

INSTRUCTIONS
CONVERSION IC FOR RAD
PH/MOD REHAB 50058 TO 50059 &
RENT SUPP/RAP/PRAC 50059 TO 50059
TRACS V 202D

Provided by Ross Business Development, Inc.

www.rbdnow.com info@rbdnow.com

HUD RESOURCES

The following resources have been used to create this document and expand on the instruction provided here.

TRACS web site: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum

TRACS Documents : http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxdocs

TRACS 2.0.3.A Final Industry Specification Documents Monthly Activity Transmission - MAT User Guide (includes TRACS errors and recommended solutions)

HUDClips: *TRACS 2.0.3.A versions of the HUD-50059 and HUD-50059A*, along with the instructions for these forms, are located at www.hud.gov/program_offices/administration/hudclips/forms/

HUD Handbook 4350.3 - Occupancy Requirements of Subsidized Multifamily Housing Programs
www.hud.gov/program_offices/administration/hudclips/handbooks/hsg/4350.3

The current version of the Handbook, (Change 4), no longer provides current information in regards to:

- ✧ Imputed Income. [See HSG Notice 16-01 Passbook Savings Rate Effective February 1, 2016](#)
- ✧ The Definition of Extremely-low Income. [See HSG Notice 16-09 Streamlining Administrative Regulations for Multifamily Housing Programs](#)
- ✧ Section 8 Student Rule Eligibility. [See Federal Register Volume 81 Number 183 Eligibility of Independent Students for Assisted Housing Under Section 8 of the U.S. Housing Act of 1937](#):
 - [Additional Supplementary Guidance](#)
- ✧ The Definition of Tuition. [See HSG Notice 16-09 Streamlining Administrative Regulations for Multifamily Housing Programs](#)
- ✧ Waiting List Administration [See HSG Notice 14-06 Waiting List Administration](#)
- ✧ Exceptions to Disclosure of the Social Security Number. [See HSG Notice 16-09 Streamlining Administrative Regulations for Multifamily Housing Programs](#)
- ✧ Verification of Fixed Income. [See HSG Notice 16-09 Streamlining Administrative Regulations for Multifamily Housing Programs](#)
- ✧ The Equal Access Rule. [See HSG Notice 15-06 Program Eligibility in Multifamily Assisted and Insured Housing Programs in Accordance with HUD's Equal Access Rule](#)
- ✧ The Violence Against Women Act. [See HSG Notice 17-05 Violence Against Women Act \(VAWA\) Reauthorization Act of 2013 – Additional Guidance for Multifamily Owners and Management Agents](#)
- ✧ Certification Requirements for Fixed Income Households (Effective March 16, 2018) – [See HUD's Interim Final Rule Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews Under the Fixing America's Surface Transportation \(FAST\) Act](#)
- ✧ Verification of Assets and Income from Assets (Effective March 16, 2018). [See HUD's Interim Final Rule Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews Under the Fixing America's Surface Transportation \(FAST\) Act](#)

PHA/OAs must keep abreast of changes announced via *Final Rule* and posted *HUD Housing Notices*. *PIH Notices* may or may not apply to *Multifamily Housing Programs*. To review previously published *Housing Notices*, visit HUD's web site at https://www.hud.gov/program_offices/administration/hudclips/notices/hsg

PHA/OAs managing *Public Housing* or *Mod Rehab* programs should be aware that the *PIH Income Inclusions and Exclusions* are not the same as the *Multifamily Housing Income Inclusions and Exclusions*. While *HH 4350.3 R1, C4 Exhibit 5-1* provides a list of *Income Inclusions and Exclusions*, this Handbook resource is not current. We have provided an updated list with notes as *Appendix A* of the *RBD Conversion IC Instructions*.

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We also recommend you participate in training, specific to the RAD program. RBD offers both Instructor-led training and *Online Training Workshops* specific to HUD's *Multifamily Housing* programs and to PHA/OAs of PBRA RAD projects. For additional information, visit our web site at: www.rbdnow.com.

RBD can also design policy and procedures and help you prepare for *HUD's Management & Occupancy Review (MOR)*. Additional information about FASTForms packages can be found on our web site as well.

THE CONVERSION INITIAL CERTIFICATION (CONVERSION IC)

These instructions provide instructions specific to creation of the Conversion Initial Certification (Conversion IC) used to establish households under the new PBRA RAD Contract. This **Conversion IC** created using [Form HUD-50059](#) is referred to as a MAT10 record for TRACS reporting purposes.

AR OR IR EFFECTIVE DATE SAME AS CONVERSION IC EFFECTIVE DATE

Occasionally, the effective date of the RAD contract will correspond to the date of an AR or IR for a household.

In this case, for **Component 2- Rent Supp/RAP/Mod Rehab/PRAC to PBRA RAD**, the Conversion IC will use the verified household and financial data collected for the new AR/IR and enter it on the conversion IC.

For **Component 1 – PH to PBRA RAD** the AR/IR cannot be skipped. However, under the rules, the TTP for the Conversion IC must be the same as the TTP from the last Public Housing certification (50058).

To both follow this rule and to complete the required AR or IR, the following steps must be followed:

1. Execute the Conversion IC using the facts and TTP from the prior Form 50058.
2. Based on those facts, determine whether a *Rent Phase-in* will apply.
3. Obtain resident signatures
4. Sign and transmit the Conversion IC to TRACS.
5. Correct the Conversion IC using any new household and financial information that would appear on an AR or IR for that date following the Multifamily Housing rules—use the fully verified information for that date.
6. If *Rent Phase-in* applies, complete the *Rent Phase-in* calculations using as the TTP from the prior cert the TTP on the first IC from Step 1 above. *Note that it is possible for these calculations to result in the end of Rent Phase-in if the newly calculated TTP is less than or equal to the conversion TTP.*
7. Check the TRACS Certification Query to ensure that the original Conversion IC has been properly recorded in TRACS before transmitting the IC correction with the updated information.
8. After confirming that the Conversion IC has been recorded, transmit the IC correction to TRACS. That way TRACS has the correct history for the household.
9. Check the TRACS Certification Query again to make sure the correction is recorded correctly.

When referencing the instructions below, please note that the 50059 field numbers do not correspond to MAT field numbers referenced in the HUD MAT Guide Chapter 5.

Please refer to the MAT Guide Chapter 5 for additional information.

Be sure you are referencing the Guide for the appropriate TRACS version. In this case, we are referencing TRACS Version 2.0.3A.

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SECTION B. SUMMARY INFORMATION:

Item 1 Project Name	Enter the project name that appears on the new regulatory agreement or subsidy contract. This will be the current project name in HUD’s Contracts database.
Item 2 Subsidy Type	Enter the code for the subsidy the tenant will receive during the period covered by this (re)certification. Use 1- Section 8
Item 3 Secondary Subsidy Type	Enter “S” if this tenant is living in a Section 236 property. Enter “B” if this tenant is living in a BMIR property. Leave blank if the tenant does not live in a Section 236 or BMIR property.
Item 4 Property ID	Assigned by iREMS (<i>integrated Real Estate Management System</i>). Leave this Item blank until activated by TRACS.
Item 5 Project Number	Enter the 8-digit FHA, Elderly Housing, or State Agency noninsured project number. It is also required for those Section 8 contracts for which an FHA project number applies. Leave this field blank unless the PBRA RAD contract has a project number.
Item 6 Contract Number	This number is mandatory. Enter the 11-digit Contract Number. Do not enter dashes in this Item. (<i>e.g., AK29RD00001</i>)
Item 7 Project iMAX ID	The project’s telecommunications identifier, also known as the iMAX ID . The first five positions of this number must be “TRACM”, and HUD assigns the last five positions. For example, TRACM98765. If you do not have an iMAX ID, you must request one using HUD’s form. https://www.hud.gov/sites/documents/DOC_25275.PDF
Item 8 Plan of Action Code	Leave blank. Does not apply to new contracts.
Item 9 HUD-Owned Project	Enter a “Y” if the project is owned by HUD to enable (re)certifications to be submitted to TRACS.
Item 10 Previous Housing Code	Because this is a Conversion IC and not a MI certification, leave this field blank.
Item 11 Displacement Status Code	Because this is a Conversion IC and not a MI certification, leave this field blank.
Item 12 Effective Date	For the Conversion IC, enter the RAD Contract Effective Date. <i>Component 1 PH to PBRA RAD:</i> <i>The HAP Contract becomes effective on the first day of either of the two months following closing, at the Project Owner’s discretion.</i> <i>Component 2 Mod Rehab/Rent Supp/RAP/PRAC to PBRA RAD:</i> <i>The PBRA HAP Contract will be effective on the first day of the month following the closing on the construction financing.</i>
Item 13 Anticipated Voucher Date	This is system generated and should not be changed. Refer to MAT Guide Chapter 4. Since all Conversion ICs are now effective on the first of a month, the ICs will appear on the first voucher if they are complete. <i>For example, if the Contract Effective Date is 10/1/2020, the Conversion IC Effective Date is 10/1/2020. The Anticipated Voucher Date is 10/2020 and the IC will appear on the October voucher if the certification is complete when the October voucher is created.</i>
Item 14 Next Recertification Date	For Rent Supp/RAP/PRAC to PBRA RAD: Use the Next Recertification Date from the most recent 50059 submitted prior to conversion to RAD. <i>Special Note S8 RAD C2 only: If the resident is required to complete an AR or IR with the same effective date as the RAD Contract Effective Date, create the conversion IC with the new information and use the standard Next Recertification Date.</i>

