

CHAPTER 8. RESERVATION PROCEDURES

8-1. GENERAL. The following two Department-wide automated accounting systems are used to officially record the reservation and recapture of program funds:

A. Assisted Housing Accounting System (AHAS)

The reservation and deobligation of program funds within the Department's Assisted Housing Accounting System (AHAS) are accomplished on the Assisted Housing Project Accounting Data (PAD), form [HUD-52540](#) (see Appendix 3). The PAD must be completed for each action relating to the reservation, or deobligation of units and/or contract and budget authority for a project. The PAD is signed by the Regional Administrator or Field Office Manager and, along with supporting documentation, is transmitted to the Regional Accounting Division (RAD) in accordance with Handbook procedures for the appropriate program. Signature authority may be delegated to the level of the Housing Development Division Director and the Housing Management Division Director. This delegation of authority applies to signature of the PAD only and should not be delegated below the level stated here. The applicable Amendment Type and Subprogram Identification codes to be used in preparing the PAD are included with this Handbook (see Appendices 3.1 and 3.2). These codes, however, may change each fiscal year. Therefore, the Identification Codes included in the current fund reservation notice on policies and procedures for the reservation of assisted housing funds should be used. The remaining codes are listed in the instructions for the PAD, form HUD-52540-A, Appendix 3.3. The applicable codes on the PAD must be entered only in the boxes provided for that purpose.

Reservation procedures differ during the first eleven months of the fiscal year and the last month of the fiscal year, primarily with regard to the establishment of the Notification Date of the Notification Letter. (See paragraph 8-2 below)

B. Program Accounting System (PAS)

The reservation and recapture of Section 202 Loan Authority (for the Elderly as well as the Non-Elderly Handicapped programs) is recorded in the PAS by means of an approved form [HUD-718](#) (See Appendix 6). The reservation of Section 202 Inspection Fees is recorded in PAS from the approved HUD-185.1 and the reservation of Section 202 Advertising Expenses is recorded from an approved Advertising Order, SF-1143. The reservation and recapture of Contract Renewals (Housing Vouchers, Existing Certificates, Loan Management Extensions) and Moderate Rehabilitation - Single Room

the modified PAD). The modified PAD complete with instructions and the applicable codes for reservations in PAS are listed in Appendices 4, 4-1, and 4-2.

8-2. FIRST ELEVEN MONTHS OF THE FISCAL YEAR. During this period, the Notification Date to be entered in Block 10 of the PAD is the date the transaction(s) is recorded in the AHAS or the PAS, other than the exception stated in paragraph A. below.

- A. Date the Letter of Notification or Reservation Document was Signed (Block 10 of the PAD). Block 10 of all PADs are completed in accordance with outstanding PAD instructions provided in page 2 of 1 of the form HUD-52540-A, with the exception only to termination actions in the AHAS for expiring funding increments for Housing Vouchers, Existing Certificates and Loan Management Extensions. In these situations, Field Offices should refer to paragraph 8-4-A.2. of this Handbook.
- B. Field Office (input to RAD). Upon determination that an application or proposal is approvable, the Housing Development or Housing Management Division Director, as appropriate, shall complete the PAD and forward it to the Regional Administrator or Field Office Manager for signature, as appropriate. The originally signed PAD, together with a signed copy of the undated Notification Letter, shall be transmitted to the RAD.

Reservation. The RAD shall ensure that funds for a project are reserved within 24 hours from the date reservation documents are received from the Field Office as follows:

1. After reviewing, for correctness, the reservation documents received from the Regional/Field Office, the RAD (assuming the documents are correct) enters the data into AHAS and/or PAS. The transaction entry date, the date data are being keyed into the systems (month/day/year), is the Notification Date. The RAD should return all incorrectly prepared reservation documents (PADs and forms [HUD-718](#)) to the originator(s) for correction prior to processing.
2. After the data has been entered into AHAS and/or PAS, the RAD will review the computer-generated transactions listing. If the project has been accepted by the AHAS or the PAS, the RAD will then insert the Notification Date displayed on the transaction listing into Block 10 (Date letter of Notification Signed) of the PAD, except for deviations covered in 8-4.A.1. and 8-4.A.2.
3. For reservations accepted by AHAS and/or PAS, official RAD confirmation to the Regional/Field Office of the reservation and notification date is the field office Section 8 MIS/AHAS

Report (FO5POX). These reports are produced daily by the Section 8 Management Information System (MIS).

