



Understanding the HAP Payment Process



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What is TRACS?

- TRACS (Tenant Rental Assistance Certification System) was created in 1989 and implemented in 1993.
 - ◆ It allowed for manual processes involving tenant certifications and monthly voucher requests to be automated.
 - ◆ These controls were incorporated to increase the financial integrity of HUD's project-based rental assistance programs and to reduce improper subsidy payments.
- TRACS is the sole repository of all tenant certification and voucher request data for HUD's Office of Multifamily Housing (MFH).
- TRACS is also the basis for all EIV reporting. If there is no current, active certification in TRACS for a tenant, you will not get any EIV data for the household.
 - ◆ Household identifiers (last name, SSN, date of birth and SSN Benefits Claim No) are sent to EIV after tenant certifications are processed in TRACS; each resident's identify can then be verified with SSA and wages, SS/SSI income and unemployment can be searched.
- TRACS/HUD-accepted voucher files move through TRACS to LOCCS (Line Of Credit Control System), the subsystem tasked with disbursing the subsidy payment approved on that voucher.

What is iMAX (integrated Multifamily Access eXchange) System?

- Think of iMAX as the "Highway to TRACS". Tenant and voucher data files are transmitted using the iMAX system. iMAX is a secure, web-based communication system used by CAs, Owners/Agents, and Service Bureaus.
- Authorized access to iMAX, via Secure Systems, is required to transmit tenant and voucher files to TRACS.
 - ◆ To gain access, a Secure Systems Coordinator must first assign themselves the iMAX Coordinator Action (displayed as COR), then assign the iMAX external Role (displayed as IME) to Users, including themselves. Users with the role of IME can then access/transmit files.
 - ◆ You **must** have an active M-ID (used within 90 days) and password to transmit via iMAX. iMAX also incorporates the Rules of Behavior acceptance functionality - if the ROB have not been accepted, your files will not be transmitted.



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- The Difference Between your M-ID (aka WASS ID) and your iMAX ID:
 - ◆ To transmit to TRACS you **must** log into iMAX with your M-ID/password. M-IDs (aka WASS ID) are assigned to individuals.
 - ◆ Your site's iMAX ID is like an email address. iMAX IDs are assigned to properties - meaning they might be shared by multiple properties that are overseen by one management agent, for example. The iMAX ID always has the format of TRACMXXXXX (with the X's being numbers).

Transmission Deadlines and Guidelines to Remember

- Regardless of whether you transmit to a Contract Administrator or directly to HUD, transmit your tenant 50059 files throughout the month as they are signed.
- Transmit your electronic voucher (MAT30) between the 1st and the 10th of each month - the earlier the better!
- It's your job to be sure your TRACS files meet all TRACS requirements.
 - ◆ It's the CA's job to transmit your error-free files to TRACS, unchanged and quickly.
 - ◆ Transmit to your CA on time and follow up quickly if you are asked to re-send something.
 - ◆ Work as a team with your CA - both of you share the goal of making sure accurate info gets to TRACS!
 - ◆ CAs are not permitted to require anything that HUD does not require.

When Owners Transmit a File....

- Your software creates certifications and vouchers and sends them electronically, via iMAX, to your CA's (or HUD's) TRACS Mailbox in files called MAT (Monthly Activity Transmission) Records.
- Checks are performed at the front end to identify major formatting errors (ex. missing the header record) that would result in the file not being read. If your file has these formatting errors, it will never make it to the destination you are sending to.
- Files that pass the initial formatting MAT checks are then transmitted to the intended TRACS mailbox of either the CA or directly to TRACS. Files are then further error-checked for both formatting, coding, and calculation errors based on program requirements set forth in the TRACS MAT Guide.