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	<p>For PH/Mod Rehab to PBRA RAD: When the resident's income is reviewed annually, use the "Projected Effective Date of Next Reexamination" on the most recent 50058 submitted prior to conversion to PBRA RAD.</p> <p><i>Special Note Component 1 only: If the Conversion IC is effective on the same day as an AR or IR, special rules apply. See the instructions at the end of this document.</i></p> <p><i>Note: If you plan to use the same date for annual recertification for all residents, this must be approved by HUD.</i></p>
Item 15 Project Move-In Date	Enter the date the tenant moved into the project. Enter as MMDDYYYY. <i>This date may be before the PBRA RAD Contract Date/Effective Date of Conversion IC.</i>
Item 16 Certification Type	This is the Conversion IC - Initial Certification Code IC
Item 17 Action Processed	Leave blank. The Conversion IC (<i>sending the first time</i>) should not be a correction.
Item 18 Correction Type	Leave blank. The Conversion IC (<i>sending the first time</i>) should not be a correction
Item 19 EIV Indicator	Leave blank. The Conversion IC (<i>sending the first time</i>) should not be a correction and is not being generated as a result of discovery in EIV
Item 20 Previous Subsidy Type	<p>If the subsidy type has changed from the previous (re)certification or the tenant has changed from receiving assistance to Market Rent or from Market Rent to receiving assistance, enter the code, choosing from the codes listed in Item 2, associated with the Previous Subsidy Type. Valid codes <i>for the Conversion IC</i> are.</p> <p>Space = No previous history in this project – use for PH to RAD or Mod Rehab to RAD.</p> <p>0 = Market Rent Tenants 2 = Rent Supplement 3 = RAP</p>
Item 21 Unit Number	<p>Enter the unit number in which the household is residing on the Effective Date of this HUD-50059.</p> <p><i>Note: Under PBRA rules, Unit Numbers must be unique within the project.</i></p> <p><i>Note: It is recommended that unit numbers are not changed after they have been established. This can create difficulties when submitting to TRACS. If you are going to change unit numbers, it is best to do so before submitting the first 50059 certification to TRACS.</i></p>
Item 22 No. of Bedrooms	Enter the number of bedrooms for the unit number listed in Item 21. <i>Note: 0 = Studio.</i>
Item 23 Building ID	Leave this Item blank
Item 24 Unit Transfer Code	Leave this Item blank.
Item 25 Previous Unit No.	Leave this Item blank.
Item 26 Security Deposit	The amount entered should be the previously paid security deposit amount shown on the lease and paid by the resident. <i>If in-place residents (at time of conversion) have not previously been required to provide a security deposit, the PHA/OA cannot require a security deposit upon conversion to RAD.</i>
Item 27 236 Basic/BMIR Rent	This does not apply to RAD. Leave blank.
Item 28 Market Rent	This does not apply to RAD. Leave blank.
Item 29 Contract Rent	Enter the Contract Rent HUD has approved for this unit type. <i>Note: This amount cannot be zero.</i>
Item 30 Utility Allowance	If all of the utilities are included as part of Contract Rent, enter zero. If not, enter the Utility Allowance amount HUD has approved for this unit type.

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Item 31 Gross Rent	Enter the amount HUD has approved for this unit type. This equals the Contract Rent + Utility Allowance.
Item 32 TTP at RAD Conversion	<p>Component 1 PH to PBRA RAD Only: If Rent Phase in applies and is in process, fill with the TTP tenant is paying at the time of conversion to PBRA RAD.</p> <p>When Rent Phase in does not apply and is not in process, OAs have the option of filling the TTP at RAD Conversion with zeros or with the TTP calculated on the most recent 50058 submitted prior to conversion to PBRA RAD, but this is not required.</p> <p><i>Note: this is not Tenant Rent. Tenant Rent = TTP less any Utility Allowance.</i></p> <p>Component 2 Mod Rehab/Rent Supp/RAP/PRAC to PBRA RAD fill with 0s</p>

SECTION C. HOUSEHOLD INFORMATION:

Item 33 Member Number	Enter each member’s name beside a number. The Head of Household (<i>HOH</i>) must have the number “01”. Each person in the household must have their own Family Member number because it will be used to associate income and assets to specific family members.
Item 34, 35 & 36 Names of Household Members	<p>Enter the names (<i>Last, First, Middle Initial</i>) of each member who will be residing in this unit. The first member listed must be the Head of Household. The list of members should be in the following order:</p> <ol style="list-style-type: none"> 1. Head-of-household (<i>HOH</i>) (<i>only one - required</i>) 2. Spouse (<i>only one</i>) not required or Co-Head-of-household (<i>only one</i>) not required (<i>may include a Spouse or a Co-Head, but not both</i>) 3. Dependents 4. Other adult family members 5. Foster children under age 18 6. Foster adults 7. Live-in Attendants and 8. Others living in the unit who are not members of the tenant family. <p><i>Note: It is not required to have a Spouse or a Co-Head. Even if there are multiple adults living in the unit, it is valid to list a Head and an Other Adult if the Other Adult is not the Spouse or Co-Head.</i></p>
Item 37 Relationship Code	<p>Enter the Relationship to the HOH. This information should match the most recent 50058 or 50059 submitted prior to conversion to RAD. Valid entries are:</p> <p>H - Head (<i>only one</i>) S - Spouse (<i>only one</i>) not required K - Co-head (<i>only one</i>) not required D - Dependent (<i>if converting from 50058 - includes Y - Other Youth under 18 and E Full-time Student 18+</i>) O - Other Adult (<i>if converting from 50058 - same as A-Other Adult</i>) F - Foster Child/Adult L - Live-in Aide N - None of the Above (<i>please note - under MF rules, income does not count for this member</i>)</p>
Item 38 Sex	For each person, enter “F” for Female, “M” for Male or leave blank if either the O/A did not ask for the information or the tenant did not voluntarily report.

Items 39 and 40 are filled in based on whether or not household members have completed the Race & Ethnic Data form HUD-27061-H. Parents or guardians are to complete the form for children under the age of 18. There is no penalty for persons who do not complete the form.

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It is not appropriate for an owner/agent to complete the Race & Ethnic Data Form on behalf of a resident/applicant unless the owner/agent is making a reasonable accommodation. If a resident/applicant does not wish to complete the form, place a note in the tenant file stating the applicant/tenant declined to complete the form.

