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CHAPTER 7: MOVE OUTS, BAD DEBT AND SPECIAL CLAIMS

MOVE OUT OVERVIEW

The move out process must be completed in a timely manner. If the move out is not completed in a timely manner, HUD may require you to refund the deposit regardless of any balance due by the resident to the owner. Untimely or incomplete move outs cost thousands of dollars each year in unnecessary refunds and loss of special claims revenue.

A unit is vacant when:
- The resident returns keys regardless of move out notice date;
- O/A has knowledge the unit is vacant (i.e., the resident skipped OR physically moved out before the notice is up) or,
- The resident voluntarily has the utilities turned off or transferred to another address.

MOVE OUT PROCESS

Move outs follow a fairly standard process, although specific circumstances may mean the duration of events (such as less than a 30-day notice) may change. The following is an outline of the steps that occur during the move out of a typical resident:
- Resident gives a 30-day Notice to Vacate.
- You put the resident on Notice in Yardi (doing this automatically creates the move-out 50059).
- You print the move-out 50059 and bring it to the move-out inspection.
- After the inspection is complete and you have noted all items to be addressed when you finalize the move-out, have the resident sign and date both the move-out inspection form and the move-out 50059. You should sign both forms and provide a copy of each to the resident.
- Complete the Deposit Accounting process for the resident’s deposit (first notify Software Support if the resident had a Failure to Report / HUD Repayment Agreement):
  - By charging him or her for damages noted in the move-out inspection, etc.
  - Completing the Security Deposit Disposition; and,
  - Mailing the original Security Deposit Disposition to the former resident by certified mail. (Make sure to keep a copy for the resident’s file.)

Turn any unpaid balance the former resident owed prior to move-out or as a result of move-out charges to a collection agency if he or she has not made payment arrangements within 30 days of move out (Software Support will need to remove any balance owed to HUD for a Repayment Agreement before you send the balance to collections). If the former resident has not settled the account balance within 60 days of move out, complete an LWH Bad Debt Write Off Request form and send it to your RPM for approval.
After the RPM approves the write off, charge the balance owed by the former resident to bad debt in Yardi.

**NOTE:** If a resident is subject to a HUD Repayment Agreement due to failure to report, you must contact Software Support to deactivate the Repayment Agreement and reverse any unpaid fraud charges.

**NOTICE TO VACATE**

Begin the move out process as soon as you receive the notice from the resident. Put skipped residents on notice as soon as we know the unit is vacant. Evictions are set to evict status as soon as we file on them. For skips and evictions, please see instructions in the following sections.

- Notify the next approved applicant(s) that a unit will be available in approximately 30 days (applicants may be required to give notice or set aside moving expenses); *and,*
- Conduct a pre-move out inspection during the first week after receiving notice. This will give you an idea of what tasks (e.g., painting, carpeting, tiling, etc.) need to be scheduled to make the unit ready for the next resident. Do not wait until the last minute to do this inspection; if you need a contractor to make repairs, they probably will not be available when you need them if you do not give them advance warning. Maintenance may begin small repairs prior to move out.

**Entering Notice to Vacate**

- To begin the process of moving out a resident, click the **Notice** link under **Functions** on the **Resident** screen. See the **Skips** and **Evictions** sections below for those types of move outs.

- Complete the **Notice** screen.

  - The “Termination Type” should be **Notice**.
  - The “Notice Date” will be the day the resident gave you notice of his or her intention to move out.
The “Move Out Date” should be the date the resident indicated in his or her notice.

NOTE: If the actual move-out date differs from the anticipated MO date you entered here on the notice, you must adjust the MO date (using the Adjust Move Out function on the Resident screen) before proceeding with the remainder of the move-out steps. You will also need to adjust the move-out date if the resident is still living in the unit when the anticipated move-out date becomes a past date. (This situation will cause an Alert to appear on your dashboard.)

NOTE: There is no Adjust Move Out Date function for Evict status – instead Cancel Evict, and then put them on Evict again with the updated date.

Select the reason the resident is moving out from the list of options on the “Reason for move out” drop-down menu.

NOTE: Corporate management monitors the contents of this field to make strategic decisions about your property. Therefore, it is important the information you enter here is accurate and complete, i.e., try to get some sort of reason for the move out from the resident.

Click Save.

This process should cause the resident status to change from Current to Notice. Once a resident gives notice and you process it in Yardi, the system creates the move-out (MO) 50059 with the anticipated MO date.

SKIPS

Put skipped residents on notice as soon as we know the unit is vacant. The Move Out Date is the date on which we get legal possession of the unit – which may be unknown when you first put them on notice. If the final Move Out Date is unknown, estimate, and later be sure to Adjust Moveout Dates.

To begin the process of moving out a skipped resident, click the Notice link under Functions on the Resident screen.

Complete the Notice screen.
The “Termination Type” should be **Skip**.

The “Notice Date” will be the day that the unit became vacant for skips.

