



## HUD Tenant Setup and Payment Short Procedure

Property Management Solutions for Over 30 Years

### Overview

When a portion of the rent is subsidized by HUD, it can be handled in any of the following ways.

#### 1. Recommended

Set up a separate tenant profile for the HUD tenant. Use an ID of HUD-Tenant ID or Tenant ID-HUD. Enter the amount of rent for the HUD tenant in that profile and the amount of rent for the other tenant in his profile. If the HUD portion does not need to be included on the 1099, set up a charge code and an account code (account type = Income) of Rent-HUD. Otherwise, use the regular Rent charge code. When payment is received from HUD, post the payment to the HUD-Tenant ID.

*Disadvantages – none*

#### 2. Option 2

Set up the HUD portion of rent as a Recurring Charge in the Tenant's profile. Post recurring charges at the same time you assess rent. When payment is received from HUD, make sure it applies against the recurring charge.

NOTE: If you want to charge late fees to the tenant for his unpaid portion, set up a new charge code for Rent-HUD (mark the "Not subject to late fees" checkbox). If the HUD portion does not need to be included on the 1099, set up an account code with an account type of Income and point it to that account code. Otherwise point it to Rent.

*Disadvantages – HUD portion doesn't show on rent reports when Rent-HUD is used. Late charges are not always accurate.*

#### 3. Option 3

Set up the tenant profile so it reflects the total rent (tenant plus HUD). Indicate the payment source in the memo field of the receipt.

*Disadvantages – Late charges are not always accurate. Difficult to determine who hasn't paid.*

## HUD Payment Short

On occasion HUD payments will be short the total due for active tenants because of a chargeback for a tenant for whom payment was previously received in error (e.g. covering a period they were not occupying the unit.)

1. Go to Tenant History for the tenant that was credited in error.
2. On the Charges tab, find the charge and highlight it.
3. Click the Charge Back button.
4. A screen will display so you can enter the chargeback amount.

When you post it will restore the original charge showing any amount paid above the chargeback amount.

Posted	Description	Amount	Due Date	Paid	Remaining	Memo
9/1/2019	Rent	\$1,125.00	9/1/2019	\$125.00	\$1,000.00	
9/1/2019	Trash Removal	\$25.00	9/1/2019	\$25.00		

It will create a negative receipt in tenant history and in GL, Deposit Receipts to be included on the deposit you post. It will undo any management fees or late fee splits attached to the original payment.

Posted	Description	Amount	Due Date	Paid	Remaining	Memo
10/28/2019	Charge Back for Rent	(\$1,000.00)				Harrison S. Golden

Posted	Description	Amount	Due Date	Paid	Remaining	Memo
10/5/2019	Management Fee			\$107.50		FAIR436: 436 Fairway Drive BRUNO: Joseph P. Bruno
10/5/2019	Rent	\$1,000.00				FAIR436: 436 Fairway Drive BRUNO: Joseph P. Bruno

Tenant History		Deposit Slip			
Deposit Date	10/28/2019	<input type="checkbox"/> Show All Undeposited Receipts	Total Marked (\$1,000.00)		
Bank	CHECKING: Bank Account Checking		Total Deposit \$0.00		
Total Deposit	\$0.00		DIFFERENCE (\$1,000.00)		
Memo			Mark All		
Comment			Start Over		
			Void and Replace Highlighted Receipt		
			Edit Highlighted Receipt		
			<input type="checkbox"/> Disable Marking When Row Clicked		
Date	Description	Memo	Receipt	Charge Back	Mark
10/28/2019	BRUNO: Joseph P. Bruno				\$1,000.00 <input checked="" type="checkbox"/>

If you do not have the Charge Back option:

1. In this case, look at the list of payments included in the check. Find a payment for an amount equal to or slightly more than the chargeback and identify the tenant. Then do the following:
2. AR, Adjust Open Credits - Choose the tenant who was credited with the payment in error. Enter the rent amount received in error previously, increasing the tenant balance with an account code of Rent. This will take the rent amount away from the owner's ledger and give it to the tenant as open credits.
3. AR, Transfer Open Credits - move the open credits from the tenant selected in step 2 to the tenant identified in step 1.
4. AR, Tenant Receipt - Receive the rent for the step 1 tenant. Make the Payment amount the difference between the open credit amount and the actual HUD rent subsidy identified in step 1. In the list of charge line items, under Apply to Charge, the amount field should have the full rent amount (the sum of the open credits and the amount in Payment).
5. If the owners of the units involved are different you may also have to do a Journal Transfer between the step 1 owner and management to credit the step 1 owner with any excess management fees taken.

### Example

- GOLD - HUD tenant – credited last month with payment in error (\$800)
  - This month's HUD check:
    - ROD - \$850
    - BRUNO - \$500
    - GOLD – neg \$800
  - So HUD check is for a total of \$550
1. HUD payment for ROD is more than the chargeback amount of \$800 so ROD is the tenant to use for the adjustment.
  2. Do an <<Adjust Open Credits>> to take the \$800 back from GOLD's owner and give to tenant GOLD as Open Credits.

3. Do a <<Transfer Open Credits>> to take the \$800 in open credits from GOLD and give to tenant ROD.
4. Receive the payments on the HUD check. When you enter ROD's payment, put in \$50 as the payment amount. The rest of the \$800 payment will come from the open credits on ROD.
5. The owners are different so you will have to take the management fee on the original rent from GOLD from the management group and give back to owner.