- Owner/Agent must appeal a denied or reduced claim within 30 calendar days from the date of the letter denying or reducing the claim.
- Appeals should include a brief explanation as to why the claim should be paid, along with any new or additional supporting documentation
- HUD/CA will approve or disapprove the appeal within 30 calendar days from the date the appeal is received from the Owner/Agent
- Owner/Agent is allowed one original submission, one resubmission and one appeal

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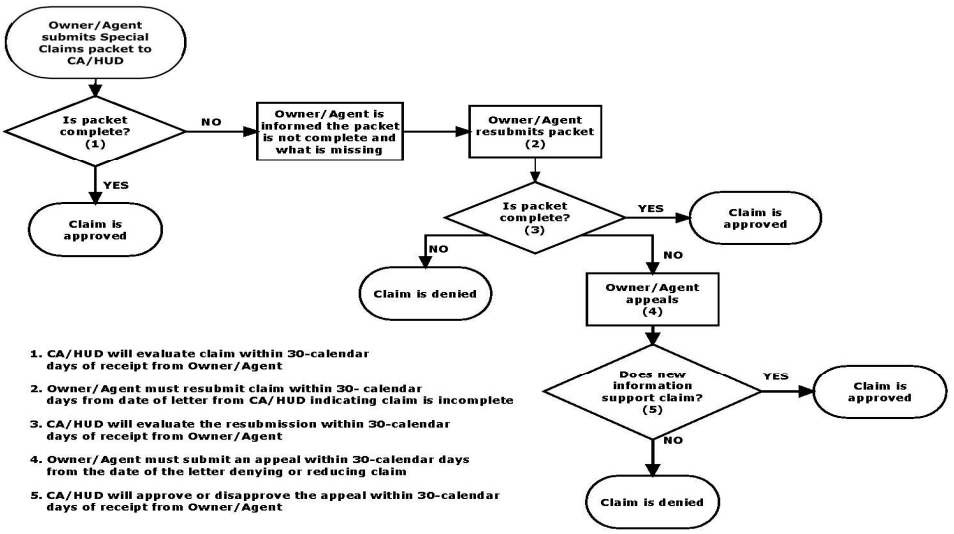
Common Reasons Claims Are Denied

- Waiting List is not properly annotated
- Date unit is completed is the date the unit is ready for occupancy



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After Training Tasks

- ☐ Download Special Claims Processing Guide
- ☐ Is the property Waiting List in compliance with HUD requirements?
  - HUD Handbook 4350.3 REV-1 CHG-4 Chapter 4, Section 3
  - Special Claims Processing Guide, Appendix 2C
- ☐ Does my Contract Administrator have their own Checklists for Special Claims?
- ☐ Does the property have a current HUD-approved Affirmative Fair Housing Marketing Plan?
- ☐ Does the property have current copies of advertisements or invoices for advertising expenses to substantiate the marketing that is occurring for the property?

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