

## CHAPTER 2. TERMS AND DEFINITIONS

TERMS AND DEFINITIONS. The following is a list of terms and definitions which are relevant to the funding control procedures and are used in this Handbook.

- Advice of Allotment. A document used by the Department's Office of Budget to transmit the Office of Management and Budget's (OMB) apportionment to the Assistant Secretary for Housing.
- Allocation Area. A municipality, county, or group of municipalities or counties identified by the HUD Field Office for the purpose of allocating housing assistance.
- Amendment. Any alteration, revision, or change to an obligation (reservation or contract) which is mutually agreed to by all parties.
- Apportionment. A distribution by OMB of amounts available for obligation in appropriation or fund accounts for the executive branch. The distribution makes amounts available on the basis of time periods, programs, activities, projects, line items, or combinations thereof. The apportionment system is intended to achieve an effective and orderly use of funds.
- Appropriation. An act of Congress that allows Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes.
- Assignment (form HUD-185). The administrative notification to a Regional Administrator by the Office of Housing of the amounts of contract, loan, budget authority, grant funds, and funds for processing and advertising expenses that are available to that Region for obligation.
- Authorization. Legislation enacted by the Congress that sets up a Federal program or agency either indefinitely or for a specified period of time. Such legislation is a prerequisite for the subsequent enactment of budget authority and may set limits on the amount that can be appropriated.
- Budget Authority. The maximum amount authorized by the Congress for payments over the term of assistance contracts.
- Cancellation. A policy established for terminating contract, budget and loan authority that is obligated in the current fiscal year.

- Carryover Authority. That authority not reserved in the fiscal year in which it was appropriated. This authority is carried over for use in the subsequent fiscal year.
- Contract Authority. The maximum amount authorized for annual payments under the assistance contract.
- Correction. A specific action applicable to the Assisted Housing Accounting System (AHAS)/Program Accounting System (PAS) which allows for changes to all non-fund related data elements applicable to projects reserved in a prior fiscal year. All fund related changes (contract, budget and loan authority) will be processed as an amendment to projects reserved in a prior fiscal year.
- Fair Share Basis. The equitable distribution of Housing Funds based on the needs percentage of the area within the United States. Fair share factors developed by the Economic Market Analysis Division (EMAD) are used to distribute funding authority for programs such as Section 202, Existing Certificates, Housing Vouchers, and Moderate Rehabilitation.
- Fiscal Year. The official operating period of the Federal government, beginning on October 1 and ending on September 30.
- Headquarters Reserve. An amount of the authority available that is retained by Headquarters for subsequent allocations to specific areas and communities. The contract authority and applicable budget authority may be used for unforeseen housing needs, housing needs resulting from emergencies, housing needs resulting from settlement of litigation, and housing in support of desegregation efforts.
- Incremental Units. Incremental units are additions to the current total inventory of assisted housing units under payment.
- Loan Authority. The amount authorized by the Congress for HUD to make direct loans to cover eligible development costs of a Section 202 project.
- Metropolitan Area. A standard metropolitan statistical area as established by the Office of Management and Budget.
- Nonmetropolitan Area. An area not established as a metropolitan area.
- Non-Incremental Units. Non-Incremental units are substitutive by nature, replacing one type of assistance with another.

- Obligations. Contracts or other binding commitments made by

Federal agencies to pay out money for products, services, or other purposes distinct from actual payments. Obligations incurred may not be larger than available budget authority, grant authority, loan authority, or available funds for processing and advertising expenses.

- PAD. Project Accounting Data, form [HUD-52540](#). The internal document submitted to Regional Accounting Division for the reservation of funds for a particular project.
- RAD. Regional Accounting Division.
- Reallocation. The transfer of budget authority from one allocation area to another allocation area.
- Recapture. The deobligation of contract, budget and/or loan authority incurred in a prior fiscal year.
- Reservation. A notification by HUD to an owner, developer, and/or Public Housing Agency of its intent to enter into a contract for housing assistance, subject to certain conditions.
- Transfer. A specific type of action in the AHAS which represents the inter-project movement of funding authority reserved in a prior fiscal year from one project or Public Housing Agency to another.