

June 2015

## QUESTION AND ANSWER

Summer is quickly approaching and the industry has successfully converted to TRACS 202D. As we catch our breath and plan for the remainder of 2015, we decided to make this issue of Practical Points unique by publishing some recent questions from our clients. Read along and quiz yourself with these real-life scenarios. Did you come up with the same answers?

### Question:

A Section 8 tenant had their most recent Annual Recertification in November 2014. At that time, the 17 year old son in the household was working. His income was appropriately excluded per HUD regulations. The son turned 18 years old in February 2015. On May 18, 2015, the mother, the Head of Household, timely reported a new job. When I process the Interim for the mom's new job, do I include the son's income now on the Interim 50059?

~ Stacy - California

### Answer:

Great Question! This scenario brings up several tasks to consider. I am going to address them in a deliberate order.

1. When the son turned 18, your property's EIV Policies and Procedures should call for management to follow a consistent procedure of contacting him and requesting his dated signature on the HUD Form 9887 and 9887A. Make sure this step was taken before proceeding with any subsequent step
2. Next, management must pull the EIV Income Report and Income Discrepancy Report for the household. Based on the information displayed on the report, the adult members of the household will need to either agree or disagree with the income displayed.
3. When processing the Interim, management will include both the mom's new income, as well as the income earned by the son. The question is, how much of the son's income is counted?
4. If the son is verified as a full-time student, his earned income will be capped at \$480. If he is not a full-time student, the full amount of the earned income will be included.

## In This Issue

- Q & A

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**QUESTION AND ANSWER**

**Question:**

I have a move-out for a tenant effective 2/15/2015 that was sent and accepted by TRACS. I recently discovered during a quality control audit that the actual move-out date was 1/15/2015. How do I correct this in TRACS?

*~ Ian - Indiana*

**Answer:**

TRACS will accept corrected move-out transactions. Simply submit the move-out transaction with the correct effective date of 1/15/2015. Mark this move-out transaction as a correction.

**Question:**

I had a tenant that moved in on April 17, 2015. On April 30, 2015, she reported a new job that began on April 27, 2015. So, I know I have to run the EIV Income Report for the Interim, but I also know that it is too early for this household to show up in EIV because my Contract Administrator just got the move-in from me. So, isn't that a waste of time?

*~ MaryAnn - Washington*

**Answer:**

You are correct that it is very **unlikely** that the tenant will show up in EIV. However, in order to adhere to your written EIV Policies and Procedures that require that you print the EIV Income Report for all Interims, you must document that you searched for the Income Report by Head of Household SSN, print out the results page that shows no current 50059 was found, and proceed with third party verification methods to verify and calculate the new income. Keep in mind that you are still required to print the Income Report (and under some interpretations, the Income Discrepancy Report) 90 days after the Move-In 50059 was transmitted.

**Question:**

I manage a small Section 202/8 property that has a monthly mortgage offset of \$1,789.36 that is deducted from my voucher every month before I get the deposit in my bank. Last month, my voucher had some large adjustments and the total voucher was only for \$1,400. How is the shortfall on my mortgage going to get paid? Will HUD automatically take it out of next month instead?

*~ Bill - Florida*

**Answer:**

HUD will not create a subsequent month deduction to cover the shortfall. HUD will also no longer accept a paper check for the difference. The owner must pay the shortfall balance to HUD via [www.pay.gov](http://www.pay.gov). Their website has instructions on how to send the remaining balance to keep the mortgage current.

**QUESTION AND ANSWER**

**Question:**

I have a three-member household at my Section 8 property that consists of a mother (the HOH) and her two children, both of which are under 23 and full-time students that live away from home during the spring and fall semesters. The mom has now gone back to school, as a full-time student at a local college. Is this a problem?

*~ Lianna - New Jersey*

**Answer:**

No, this is permitted per Section 3-13 of HUD Handbook 4350.3, CHG 4. In answering this question, I am assuming the mother is over the age of 24 because she has two college-age children. The mother remains the Head of Household and each of the two children are coded as dependents with a special status code of "S" for student.

**Question:**

Is there anything in the HUD Handbook 4350.3 that says that out-of-pocket medical expenses are limited to those paid to entities licensed within the United States? We have several tenants that travel to Mexico and/or Canada for medical services.

*~ Yvonne - Kansas*

**Answer:**

No. The Handbook does not establish any geographic restrictions regarding eligible medical expenses.

**We hope you have enjoyed this special Question and Answer Issue of Practical Points.**

The questions included in this issue were posed by PMCS clients. Do you ever wish you had an in-house compliance specialist at your disposal, but can't afford their salary, benefits, and training costs? Do you need that occasional, regulatory sounding board? PMCS provides reliable industry expertise at a fraction of the cost of full-time staff. Via a flexible General Consulting Agreement, PMCS clients have the opportunity to ask our training staff any type of HUD compliance question, enabling us to become an integral part of your property's quality control program. If you would like to learn more about our General Consulting Services, contact us at [solutions@pmcs-icap.com](mailto:solutions@pmcs-icap.com) or (315)451-2423 ext.1555. We would be happy to explore this cost-effective option with you.

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Jessica Landry, PMCS Solutions Consultant, will be at the PHFA 2015 Statewide Services Conference:

**June 11, 2015**

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