The “Move Out Date” should be the date we received legal possession of the unit for skips/abandoned units, or an estimated date we will receive legal possession, based on historical experience. If the estimated date because a past date you need to Adjust Moveout Dates.

Generally we do not know why the resident skipped, so the “Reason for move out” would be N/A.

Click **Save**.

This process should cause the Resident Status to change from **Current** to **Notice**. Once a resident notice is processed in Yardi, the system creates the move-out (MO) 50059 with the anticipated MO date. Remember to Adjust Moveout Dates if necessary if we do not get legal possession of the unit on the estimated MO date.

**EVictions**

Residents are set to Evict status as soon as we file for eviction on them. Remember that evictions for any reason other than nonpayment of rent must be approved by your DM/RPM/RVP.

- Follow the eviction process applicable to your property’s location.
- In Yardi, click the **Evict** link under **Functions** on the **Resident** screen.

- Complete the **Evict** screen.

  - The “Termination Type” should be **Evict** for residents under Eviction.
  - The “Evict Date” will be the day on which we file for eviction.
  - The “Move Out Date” is an estimated date the unit will be vacated, based on historical eviction experience at your property.

  **NOTE:** There is no Adjust Move Out Date function for Evict status – to change the Move Out Date for an eviction, do function **Cancel Evict**, and then put them on **Evict** again with the updated date.
• Select the reason the resident is moving out from the list of options on the “Reason for move out” drop-down menu. This should be Eviction – Delinquent Rent or Eviction – Lease Non-compliance.

• Click **Save**.

This process should cause the resident status to change from **Current** to **Evict**. Once a resident is under eviction in Yardi, the system creates the move-out (MO) 50059 with the anticipated MO date.

**ADJUST MOVEOUT DATES**

Sometimes the final Move Out date changes after the process has begun – either the resident extends their notice period, or a skipped unit is not awarded back to us when we expected, or the eviction takes longer than anticipated. For residents under Notice status (residents who have given notice or skipped), the way to correct the Move Out date is to do **Functions -> Adjust Moveout Dates** on the Resident screen:

For residents under Eviction, there is no Adjust Moveout Dates function. Instead **Cancel Eviction**, and immediately put them under **Eviction** again with the updated dates.

**NOTE:** The Move Out Date must also be adjusted if the MO date becomes a past date (this situation will cause an **Alert** to appear on your dashboard).

**MOVE-OUT DAY: COMPLETING THE MOVE-OUT INSPECTION**

At move out, the unit should be inspected by management and the resident using the move-out inspection form.

The O/A should carefully note the condition of the unit and document and repairs or cleaning (beyond normal wear and tear) needed to make the unit ready for the next tenant. Any repairs or cleaning charges other than normal wear and tear must be itemized on the move-out inspection form. You should also take pictures of any damage or problem areas and, if possible, record the date and time the pictures are being taken using built-in camera features.

• If a resident fails to participate in the move-out inspection process, management must document the inspection by explaining the reason resident did not sign or date the inspection form.

• If the departing household member(s) participate(s) in the move-out inspection, allow them an opportunity to correct problems before completing, signing and dating the move-out inspection form.

**NOTE:** If you do not document the move-out file correctly, you do not have proof that HUD guidelines were followed.

**Move out Resource Material**

HUD Handbook 4350.3 REV. 1 - Change 3

LWH Documenting Move Outs and Abandonment Policy
MAKING A UNIT READY FOR RE-LEASING

When a tenant gives notice, Yardi is smart enough to know the unit will need to be cleaned, painted, repaired, etc. to be ready for the next resident. Therefore, after the tenant’s notice is processed, Yardi changes the unit status to Pending Make Ready and adds the unit to the Pending Make Ready list on your Dashboard.

As part of the notice process, a new link (Make Ready) will appear on the right-hand menu on the Resident screen.

NOTE: Because Regular Vacancy Special Claims are filed based on the time elapsed between the date the unit is ready for re-leasing to the date the next resident moves in, LWH is tracking the time it takes to prepare a unit for re-leasing. It is extremely important to make the unit show ready in Yardi as soon as it is physically ready.

REVIEWING PENDING MAKE READIES

From your dashboard, you can review the status of units in the make ready process.

- Click the number to the right of Pending Make Ready under Maintenance on your dashboard.

- This will bring up a list of all units with a Pending Make Ready status in Yardi and show you the status of the various make-ready steps.
MAKE READY WORK ORDERS

Yardi’s built-in make ready process allows you to easily keep track of the steps involved in making a unit ready for re-leasing as well as the status of the unit during the process through the use of work orders and several links available directly from your dashboard.

CREATING A MAKE READY WORK ORDER

- To begin the make-ready process, go to the Resident screen for the unit you wish to make ready.
- Click the Make Ready link under Data on the right-side menu.

- When the Make Ready Details pop-up window appears, check the Final Inspection Select box and then press Save.

