



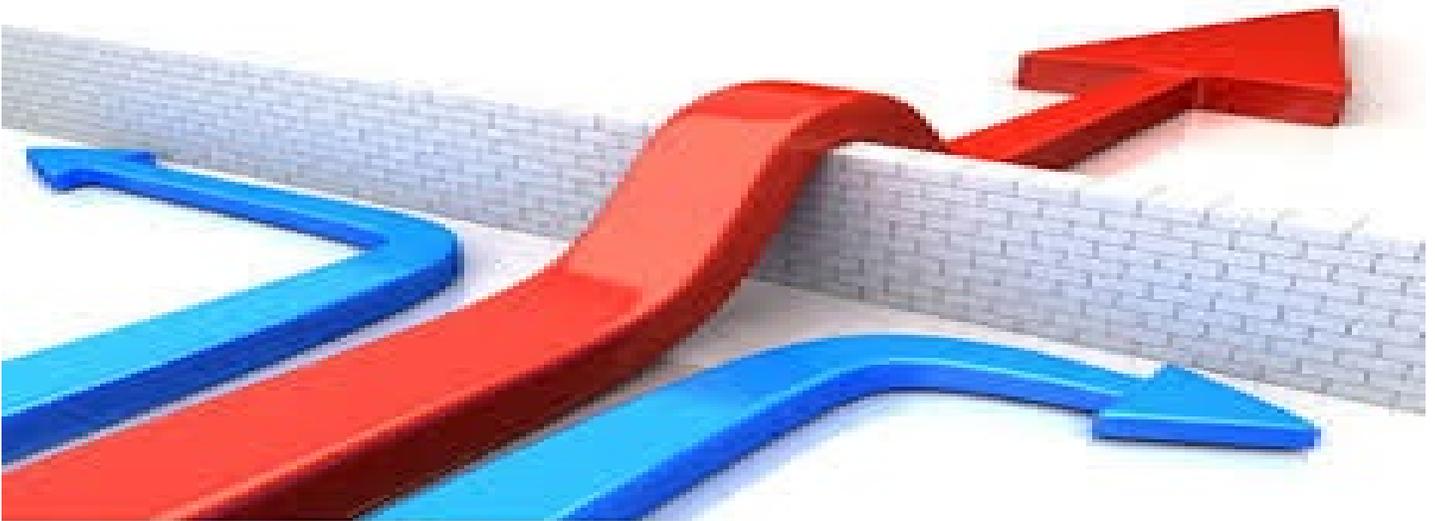
**DeSilva  
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CONSULTING & TRAINING

# **What's In Store for TRACS Version 2.0.3.A and When Will We See It?**

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## What's In Store for TRACS Version 2.0.3.A and When Will We See It?

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## Understanding the Impact of TRACS Version 2.0.3.A

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### Prerequisite

- Participants are expected to have a solid fundamental understanding of how to:
  - ◆ Create HUD Forms 50059, 50059-A, and HUD 52670 (all parts) in the current TRACS Version, 2.0.2.D.
  - ◆ Use their property's TRACS compliance software to create and transmit TRACS files via HUD's iMAX System.
  - ◆ Download TRACS error messages to identify and correct discrepancies.

### Goals

- This advanced - level class will focus on significant enhancements to the TRACS System incorporated into TRACS version 2.0.3.A, prompted by regulatory changes involving:
  - ◆ Updated Social Security Number (SSN) Requirements
  - ◆ Discontinuation and replacement of one previous housing code;
  - ◆ Expanded Race and Ethnicity Reporting Categories
  - ◆ Clarification on the Use of Termination Codes
  - ◆ Expanded Reporting Requirements for Subsidy Repayment Agreements
  - ◆ Please note, TRACS 2.0.3.A also incorporated additional new features to accommodate RAD conversions to Project-Based Rental Assistance as well as HUD's new optional Multifamily Family Self Sufficiency Program. However, because these discussions are conversion specific and more advanced, they are not included in this 75-minute session.
- During this session, participants will learn:
  - ◆ What impact these regulatory changes have on how you enter data into and utilize your software to communicate with TRACS regarding these changes; and
  - ◆ What steps managers must complete now, to adequately prepare for implementation?



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### Key Regulatory Resources

- **TRACS Release 2.0.3.A Industry Specifications** is the primary resource managers **must** use to research the changes incorporated into this release. This document includes the TRACS 2.0.3.A MAT User Guide and is available at [https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/trx/trxsum](https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum).

