



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-5000

May 16, 2003

ASSISTANT SECRETARY FOR  
PUBLIC AND INDIAN HOUSING

Dear Executive Director:

This is a reminder that the obligation deadline for your Fiscal Year 2001 Capital Fund Grants is fast approaching.

Section 9(j) of the United States Housing Act of 1937 (the Act), as amended, establishes timeframes for the obligation and expenditure of Capital Fund grants.<sup>1</sup> The Act requires that 90 percent of a Capital Fund grant be obligated with 24 months of the date that the funds become available and fully expended within 48 months. The Department specified the start date of Fiscal Year 2000 and Fiscal Year 2001 Capital Fund grants in HUD Notice PIH 2001-26 (HA). The Notice states that if your PHA's fiscal year began on January 1, 2001, April 1, 2001, or July 1, 2001, the obligation deadline is June 30, 2003. If your PHA's fiscal year began on October 1, 2001, your obligation deadline is September 30, 2003.

Under limited circumstances the Secretary or Deputy Secretary may grant an extension of the obligation time period if failure of your agency to obligate in a timely manner is attributed to the following:

- Litigation;
- Obtaining approval of the Federal Government or a State or local government;
- Complying with environmental assessment and abatement requirements;
- Relocating residents;
- An event beyond the control of the public housing agency; and
- Any other reason established by the Secretary by Notice in the *Federal Register*.

All requests for extension of the obligation deadline must be received in Headquarters no later than 30 days prior to the obligation deadline date. Requests submitted after that date will be denied. Requests are to be submitted to William C. Thorson, Director, Office of Capital Improvements, 451 7<sup>th</sup> St. SW, Room 4146, Washington, DC 20410. Requests may be faxed to (202) 401-3997.

If you do not obligate 90 percent of your Capital Fund grant by the obligation deadline described above, you must immediately cease obligating funds. In accordance with the Fiscal Year 2003 Appropriations Act, where a PHA is not in compliance with the statutory deadline for obligation, the Department will recapture the unobligated Capital Funds. Where the PHA unwittingly obligated funds after the obligation deadline, the PHA must use unobligated Capital Funds from another fiscal year to pay for those contracts and/or services. After the obligation

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<sup>1</sup> For the appropriate obligation deadlines for Replacement Housing Factor grants see Notice PIH 2003-10(HA) issued April 4, 2003.

deadline, your local HUD Field Office will contact you and transmit an Annual Contributions Contract (ACC) Amendment to reduce the amount of the grant. Please sign the ACC and return it to the local Field Office within 30 days.

If you have any questions or you need clarification, please contact William Thorson, Director of the Office of Capital Improvements at 202-708-0614 extension 4999.

Sincerely,

A handwritten signature in black ink that reads "Milan Ozdinec". The signature is written in a cursive style with a large, looped initial "M".

Milan Ozdinec  
Deputy Assistant Secretary for Public  
Housing Investments