- The Start Date Column provides an estimate of the start date for the step based on the expected move-out date.
- The # Days field estimates the time required from the move-out date. (This is an estimate of the time required to complete the tasks; the actual time required will depend on the particular unit and other factors.)
- Click Save to generate the work order and then close the Make Ready Details pop-up window.
ASSIGNING MAKE READY WORK ORDERS

If you go your Pending Work Requests list (available from the dashboard under Maintenance),

![Pending Work Requests List]

you can see the work orders you just created. Note they have a Category of Make Ready.

- Note that any old work orders pertaining to make ready that are anything other than “Final Inspection” still needs to be closed so that you do not have incomplete work orders.
- From this list, you can assign the work order to a maintenance or other staff member by clicking the button in the Assign column.

<table>
<thead>
<tr>
<th>WO#</th>
<th>Brief Description</th>
<th>Category</th>
<th>Status</th>
<th>Assign</th>
<th>Complete</th>
<th>Incomplete</th>
</tr>
</thead>
<tbody>
<tr>
<td>141350</td>
<td>Grounds</td>
<td>Inspections</td>
<td>Scheduled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>141403</td>
<td>Lights &amp; Timers</td>
<td>Inspections</td>
<td>Scheduled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>141458</td>
<td>Safety Meetings</td>
<td>Inspections</td>
<td>Scheduled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>141509</td>
<td>HVAC Filters</td>
<td>Inspections</td>
<td>Scheduled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>141961</td>
<td>Final Inspection</td>
<td>Make Ready</td>
<td>Scheduled</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- When the Assign Employee to Work Order pop-up appears, assign an employee using the “Select Employee:” drop-down box and then click the Save button.

![Assign Employee to Work Order]

**NOTE:** If an employee is missing from the list, or an employee that should no longer be listed is still there, please let Software Support know so that the list may be updated.
PRINTING MAKE READY WORK ORDERS

To print the make ready work orders:

- Using the Maintenance role, select Reports → Work Orders → Work Order Pay Detail (Crystal) from the left-side menu.

- Complete the Work Order Pay Detail filter by populating the “Property,” “Unit” and “Category” fields only.

- Click the Submit button to generate the work orders.
Click the **printer** icon to print all the make ready work orders for the unit.

Alternatively, you can select a specific make ready work order by choosing a work order number from the list on the left side of the screen.

**COMPLETING A MAKE READY WORK ORDER**

As with all work orders, make ready work orders should be closed in Yardi as they are completed.

- Using the **Affordable Property Manager Menu** role, click the number to the right of **Pending Make Ready** under **Maintenance** on the dashboard.

This will bring up the list of all units at your property that have a **Pending Make Ready** status.

Units for which you have clicked the **Make Ready** link on the **Resident** screen will have dates in the columns indicating estimated or actual completion dates (the dates end in “-Est” or “-Act”, respectively).
When the work has been completed, click on the date under the header for the work order you need to mark as complete.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Move Out Date</th>
<th>Move In Date</th>
<th>7 Final Inspection</th>
<th>Make Ready Details</th>
<th>Make Unit Ready</th>
</tr>
</thead>
<tbody>
<tr>
<td>04C</td>
<td>03/26/2012</td>
<td>04/09/2012</td>
<td>04/02/2012-Est</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11B</td>
<td>03/27/2012</td>
<td></td>
<td>04/03/2012-Est</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02Q</td>
<td>03/28/2012</td>
<td></td>
<td>04/04/2012-Est</td>
<td></td>
<td></td>
</tr>
<tr>
<td>05N</td>
<td>04/02/2012</td>
<td></td>
<td>04/09/2012-Est</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12E</td>
<td>04/02/2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

When the Work Order screen appears, finish the work order by providing relevant completion details.

- **First**, click into the Labor tab and assign an Employee, start date and time and end date and time.
- Go into Attachments under Data/Reports.

- Press Upload.

- Press Browse...
Navigate to the location where you have saved the Make Ready CheckSheet.

Click on it, and press **Open**.

Press **Upload**.

**Close** and **Close**.

Finally, Change the “Status” dropdown to **Work Completed**.

Click **Save**.
- In the bottom portion of the screen, enter notes related to the work order in the “Technician Notes” field at the bottom right of the **Other Info** tab.

- Also, enter details about the number of hours needed to complete the task on the **Labor** tab.

If you return to your main dashboard, you should see the number to the right of **Pending Work Requests** under **Maintenance** has decreased by one and the number to the right of **Completed WO Followup** has increased by one, reflecting the completion of the make ready work order you just processed.

### NOTE:
You do not need to follow up on make ready work orders. Therefore, after completing a make ready work order, view your **Completed WO Followup** listing and mark complete the follow-up call on the make ready work order you marked as complete.
COMPLETING THE MAKE READY PROCESS

Once the unit is ready and the Make Ready workorder completed in Yardi, you need to mark the unit ready for renting in Yardi.