D. Congressional Notification. Upon receipt of RAD confirmation of funds reserved for all Section 8 unit increases for Housing Vouchers, Existing Certificates and Moderate Rehabilitation : Regular, an approval memorandum must be prepared by the appropriate Field Office staff. Headquarters will prepare an approval memorandum for those new units for which it has final selection approval (Section 202 for the Elderly and Handicapped, Loan Management Set-Aside, Moderate Rehabilitation (SRO), Flexible Subsidy). Contract Renewals, Vouchers Opt-outs, Existing Certificates Opt-Outs, Public Housing Demolition Certificates, Section 23 Conversions, Property Disposition and all Amendments do not require Congressional Notification. A sample format of the approval memorandum is contained in Appendix 5. This approval memorandum, addressed to the Under Secretary, is to be immediately telefaxed to the Office of Congressional Relations, FAX number 458-1350. The Congressional Liaison Officer assigned to the State in which the funds are being provided will furnish a release date and, only then is the Regional Office/Field Office permitted to release the information to the public.

E. Mailing of the Notification Letter. Once a release date has been received from the Office of Congressional Relations (paragraph D. above), the Housing Development or Housing Management Division will date the Notification Letter with the Notification Date in the Section 8 MIS/AHAS or MIS/PAS Interface report, as applicable, and mail the Notification Letter to the Public Housing Agency (PHA) or Private Owner. (For Section 202/8 letters, the Notification Date is also the date in the Interface reports mentioned in paragraph 8-2.C. of this chapter. The Regional/Field Office will be notified by telegram from Headquarters when the Section 202/8 Notification Letter may be released).

8-3. LAST MONTH OF THE FISCAL YEAR PROCEDURES. In the last month of the fiscal year, the Notification Date is the date the Regional Administrator or the Field Office Manager signs the Notification Letter.

A. Field Office (Input to RAD). The procedures are the same as paragraph 8-2.B., except that the Notification Letter is dated when the Regional Administrator or Field Office Manager signs it. Regional/Field Office Housing staff inserts that date in Block 10 of the PAD before transmitting it to the RAD.

B. Reservation. The procedures are the same as paragraph 8-2.C., except that the RAD enters the Notification Date into AHAS from Block 10 of the PAD and the RAD ensures that the date in Block 10 of the PAD and the Notification Date on the Transaction listing are the same.

- C. Congressional Notification. The procedures are the same as paragraph 8-2.D.
- D. Mailing of Notification Letter. Once a release date has been received from the Office of Congressional Relations as in Paragraph 8.2.E., the Housing Development or Housing Management Division Director, as appropriate, mails the already-dated Notification Letter to the PHA or Private Owner. Prior to mailing, the Regional/Field Office Housing staff must ensure that the Notification Date in the Section 8 MIS/AHAS or MIS/PAS Interface Report, as applicable, is the same as the date of the Notification Letter.

8-4. ADDITIONAL GUIDANCE FOR SELECTED PROGRAMS

- A. Housing Vouchers Contract Renewals, Existing Certificate Contract Renewals, Loan Management Extensions and Moderate Rehabilitation-Single Room Occupancy (SRO) Programs. The reservation of funding for these program categories is accomplished in the PAS using the modified PAD (Appendix 4). The applicable codes for reservations in the PAS are listed in the Table of Applicable Codes (See Appendix 4-2). Field Office staff should carefully follow the changes provided in the instructions for reservations in the PAS because additional blocks are included in the modified version of the PAD.

- 1. Reservation Procedures. Except for Loan Management Extensions, the reservations procedures for Housing Vouchers Renewals, Existing Certificates Renewals, and Moderate Rehabilitation (SRO) funding categories are basically the same as procedures for AHAS reservations, as described in paragraph 8-2. above.

For reservation and reporting purposes, the Vouchers Renewals, Certificates Renewals and Moderate Rehabilitation (SRO) program categories are considered as new reservation actions and must be reserved accordingly. The execution of an entirely new contract, subsequent to entering into fund reservations for these programs, is required.

For Loan Management Extensions, these renewals are also considered new reservation actions although the actual extensions are executed as amendments to the current Housing Assistance Payments (HAP) Contracts. The amended HAP Contracts will be renewed for a 5-year contract term.