Item 39 Race	<p>Based on the Race & Ethnic Data form completed by each household member, please enter the appropriate letter listed below. Enter one of these valid codes for each household member.</p> <p>X = Declined to report I = American Indian or Alaskan Native A = Asian B = Black or African-American H = Native Hawaiian or Other Pacific Islander W = White O = Other</p>
Item 40 Ethnicity	<p>Enter one of these valid codes for each household member.</p> <p>0 = Tenant Declined to Report 1 = Hispanic 2 = Non-Hispanic</p>
Item 41 Birth Date	<p>Enter the Birth Date for each member of the household</p> <p><i>Note: if a member turned 13, 18 or 62 since the last certification, deductions may change the TTP calculation. An IR <u>may be</u> indicated. In these cases, include changes on the Conversion IC based on the rules for the Component Type discussed above.</i></p>
Item 42 Special Status Code	<p>It is mandatory to provide this information.</p> <p>For each member, enter all of the codes that apply (e.g., an “E” Elderly tenant may also be “H” Disabled).</p> <p><i>E</i> = Elderly Head, Co-Head, or Spouse (At least 62 years of age as of the effective date of this (re)certification) <i>S</i> = Full-time Student 18 or older who is not the Head, Co-Head or Spouse as of the effective date of this (re)certification. Must have a “D” Dependent indicated in Item 37 -Relationship Code, except if the Full-time Student is a Foster Adult, whose Relationship Code is “F”. H = Family member who is Disabled M = Family Member who is a US military veteran. P = Presidentially Declared Disasters Person being housed temporarily pursuant to the guidance in the HUD Handbook 4350.1, Chapter 38. F = Member who is Participating in the FSS program</p> <p>Joint Custody Codes: JK = Dependent (D) whose custody is jointly shared by more than one family and who receives a dependent allowance along with a child care allowance where applicable. C = Dependent (D) whose custody is jointly shared by more than one family but who does not receive a dependent allowance and who lives in the unit less than 50% of the time. Such a person’s child care expenses count toward the child care allowance. CK = Dependent (D) whose custody is jointly shared by more than one family and lives in the unit 50% or more of the time. Count for unit size and income limit purposes.</p> <p><i>Note: A dependent without either the J or C codes is assumed to be a full-time resident of the unit (no joint custody applies).</i> <i>Note: Do not use K without either the J or C code</i></p>
Item 43 Student Status	<p>Enter “Y” if student (either full or part-time) enrolled in an Institution of Higher Education is eligible for assistance under the Section 8 rules.</p>

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Item 44 ID Code (SSN)	<p>ID Code - SSN or TRACS-generated ID. Do not use the Individual Tax Identification Number (ITIN).</p> <p>If household member is exempt, enter 999999999 and the appropriate exemption code. TRACS will assign a TRACS ID which must be used on all subsequent submissions. The TRACS ID can be found on the EIV Failed Pre-Screening Report.</p> <p>Special rules apply to exempt minors (under the age of 6). These minors are exempt for 90 days with a possible extension of an additional 90 days. <u>Penalty for failure to provide SSN for a minor is termination of tenancy.</u></p> <p><i>Note: If converting from Mod Rehab or PH - check field 3n on most recent 50058. If member is exempt from disclosing SSN, do not use the Alternate ID created in the PIC Alternate ID Generator. For TRACS, you must enter 999999999 and TRACS will generate a TRACS ID. For TRACS, you must use the TRACS generated ID on all subsequent certifications until an SSN is assigned. Once the Conversion IC has been accepted by TRACS, the TRACS ID may be obtained from the Failed Prescreening Report in EIV or from the HUD Help Desk.</i></p>
Item 45 SSN Exception	<p>Leave blank if no SSN Exception applies.</p> <p>Choose the appropriate code if an individual without a valid SSN qualifies for an SSN Disclosure exception.</p> <p>C = Individual who does not contend eligible immigration status</p> <p>E = Individual age 62 or older as of January 31, 2010, whose initial determination of eligibility in either a Multifamily or PIH Housing program was begun prior to January 31, 2010 (a break in assistance does not void the exemption)</p> <p>M = New household member under the age of 6 where disclosure of SSN is delayed for 90-180 days. This code was not valid for use on the IC in TRACS v 2.0.2.D. If you used 999990000 as the SSN for an exempt minor under the age of six added to the household within the last 90 days (or 180 in certain circumstances) then leave this field blank.</p> <p>F=Foster child or adult when the foster agency refuses to provide the SSN or adequate documentation to verify the SSN and when HUD has provided written approval.</p>
Item 46 Citizen Code	<p>Enter one of the following codes for each household member.</p> <p>EC = Citizen or national</p> <p>EN = Noncitizen with eligible immigration status</p> <p>IC = Ineligible noncitizen child of a family head or spouse</p> <p>IN = Ineligible Non-Citizen.</p> <p>IP = Ineligible Parent of a Head of Household or Spouse</p> <p>ND = No documentation submitted. For use when the family is receiving prorated assistance at admission. Member is treated as ineligible for proration purposes.</p> <p>PV = Eligibility status is pending verification—documents have been submitted. For use when the family is receiving prorated assistance at admission. Member is treated as eligible for proration purposes.</p> <p>XX = Individuals who are not counted as members of the family (<i>Live-in aides or None of the above</i>).</p> <p>At least one household member must be eligible.</p> <p>For properties converting from Rent Supp or RAP, information should match the most recent 50059 submitted prior to conversion to RAD.</p> <p>For properties converting from 202 PRAC, residents must be asked to provide required citizenship eligibility information. Each family must provide a Family Summary or a</p>

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	<p>Family/Owner Summary. Each member must complete the Citizenship Declaration. A Declaration of eligibility is required for U.S. Citizens. Owner/agents may, but are not required to, require proof of citizenship. For eligible noncitizens 62 years of age and older, a Declaration of eligibility and proof of age is required. For eligible noncitizens who are not yet 62 years of age, a Declaration of eligibility is required and the resident must provide required documents. The owner/agent must verify eligibility through SAVE. If a family member completes the Declaration and does not contend eligible immigration status (ineligible) assistance must be prorated. At least one family member must be eligible. If no family member is eligible, the family is not qualified for subsidy or for housing. No IC is submitted.</p> <p>If converting from PH or Mod Rehab replace 50058 Codes as appropriate.</p>
Item 47 Alien Registration Number	If the family member has been assigned an Alien Registration Number by DHS, enter this number. Do not use dashes when entering this number.
Item 48 Age	<p>Enter the age for each member as of the effective date of this (re)certification. This field is not transmitted to HUD in the TRACS file.</p> <p><i>Note: if a member turned 13, 18 or 62 since the last certification, deductions may change the TTP calculation. An IR <u>may be</u> indicated. In these cases, include changes on the Conversion IC based on the rules for the Component Type discussed above.</i></p>
Item 49 Work Codes	<p>This Item only needs to be filled in if Child Care and/or Disability Assistance is required to enable an adult family member to work. (See HH 4350.3 R1, Paragraph 5-10 for additional information about these deductions)</p> <p>The following codes are valid for this Item: C = Family member who is able to work because Child Care is available H = Family member who is able to work because Disability Assistance is available CH = If both apply</p>
Item 50 Family Mobility Disability?	If a family member has a mobility disability, enter a “Y” in this Item. Otherwise, leave blank.
Item 51 Family Hearing Disability?	If a family member has a hearing disability, enter a “Y” in this Item. Otherwise, leave blank.
Item 52 Family Visual Disability?	If a family member has a visual disability, enter a “Y” in this Item. Otherwise, leave blank.
Item 53 Number of Family Members	Enter the number of household members with the Relationship Code (Item 37) of H, S, K, D, O or F. Do not include any members with the Relationship Code of L or N
Item 54 Number of Non-Family Members	Enter the number of household members with the Relationship Code (Item 37) of L or N. These non-family members are not counted in Item 53.
Item 55 Number of Dependents	<p>Enter the number of household members with the Relationship Code (Item 37) of “D”. The following constitutes a dependent:</p> <ul style="list-style-type: none"> ✧ Under 18 years of age ✧ A person with disabilities ✧ Full time student of any age <p><i>Note: A family member who is the Head, Spouse, Co-Head, Foster Child, Foster Adult or Live-in Attendant cannot be counted as a dependent.</i></p> <p><i>Note: When there are children who receive subsidy in two units (Joint Custody), do not include dependents under the age of 18 who have a Special Status Code (Item 42) of C.</i></p>
Item 56 Number of Eligible Members	List the number of family members who are eligible to receive housing assistance based on citizen/non-citizen eligibility. If there are eligible and ineligible family members, the

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	Assistance Payment will be pro-rated. <i>See Item 46 for an explanation of Member Citizenship Codes.</i>
Item 57 Expected Family Addition Adoption	Number of additions due to adoption expected in next 12 months
Item 58 Expected Family Addition Pregnancy	Number of additions due to childbirth expected in next 12 months
Item 59 Expected Family Addition Foster Children	Number of additions due to fostering expected in next 12 months

This full (re)certification (MAT 10) is not changing the Head of Household ID, the (re)certification Effective Date, OR one or more of the additional identifiers (*Last Name, First Name, Middle Initial, and Birth Date*) for a previously submitted full (re)certification (MAT10).