- Using the **Pending Make Ready** report (accessible from your dashboard), click the button in the **Make Unit Ready** column associated with the unit to be made ready.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Move Out Date</th>
<th>Move In Date</th>
<th>7 Final Inspection</th>
<th>Make Ready Details</th>
<th>Make Unit Ready</th>
</tr>
</thead>
<tbody>
<tr>
<td>04C</td>
<td>03/26/2012</td>
<td>04/09/2012</td>
<td>04/02/2012-Act</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11R</td>
<td>03/27/2012</td>
<td></td>
<td>04/03/2012-Est</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02Q</td>
<td>03/28/2012</td>
<td></td>
<td>04/04/2012-Est</td>
<td></td>
<td></td>
</tr>
<tr>
<td>05N</td>
<td>04/02/2012</td>
<td></td>
<td>04/09/2012-Est</td>
<td></td>
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</tr>
<tr>
<td>12E</td>
<td>04/02/2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14S</td>
<td>04/04/2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- When the pop-up appears asking you to verify the unit should be made ready, click **OK**.

Clicking **OK** on the verification removes the unit from the **Pending Make Ready** count on your dashboard, changes the unit’s status from **Pending Make Ready** to **Rent Ready** and sets the unit’s make ready date to the current date.

Because the make-ready date is used to calculate regular vacancy special claims and the status of these units must be verifiable to support these claims, the **Make Unit Ready** button should only be clicked after the CM or his/her representative has completed the make ready inspection and the unit is Market Ready.

**NOTE:** You cannot move a person in the same day a unit is marked as ready. Therefore, make sure the unit is ready **at least** one day in advance of the move-in date.

**NOTE:** You cannot change the make ready date after a new resident has been to the unit. It is a good practice to check the make ready date on the unit before assigning it to anyone else.
COMPLETING THE MOVE OUT

NOTE: If the actual move-out date differs from the anticipated move-out date given when you entered the 30-day Notice, you **must** adjust the move-out date before proceeding with the move out.

When the resident is physically moving out, click the Move Out function link on the right side menu from the resident screen. The screen will refresh and the status will change to **Past**.

To finish the accounting on a Move Out, click the Deposit Account link from within the Resident screen or from the main Dashboard. Until the Deposit Accounting is completed, the Deposit Accounting will show up on the main dashboard as an alert.
**MOVE OUTS - DEATH FOR SOLE MEMBER**

If the sole member of a household dies we can only get subsidy for 14 after the date of death. In the MO certification the reason should be 4-Death Sole Mem. and the DoD (Date of Death) field completed.

- Find your resident.
- From the right hand side menu select **Notice**. You must place the resident on notice to move them out. The notice date and move out date can be the same day and do not have to be 30 days out.
- If you use something less than 30 days you will get a message warning you that the notice in less than 30 days. Verify you entered the correct dates.
- Then from the right hand side menu select **Move Out**. This will enter the move out date according the date you used to put your resident on Notice and change their status to **Past**.
- During the Deposit accounting, on the MOVE OUT Screen under Move out Reason, Select Death of Sole Member

![Move Out Reason](image)

This will add a DoD Sole Member box to put the Date of Death on the 50059.

![Step 1 - Enter Critical Dates](image)

- Enter your sign date, save, review the quick post to make sure that adjustments are correct, then Post. Complete the Deposit accounting for any charges. This will follow the same steps that you would use for any other move out.

It may be necessary to change the first name to “Estate of FirstName” in order to change the payee of the refund.

It may be necessary to charge market rent after 14 days after DoD, depending on how fast the unit is returned by the family.
LEASE CHARGES AT MOVE OUT

Because certain lease charges (i.e., recurring pet deposit charges, ambulance fees, appliance fees and any other non-rent fees) should not be prorated for move-out calculations, these charges should be stopped the last day of the month preceding the move out.

- From the resident screen, choose Lease Charges under Data on the right side menu.

- For all non-rent charges, enter the last day of the month preceding the move out in the To Date column (in the example below, the tenant is moving out October 15, 2010):

  Notice the rent charge does NOT have a date entered in the To Date field.

- Click Save and then close the Lease Charges pop-up.
SECURITY DEPOSIT AT MOVE OUT

SECURITY DEPOSIT REFUND DOCUMENTATION

After a resident is moved out, the next step in Yardi is to complete Deposit Accounting. Before Deposit Accounting can be done, you must know all cleaning and damages (and any other move out) charges. Also, if the resident had a pet deposit, you must send a signed Request for Payment form to Software Support for the balance of their pet deposit (Pet Deposit from Lease Info tab on Resident screen less any damages attributable to pets).

LWH policy requires that Deposit Accounting must be completed in Yardi within 10 business days after move out. HUD requires that the past resident must be sent a Security Deposit Disposition within 30 days of move out.