To simplify the reservation process and to accommodate a separate identity for these Loan Management Extension contract renewals, a new project number must be established in the Section 8 MIS and the PAS. The initial Section 8 project

number will continue to reside as a terminated project in the AHAS, while a new project number is established in PAS with an alphanumeric identity, "M100", beginning in the fifth position. For example:

AHAS Project Number	PAS Project Number
OH12-M000-001	OH12-M100-001

2. Termination of Expiring Funding Increments. When a PAD is prepared for a new contract renewal in the PAS (Section 8) for Vouchers, Certificates and Loan Management Extension, another PAD must be prepared for the termination of the expiring project (funding increment) in the AHAS. These terminations may be accomplished by following the instructions provided in Instructions for the PAD, form HUD-52540-A with the exception of Block 10 of the PAD. The change in procedure for Block 10 of the PAD deviates from PAD instructions provided in page 1 of 2 of form HUD-52540-A, and is applicable only to termination actions for expiring funding increments for Housing Vouchers, Certificates and Loan Management Extensions. In these situations, Field Offices should enter the applicable date as follows:

- a. Vouchers and Certificates. Enter the date immediately following the "Last Date of Term". For example: if the "Last Date of Term" is February 27, 1990, the date entered in Block 10 of the PAD should be February 28, 1990. Field Offices must then recapture the remaining contract authority only for housing voucher and/or certificate funding increments as the Annual Contributions Contract (ACC) term for each funding increment ends. The budget authority for the expiring funding increment is not to be recaptured. However, where all of the funding increments for a PHA are expiring, any undisbursed budget authority will be recaptured after the Financial statement review is completed by the RAD.
- b. Loan Management Extensions. In Block 10 of the PAD, enter the same date following the expiration date of the expiring HAP Contract. For example:

Expiration Date of HAP Contract AHAS Project	Date of Terminated Reservation AHAS Project
07-31-1990	08-01-1990
8-5	9/90

undisbursed budget authority for the terminated project in the AHAS. All new funding should then be disbursed for the newly-created Section 8 project number in the PAS.

- B. Section 202 Programs for the Elderly and the Handicapped People. Loan Authority for the Section 202 Elderly and Handicapped People Programs is provided by Headquarters via the Regional Fund and Loan Authority Assignment for the Section 202 Housing Programs, form HUD-185, and is recorded in the PAS rather than in the AHAS. The reservation of funds is accomplished by using the [HUD-718](#) which is prepared by the Field Office Multifamily Housing Representative) see Appendices 6, 6-1, 6-2 and 6-2 for a copy of the [HUD-718](#) and instructions). After the [HUD-718](#) has been prepared and signed by the Source Officer, it is forwarded, along with the Notification Letter and PAD (if Section 8 funds are assigned), to the Housing Director for surname and signature. The Housing Director will forward all documents to the Regional Administrator/Field Office Manager for signature. After the Regional Administrator/Field Office Manager signs the documents, they are transmitted to the RAD. The RAD validates the [HUD-718](#) and returns it to the Regional/Field Office within 24 hours. The Section 202 Notification Letter is not to be released until the validated [HUD-718](#) is received.

The Section 8 authority for these programs is to be reserved the same as for other Section 8 Programs as outlined in Sections 8-2 and 8-3.

- C. Requests for and the Assignment of Section 8 and Section 202 Amendment Funds for the Existing Housing, Moderate Rehabilitation, Project Reserve and Section 202 Programs
1. Regular Amendment Funds: Amendment funds are requested and assigned on a quarterly basis for the Existing Housing, Moderate Rehabilitation, Project Reserve and Section 202 programs. The following steps are taken to request and assign amendment funds for these programs.
 - The Field Office will analyze its amendment needs on a quarterly basis by using the current request format (PHA specific for Existing Housing and Project Specific for Project Reserves, Moderate Rehabilitation, and Section 202). The amendment needs will be analyzed by use of the automated SURVEY Program for the Existing Housing and Moderate Rehabilitation programs. The request format is then forwarded to the Regional Office.

- The Regional Office will evaluate the Field Office request and provide the quarterly projected PHA/Project Specific needs to the appropriate headquarters Program Office. The Regional Office is to request amendment

needs for the Existing Housing and Moderate Rehabilitation programs in accordance with SURVEY instructions.

- Headquarters Program staff will evaluate all requests for amendment needs in accordance with current procedures.
- Based on the requests, funds will be assigned quarterly to cover the needs projected.

D. Housing Counseling Grant Program

Regional assignment of Housing Counseling Grant funds will be issued by Headquarters via the Regional Fund Assignment for Housing Counseling Assistance, form HUD-185. The Regional Government Technical Representative (GTR) for Housing Counseling is responsible for the preparation of the reservation documents and the RAD is responsible for validating fund availability for the reservation. The Regional Contracting Officer (RCO) is responsible for the issuance of the Housing Counseling Grants.

The Regional Government Technical Representative for the Housing Counseling Grant Program will prepare a single Form [HUD-718](#), Funds Reservation and Contract Authority, to reserve the total amount of Housing Counseling Grant Funds approved. The total amount of grants approved should never exceed the total amount of Grant funds assigned. The Form [HUD-718](#) will include an attached list containing the name of each Grantee, the city and state, the grant amount and the grant number.