Leave Items 60 through 65 blank.

Item 60 Previous Head Last Name	Leave blank for this Conversion IC
Item 61 Previous Head First Name	Leave blank for this Conversion IC
Item 62 Previous Head Middle Initial	Leave blank for this Conversion IC
Item 63 Active Full Cert. Effective Date	Leave blank for this Conversion IC
Item 64 Previous Head ID	Leave blank for this Conversion IC
Item 65 Previous Head Birth Date	Leave blank for this Conversion IC

For Items 66 through 74, the following general references in the HUD Handbook 4350.3 REV-1 are applicable:

- ✧ Chapter 5, Paragraphs 5-1 through 5-6; Section 3 of Chapter 5 Figure 5-2
- ✧ Exhibits 4-1 & 5-1 *Please note there have been changes to income inclusions and exclusions since the publication of Change 4 to this Handbook.*
- ✧ Appendix H of the TRACS 2.0.3.A MAT Guide

SECTION D. INCOME INFORMATION:

Include income that was reported on the most recent 50058 or 50059 submitted before conversion to PBRA RAD. Special rules apply if an AR or IR Effective Date is the same as the Conversion IC Effective Date. Please see the note at the beginning of these instructions.

For Conversions from Public Housing or Mod Rehab, the PIH rules regarding Income Inclusions and Exclusions are different than the rules set for HUD's Multifamily Housing program. For example, the Earned Income Disregard does not apply to residents living in MF properties. For those PH or Mod Rehab residents who qualify for EID at the time of conversion only, enter the net income amount after application of the EID calculation.

PHA/OAs must become familiar with the Multifamily Housing rules. Reference HH 4350.3 R1, C4, Paragraph 5-6 and 5-7 and Exhibit 5-1 and Exhibit 5-2.

For your convenience, we have provided an updated list of Inclusions and Exclusions as part of this guide.

Item 66 Member Number	This Item should only be filled in for family members who report income, and should match the number assigned to each family member in Item 33, starting with the Head of
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	<p>Household “01”. A separate line should be completed for each income source for each family member. This means the Head, “01”, may be listed twice with two different income sources. This Item cannot be “00”.</p>
Item 67 Income Type Code	<p>Corresponding with the member number in Item 66, fill in each source of income separately for each family member with income. Each income source should have its own income code. Use the following codes:</p> <p>B = Business (including distributed profits and net income from business) CS = Child Support F = Federal Wages G = General Assistance/Welfare I = Indian Trust M = Military Pay N = Other Non-Wage source PE = Pensions (this includes veteran pensions, military retirement, and income from all other pensions and annuities) SI = Supplemental Security Income (<i>this covers both personal benefit and State Supplements administered by the SS Administration</i>) SS = Social Security (both personal, Survivor’s Benefits and Dual Entitlements) T = TANF (Temporary Aid to Needy Families), formerly AFDC U = Unemployment W = Non-Federal Wage (<i>includes salaries, tips, commissions, bonuses, and other income from employment</i>)</p> <p><i>Note: If a family member has no income, do not submit an Income Record for that individual.</i></p>
Item 68 Amount	<p>Corresponding with the Member Number in Item 66, and the Income Type Code, Item 67, fill in each source of income separately for each family member with income.</p> <p>Component 1: Enter the anticipated amount shown on the most recent 50058 submitted before conversion to PBRA RAD.</p> <p>Component 2 only: Enter the anticipated amount shown on the most recent 50058 or 50059 submitted before conversion to PBRA RAD. This is true unless an AR or IR effective date is the same as this Conversion IC Effective Date. If an AR or IR is effective on the same date of the Conversion IC for Component 2, enter the new information treating the Conversion IC the same as an AR or IR.</p> <p><i>Note: If a portion of the income is excluded due to participation in the EID program, enter the net amount after the exclusion.</i></p>
Item 69 SSN Benefits Claim No.	<p>If a member is receiving SSA benefits via their own SSN, leave blank.</p> <p>Enter the Social Security Benefits Claim number under which a member of the household receives Social Security income (Item 67) only if the Social Security Benefits Claim number is different from that member’s own Social Security number. Enter the alpha/numeric suffix attached to the end of the Social Security claim number. Do not enter dashes. <i>For example: 123456789HB1.</i></p> <p><i>Note: If the member has income under more than one Claim Number, enter one income record per Claim Number.</i></p>
Item 70 Total Employment Income	<p>Provide the income totals from Item 68 associated with the following codes.</p> <p>B = Business F = Federal Wages M = Military Pay</p>

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	W = Non-Federal Wage
Item 71 Total Pension Income	Provide the income totals from Item 68 associated with the following codes. PE = Pensions SI = Supplemental Security Income SS = Social Security
Item 72 Total Public Assistance Income	Provide the income totals from Item 68 associated with the following codes. G = General Assistance/Welfare T = TANF
Item 73 Total Other Income	Provide the income totals from Item 68 associated with the following codes. CS = Child Support I = Indian Trust N = Other Non-Wage source U = Unemployment
Item 74 Total Non-Asset Income	Add income amounts from Items 70 through 73.

For Items 75 through 85, the following general references in the HUD Handbook 4350.3 REV-1 are applicable:

- ✧ Chapter 5, Paragraph 5-7 & Section 3 of Chapter 5
- ✧ Exhibits 4-1 & 5-2
- ✧ Appendix H of the TRACS 2.0.3.A MAT Guide

Note: When comparing actual income to imputed income, do not reference HH 4350.3 R1, C4. Imputed income percentage for the MFH program was modified via HSG Notice 14-15 [Passbook Savings Rate Effective February 1, 2015 and Establishing Future Passbook Savings Rates](#). Effective February 1, 2015, the passbook savings rate to be used for all move-in, initial, annual, and interim recertifications when a family has net assets over \$5,000 is .06%. This .06% rate must be used until Multifamily Housing publishes and makes effective a new passbook savings rate.

SECTION E. ASSET INFORMATION:

Only include assets and asset income that was reported on the most recent 50058 or 50059 submitted before conversion to PBRA RAD. Special rules apply if an AR or IR Effective Date is the same as the Conversion IC Effective Date. Please see the note at the beginning of these instructions.

Item 75 Member Number	Enter all assets that were included on the most recent 50058 or 50059 submitted prior to conversion to RAD. This Item should be filled for family members who have assets. The Member Number must match the number assigned to each family member in Item 33 starting with the Head of Household "01". Use a separate line item for each asset.
Item 76 Description	List each asset separately
Item 77 Status	There are only two codes allowed for this Item. Enter the appropriate code. C = Current (<i>if the family owned this asset when completing the most recent 50058 or 50059 submitted prior to conversion to RAD</i>) I = Imputed (<i>if this asset was included on the most recent 50058 or 50059 submitted prior to conversion to RAD but was divested within two years of that certs effective date.</i>)
Item 78 Cash Value	The cash value of an asset is the market value of the asset minus any expenses that could occur to sell the asset or convert the asset into cash. The lowest value is zero (\$0) Note: TRACS will not accept a negative value.
Item 79 Actual Yearly Income	Enter income amounts that were included on the most recent 50058 or 50059 submitted prior to conversion to RAD. Note: TRACS will not accept a negative value.