Once the security deposit refund is posted in Yardi (see Processing Deposit Accounting below), it shows up as a payable that must be approved by the Manager (or Regional Property Manager in the Manager’s absence) using the regular AP approval process.

If a security deposit is refunded, HUD requires the resident file to contain proof of refund. Print, sign and date the move-out 50059 and place it in the move-out file.

**COMPLIANCE NOTE:** If the past resident has any 50059 certifications with effective dates that fall after the move-out date, you should have Software Support delete those certifications not previously submitted on a voucher. This will help avoid TRACS errors.

PROCESSING DEPOSIT ACCOUNTING IN YARDI

The deposit accounting process prorates rent (and any other open Lease Charges), allows you to charge cleaning and damages, refunds any security and other deposits due to the resident at the time of move out, and creates a Security Deposit Disposition. Be sure to **process the move-out 50059 before** beginning the deposit accounting process, close any Lease Charges on the last day of the month prior to move out for those charges that should not be prorated, and do a Request for Payment for any pet deposit that should be refunded to resident.

**NOTE:** Deposit Accounting handles prorating the rent and other charges at move out, **not** the move out process. Therefore, until you complete Deposit Accounting, the resident’s ledger will continue to show him or her being billed for a full month’s rent even if he or she moved out earlier in the month.

**NOTE:** Whenever a resident with a HUD Repayment Agreement (Failure to Report) moves out you must contact Software Support to deactivate the Repayment Agreement, and reverse any outstanding fraud charges.

- First, find the former resident. On the Resident screen, go to the bottom of the right-side menu and select **Ledger-Non-HAP** under Reports.
- Print this ledger and confirm the balance is correct. Make sure no charges, other than rent, are prorated on the resident's ledger.
- Return to the resident screen and select Deposit Accounting under Functions on the top of the menu on the right.

<table>
<thead>
<tr>
<th>Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit Accounting</td>
</tr>
<tr>
<td>Cancel Move Out</td>
</tr>
<tr>
<td>Charge</td>
</tr>
<tr>
<td>Credit Check</td>
</tr>
<tr>
<td>Data</td>
</tr>
<tr>
<td>Lease Charges</td>
</tr>
</tbody>
</table>

- When the Move Out pop-up screen appears, complete each section in order:
  - Fill in all the blue fields under Step 1 - Enter Critical Dates:
    - Move Out Date
    - Move Out Reason
    - Owner Sign Date
    - If the resident is not there to sign change the Tenant Unable to Sign field to Yes
    - Click Save

- The Quick Post Preview button under Step 2 - Quick Post Preview should now be available. View this report for adjustments to the voucher. Verify this is correct.
  - Close this Quick Post Preview pop-up window.
  - Click on Post under Step 3 - Quick Post.
- Close the Move Out pop-up window.
On the Deposit Accounting screen, enter a forwarding address and any charges to the resident. Make sure to associate the charges with the correct charge code; carpet cleaning fees, for example, should not be a **damages** charge.

![Forwarding Address Table](image)

- **Review any prorated charges.** At most sites only rent should be prorated, although you may have specific charges that should as well such as ambulance or electric appliance fees.
- **Confirm the ending total** is correct. This total should be what you are charging or returning to the resident.
- Check the **Print Statement** box and then click **Post**.

**NOTE:** If you forget to click the **Print Statement** box, you can still print the move-out statement. Click the **Move Out Statement** link under **Reports** on the **Resident** screen.
CANCELLING/REVERSING A MOVE OUT AND/OR NOTICE

In order to move a person out you have to first put them on Notice, then you can use the Move Out function to move them out. This is how to correct that, if the person decided not to leave or you moved out the incorrect person.

These instructions will start at point that the person has been completely moved out. Their current Status is PAST and you need to change the back to NOTICE or Current.

First find the resident either from the top menu or from the tab in the middle of the dashboard.

Once you have found the person, on the right side menu click on the CANCEL MOVE OUT.

This will change their status back to on notice, so you can still move them out if you need at a later date. If they decided that they are not going to move or you have the incorrect person you simply go back to the resident screen and from the right side menu under FUNCTIONS click CANCEL NOTICE.

NOTE: If you cancel the Notice status you must request Software Support delete the MO cert. This cert is made as soon as any person is placed on Notice but is not be sent to TRACS until you enter the signature dates, usually the last step in completing your deposit accounting.
BAD DEBT OVERVIEW

Note: See Chapter 9 for instructions on processing administrative write offs.

THREE-STEP BAD DEBT APPROVAL PROCESS

1. Resident moves out and all charges are applied to account. Community manager mails Deposit Accounting Balance letter to vacating household requesting payment within thirty (30) days. A copy is kept in tenant move out file and a copy in Managers Pending bad debt binder/file.

2. After attempting to collect for thirty (30) days, CM turns account over to collections if account is eligible for collections. Make a note of date turned over to collections on Deposit Accounting letter in managers pending bad debt binder/file.