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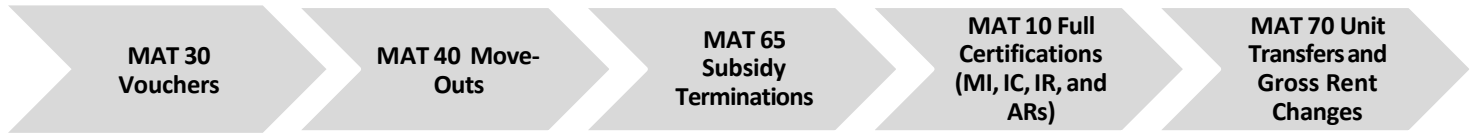
- If you have a Contract Administrator, your CA retrieves the files from their TRACS mailbox, imports them into their own software and mimics the error checking that TRACS will perform (with some limitations - ex, CA does not have nationwide data to catch all instances of dual occupancy).
 - ◆ The CA will error check the tenant certification files received and should send “approved” files to the HUD TRACS database the same day they are received.
 - ◆ The CA software will produce its own voucher (based on your error-free tenant data submissions) and compare it to the one you submitted for approval.
 - ◆ If there is a discrepancy, and your voucher was transmitted on time, your CA should notify you and give you a chance to remedy any problems.
 - ◆ Once finalized, the CA-approved voucher is electronically created (MAT30) and sent back to the site.
 - This approved version will help you reconcile your payment to your units and will identify any differences between what you requested and what you actually got paid.
 - ◆ The CA-approved voucher is transmitted from TRACS to LOCCS for payment to the CA. The CA then pays the OAs one to two days after receipt of the funds.
- If you are directly HUD administered (no CA), your voucher does not undergo as much review.
 - ◆ TRACS accepts your voucher and transmits your voucher to LOCCS for payment directly from HUD to your bank account.
 - ◆ These vouchers may still be “pulled” for HUD review.
 - Ex. If the amount requested is over an established threshold (last 12-month average) because it contains significant adjustments or
 - Ex. You are a recently converted PBRA RAD Contract still in the process of onboarding vouchers into TRACS following your conversion.
 - ◆ Once the voucher has been processed by TRACS, the system will send you a message to your TRACS mailbox with payment status (accepted, pending contract renewal, pending funding).


Quick Reference for MAT File Categories

- ◆ **MATHR:** MAT Header Record
- ◆ **MAT 10:** Tenant Certification (50059)
- ◆ **MAT 15:** Unit Address Record
- ◆ **MAT 30:** Voucher Record
- ◆ **MAT 31:** Voucher Delete Record
- ◆ **MAT 40:** Move-Out Record
- ◆ **MAT 65:** Subsidy Termination Record
- ◆ **MAT 70:** Unit Transfer/Gross Rent Change Record
- ◆ **MAT 90,91,92:** History Baseline Records (NEW)

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TRACS Nightly Processing Order (Nationwide)



 If you're transmitting multiple certs to solve a problem, or transmitting multiple certs for the same unit, consider the impact of the processing order.

 Example:





Name	Unit #	Move In	Move Out
Les Goh	202		3 rd of Dec
Lemmie Inn	202	10 th of Dec	20 th of Dec
Paige Twenty	202	26 th of Dec	

◆ If you transmit all of these certs in the same TRACS file when you submit your voucher on the 2nd of the following month, in what order will the 50059s process?

 When sending multiple certs for one resident:

- ◆ Send them one at a time, chronologically.
- ◆ Wait 24 hours in between and check to ensure the first is showing in the TRACS Tenant Certification Query before sending the next one.

TRACS Level Discrepancy Codes (Action Codes)

-  **Code 1:** Submit correction within 45 days - *if there is anything to correct*
-  **Code 2:** Correct on the next certification or voucher
-  **Code 3:** Informational: May or may not require correction
-  **Code 4:** For HUD Field Office use only

Voucher Messages

📌 TRACS voucher file transmissions may receive the following messages:

- ◆ **Discrepancy (VE or VD codes);**
 - Most discrepancies may be fixed on the next month's voucher
- ◆ **Fatal (VF codes) messages;**
 - Fatal errors **must** be addressed immediately or you will not be paid
 - Fix the problem and re-transmit the Voucher (it is not a "Correction")
 - CAs monitor these carefully and should notify you if there is a problem requiring action on your part.
- ◆ **Accepted voucher messages (VA and VS codes).**

📌 Vouchers eligible for payment through TRACS are sent to HUD's Line of Credit Control System (LOCCS) where they must pass through HUD's accounting controls.