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	<i>Note: TRACS will accept a zero-value asset earning income (e.g. house with an “upside down” mortgage paying rental income)</i>
Item 80 Date Divested	If the status of an asset in Item 77 is “I”, enter the date the asset was disposed of for less than fair market value. May not be more than two years prior to the IC effective date.
Item 81 Total Cash Value of Assets	Total the cash value of each asset listed in Item 78.
Item 82 Actual Income from Assets	Total the actual yearly income amount from assets listed in Item 79.
Item 83 HUD Passbook Rate	The HUD Passbook Rate for Multifamily is .06% (0.0006) until further notice. Enter .06 if Total Cash Value of Assets (Item 81) is greater than \$5000. If Item 81 is less than or equal to \$5000, enter zero or leave blank. <i>Note: Do not attempt to change the Passbook Rate or the 50059 will be rejected by TRACS.</i>
Item 84 Imputed Income from Assets	Enter Zero if the Total Cash Value of Assets (Item 81) is less than or equal to \$5000. If the Total Cash Value of Assets is more than \$5000, multiply the amount entered in Item 81 Total Cash Value of Assets by the HUD Passbook Rate (Item 83) and enter the amount.
Item 85 Asset Income	Enter the greater of Item 82 or Item 84. <i>Note: For PH to PBRA RAD or Mod Rehab to PBRA RAD: Because the imputed percentage in MF may differ from the imputed percentage in the PIH program, this number may be different than the number on the most recent 50058 submitted prior to conversion to RAD. If this is the case, the PHA/O/A may have to use the Rent Override option in order to change the calculated TTP on the 50059 to the TTP on the most recent 50058 submitted prior to conversion to RAD. Do not attempt to change the Passbook Rate or the 50059 will be rejected by TRACS.</i>

SECTION F. ALLOWANCES & RENT CALCULATIONS:

The PHA/O/A must become familiar with the rules governing deductions by reviewing HUD guidance provided in HUD Handbook 4350.3 Revision 1, Change 4, Paragraph 5-10. Information about children who are in joint custody situations and children who do not reside in the unit at least 50% of the time can be found in Paragraph 3-6, 5-6, 3-23 and in HUD’s MAT Guide Chapters 4 and 5.

Note for PH to PBRA RAD or Mod Rehab to PBRA RAD: The order of the Allowance calculations is different on the HUD 50059 than on the 50058. This difference may result in a calculated TTP that is different than on the 50058. When this is the case, you will need to use the Rent Override Option.

Item 86 Total Annual Income	The sum of Item 74 plus Item 85.
Item 87 Low Income Limit	For all subsidy types, except BMIR, the Low-Income Limit is based on 80% of the median income for the area.
Item 88 Very Low-Income Limit	VLI is based on 50% of the area median income, as determined by HUD.
Item 89 Extremely Low-Income Limit	ELI is the greater of 30% of median income or the area poverty level. ELI cannot exceed VLI
Item 90 Current Income Status	Section 8 only. Compare the Total Annual Income (Item 86) to the Income Limits entered in Items 87, 88, and 89.

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	<p>If Item 86 is less than or equal to Item 89, enter “3”-Extremely-Low Income (<i>not to be used for Income Targeting for Conversion IC</i>)</p> <p>If Item 86 is greater than Item 89, but less than or equal to Item 88, enter ‘2’-Very-Low Income.</p> <p>If Item 86 is greater than Item 88, enter “1”-Low Income.</p>
Item 91 Eligibility Universe Code	<p>This contract is effective on or after 10/1/81(Post 1981). However, Properties converting under RAD (except for PRAD to RAD) are to be treated as Pre-1981 Contracts meaning owners may admit families up to the low-income limit (80 percent of median income) The rule is to Enter 2 (<i>Post Universe</i>) and allow for MI/IC for Low income families. However, some programs will not allow this transaction. Check with your software vendors for compliance rules (and workarounds if necessary)</p> <p>For PRAC to RAD, use Post 1981 and admit families whose annual income is at or below the Very-low income limit.</p>
Item 92 Sec. 8 Assist. 1984 Indicator	Leave blank
Item 93 Income Exception Code	Exception codes do not apply to RAD.
Item 94 Police Security Tenant?	<p>If the owner has received permission from HUD to admit over-income police or security personnel, enter “Y”. Otherwise, leave blank. Income limits do not apply for this tenant, and the Total Tenant Payment must be at least what the tenant would pay if subsidized.</p> <p><i>Note: The owner is not entitled to vacancy claim payments for the period following occupancy by police officer or security personnel.</i></p>
Item 95 Survivor of Qualifier?	<p>If the current HOH does not meet the eligibility requirements to qualify for the unit, but does qualify as the survivor of the person who originally met the special requirements and qualified for the unit, enter “Y”.</p> <p>Otherwise, leave blank. (<i>See HH 4350.3 R1, C4, Paragraph 3-16</i>)</p>
Item 96 Household Citizenship Eligibility	<p>Enter one of the following codes for residents with a Project MI date on or after 6/19/95, and for all in-place tenants no later than 6/19/96.</p> <p>The valid codes for this Conversion IC are:</p> <p>E = All members of the family are eligible under the Non-Citizen Rule. The family receives full assistance. No members have a PV status</p> <p>P = Prorated Assistance. The family qualifies for and receives Prorated Assistance under the Non-Citizen Rule because only some of the family members are eligible for assistance. Note: A member with an eligibility code of PV will be counted as eligible. A member with a code of ND will be counted as ineligible.</p> <p>F = Full Assistance while the verification of eligibility is pending. A family is in this status if all members are eligible for assistance or have submitted documentation but the verification process is not yet complete (<i>Citizenship Eligibility Code = PV</i>).</p> <p>If any member is ineligible or has an ND eligibility code, use the Prorated Assistance Code (P)</p>
Item 97 Deduction for Dependents	Multiply the Number of Dependents (Item 55) by \$480.
Item 98 Child Care Expense (work)	<p><i>Note: Dependents are members who are not the HOH, co-HOH or spouse and who are either 1) under the age of 18, 2) adult full-time students or 3) disabled adults. Foster children/adults are never Dependents. A minor with a Special Status Code (Item 42) of C is not counted.</i></p> <p>Amount of childcare expense incurred that enables a family member to work. Only expenses incurred for the care of children who are under the age of 13, can be included.</p>

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	<p>However, the allowable expense cannot exceed the amount earned as the result of the child care provided.</p> <p><i>Note: If an amount greater than zero is entered in this Item, a “C” should be entered in Item 49 Work Codes</i></p> <p><i>Note: Because employment income for a full-time student (dependent) is limited to \$480, the associated child care allowance is restricted to the lesser of the actual amount or \$480.</i></p>
Item 99 Child Care Expense (school)	Amount of childcare expense incurred that enables a family member to look for work or attend school. Only expenses incurred for the care of children, including Foster children, under the age of 13, can be included.

The Medical Deduction and the Disability Expense Deduction are currently limited to out-of-pocket expenses that exceed 3% of annual income. See HH 4350.3 R1, C4, Paragraph 5-10 for additional information.

