

JANUARY 2021



*For Customers of Ross Business Development, Inc.*

# RBD FASTFACTS - CHARGING FOR DAMAGE CAUSED BY BED BUGS

MARY ROSS  
ROSS BUSINESS DEVELOPMENT, INC  
[WWW.RBDNOW.COM](http://WWW.RBDNOW.COM)

FASTFacts  
Charging for Damage Caused by Bed Bugs

*Copyright 2021 Ross Business Development, Inc.  
All rights reserved. Not for duplication.*

All other brands and product names are trademarks or registered trademarks of their respective owners.



Ross Business Development, Inc.  
3134 Shumard Way  
Marietta, GA 30064  
770-424-1806  
[www.rbdnow.com](http://www.rbdnow.com)  
[info@rbdnow.com](mailto:info@rbdnow.com)

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 1/2021.

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.

Ross Business Development makes no warranty of merchantability or fitness for a particular purpose or any other warranty of any type with regard to these materials.

Owners and management should seek competent legal advice in developing and carrying out housing policies and procedures.

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.

## FASTFacts Charging for Damage Caused by Bed Bugs

### **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 11-20 [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 12-05 [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 the new Notice, some key changes are shown below.



*“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 Hub/PC Director may honor requests to reimburse Owners for infestation treatment from the Reserve for Replacement account, or, if authorized, the Residual Receipts account.”*

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

You can, but are not required to, ask about bed bugs on the application and/or when conducting rental history screening. The guidance above indicates that 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. In our House Rules, we indicate that the resident may voluntarily accept such service. If they decline, and the OA discovers bed bugs later, and the resident’s contents were the cause, then the OA will charge for all bed bug treatment. (See below for guidance explaining that 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.”*

This means that you can deny or terminate if a resident’s actions cause bed bugs.

This is a requirement of the lease specifying 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. However, when denying or terminating assistance, owner/agents must do so in compliance provided in 24CFR and explained in HH 4350.3.

## FASTFacts Charging for Damage Caused by Bed Bugs

*“Many O/As have proposed lease addenda related to infestations. As detailed in HUD Handbook 4350.3, Section 6-9, Lease Addenda in assisted properties may not conflict with the Family Model Lease. HUD reserves the right to review and approve Lease Addenda for assisted properties, for example to ensure that tenant payment provisions in proposed Addenda do not exceed the remedies for damages or noncompliance provided in the Family Model Lease.”*

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. If you develop a Lease Addendum, it is subject to approval by HUD or the CA before you may implement the addendum. It is a good idea to develop an Integrated Pest Management Plan.

*“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. **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 assistance-paid-in-error to HUD.

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)