- ◆ If LOCCS finds no discrepancies, it will send a payment acknowledgment to TRACS at the time the voucher is staged for payment by Treasury.

📌 You can check the status of your voucher in Secure Systems/TRACS/Voucher Query (unless voucher was rejected with a Fatal error message)

📌 **IMPORTANT:** If you do not have a CA, HUD's Financial Operations Division (FOD) may need to manually reconcile your voucher under rare circumstances (like you include a very large gross rent change adjustment).

- ◆ In that case, you will receive a VST31 TRACS status message requiring you to email a signed copy of your voucher to them. The file name should be your contract number; email it to voucherprocessing@hud.gov.

Identifying and Prioritizing Tenant Error (Discrepancy) Messages

High Priority: (MAT User Guide Appendix E)

- ◆ *Fatal Errors*: The certification or action was not accepted into the database and is not in TRACS. This cert will not count toward your compliance percentage. **You will not get EIV data for this tenant.**
- ◆ **What to Look For:** Fatal Error: F0xxxx
MAT 50059 Certification Not Processed: (reason)
- ◆ **What to Do:** Read the error message and determine what to fix
Fix the certification or action using the original Voucher Date (to avoid a 2nd set of adjustments within your software). **It should not be coded as a Correction**
Create a MAT file with the new 50059 or action
Send it to TRACS/CA in the same month

Medium Priority: (MAT User Guide Appendix D)

- ◆ *Code 1 and Code 2 TRACS-Level Errors*: The certification or action was accepted into the TRACS database. These items typically need corrections within 45 days (Code 1); or need to be reviewed with possible corrections on the next certifications (Code 2)

Low Priority: (MAT User Guide Appendix D)

- ◆ *Code 3 and other Informational Messages*: This certification or action was accepted into the TRACS database, but there is something unusual you should know. No corrections or replacement certifications/actions are *required* for these messages; but they may identify something that does need to be fixed on the cert

Using the TRACS Subsystem

Once in the TRACS Subsystem, choose Voucher/Tenant Queries; several options are available under both Voucher and Tenant, and can be selected to access a variety of information.

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The screenshot shows the TRACS Menu on the left with a 'Queries/Reports' section. Under 'Voucher', there are links for: Contract/Project Based Voucher Summary Query, Voucher Detail/Summary Reports, Voucher Query, and Voucher Tenant Compliance Query. Under 'Tenant', there are links for: Assistance Payment Query, Certification Query, Certifications with Discrepancies Query, Late Recertification Query, Move-In/Move-Out Query, Multiple Occupancy Query, Project Evaluation Query, Tenant Unit Address Query, and Verification Query.

Voucher Queries/Reports

- ◆ **Voucher Query:** Choose your Contract Number
 - Use to view up to 24 months of vouchers, to show when/whether they were paid or not, and the property's compliance percentage
 - Good report to give to your financial auditor
 - TRACS Processed Date shows the date the voucher was processed into the database
 - Status Code P10=In Process, P00=Paid, other codes indicate problems that should be explored
 - Approved Voucher Amount and Offset Amount show both the amount HUD/CA has approved to pay, and the amount subtracted to pay a HUD mortgage (if your mortgage payment is deducted from your monthly voucher)
 - Amount Paid and Estimated Pay Date

Compliance Percentage

- ◆ Properties are required to have a minimum of 90% of the tenants vouchered for, listed in TRACS with current (active) certs, in order for voucher funds to be released. The cert listed does not have to be the same one that is displayed on the voucher - it just has to be one that is not yet expired.
- ◆ Vouchers that fail the 90% compliance requirement receive the VST53 message and do not get approved for payment.
 - Vouchers are automatically released when the compliance percentage is met.
 - The percentage is updated daily.
 - Small properties (under 10 units) are exempt from the compliance requirement.