Item 100 3% of Income	Multiply the Total Annual Income (Item 86) by 0.03 (3.0%)
Item 101 Disability Expense	<p>Families are entitled to a deduction for unreimbursed, anticipated costs for attendant care and “auxiliary apparatus” for each family member who is a person with disabilities, to the extent these expenses are reasonable and necessary to enable any family member 18 years of age or older who may or may not be the member who is a person with disabilities to be employed. If the family will not incur any Disability Assistance Expenses over the next 12-month period, enter zero.</p> <p><i>Note: If an amount has been entered in this Item, enter “H” in Work Codes (Item 49).</i></p> <p><i>Note: If an amount has been entered in this Item, at least one family member must have a Disabled “H” in Special Status Code (Item 42).</i></p>
Item 102 Disability Deduction	<p>If Disability Expense (Item 101) is less than 3% of Income (Item 100), enter zero.</p> <p>If Disability Expense (Item 101) is greater than or equal to 3% of Income (Item 100), enter the LESSER of</p> <ul style="list-style-type: none"> ✧ Disability Expense (Item 101) less 3% of Income (Item 100) OR ✧ Employment income of the person able to work because attendant care or auxiliary apparatus is provided.
Item 103 Medical Expense	<p>Medical expenses are permitted for elderly and disabled families. A family is determined to be elderly or disabled if the Head (H), Spouse (S) or Co-Head (K) is:</p> <ul style="list-style-type: none"> ✧ 62 years or older on the effective date of (re)certification or ✧ Is a person with disabilities
Item 104 Medical Deduction	<p>If Medical Expense (Item 103) is less than 3% of Income (Item 100), enter zero.</p> <p>If Disability Expense (Item 101) is zero, subtract 3% of Income (Item 100) from Medical Expense (Item 103) and enter the amount.</p> <p>If an elderly or disabled family has both unreimbursed medical expenses and eligible disability assistance expenses, a special calculation is required <i>See 4350.3 REV-1: Paragraph 5-10.D.5</i></p>
Item 105 Elderly Family Deduction	If the Head, Co-Head, or Spouse has a Special Status (Item 42) of “E” -Elderly (62 or older), or “H” - Handicap/Disabled, the household is entitled to a \$400 Elderly Household Allowance.
Item 106 Total Deductions	<p>Add the following Items and enter the amount.</p> <p>Items 97 + 98 + 99 + 102 + 104 + 105 = Item 106, Total Deductions</p>

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Item 107 Adjusted Annual Income	<p>Subtract Total Deductions (Item 106) from Total Annual Income (Item 86). Enter the result.</p> <p>If Item 106 is greater than or equal to Item 86, enter zero.</p>
Item 108 Total Tenant Payment	<p>Total Tenant Payment (TTP) is the amount a tenant is expected to contribute for rent and utilities. For PBRA RAD the calculated TTP is the <u>greater</u> of:</p> <ul style="list-style-type: none"> ✧ 30% monthly adjusted income; ✧ 10% monthly gross income; ✧ Welfare rent (welfare recipients in as-paid localities only) <p>The minimum TTP is \$25 unless the owner/agent can document a hardship exemption.</p> <p><i>Note: For Component 1 PH to PBRA RAD only: TTP on this 50059 must be equal to or less than TTP on the 50058 submitted prior to conversion to RAD.</i></p> <p><i>Note: For Component 1 PH to PBRA RAD only: TTP can exceed Gross Rent. (AP will be zero or negative)</i></p> <p><i>Note: If the Household Citizenship Eligibility (Item 96) is "P", the Total Tenant Payment (TTP) will be pro-rated. Pro-ration procedures are listed after the instructions for Item 118. Citizenship proration does not apply to Component 1 PBRA RAD when the AP is zero or negative.</i></p>
Item 109 TTP Before Override	<p>For Component 1 PH to PBRA RAD only: Use the TTP Before Override option only if RAD calculated TTP is <u>more than</u> TTP shown on the most recent 50058 submitted prior to conversion to RAD. If rent override applies, fill with the TTP that would normally be calculated without the override. Otherwise, leave blank. Filling this field when the standard rent calculation is used will generate a TRACS error.</p> <p><i>Note: For Component 1 RAD Conversion IC, the TTP must equal the TTP on the most recent 50058 submitted prior to conversion to RAD. If this is not the case when using the standard calculation, you must use the Rent Override Option.</i></p>
Item 110 Tenant Rent	<p>Tenant Rent (TR) is the portion of the TTP the tenant pays each month.</p> <p>When utilities are paid by the property, TR will equal TTP.</p> <p>If utilities are paid by the tenant, TR and TTP will not be the same. TR will equal TTP minus Utility Allowance (UA).</p> <p>If calculated TTP is less than the UA, enter zero in this Item and enter an amount in Utility Reimbursement (Item 111).</p> <p><i>Note: If the Household Citizenship Eligibility (Item 96) is "P", the Total Tenant Payment (TTP) will be pro-rated. Pro-ration procedures are listed after the instructions for Item 118.</i></p> <p><i>Note: For Component 1 PH to PBRA RAD Only: If TTP may be greater than Gross Rent (AP is zero or negative).</i></p>
Item 111 Utility Reimbursement	<p>If calculated TTP is less than the UA, subtract the TTP from UA and enter the difference.</p> <p>$UA - TTP = UR$</p> <p><i>Note: If the Household Citizenship Eligibility (Item 96) is "P", the Total Tenant Payment (TTP) will be pro-rated. Pro-ration procedures are listed after the instructions for Item 118.</i></p>
Item 112 Assistance Payment	<p>To determine this amount, subtract the TTP from the Gross Rent.</p> <p>$GR - TTP = AP.$</p>

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	<p>Enter the AP amount.</p> <p><i>Note: If the Household Citizenship Eligibility (Item 96) is “P”, and AP is positive, the Total Tenant Payment (TTP) will be pro-rated. Pro-ration procedures are listed after the instructions for Item 118.</i></p>
Item 113 Welfare Rent	<p>If not applicable, enter zero.</p> <p>In states or localities that have “As-Paid” Public Benefit programs, the Welfare Rent is based on the actual amount a family pays for shelter and utilities. The Welfare Rent is the maximum amount permitted under the Welfare Rule for rent and utilities.</p>
Item 114 Rent Override	<p>For Component 1 PH to PBRA RAD: TTP must equal the TTP on the most recent 50058 submitted before conversion to RAD. If the standard Section 8 rent calculation is the same, leave this field blank. When creating the Conversion IC, PHA/OAs must enter “Y” if the normal rent calculations have been overridden for this Conversion IC or any future 50059.</p> <p>For Component 2 Mod Rehab/Rent Supp/RAP/PRAC to PBRA RAD, the standard calculation should be used and this field should be blank</p> <p><i>Note: For Component 2 PRAC to PBRA RAD only: Because the PRAC program has no minimum rent, a resident whose TTP under PRAC was less than \$25 will pay a higher rent under RAD. The resident must be provided with a 30-Day Notice of Rent Increase.</i></p> <p><i>Because the PRAC program has no cap on TTP, a resident whose TTP under PRAC was more than operating rent will pay a lower rent under RAD. Under Component 2, a resident’s TTP cannot exceed Gross Rent.</i></p>
Item 115 Hardship Exemption	<p>Applies only to Section 8 when TTP is less than \$25.00 and PHA/OA wants to allow TTP to be less than Minimum Rent \$25.00</p> <p>This is an exemption from the \$25 Minimum Rent (TTP) requirement for a tenant that is unable to pay the Section 8 Minimum Rent due to a long-term or short-term financial hardship or as a result of Rent Phase-in.</p> <p><i>Note: If the hardship is determined to be long term, the Owner/Agent must interview the tenant every 90 days to verify that circumstances have not changed.</i></p> <p>The following are valid codes for this Item:</p> <ul style="list-style-type: none"> 1= The family has lost Federal, State, or Local government assistance, or is waiting for an eligibility determination. 2= The family would be evicted if the Minimum Rent requirement was imposed. 3= The family income has decreased due to a change in circumstances, 4= including but not limited to loss of employment. 5= A death in the family has occurred. 6= Other applicable situations as determined by HUD, have occurred.
Item 116 Waiver Type Code	For this Conversion IC, leave blank – this is not applicable.
Item 117 Eligibility Check Not Required	<p>Applies only to Move-in or Initial Certifications.</p> <p>Because RAD residents are not required to re-establish eligibility, you will always set this flag to Yes on the Conversion IC. The Eligibility Check Not Required is not flagged on subsequent certifications.</p>

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Item 118 Extenuating Circumstances Code	<p>While all adult household members sign the 50059, HUD expects the PHA/OA to use the signature date for the HOH.</p> <p>Leave this field blank if a tenant signature date is entered.</p> <p>If no adult has signed this certification, this Item must be filled with one of the following codes. <i>(There is a total of 10 codes, but these are the only valid codes for the Conversion IC)</i></p> <ul style="list-style-type: none">1 = Medical5 = Military Deployment6 = Eviction in Progress. Must be for a valid HUD Handbook reason.7 = Court order10 = Other11 – RAD Resident not required to or not able to sign <p>The tenant file must be documented explaining why the certification was sent without tenant signature and specifying when and if the resident is expected to return and sign.</p> <p><i>Note: If the HOH (or any other adult) is not able to sign for a valid reason, the resident file must be documented. (Refusal to sign a certification is grounds for termination of assistance). If the HOH is unable to sign for a valid reason, but another adult signs the certification, use the other adult's signature date. The PHA is required to obtain the missing signatures when/if the resident returns/signs the certification.</i></p>
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SIGNATURES

The PHA/OA must sign the *Conversion IC* before transmitting to TRACS.

