



**Special Claims:
Understanding Vacancy and Claim Periods Part I**
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If it were two hours later, it would be half as long until midnight as it would be if it were an hour later. What time is it now?

It's special claims time! Actually, that's not the correct answer (that can be found at the end of this article). Calculating the special claims vacancy and claim periods can be as challenging as trying to solve a grade school math puzzle, although it's a bit more serious than that since a miscalculation can cost you money. In this article, we will cover the vacancy and claim period calculations for unpaid rent/damages and special claims for vacancies during rent-up. Part II of this article will be released in the near future and will cover special claims for regular vacancies and debt service vacancies.

Let's start off with some HUD definitions. Sometimes, the terminology may not be consistent between the HUD Handbook 4350.3 REV-1 and the HUD forms 52671-A, B, C, and D. Here are some definitions often used for calculating vacancy and claim periods.

- **Claim period** – The period for which payment can be received on a special claim. The number of days a unit is vacant may actually exceed the number of days in a claim period. Payment can only be received for vacancies during the claim period. Generally, a special claim cannot be submitted until after the claim period has ended.
- **Vacancy period** – The period during which a unit is vacant. As previously noted, payment may not be received for the entire vacancy period if it exceeds the claim period.
- **Available for occupancy** – Sometimes referred to as “Ready for occupancy,” “Date of permission to occupy,” or “Rent ready,” this is the date a unit is available for occupancy and a new tenant can actually move in. The date cannot be the same as the move-out date or the time during which a unit is being made ready for renting, such as when it is undergoing repairs or cleaning.
- **Tenant vacant date** – Sometimes referred to as the “Move-out date,” this is the date a unit was vacated.
- **New tenant move-in** – Sometimes referred to as just “Move-in date” or “Re-rent date,” this is the date a unit was occupied by a new tenant.

Special Claims for Unpaid Rent and Damages

Form: HUD-52671-A

“The owner must submit a claim for approval within 180 days from the date the vacated unit is available for occupancy...Claims should be submitted only after the claim period has ended.”

A special claim for unpaid rent and damages must be submitted to HUD or a contract administrator for approval within 180 days from the available for occupancy date. However, the claim cannot be submitted until the owner has taken steps to collect the debt.

Unpaid rent and damages example:

If a tenant vacated a unit on March 1, leaving behind damages and unpaid rent charges, and the unit underwent cleaning and repairs on March 1 and March 2, the unit can be occupied on March 3. This is the ready for occupancy date. The submission deadline for the claim would be August 29, which is 180 days from the ready for occupancy date. By May 30, the owner had sufficient proof that every attempt had been made to collect the debt, including turning the matter over to a collection agency. The claim can now be submitted.

Special Claims for Vacancies During a Rent-up

Form: HUD-52671-B

“The claim period begins on the earlier of the effective date of the contract or the date of permission to occupy...The claim period cannot exceed 60 days.”

The maximum number of days that can be claimed on a special claim for vacancies during a rent-up is 60 days. The claim period can begin either on the effective date of the contract or the date the property was given permission to occupy the units, whichever has the earlier date.

“The owner must submit a claim for approval within 180 days of the date the unit was available for occupancy (date the property received permission to occupy). Claims should be submitted only after the claim period has ended.”

A special claim for vacancies during a rent-up must be submitted to HUD for approval within 180 days from the available for occupancy date or the date of permission to occupy, whichever is the earlier date. The claim period ends when the unit is occupied.

Vacancies during rent-up example:

A property received permission on March 1 to occupy the units and the contract went into effect on March 3. The claim period for any vacancies during a rent-up would begin on March 1, which is the earlier date between the permission to occupy date and the contract effective date. Any claims must be submitted within 180 days, which, in this case, would



be August 27. Unit A was occupied on March 31 and Unit B was occupied on May 7. For Unit A, the total number of days that could be claimed would be 30 days; for Unit B, the number of days that could be claimed would be limited to 60 days, since the unit had exceeded the 60-day claim period.

Tune in again for an overview of vacancy and claim periods for regular vacancies and debt service vacancies in Special Claims: Understanding Vacancy and Claim Periods Part II.

Answer to the puzzle: 9 P.M.