

# RBD FASTCLASS – DAMAGE CHARGES – BED BUGS

For Customers of Ross Business Development, Inc.



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#### Disclaimer

The material contained in this document is not comprehensive of the continually emerging issues surrounding policies in The Multifamily Housing industry. In addition, the handbook guidance is derived from The HUD Handbook 4350.3 Rev 1 Change 4 released in August 2013 and in December 2013 and subsequent notices and memos from HUD.

These materials were updated 8/2022.

The reader should understand that these materials are not designed for, nor should be relied upon, as a source of legal guidance or as a final authority with respect to any particular circumstance.

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We have been diligent in our efforts to provide comprehensive and accurate regulatory instruction; Ross Business Development shall not be responsible for errors or inaccuracies.

### **INTRODUCTION**

Many owner/agents have questions about whether or not they can charge residents for damages caused by bed bugs.

This FASTClass was created to provide our customers with a summary of the guidance issued by HUD in 2011 and 2012.

We also provide a FASTFacts document which is available on our Resources Page.

<https://www.rbdnow.com/resources/noticeforms>.

This class and the RBD FASTFact document were created using guidance available in *HSG Notice 2012-05 [Guidelines on Addressing Infestations in HUD-insured and Assisted Multifamily Housing](#)*.

### **BED BUGS – HUD’S GUIDANCE**

HUD has released two Notices explaining how owner/agents should prevent bed bugs and respond to reports of the presence of bed bugs. The first Notice issued was HSG Notice 2011-20 [Guidelines on Bed Bug Control and Prevention in HUD Insured and Assisted Multifamily Housing](#).

This initial Notice provided a lot of new guidance to owner/agents. However, after the release of the Notice, owner/agents argued that the guidance did little to prevent, reduce or address the presence of bed bugs and left owner/agents with their “hands tied” when they were developing policies to address bed bug infestations.

HUD was open to suggestions submitted by owner/agents. Subsequently, HUD released HSG Notice 2012-05 [Guidelines on Addressing Infestations in HUD-insured and Assisted Multifamily Housing](#). ***This Notice supersedes previous guidance provided in HSG Notice 11-20.*** The Notice does not supersede existing lease provisions that comply with state and/or local landlord/tenant laws and that have been approved by HUD (where such approval is required).

### **KEY CHANGES**

While we recommend review of HSG Notice 2012-05 [Guidelines on Addressing Infestations in HUD-insured and Assisted Multifamily Housing](#), let’s review some key changes.

### **APPLICATION**

You may, but are not required to, ask about bed bugs on the application and/or when conducting rental history screening.

*“To prevent pests from entering a Multifamily property, O/As may voluntarily offer to inspect tenants’ furniture before move-in.*

You can require treatment of contents (at the OA expense) if you have reason to believe the contents have bed bugs. You can also deny a household if they refuse to allow contents to be treated at your expense.

### **MOVE-IN**

***Where there is an approved lease provision that complies with state and/or local landlord/tenant law, O/As may require appropriate treatment of furniture upon tenant move-in, or when a tenant moves furniture into the apartment. These services or products are to be offered at the Owner’s expense, or may be paid from project operating funds if available.***

In our House Rules, we several provisions for bed bugs. If the OA discovers that the resident’s actions were the cause of a bed bug infestation then the OA will charge for all bed bug treatment. (Such treatment may fall under damages).

*“All Owners (of assisted and unassisted properties) may pursue remedies provided in the lease agreement and in accordance with state and local rental law.”*

*“Assisted Owners must follow additional guidelines including occupancy requirements for assisted housing, and must adhere to all HUD and state and local landlord/tenant laws before taking action to deny tenancy or remove residents for causes related to infestations.”*

*“For O/As of assisted properties, the Family Model Lease provides remedies related to damages or noncompliance.”*

The HUD Model leases specify that the unit must be maintained in decent, safe and sanitary manner and that the resident will not do anything to interfere with the peaceful enjoyment of the property by other residents’.

Failure to comply with these requirements can result in eviction. When terminating tenancy, owner/agents must do so in compliance with guidance provided in 24CFR and explained in HH 4350.3.

*“Many O/As have proposed lease addenda related to infestations.”*

Owner/agents may only implement lease addenda if the addendum has been submitted to and approved by HUD.

In our opinion, in most states, there is no need for a lease addendum. As noted above, the lease provides requirements that protect the owner/agent. Additional language may be incorporated in the House Rules.

### **CHARGING FOR DAMAGES**

*Assisted project Owners’ requests for tenants to pay the costs of infestation treatment must be in accordance with the provision for tenant payment of damages or noncompliance as required in the Family Model Lease.”*

Owner/agents may charge for treatment and damages caused by bed bugs in accordance with guidance provided in HH 4350.3 R1, C4, Paragraph 6-25 which states that owner/agents may charge actual and reasonable costs for damages. If an owner/agent is charging for eradication of bed bugs, the process should be thoroughly vetted and outlined in various documents as appropriate.

These include:

- The Tenant Selection Plan
- The House Rules
- The Integrated Pest Management Plan

You cannot charge a resident for bed bug damage when the resident (or a guest or service provider hired by the resident) did not cause the bed bug infestation and the resident participated in all owner/agent efforts to eradicate bed bugs.

For example, if a resident living in Unit A brings home used furniture and as a result, creates a bed bug infestation, you cannot charge the resident living in Unit B for treatment caused by the actions of the resident in Unit A.

In some cases, an owner/agent may discover that a resident caused damage to a common area. If that happens, the owner/agent may charge for such damage and the resident is required to pay within 30 days.

The owner/agent may offer the resident a repayment agreement to pay for such damages.

These repayment agreements are not subject to the same rules as repayment agreements executed to return improper payments (assistance-paid-in-error) to HUD.

## RBD FASTClass – Damage Charges – Bed Bugs



*“An O/A may contact HUD to request project resources for control of infestations. An O/A may use available operating funds to pay for activities to prevent and/or treat infestations. When other sources of funds are not available or sufficient, the HUD may honor requests to reimburse Owners for infestation treatment from the Reserve for Replacement account, or, if authorized, the Residual Receipts account.”*

*“Owners of assisted properties are advised that any rental assistance received under Section 8, Rent Supplement or RAP cannot be used to reimburse residents for the cost of any additional expense to the household, such as purchase of new furniture, clothing or cleaning services.”*

More information on bed bug prevention may be found by accessing the following websites:

National Pest Management Association Best Practices Website: [www.bedbugbmeps.org](http://www.bedbugbmeps.org)

IPM Curriculum and Blog: <http://www.stoppests.org> and  
[https://www.hud.gov/program\\_offices/healthy\\_homes/healthyhomes/ipm](https://www.hud.gov/program_offices/healthy_homes/healthyhomes/ipm)

To purchase

New Pre-Applications/Applications

Screening Forms &

Tenant Selection Plans or

House Rules

Visit our RBD FASTForms Page <https://www.rbdnow.com/fast-forms>.

### **SUMMARY**

This RBD FASTClass provides basic information about HUD’s bed bug guidance.

Owner/agents should review their Application, Landlord Screening Forms, Tenant Selection Plan, and House Rules to determine if changes should be implemented.