Each Form [HUD-718](#) will be signed as follows:

Source Officer - the Regional Government Technical Representative for Housing Counseling;

Recommending Official - the Director, Office of Housing; and

Authorizing Official - the Regional Administrator.

After signature, the original of the [HUD-718](#) is to be forwarded to the RCO who will assign a Grant Number to each Grantee shown on the list and forward the [HUD-718](#) to the RAD for recordation of the reservation in the PAS. When funds are reserved, a copy of the [HUD-718](#) and the attached list are forwarded to the RCO for preparation

and execution of the Housing Counseling Grants. The RCO and the Government Technical Representative will monitor the performance of each HUD-approved Housing Counseling Grantee which receives a grant.

E. Flexible Subsidy Program

The Flexible Subsidy Program provides assistance to: 1) restore or maintain the financial and physical soundness of privately owned HUD-assisted housing projects; (2) improve the on-site management of these projects; and 3) maintain the low to moderate income nature of the projects. Program funding is dependent upon appropriations or collections made available for transfer from the Section 236(f)(3)(g) Rental Housing Assistance Fund, as indicated by appropriation language.

The Headquarters Funding Control Division prepares Regional Fund and Contract Authority Assignments (Forms HUD-185) for flexible subsidy and OFA validates fund availability of the assignment. Upon receipt

of the HUD-185, the Regional Office prepares the corresponding Regional Fund and Contract Authority Subassignments (forms HUD-185.1), obtains RAD's validation of fund availability, and transmits them to the appropriate Field Office. The amount subassigned is entered into the PAS by the RAD.

After the Field Office receives the HUD-185.1, the Housing Management staff prepares the Reservation of Flexible Subsidy Funds Form HUD-9823) for each individual project that is to be funded. A sample HUD-9823 and instructions are included as Appendices 7 and 7-1. Once the HUD-9823 has been prepared, the Director, Housing Management Division certifies in block 7 and then forwards it to the Field Office Manager or the Regional Administrator for signature and date. The signed form is then transmitted to the RAD for prompt recordation in the PAS. After the RAD processing of the form, and block 8 is completed, an executed copy is returned to the Field Office for obligation of the funds.

8-5. SECTION 203(a) EXCEPTION AUTHORITY

Section 203(a) of the housing and Community Development Act of 1980, which amended Sec. 8(c)(1) of the U. S. Housing Act of 1937, places a limit on all Section 8 new construction/substantial rehabilitation contract authority assigned and reserved for Section 202/8 projects during the fiscal year for projects with rents in excess of 110 percent of the Fair Market Rent. This includes amounts for cost and unit amendments. The Section 203(a) limitation does not apply to authority assigned and reserved during the fiscal year for project reserve amendments for projects in management.

If it has been determined that a reservation for a project must be counted against Section 203(a) authority, calculation of the amounts of Section 203(a) authority to be reserved is required. The Section 203(a) authority must be equal to the amount of the Section 8 contract authority reservation. The Section 8 contract authority already reserved for the project in a prior fiscal year does not

require Section 203(a) authority. Section 203(a) authority is reserved on the PAD at the same time Section 8 contract and budget authority is reserved for a project. The Section 203(a) amount is entered in Block 12.g (Loan/203A Authority) of the PAD, and should equal the amount in the "Contract Authority" block (12.E) on the same line. All Section 203(a) authority reservations are subject to the availability of authority assigned and subassigned for that Purpose.

8-6. SECTION 8 MANAGEMENT INFORMATION SYSTEM (MIS) PROJECT FILE

The Section 8 MIS includes an interface edit with both the AHAS and the PAS. PAS will be used by the Office of Finance and Accounting for the Voucher Renewals, Certificate Renewals, Loan Management Extensions and Moderate Rehabilitation (SRO) Programs. AHAS serves all other Section 8 funding actions. The MIS produces a Project File containing the project numbers of all project records in the systems. When the RAD enters a reservation transaction into the AHAS/PAS, the project number entered is matched (on-line) with the Project File. The on-line interface for funding transactions will be rejected in AHAS or PAS if any of the following data fields fail to match with the corresponding data in the MIS: project number; program code; subprogram code; region (PAS only); and metro/nonmetro designation. In the event that such rejections occur, the RAD will contact the appropriate Field Office Housing staff to determine the problem and correct the data in AHAS/PAS, as needed. The Management Information Division (MID) will make any corrections required in the Section 8 MIS. The entry of new Section 8 project numbers into the MIS must be accomplished 24 hours prior to the reservation of funds. For these projects. Further, should the MIS need correcting, the RAD will have to wait until the following day to reenter the transaction into the AHAS or the PAS. The delay is necessary due to the overnight update batch mode in the MIS.