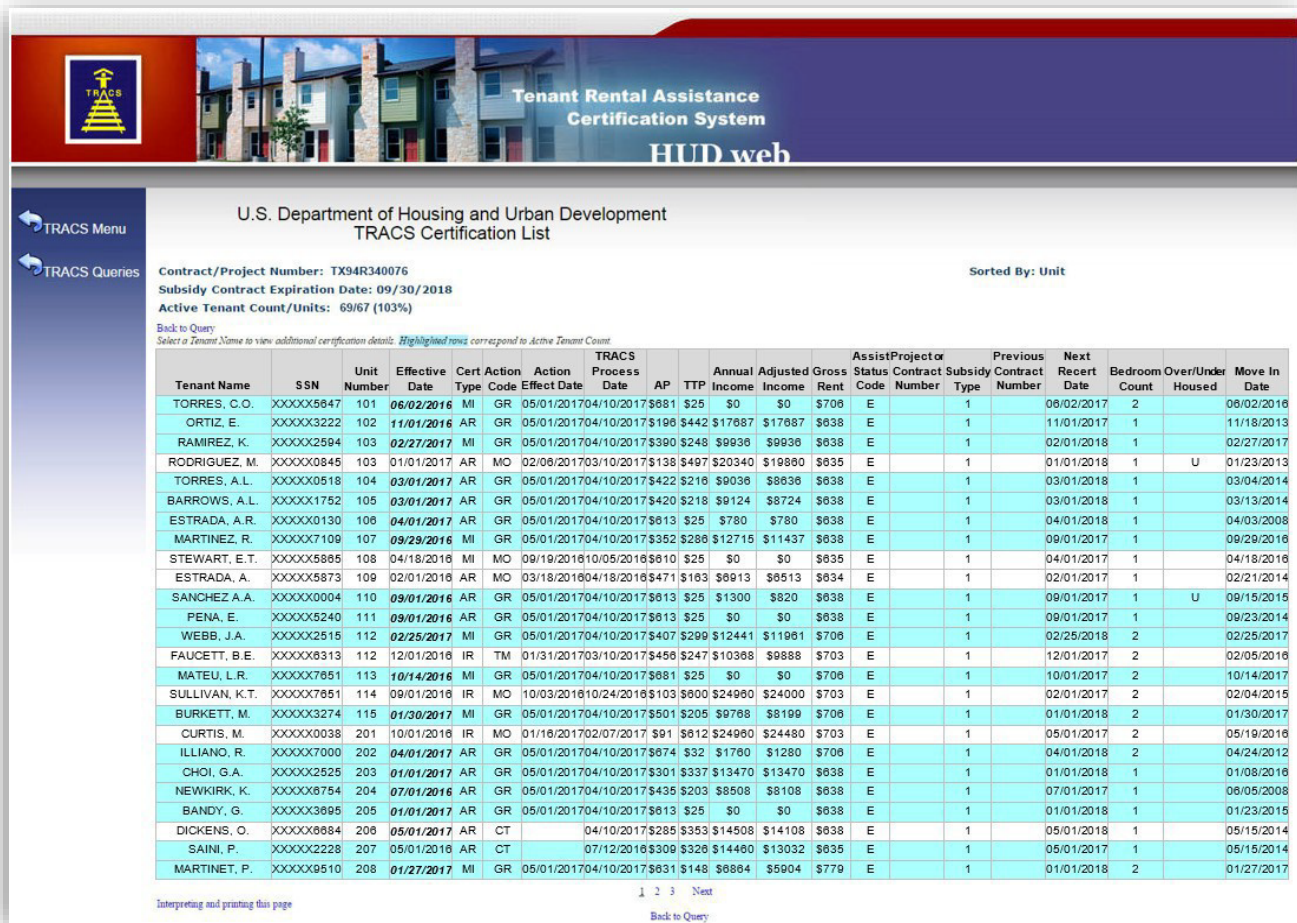
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- The compliance percentage is updated every night and appears in the screen headings of both the voucher and cert query screens. The compliance percentage that appears in the row of each voucher reflects the percentage at the time the voucher was processed and never changes.