Note: Accounts less than $25 or for deceased individuals are not eligible for collections.

Note: You must contact Software Support before sending balances to collections for any resident with a HUD Repayment Agreement.

3. After account is at collections for thirty (30) days (60 days from the Deposit Accounting letter mailed) Community Manager will email the Regional Property Manager the following information:
   - Complete LWH Bad Debt Request Form
   - Aged Receivables Report (instructions below – Past Residents shouldn’t be prepaid after Refund)
   - Notation in comment section if deceased
   - Copy of collection agency printout of corresponding bad debt

RPM will review and respond back approving bad debt.

COMPLIANCE NOTE: RPM response must include Community Manager, Accountant and Asset manager when sending Bad debt approval.

Once the Manager receives approval from RPM, write off the balance in Yardi.

Note: Software Support makes any adjustments related to charge code fraud. DO NOT write off HAP or fraud.

Aged Receivables Report for Past Residents

Run with the following parameters:
   - Status: Past
   - A/R Account: 1130-00
   - Prepay Account 2210-00
   - Trans through: MM/YYYY (Current Month)
NOTE: Any Prepayments for Past Residents need to be reviewed and sent to softwaresupport@lawlerwood.com for Software Support review. Past Residents should not carry a negative balance after MO refund.

NOTE: Any report that does not show Prepaids (such as those that require a Minimum Amount) are not effective for displaying residents with a credit balance. Past Residents should never carry a Prepaid or Credit balance after they have been refunded. Example errors causing past resident prepays are 1) The refund did not refund all that the resident should have been refunded 2) The past resident had bad debt written off, and a bad debt recovery was received and deposited but not charged or 3) A receipt was made to a past resident in error.
WRITING OFF BAD DEBT

NOTE: Before you begin Yardi bad debt, view the resident ledger. Verify the amount approved for write off is correct. Do not write off a different amount than the RPM approved.

From the left side of menu on dashboard, select “Charges,” then “Charge Write Off.”

- Blue fields are mandatory. Select the tenant by clicking on the blue Tenant link.

- Enter the Post date and post month
  NOTE: Do not enter anything in the Charge Code field.

- In the “Write off Charge Code” field, select bad_debt.

- Click Submit.
Select the correct charges to write off by clicking the appropriate check boxes.

NOTE: When you are writing off bad debt, the object is to get the resident to zero. If you only select the positive numbers you will end up putting the former resident into a credit situation. This is not only false but will also completely mess up your books.

- Make sure to check everything except HAP and fraud charges listed for that person.

In the example below if we only did the positive numbers then this person would end up with a credit of $320 but the credits actually are used for some of the charges that are displayed.

NOTE: Do not select HAP or fraud charges.

Select all charges, both positive and negative, to write off and then click Post.

It will prompt you with a verification box.

After you select OK, a message will appear indicating the charges have been written off.

NOTE: You can click the underlined blue Ctrl# link to see the details.
SPECIAL CLAIMS OVERVIEW

There’s free money out there if you take a few extra steps when preparing vacant units.

HUD allows subsidized properties to file special claims to recoup part of the losses associated with vacant and damaged units. To file these claims, you need to document the special claim for the unit on which you are filing the claim to ensure it meets the criteria set by HUD.

SPECIAL CLAIMS - HOW MUCH HUD WILL PAY FOR A CLAIM?

- The claim may not exceed 80% of the contract rent for the time from date of ready-to-lease to date occupied or 60 days for each vacancy, whichever is less.
- Under no circumstances will the claim be paid for more than 60 days.
- The claim will be reduced by the amount collected by the owner agent from any other sources (i.e., deposit, etc.)

SPECIAL CLAIMS TIMELINES

- The claim must be received by the Contract Administrator within 180 calendar days from the date the unit was ready-to-lease.
- The claim period begins the day the unit is ready-to-lease.
- The claim period ends the preceding day the unit is leased or 60 calendar days from the date the unit was ready-to-lease, whichever is earlier.
- The claim period is limited to 60 calendar days.

THREE EASY STEPS TO SPECIAL CLAIMS

1. Monitor vacant unit turn using company forms.
   - Make Ready Checklist (completed by service staff with signature and date)
   - Vacant Unit Tracking Report (you cannot fax a make ready board)
   - If requesting special claims for damages, you need invoices and completed work orders with signature and date as back up.