### Current TRACS 2.0.3.A Conversion Deadline

- TRACS 2.0.3.A is currently delayed and no firm implementation schedule has been posted to date.
- There will likely be a three – month transition period for Owners, during which time PBCAs, TCAs, and HUD systems must be able to accept either TRACS 2.0.2.D or 2.0.3.A files.
- Following this three-month transition, all files submitted via iMAX must be in TRACS 2.0.3.A format.

### SSN Requirement Update – Children Under 6 at MI or IC

- New SSN requirements were introduced in “Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs; Final Rule”, published in the Federal Register on March 8, 2016. (Hereafter, this document will be referred to as the “Streamlining Final Rule”).
- Changes introduced in this Streamlining Final Rule that impact the multifamily industry were effective April 7, 2016 and were formalized in **Housing Notice 2016-09: Streamlining Administrative Regulations for Multifamily Housing Programs**.
- As of April 7, 2016, via the new Final Rule, owners can now accept applicant households which include an applicant family member who is under the age of 6 and who cannot provide an SSN, provided the child was added to the household within the last six months prior to the date of move in. The households will have 90 days and one additional 90 day extension to provide the SSN. This is the same extension timeframe allotted to in-place household wishing to add a new member, under the age of 6, to the unit.



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- To illustrate what this new rule does and does not permit, let's examine two scenarios:
  - ◆ Applicant Family A consists of a mother, father, and 4-month old child. When the household reaches the top of the waiting list, this new rule allows the family to move in, even if the parents were not able to provide acceptable documentation of the SSN for the 4-month old child. The household will have 90 days to provide the SSN to management.
  - ◆ Applicant Family B consists of a mother, father, and their 5 year old child, all of whom have been listed on the application since they were added to the waiting list a year ago. This new rule does not afford this family any exception or additional time in order to provide the SSN for the 5-year old child because this child was not added to the household within the last 6 months. This family must provide the SSN for all three family members before moving in.
  - ◆ Software Implications: Eligible minors will be identified on HUD Form 50059s by 999-99-0000 as the SSN with no SSN exception code (*this is a temporary work around procedure for TRACS 202D*). Once the property converts to TRACS 2.0.3.A, entries will appear as all 9's for the SSN, and the SSN exception code listed as "M").
  - ◆ Once the SSN is received, the OA should submit an IR (or AR if appropriate) with the correct SSN and remove the SSN Exception Code.
  - ◆ If the SSN is not reported within the 90 or 180- day allotted timeframe, the OA must terminate the tenancy of the household. *Note: The OA may continue to receive subsidy during the time they are in pursuit of eviction.*

### SSN Requirements – Fosters

- Per HUD regulations, SSNs are required for foster children and foster adults (Fosters). Many agencies will not disclose the SSN of a Foster to either the foster family or to the OA. In those instances, the OA must request a HUD waiver from their Account Executive.
- On the certification, the OA should use all 9's for the SSN of the foster, and submit an SSN Exception Code of F.
- Due to these privacy concerns, Foster SSNs will not be displayed on the printed form 50059.
- Additionally, the Birth Date field will display on the form as "00/00/YYYY" for any household member with the Foster Relationship Code.



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### Previous Housing Code Retired

- Previous Housing Code 2 – ***Without or soon to be without housing***, should not be used on any certifications effective October 1, 2015 or later. Any certifications that include this code will receive a Fatal Error. This code has been replaced by codes 5 and 6.
- ◆ Previous Housing Code 5 – Lacking a Fixed Nighttime Residence
- ◆ Previous Housing Code 6 – Fleeing/Attempting to Flee Violence

### Expanded Race and Ethnicity Reporting (HUD Form 27061H)

- Race and Ethnicity fields have been expanded via Executive Order.
- **New Hispanic Sub-Types:**
  - ◆ Puerto Rican
  - ◆ Cuban
  - ◆ Mexican, Mexican American, Chicano/a
  - ◆ Another Hispanic, Latino/a, or Spanish Origin
- Note: If any of these fields are set to Y, Ethnicity must be set to 1.
- **New Asian Sub-Types:**
  - ◆ Asian India
  - ◆ Japanese
  - ◆ Chinese
  - ◆ Korean
  - ◆ Filipino
  - ◆ Vietnamese
  - ◆ Other Asian
- Note: If any of these fields are set to Y, Field 19, Race – Asian must also be set to Y.