Tenant Queries/Reports

Certification Query

- Use to view all current certs in TRACS for the property and to identify which certs are missing or incorrect in TRACS so that you can transmit proper certs and maintain the required compliance percentage. To do this...
 - Compare the Active Tenants (in blue) with the list of tenants on your current voucher
 - Send (or re-send) missing certs to TRACS



The screenshot shows the TRACS Certification List interface. At the top, it displays the TRACS logo and the text "Tenant Rental Assistance Certification System HUD web". Below this, it shows the U.S. Department of Housing and Urban Development TRACS Certification List. The interface includes a navigation menu on the left with "TRACS Menu" and "TRACS Queries". The main content area displays the following information:

- Contract/Project Number: TX94R340076
- Subsidy Contract Expiration Date: 09/30/2018
- Active Tenant Count/Units: 69/67 (103%)
- Sorted By: Unit

Below this information is a table of tenant certification details. The table has the following columns: Tenant Name, SSN, Unit Number, Effective Date, Cert Type, Action Code, Action Effect Date, TRACS Process Date, AP, TTP, Annual Income, Adjusted Income, Gross Rent, Assist Project or Status Code, Contract Number, Subsidy Type, Previous Contract Number, Next Recert Date, Bedroom Count, Over/Under Housed, and Move In Date. The table lists 28 tenants, with some rows highlighted in blue to indicate active tenants.