All adult household members noted on the 50059 should sign the *Conversion IC* before the PHA/OA transmits the certification to TRACS. The exception is if there are Extenuating Circumstances as described above. If Extenuating Circumstances Codes are used to finalize the 50059, the tenant file must include documentation explaining why the signature is not included and when or if the signature will be provided.

Signature dates match the date the resident signed the certifications. Certifications may be signed before or after the Effective Date of the Conversion IC.

APPENDIX A: HUD INCOME INCLUSIONS & EXCLUSIONS (MFH)

HUD published “Federally Mandated Exclusions from Income –Updated Listing” (Docket No. FR-5741-N-01) in the *Federal Register*, www.gpo.gov/fdsys/pkg/FR-2014-05-20/pdf/2014-11688.pdf. This updates the list of exclusions last published on April 20, 2001, and July 17, 2012 and December 14, 2012 (Docket No. FR-5635-N-01) by amending and adding exclusions. An updated list of income exclusions specifically mandated by federal laws was published in the *Federal Register* on May 20, 2014, as Docket No. FR-5741-N-01 <https://www.federalregister.gov/articles/2014/05/20/2014-11688/federally-mandated-exclusions-from-income-updated-listing>.

There were three new exclusions and changes to two of the existing exclusions. And, due to the addition of (xvi), the

exclusions following it have been re-numbered. Please remember that there are several other income exclusions in Handbook 4350.3 that are mandated by HUD, rather than by Congress.

In response, RBD has compiled an updated list of income inclusions and exclusions based on 24CFR 5.609 which can be found at <https://www.gpo.gov/fdsys/granule/CFR-2017-title24-vol1/CFR-2017-title24-vol1-sec5-609>, the new Federal Register Notice, 4350.3 Revision 1 Handbook Instruction and other sources as noted. This document is meant to act as an updated unofficial supplement to Exhibit 5-1 of HH 4350.3, R1, C4 which does not include recent changes to 24 CFR.

Family Income and Family Payment; Occupancy Requirements for Section 8 Project-Based Assistance Family Income § 5.609 Annual Income.

Annual income means all amounts, monetary or not, which:

- Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- Which are not specifically excluded in Income Exclusions.
- Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

Annual Income Includes, But Is Not Limited To:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations.
Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD; *(Note from RBD – The current passbook rate changes from 2% to .06% as of February 1, 2015. See HUD HSG Notice 14-15 [Passbook Savings Rate Effective February 1, 2015 and Establishing Future Passbook Savings Rates](#) and HUD HSG Notice 16-01 [Passbook Savings Rate Effective February 1, 2016](#))*
- (4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (13) of Income Exclusions below); *(Note from RBD: Owner/agents must use the gross award amount, including cents if cents are indicated on the verification document. Please note HH 4350.3 R1, C4, Paragraph 5-6-J “If an agency is reducing a family's benefits to adjust for a prior overpayment - e.g., social security, SSI, TANF, or unemployment benefits-count the amount that is actually provided after the adjustment.” If the gross amount is reduced to cover unpaid child support, unpaid student loans, unpaid taxes, etc. the owner/agent continues to use the gross amount or the gross amount less any repayment for a prior overpayment as appropriate.)*
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (3) of Income Exclusions below);

- (6) Welfare Assistance payments. (i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:
- a) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and
 - b) Are not otherwise excluded under Income Exclusions.
 - (i) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
 1. The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities; plus
 2. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;
- (8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (7) of Income Exclusions).
- (9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 (*Note from RBD – HUD HQ has indicated that the definition of “over the age of 23”: is 23 years and one day*) with dependent children.
- For purposes of this paragraph, “financial assistance” does not include loan proceeds for the purpose of determining income. (*Note from RBD: 24 CFR and HH 4350.3 are slightly different. Please note the additional exception noted in HH 4350.3, R1, C4, Paragraph 5-6-E For students receiving Section 8 assistance, all financial assistance a student receives (1) under the Higher Education Act of 1965, (2) from private sources, or (3) from an institution of higher education that is in excess of amounts received for tuition is included in annual income except if the student is over the age of 23 with dependent children or the student is living with his or her parents who are receiving Section 8 assistance. See Paragraph 3-13 for further information on eligibility of students to receive Section 8 assistance and the Glossary for the definition of Student Financial Assistance.*)

Annual Income Does Not Include The Following (Income Exclusions):

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone); (*Note from RBD: HUD Notice PIH-2012-1 (HA) dated January 6, 2012, which was issued by the HUD Office of Public and Indian Housing, and which concerns "Income Exclusion of Kinship, Kin-GAP and Other Guardianship Care Payments". This applies to Public and Indian Housing (PIH) rental assistance programs, and states that "kinship care, Kin-GAP and similar programs funded by states serve as an alternative to foster care placements and . . . compensation to participating relatives or legal guardians is comparable to the compensation to foster care parents" It goes on to state that such payments should therefore be excluded from a household's income. We have confirmed with HUD HQ that this income is excluded under the multifamily housing program as well.*)
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph 5) of Income Inclusions);
- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

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(Note from RBD: HUD has a web site with a Q&A that specifically addresses this question. See https://portal.hud.gov/hudportal/documents/huddoc?id=DOC_9175.pdf. Clarification was also provided via HUD's RHIIP ListServ Posting #284 October 29, 2012 which can be found on HUD's web site at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/rhiip/mfhrhiip. VA Aid and Attendance and VA Housebound allowances may be excluded under 24 CFR §5.609(c)(4), which excludes amounts received by a family "specifically for, or in reimbursement of, the cost of medical expenses for any family member." Live-in or periodic medical assistance and services of doctors and health care professionals are among the services that can be counted as medical expenses. Verify with the VA the amount received by the Veteran for Aid and Attendance or Housebound benefits. The portion of the total benefit amount that the Veteran uses for medical expenses must be excluded from income. Any portion of the allowance not going towards such expenses would continue to be counted as income when computing the family's share of the rent.)

(5) Income of a live-in aide, as defined in 24 CFR 5.403;

(6) Subject to information regarding income exclusions, the full amount of student financial assistance paid directly to the student or to the educational institution;

(Note from RBD – All forms of student financial assistance-grants, scholarships, educational entitlements, work study programs, and financial aid packages-are excluded from annual income except for students receiving Section 8 assistance. This is true whether the assistance is paid to the student or directly to the educational institution.)

(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(8)

a) Amounts received under training programs funded by HUD;

b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set-aside for use under a Plan to Attain Self-Sufficiency (PASS);

c) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development.

Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time; or

e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(9) Temporary, nonrecurring or sporadic income (including gifts);

(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse); (Note from RBD: please note HH 4350.3 R1, C4, Paragraph 5-6-A-3-d indicates that this exclusion does not apply to the co-head; "For full-time students, who are 18 years of age or older *and* are dependents, a small amount of their earned income will be counted. Count only earned income up to a maximum of \$480 per year for full-time students, age 18 or older, who are not the head of the family; spouse or co-head...").

(12) Adoption assistance payments in excess of \$480 per adopted child;

(13) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;

(14) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;

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- (15) Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- (16) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply.

A notice will be published in the **Federal Register** and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

*(Note from RBD - The following updated list of federally mandated exclusions supersedes that notice published in the **Federal Register** on April 20, 2001, the notice published on July 17, 2012 in the **Federal Register** which may be found here: www.gpo.gov/fdsys/pkg/FR-2012-07-24/pdf/2012-18056.pdf and a December 14, 2012 Notice (Vol 77 #241). A copy of the new notice may be found here: www.gpo.gov/fdsys/pkg/FR-2014-05-20/pdf/2014-11688.pdf). The May 2014 Federal Register Notice is found at <https://www.federalregister.gov/articles/2014/05/20/2014-11688/federally-mandated-exclusions-from-income-updated-listing>).*

The following list of program benefits is the comprehensive list of benefits that currently qualify for the income exclusion in either any federal program or in specific federal programs.