From the MIS comes the MIS/AHAS Interface Report and the PAS/MIS Daily Update Interface Report. These reports are used to 1) verify fund reservations; and 2) determine whether funds are available for contracting.

8-7. CORRECTIONS. The difference between a Correction and an Amendment must be kept in mind. An amendment is a normal program action to increase or decrease the funding authority reserved. A correction is an action to correct an error made in processing (e.g. typing, data entry, etc.) the reservation.

A. Prior Fiscal Year Transactions Reserved in the AHAS. All fund authority increases or decreases to projects already reserved in a prior year will be processed as an amendment, regardless of the reason for the change or when the project was reserved. Changes to all other reservation data to correct an error in processing (e.g.: categories, names, dates, etc.) are to be processed as a correction. This includes increases or decreases to units only. If the unit increase or decrease requires an increase or decrease

of funds, the transaction should be processed as an amendment. Corrective actions pertaining to transactions entered into the AHAS in a prior fiscal year will be processed according to the two categories shown below. Each Field Office will send corrective actions to its Regional Office of Housing for review and concurrence and, when required as directed below, that Office will forward the request to Headquarters under a cover memorandum. In those cases requiring Headquarters approval, the request should be directed to the Deputy Assistant Secretary for Operations, Attention: Funding Control Division.

1. Corrections Requiring Headquarters Approval but Regional Data Correction. The following data elements in the AHAS and/or PAS which, when requiring corrective action, must be approved by Headquarters prior to being corrected by the Regional Office.

Block 3. Program Type

Block 5. Subprogram Identification (not applicable in the PAS)

Block 7. Project Number

Block 8. PHA/Private Owner Name

The Regional Office will be informed of Headquarters' approval by memorandum. For Blocks 3, 5, and 7 the Regional Section 8 MIS Coordinator will then assure that the approved change is made to the MIS before the RAD makes the changes in the AHAS or the PAS. Guidance on corrections to the Project Number element is in HUD Handbook 4050.5, paragraph 1-9 (How to Change Identification Numbers).

Regional Corrections. The following data elements do not require Headquarters approval:

Block 6. Area

Block 9. Date the Prior Letter of Notification or Reservation Document was signed (not applicable in the PAS)

Block 10. Date the Letter of Notification or Reservation document was signed.

Block 11. Term

Block 12. Units

Corrective actions pertaining to Blocks 6, 9, 10 (in the AHAS only), 11, and 12 (except funds) will be authorized

and corrected by the Regional Office. For Block 6, the Regional Section 8 MIS Coordinator must assure that the approved change is made to the MIS before the RAD makes the changes in the AHAS or the PAS. Correction PADS should be sent to the RAD to enter the corrections in the AHAS or the PAS.

- B. Current Fiscal Year Transactions (AHAS or PAS). Any corrective action applicable to current fiscal year transactions will continue to be authorized in the Region and the RAD will process the corrective actions in the AHAS or the PAS.
- C. Section 8 MIS Interface. In most cases, corrections entered into the AHAS or the PAS pertaining to the Section 8 programs will be automatically transferred to the Section 8 HIS. For the disposition of the exceptions, Regional/Field Office staff should refer to HUD Handbook 4050.5, paragraph 1-5.C.

- 8-8. TRANSFERS. The provisions of this Handbook only permit, with Headquarters approval, certain transfers of authority which do not constitute recapture. Where provided in the appropriation, recaptured Section 8 authority is rescinded, and is therefore not available for use.

The transfer of authority contractually committed by HUD requires assignment, termination or amendment of the contractual instrument (ACC, HAP Agreement or HAP Contract) in order to release the authority for transfer. The procedures and legal instruments used to accomplish the assignment, termination or amendment must be reviewed by HUD Field Counsel. All approved transfers do not constitute recapture actions and are, therefore, not subject to the rescission of recaptures. The net effect of all transfer actions must not result in the recapture or reuse of contract and/or budget authority. In all cases, the transfer must net to zero.

All transfers of prior year authority must have the written approval of the Deputy Assistant Secretary for Operations before the transfer action is taken. All requests for these transfer actions must be submitted to the Deputy Assistant Secretary for Operations, Attention: Funding Control Division. The requests should include the project number; private owner name (if non-PHA); the amount of funds being transferred from and to; name/jurisdiction of the affected public housing agency(s); and the justification for the transfer.