2. Decide what HUD forms you should use based on your request
   - Form HUD-52670-A Part 2
   - Form HUD-52671-A
   - Form HUD-52671-C
   - Special Claims Checklist

3. Submit request to your Contract Administrator for approval!

COMPLIANCE NOTE: Every Contract Administrator has a checklist of required documents you must submit with Special Claims requests. If you do not already have a copy of this list, contact your CA for his or her special claims checklist.
UNPAID RENT AND TENANT DAMAGES

- Form HUD-52670-A Part 2 (Yardi)
- Form HUD-52671-A Schedule of Special Claims (Yardi)
- Copy of the resident’s first 50059 at move-in to show the security deposit required.
- Documentation that the appropriate security deposit was collected from the tenant (examples: copy of the original lease, a copy of the tenant’s ledger card, or a copy of the receipt(s) for security deposit)
- Copy of Security Deposit Disposition Letter sent to the tenant detailing the unpaid rent and other charges, the disposition of the Security Deposit, demanding payment, and advising the tenant that failure to pay the sums due will result in the owner/agent hiring to collection agency to collect the debt
- Documentation that the matter was turned over to a collection agency such as an invoice or a copy of the first letter sent to the tenant by the collection agency.
- Documentation for other charges that were due under the lease that demonstrates the charges were approved by HUD
- Copy of the move-in inspection form (signed by both the resident and management on or before the resident’s move-in date reflecting condition of the unit).
- Copy of move-out inspection form signed by management and resident (if available) -- clearly describing all above normal wear and tear damages charged to the resident, indicating the extent of damage due to the tenant’s abuse and/or neglect.
- Itemized list of damages
- Breakdown of costs to repair the damages, which may include invoices, receipts, copies of work orders or maintenance records supporting dates work was completed.
- The O/A must certify the submitted claim is not the result of normal wear and tear or routine maintenance.
- For painting and/or carpet cleaning, provide maintenance schedule for unit (showing when unit was last painted and/or carpet cleaned and extent of damage caused by the resident).
- “Life Expectancy” for major replacement/repair items (e.g., carpet, appliances, etc.) - provide age of the item & schedule for replacement, description of damage caused by the tenant and method of pro-ration (if applicable)

REGULAR VACANCIES

- To file a vacancy claim, both the resident who moved out and the resident who moved in must be participants in the Section 8 program.
- Form HUD-52670-A Part 2 (Yardi)
- Form HUD-52671-C Schedule for Special Claims (Yardi)
- The Move-out tenant’s original move-in 50059 (verifying TTP supporting that the appropriate amount of security deposit was collected).
- Documentation that the appropriate security deposit was collected from the tenant: Example, a copy of the original lease, a copy of the tenant’s ledger card, or a copy of the receipt(s) for security deposit.
A copy of the security deposit disposition notice provided to the tenant which indicates the move-out date, amount security deposit collected, amount of security returned and any charges withheld from the deposit for unpaid rent, tenant damages or other charges due under the lease.

Copy of Make Ready Checklist (showing move-out date & date of death (if applicable); start and finish dates of each process; date unit is ready for occupancy; and date unit is re-rented. In addition, written explanation of reasons for vacancies over 30 days.

Copy of Waiting List (by bedroom size--showing outcome of applicant contacts)

If the unit was not filled from the waiting list(s), documentation of marketing efforts must be included such as copies of advertising or invoices for advertising expenses that substantiate the date marketing occurred in accordance with the AFHMP.

For Unit Transfers, documentation of reason for transfer & evidence the security deposit was either transferred to the new unit or a new security deposit was collected.

**COMPLIANCE NOTE:** Verify forms are complete, check for accuracy, pay special attention to dates and make corrections if needed prior to sending to your CA. Once you have sent the claim to your CA, it is too late to make changes.

**SPECIAL CLAIMS FACTS**

- All required documentation must be submitted with your claim. (SEE State CA checklist)
- Any overpayment of subsidy or special claim MUST be reimbursed to HUD before the special claim will be processed.
- Any special claim reimbursement must be applied first to unpaid rent. (REDUCE PROPERTY BAD DEBT WRITE OFFS)
- You must request payment of any approved claim within 90 days of the CA approval letter. Should be on next voucher after CA approval.
- IF TRACS will not accept a move out electronically, you must use the TRACS Multifamily Move Out request Form. Check with your Contract Administrator before faxing MO request to MF help desk.
- Your CA will return an incomplete claims package.
- If the CA returns an incomplete claims package, CA will include a letter indicating why the package is incomplete.
- If the CA chooses to contact the O/A for the missing items, CA must specify a due date. You have until the specified date to submit the missing items to the CA.
- If the CA chooses not to contact O/A for missing items and returns incomplete package with out a specified date, you have thirty (30) days to resubmit a complete package that has been returned for missing items.
- If you choose to appeal a denied or reduced claim, you must do so within 30 days from the date of the letter from CA. Your appeal must state your case for the claim to be paid in full.
- You are allowed an original submission, one resubmission and one appeal (per request).
- The CA has 30 days to approve or disapprove the appeal.
- You should request payment for a claim on the next voucher due after the CA approval date.
- All payments must be requested within 90 days of the CA approval date.
- The voucher must include the assigned special claims ID number.
- Failure to include the claim ID number, entering the wrong claim type or entering the wrong amount will result in rejection of the entire voucher.
- All special claims records must be retained for three (3) years after the claim was paid.
- Special claims records may be reviewed on-site during a MOR review.