Tenant Name	SSN	Unit Number	Effective Date	Cert Type	Action Code	Action Effect Date	TRACS Process Date	AP	TTP	Annual Income	Adjusted Income	Gross Rent	Assist Project or Status Code	Contract Number	Subsidy Type	Previous Contract Number	Next Recert Date	Bedroom Count	Over/Under Housed	Move In Date
TORRES, C.O.	XXXXX5847	101	06/02/2016	MI	GR	05/01/2017	04/10/2017	\$881	\$25	\$0	\$0	\$706	E		1		08/02/2017	2		06/02/2016
ORTIZ, E.	XXXXX3222	102	11/01/2016	AR	GR	05/01/2017	04/10/2017	\$196	\$442	\$17687	\$17687	\$638	E		1		11/01/2017	1		11/18/2013
RAMIREZ, K.	XXXXX2594	103	02/27/2017	MI	GR	05/01/2017	04/10/2017	\$390	\$248	\$9936	\$9936	\$638	E		1		02/01/2018	1		02/27/2017
RODRIGUEZ, M.	XXXXX0845	103	01/01/2017	AR	MO	02/08/2017	03/10/2017	\$138	\$497	\$20340	\$19880	\$635	E		1		01/01/2018	1	U	01/23/2013
TORRES, A.L.	XXXXX0518	104	03/01/2017	AR	GR	05/01/2017	04/10/2017	\$422	\$218	\$9036	\$8636	\$638	E		1		03/01/2018	1		03/04/2014
BARROWS, A.L.	XXXXX1752	105	03/01/2017	AR	GR	05/01/2017	04/10/2017	\$420	\$218	\$9124	\$8724	\$638	E		1		03/01/2018	1		03/13/2014
ESTRADA, A.R.	XXXXX0130	106	04/01/2017	AR	GR	05/01/2017	04/10/2017	\$813	\$25	\$780	\$780	\$638	E		1		04/01/2018	1		04/03/2008
MARTINEZ, R.	XXXXX7109	107	09/29/2016	MI	GR	05/01/2017	04/10/2017	\$352	\$288	\$12715	\$11437	\$638	E		1		09/01/2017	1		09/29/2016
STEWART, E.T.	XXXXX5885	108	04/18/2016	MI	MO	09/19/2016	10/05/2016	\$610	\$25	\$0	\$0	\$635	E		1		04/01/2017	1		04/18/2016
ESTRADA, A.	XXXXX5873	109	02/01/2018	AR	MO	03/18/2018	04/18/2018	\$471	\$163	\$9913	\$9513	\$634	E		1		02/01/2017	1		02/21/2014
SANCHEZ A.A.	XXXXX0004	110	09/01/2016	AR	GR	05/01/2017	04/10/2017	\$613	\$25	\$1300	\$820	\$638	E		1		09/01/2017	1	U	09/15/2015
PENA, E.	XXXXX5240	111	09/01/2016	AR	GR	05/01/2017	04/10/2017	\$613	\$25	\$0	\$0	\$638	E		1		09/01/2017	1		09/23/2014
WEBB, J.A.	XXXXX2515	112	02/25/2017	MI	GR	05/01/2017	04/10/2017	\$407	\$299	\$12441	\$11961	\$706	E		1		02/25/2018	2		02/25/2017
FAUCETT, B.E.	XXXXX6313	112	12/01/2016	IR	TM	01/31/2017	03/10/2017	\$456	\$247	\$10388	\$9888	\$703	E		1		12/01/2017	2		02/05/2016
MATEU, L.R.	XXXXX7651	113	10/14/2016	MI	GR	05/01/2017	04/10/2017	\$681	\$25	\$0	\$0	\$706	E		1		10/01/2017	2		10/14/2017
SULLIVAN, K.T.	XXXXX7851	114	09/01/2016	IR	MO	10/03/2016	10/24/2016	\$103	\$900	\$24980	\$24000	\$703	E		1		02/01/2017	2		02/04/2015
BURKETT, M.	XXXXX3274	115	01/30/2017	MI	GR	05/01/2017	04/10/2017	\$501	\$205	\$9788	\$8199	\$706	E		1		01/01/2018	2		01/30/2017
CURTIS, M.	XXXXX0038	201	10/01/2016	IR	MO	01/16/2017	02/07/2017	\$91	\$612	\$24980	\$24480	\$703	E		1		05/01/2017	2		05/19/2016
ILLIANO, R.	XXXXX7000	202	04/01/2017	AR	GR	05/01/2017	04/10/2017	\$674	\$32	\$1780	\$1280	\$706	E		1		04/01/2018	2		04/24/2012
CHOI, G.A.	XXXXX2525	203	01/01/2017	AR	GR	05/01/2017	04/10/2017	\$301	\$337	\$13470	\$13470	\$638	E		1		01/01/2018	1		01/08/2016
NEWKIRK, K.	XXXXX8754	204	07/01/2016	AR	GR	05/01/2017	04/10/2017	\$435	\$203	\$8508	\$8108	\$638	E		1		07/01/2017	1		08/05/2008
BANDY, G.	XXXXX3895	205	01/01/2017	AR	GR	05/01/2017	04/10/2017	\$613	\$25	\$0	\$0	\$638	E		1		01/01/2018	1		01/23/2015
DICKENS, O.	XXXXX6984	206	05/01/2017	AR	CT		04/10/2017	\$285	\$353	\$14508	\$14108	\$638	E		1		05/01/2018	1		05/15/2014
SAINI, P.	XXXXX2228	207	05/01/2016	AR	CT		07/12/2016	\$300	\$326	\$14480	\$13032	\$635	E		1		05/01/2017	1		05/15/2014
MARTINET, P.	XXXXX9510	208	01/27/2017	MI	GR	05/01/2017	04/10/2017	\$831	\$148	\$9884	\$5904	\$779	E		1		01/01/2018	2		01/27/2017

- Click on any tenant name to view...
 - Discrepancies (TRACS error messages)
 - Certification History List (summary of each cert in TRACS for the past 24 months)



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Thank you for attending!

Contact us at

info@desilvahousinggroup.com

for all your HUD needs.