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- New Native Hawaiian or Other Pacific Islander Sub-Types:
  - ◆ Native Hawaiian
  - ◆ Samoan
  - ◆ Guamanian, Chamorro
  - ◆ Other Pacific Islander
- Note: If any of these fields are set to Y, Field 21, Race – Native Hawaiian or Other Pacific Islander must be set to Y.
- When owners convert to TRACS 2.0.3.A, they will be required to begin using the updated **Race and Ethnic Data Reporting Form (HUD For 27061H)**. Please note, the current version of this form expired 6/30/2017. As of the date of this class, the updated version of this form is not yet publicly available.

### Clarification on Termination Codes/Suspension of Subsidy

- HUD has clarified that in instances of a Rehab or Natural Disaster, a Move Out cert is inappropriate as it does not allow the household to retain their right to return to the unit and/or site.
- Because the term “Termination” can have a negative connotation and could incorrectly imply wrongdoing of the household, HUD has added two “Suspension Codes” in the Termination Code field.
- The codes are grouped dependent on whether the action is due to a Termination of Assistance or a Suspension of Assistance.
- Subsidy suspensions are defined as temporary, and unrelated to any tenant action. It also retains the tenant’s right to return to the unit, after repairs.
- New Suspension Codes are:
  - ◆ ND – Natural Disaster or Uninhabitable Unit or Presidentially Declared Disaster.
  - ◆ RR – Substantial Rehab or repair – tenant expected to return.

**Important Note: Any time there is a rehab, natural disaster, or major repair that would temporarily displace residents (to include tax credit rehabs), owner should notify their local HUD office or PBCA to coordinate plans and ensure appropriate vouchering tasks are completed.**



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### Additional Reporting Fields on Subsidy Repayment Agreements

- Owner and PBCA status records for ongoing Subsidy Repayment Agreements have been challenging to reconcile during the monthly voucher cycle.
- To add clarity and accuracy regarding the status of each repayment instance, HUD is adding fields to the Repayment Agreement section of the voucher. This change will have a significant impact of the vouchers and the procedures site staff must follow to track the status of all active agreements.

### Current 2.02.D Version of the Repayment Agreement Schedule

Repayment Agreements for Schedule of Tenant Assistance Payments Due		U.S. Department of Housing and Urban Development Office of Housing Federal Housing Commissioner						OMB Approval No. xxx-xxxx (xx/xx/xxxx)				
Before completing this form, read and follow the instructions in the Monthly Activity Transmission (MAT) User's Guide. See the statements on the form HUD-52670 information on public burden.												
1. Asst. Pymts Due For (mm/yyyy):		2. Project Name:			3. FHA / EH / Non-Insured Proj. No:			4. Section 8 / PAC / PRAC Contract No:			5. Type of Subsidy:	
6. Head of Household Name (Last, First)	7. Unit Number	8. Agreement ID	9. Agreement Date	10. Agreement Type	11. Agreement Amount	12. Agreement Change Amount	13. Total Payment	14. Ending Balance	15. Amount Retained	16a. Amount Requested	16b. Approved (HUD/CA use only)	



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### New PROPOSED 2.0.3.A Version of the Repayment Agreement Schedule)

Repayment Agreements and FSS Escrows for Schedule of Tenant Assistance Payments Due						U.S. Department of Housing and Urban Development Office of Housing Federal Housing Commissioner						OMB Approval No. 2502-0182 (Exp. 00/00/0000)		
Before completing this form, read and follow the instructions in the Monthly Activity Transmission (MAT) User's Guide. See the statements on the form HUD-52670 information on public burden.														
1. Asst. Pymts Due For (mm/yyyy):			2. Project Name:			3. Project Number:			4. Contract Number:			5. Type of Subsidy:		
6. Head of Household Name (Last, First)		8. Record Type	10. Agreement Date	12. Trans. Type	13. Status	14. Beginning Agreement Amount	15. Agreement Change Amount	16. Ending Agreement Amount	17. Beginning Balance	18. Total Payment	19. Ending Balance	20. Amount Retained	21. Amount Requested	22. Approved (HUD/CA use only)
7. Unit Number	9. Agreement ID	11. Agreement End Date												

- Below are fields that are on the new HUD Form 52670-A, Part 6 – Repayment Agreements and FSS Escrows for Schedule of Tenant Assistance Payments Due.
- ◆ **Record Type** – This is going to be **R** for Repayment Agreements.
- ◆ **Status** – This is a brand new field for TRACS 203A. These are meant to help HUD and the Contract Administrator understand whether the agreement is being adhered to by the tenant.
  - **AV = Active.** The household is a current resident and is making regular payments.
  - **IA = Inactive Agreement.** Current resident has missed 3 (or more) consecutive payments. If the resident then makes a payment, their status is returned to Active.
  - **SU = Suspended Agreement.** Current resident has reduced income and cannot make regular payments. Repayment is temporarily suspended while terms are being renegotiated.
  - **TE = Terminated Agreement.** The OA cannot enforce the agreement terms due to outside influences, including court orders. The Ending Balance should display so HUD knows this was due to a judgment.
  - **CO = Completed Agreement.** All assistance overpayments have been returned to HUD.



