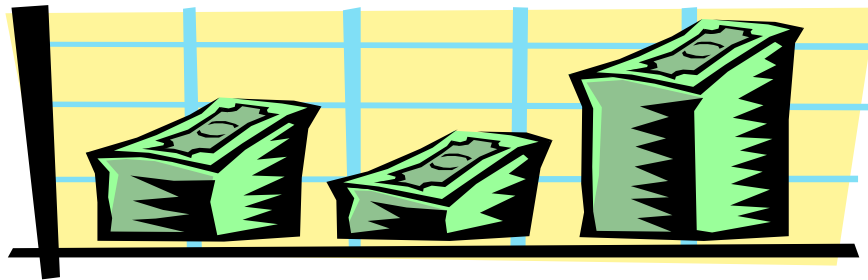


Change in Payment Method For Housing's Section 8 Non- Performance-Based Annual Contributions Contracts



UPDATE – December, 2003

Current Status

- A pilot test of the payment processing conversion from HUDCAPS to PAS/LOCCS was successfully completed in October, 2003.
 - Traditional ACC to Performance-Based ACC (same CA)
 - Traditional ACC (no assignment to PB-ACC)
- Second pilot begins January 1. Mixed Scenario:
 - Partial Assignment to PB-ACC
 - What's Left Remain as Traditional ACC
- Revised target date for all non-performance-based ACCs to be converted from the HUDCAPS procedure to TRACS/LOCCS is August 2004.

Update on TRACS Changes for Non-Performance Based CAs

- All CAs will be required to transmit additional data items as currently mandated for PBCAs only.
- Admin Fees will be paid under a separate contract number. Fees for all HAP contracts assigned to the same CA will be managed under one fee contract number.
- Funding for fee contracts will be transferred from the associated HAP contracts based on estimated future admin fee payments.

Concurrent Program Initiatives

- Early termination option will be offered to all Non-performance-based CAs.
- HAP contracts associated with early ACC terminations will be assigned immediately to the respective Performance-Based ACC
- PBCAs receiving HAP contracts simultaneously with payment conversion will likely be asked to process vouchers from the effective day of the assignment.

Special Procedures

- Communications regarding payment conversion and applicable concurrent initiatives will be sent to Non-performance-based CAs, Performance-based CAs, project owners/agents, HUD field offices, the FMC, and the National Accounting Center in Fort Worth, industry associations, and TRACS partners.
- Special procedures applicable to mass payment conversion or concurrent initiatives will be distinguished from routine PBCA assignment procedures.