**Reference Material**

- State Contract Administrator
- LWH Special Claims for *Dummies* an all in one desk reference
PROCESSING SPECIAL CLAIMS

- From your dashboard, select 50059 Functions → Special Claim → New Special Claim.

- Complete the Special Claims (New) filter comes up.

- Enter your property ID in the “Property” field.
- Click the Contract link to select the HUD contract for the property.
- Click Save.
- Determine if your special claim is for **Unpaid Rent/Damages** or **Regular Vacancies** and click on the **Candidates** button in the related section.

![Candidates - Regular Vacancies pop-up](image)

**NOTE:** The process for creating the special claim is the same regardless of whether it is for Unpaid Rent/Damages of Regular Vacancies. We use Regular Vacancies in this example.

- When the **Candidates - Regular Vacancies** pop-up appears, click the box in the **Create Claim** column associated with the unit for which you wish to file the special claim.

![Candidates - Regular Vacancies](image)

**NOTE:** You should process your special claims in a timely manner. A unit will fall off the Candidate list 180 days after the Make Ready date (which appears on the Unit screen).
Confirm or correct the information in the **Regular Vacancies** pop-up.

1. In the "10. Amount Collected" field, enter 0.
2. Click **Save**. (This will return you to the **Candidates - Regular Vacancies** pop-up so you can select additional units for which to file special claims.)

Repeat the above steps as needed to create all your special claims. Click the **Save** button on the **Special Claims** screen to refresh the **Claim Totals** section of the screen and display a summary of the special claims you are filing in the appropriate section of the screen.
After entering all your special claims, enter a date completed in the “Submittal Date” field and click **Save**.

Click the **Print** button on this screen to generate the Special Claims filing form to be sent to HUD (this form will open up in a separate window).

Print, sign and date the form.

Attach the signed form to all the CA/HUD required supporting documents (as listed on your CA Checklist) and make a copy for your record.

Note that the Yardi Ctrl # for the special claim is printed at the bottom of the form. (This will make it easier for you to find the claim when you receive approval from your CA.)
Completing Approved Special Claims

If your special claims filing is approved, you will receive an approval notice with a claim number.

- From your dashboard, select **50059 Functions → Special Claim → Review Special Claim.**
- On the **Special Claim** filter, verify the “Property” field lists your property ID and Click **Submit**.

- The left-side menu should now list all open special claims for your property. Click the one with the Ctrl # related to the approved special claim to bring up your special claim. (The Ctrl# is printed at the bottom of the Special Claim form from Yardi that you submitted to the CA.)

- Complete the **Special Claims** screen with the information from the Special Claims approval notice.

  - In the “Approval Date” field, enter the date the CA approved the claim per the notice.
  - In the “Approval Number” field, enter the claim number the CA provided on the notice.
  - In the **Claim Totals** section, enter the amount of the various types of special claims the CA approved in associated field in the **Approved** column.
In the **Claim Totals** section, enter a **Charge Code of claims** on each row that has an approved amount.

- Click **Save**.
- Click **Post**. (This button will remain grayed out until you have entered the “Approval Date” and “Approval Number” and clicked **Save**.)

- Complete the **Special Claims Post** pop-up box when it appears. (The fields should default to the correct dates.)

  - The “Charge Date” should be today’s date.
  - The “Post Month” field should be the current accounting month.
  - The “Voucher Month” field should default to the month of the voucher currently being worked.

- Click **Post**.
- Click **OK** to verify you want to post the approved special claim.

- The **Special Claims** screen will refresh to include a **Tran** column in the **Claim Totals** section of the screen. Note this number on the paperwork supporting your approved and posted special claim.

- Scan and email a copy of the Approved Special Claim form from your CA to Software Support. Your Software Support Team member **must** have a copy of the approval for submission with the voucher.
**SPECIAL CLAIMS FOR RESIDENTS NOT IN YARDI**

*NOTE: This applies to new acquisition properties only.*

- From the main dashboard, Select 50059 Functions, Special Claims, New Special Claims

- Fill in the Property ID and select the contract number and click save.

- Determine if special claim is for Unpaid rent and damages or Regular Vacancy and click Tenant.
- After you select the Tenant, select the correct unit. Then click New.

- From the new screen, fill in the Blue fields and the date unit re-rented, then click Save.

After you save, your totals will be on the top and bottom of screen. Repeat steps 1, 2 and 3 as needed to include all possible claims.
After all special claims have been entered, enter the date completed, click **Save** and then **Print**.

![Special Claims Screen](image)

When you click print the form for submission to HUD will open on the screen. Print form, sign and date, CA/HUD with all other required documents on the CA checklist. Keep a copy for your records.

**NOTE:** Note that the Yardi Ctrl# is listed at the bottom of the pdf form. This will make it easier for you to find the claim when you receive approval.

![Special Claims Form](image)

Follow the procedures on pages 28 - 29 for Completing Approved Special Claims.