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- **RV = Reversed Agreement.** The household should not have been subject to a repayment. Agreement that is now cancelled.
- **Any record with the Status set to AV, SU, or IA must show on the voucher monthly, even if there has been no change. All other Statuses may or may not only be on the voucher once.**
- ◆ **Beginning Agreement Amount** –If this is the first time this Agreement ID is on the voucher, this should be \$0. Otherwise, it should equal the Ending Agreement Amount from the prior voucher submission.
- ◆ **Agreement Change Amount** – This is the amount that the agreement is changing. On the first submission, it is the total amount of the Agreement. On subsequent submissions, this should be \$0 unless the Beginning Agreement Amount was incorrect on a prior submission. Do NOT use this field if the family enters into an additional agreement. In that instance, create a new agreement with a new Agreement ID.
- ◆ **Ending Agreement Amount** – If there is a Change Amount, then this field will be the new Repay total, but if there is no Change Amount, then this is the same as the Beginning Agreement Amount field.
- ◆ **Beginning Balance** – The amount the household owed prior to any payments that may have been made on the current voucher. This should be \$0 on the first submission, then each month after that this field should equal the Ending Balance field from the previous submission.
- Initial 203A Implementation: On the first 2.0.3.A voucher, OAs must transmit the current status of all repayment agreements that have not been paid off for any current resident, whether a payment has been made or not.
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### New Repayment Calculation Formulas

- Ending Agreement Amount = Beginning Agreement Amount + Agreement Change Amount
- Ending Balance = Beginning Balance + Agreement Change Amount – Total Payment
- Amount Requested = Agreement Change Amount – Total Payment + Amount Retained
- ◆ Note: Agreement Change Amount and Total Payment fields may be negative
- The Beginning Agreement Amount must equal the Ending Agreement Amount submitted on the previous record.
- The Beginning Balance must equal the Ending Balance from the previous record. If more than one payment is reported on a voucher, then the payments must display in order so the Beginning Balance makes sense with the previous Ending Balance.
- ◆ **Important Note: TRACS will issue fatal errors for any incorrect calculations, and the Voucher will be rejected.**

### Repayment Baselines

- Repayment Baselines should be used to set up previously reported Repayment Agreements on the first 2.0.3.A voucher. These can also be used in certain circumstances to correct misreporting on a previously submitted Repayment Agreement. A Repayment Baseline is indicated in the Record Type field, which would be set to “RB.” Any new agreements reported in TRACS version 2.0.3.A does not need this code entered.
- Rebaseline Transactions - The Baseline function is not meant to allow a property to continually submit incorrect Repayment Agreement information.
- This should be used in limited circumstances, as the OA should require their software vendors to correct any ongoing issues. Additional guidance is forthcoming on use of the Rebaseline function.



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### **Pre-Implementation Steps Owners Must Take Now**

- In TRACS 2.0.3.A, new fatal voucher errors will be generated when submitted repayment agreement records do not adhere to the new repayment calculation formulas. To avoid these fatal errors resulting in payment delays after conversion, Owners must take the following preparatory steps now:
- Ensure they have accounted for a complete inventory of all current subsidy repayments.
- For each repayment on that list, Owners that report to a TCA or PBCA must ensure both parties reconcile on the original agreement amount and the current ending balance prior to submitting the baseline repayment agreements on the first 2.0.3.A voucher.
- Note: This reconciliation step is not possible for those owners that do not report to a CA. In these instances, it will be crucial that those owners ensure their ending balances are accurate on the first 2.0.3.A voucher.
- Ensure that all aspects (beginning and ending balances and installment transaction history) are correctly entered into your TRACS compliant software.
- Evaluate your monthly procedures for tracking receipt of installment payments made and when those installment payments will be posted to subsequent vouchers after having cleared your financial institution.
- Update both standard repayment agreement forms and any appropriate House Rules references to ensure that households are familiar with their obligations to adhere to repayment terms.
- Do not self manage tenant subsidy repayments in order to avoid reporting transactions on this voucher record.

**Thanks for participating!**

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