Exclusions (viii) and (xxi) have provisions that apply only to specific HUD programs.

- (i) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b));
- (ii) Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(f)(1), 5058); (this includes VISTA, RSVP, Foster Grandparents, youthful offender incarceration alternatives, senior companions)
- (iii) Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c));
- (iv) Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
- (v) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- (vi) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540), section 6;
- (vii) The first \$2000 of per capita shares received from judgment funds awarded by the National Indian Gaming Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, and the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408). This exclusion does not include proceeds of gaming operations regulated by the Commission;
- (viii) Amounts of scholarships funded under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070,1728), including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu).
For section 8 programs only (42 U.S.C. 1437f), any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall not be considered income to that individual if the individual is over the age of 23 with dependent children (Pub. L. 109-115, section 327) (as amended);

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- (ix) Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056g); These include Green Thumb, Senior Aides and Older American Community Service Employment Program (CSEP)
- (x) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund (Pub. L. 101-201) or any other fund established pursuant to the settlement in the In Re Agent Orange Liability Litigation, M.D.L. No. 381 (E.D.N.Y.);
- (xi) Payments received under the Maine Indian Claims Settlement Act of 1980 (Public Law 96-420, 25 U.S.C.);
- (xii) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
- (xiii) Earned income tax credit (EITC) refund payments received on or after January 1, 1991, for programs administered under the United States Housing Act of 1937, title V of the Housing Act of 1949, section 101 of the Housing and Urban Development Act of 1965, and sections 221(d)(3), 235, and 236 of the National Housing Act (26 U.S.C. 32(l));
- (xiv) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);
- (xv) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d));
- (xvi) Any allowance paid under the provisions of 38 U.S.C. 1833(c) to children of Vietnam veterans born with spina bifida (38 U.S.C. 1802-05), children of women Vietnam veterans born with certain birth defects (38 U.S.C. 1811-16), and children of certain Korean service veterans born with spina bifida (38 U.S.C. 1821); *(Note from RBD: For additional information about this benefit you may want to reference the following web site <http://www.law.cornell.edu/uscode/text/38/part-II/Chapter-18>)*
- (xvii) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602);
- (xviii) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931(a)(2));
- (xix) Any amount received under the Richard B. Russel School Lunch Act (42 U.S.C. 1760 (e) and the Child Nutrition Act of 1966 (42 U.S.C. 1780(b), including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC);
- (xx) Payments, funds or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b));
- (xxi) Payments from any deferred U.S. Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts (42 U.S.C. § 1437a(b)(4)); *(Note from RBD – the Federal Register notice indicates that this exclusion applies only to Public Housing and Section 8 Housing. See HUD Notice 09-03. If you manage under a different contract type, you should consider contacting your HUD office for additional guidance. The note in the Federal Register reads as follows: “This exclusion is applicable only to the Section 8 and Public Housing programs. The effective date of this provision was July 30, 2008).*
- (xxii) Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269) to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101) and administered by the Office of Native American Programs;
- (xxiii) A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled Elouise Cobell et al. v. Ken Salazar et al., 816 F.Supp.2d 10 (Oct. 5, 2011 D.D.C.), for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010 (Pub. L. 111-291);

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- (xxiv) Any amounts in an “individual development account” as provided by the Assets for Independence Act, as amended in 2002 (Pub. L. 107–110, 42 U.S.C. 604(h)(4));
- (xxv) Per capita payments made from the proceeds of Indian Tribal Trust Cases as described in PIH Notice 2013–30 “Exclusion from Income of Payments under Recent Tribal Trust Settlements” (25 U.S.C. 117b(a)); and
- (xxvi) Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93–288, as amended) and comparable disaster assistance provided by States, local governments, and disaster assistance organizations (42 U.S.C. 5155(d)).

In addition, there are exclusions indicated in the Handbook and in HUD Notices to consider as well. See HH 4350.3 Revision 1, Change 4, Paragraph 5-6. They include:

- (1) If the tenant is receiving long-term care insurance payments, any payments in excess of \$180 per day must be counted toward the gross annual income.

(NOTE: Payment of long-term care insurance premiums may be included in the medical expense deduction if they meet certain criteria cited in HH 4350.3, Revision 1, Change 4 paragraph 5-10 D.8.k.)

- (2) Federal Government/Uniformed Services pension funds paid to a former spouse. Federal Government/Uniformed Services pension funds paid directly to an applicant’s/tenant’s former spouse pursuant to the terms of a court decree of divorce, annulment, or legal separation are not counted as annual income. The state court has, in the settlement of the parties’ marital assets, determined the extent to which each party shares in the ownership of the pension.

That portion of the pension that is ordered by the court (and authorized by the Office of Personnel Management (OPM), to be paid to the applicant’s/tenant’s former spouse is no longer an asset of the applicant/tenant and therefore is not counted as income. However, any pension funds authorized by OPM, pursuant to a court order, to be paid to the former spouse of a Federal government employee is counted as income for a tenant/applicant receiving such funds.

The OPM is responsible for handling court orders (any judgments or property settlements issued by or approved by any court of any state, the District of Columbia, the Commonwealth of Puerto Rico, Guam, The Northern Mariana Islands, or the Virgin Islands in connection with the divorce, annulment of marriage, or legal separation of a Federal government employee or retiree) affecting current and retired Federal government employees. See 5 C.F.R. § 838.103. OPM must comply with court orders, decrees, or court-approved property settlement agreements in connection with divorces, annulments of marriage, or legal separations of employees that award a portion of the former Federal government employee’s retirement benefits. Id. at § 838.101(a)(1).

State courts ordering a judgment or property settlement in connection with divorce, annulment of marriage, or legal separation have the responsibility of issuing clear, specific, and express instructions to OPM with regards to providing benefits to former spouses. Id. at § 838.122. In response to instructions from state courts, OPM will authorize payments to the former spouses. Id. at § 838.121. Once the payments have been authorized by OPM, the reduced pension amount paid to the retired Federal employee (the tenant/applicant) will be reflected in the tenant’s/applicant’s statement from OPM. Former spouses of Federal government employees receiving court ordered pension benefits are provided a Form-1099 reflecting pension benefits received from the retired Federal government employee.

In verifying the income of tenants/applicants, owners should require that tenants/applicants provide any copies of statements from OPM verifying pension benefits (including any reductions pursuant to a court order, decree or court-approved property settlement agreement), and any evidence of survivor benefits, pensions or annuities received from retired Federal government employees including, but not limited to, a Form-1099. (See Paragraph 5-7.G.5 for more information on the treatment of income from Federal government pensions.)

- (3) Other State, local government, social security or private pensions paid to a former spouse. Other state, local government, social security or private pension funds paid directly to an applicant's/tenant's former spouse pursuant to the terms of a court decree of divorce, annulment, or legal separation are also not counted as annual income and should be handled in the same manner as above. The decree and copies of statements should be obtained in order to verify the net amount of the pension that should be applied in order to determine eligibility and calculate rent.
- (4) The value of food provided through:
- The Meals on Wheels program, food stamps now known as SNAP (Supplemental Nutrition Assistance Program), or other programs that provide food for the needy;
 - Groceries provided by persons not living in the household; and
 - Amounts received under the school lunch act and the child nutrition act of 1966, including reduced lunches and food under the special supplemental food program for women, infants and children (WIC).

HUD HSG Notice 09-16 [Exclusion from Annual Income of Temporary Employment from the U.S. Census Bureau](#) provides the following income exclusion.

- 5) Pursuant to Section 24 CFR §5.609(c)(9), owners and management agents of housing occupied by tenants who receive Section 8 benefits are to exclude from the calculation of annual income any temporary income payments received by those tenants from the U.S. Census Bureau. Temporary is defined as employment lasting no longer than 180 days and not culminating in permanent employment. Employer verification of both the employment dates and income amount must be maintained in the tenant's file.