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CHAPTER 7. ACCOUNTING FOR PROJECT/ACC RESERVE ACCOUNT (SECTION 8)  
AND CONTINGENCY RESERVE (SECTION 23)

31. PROJECT/ACC RESERVE ACCOUNT. The Annual Contributions Contract provides for the establishment of a Project Account for each Section 8 New and Rehab project and an ACC Reserve Account for the PHA's total Section 8 Existing Housing Program. The amounts to be credited to the Project/ACC Reserve Account (Account 2827) will represent the amount by which the maximum annual contributions as set forth in the ACC exceeds the actual annual contributions earned for a given fiscal year. The balance in this account shall only be used when the amount of the annual contributions required in any given year exceeds the maximum annual contribution available as set forth in the ACC. A separate account shall be maintained for each project.
32. CONTINGENCY RESERVE - SECTION 23 HAP. The Annual Contributions Contract provides for the establishment of a Contingency Reserve for each Section 23 HAP project. The amounts to be credited to the Contingency Reserve (Account 2825) will represent the amount by which the maximum annual contributions as set forth in the ACC exceeds the actual annual contributions earned for a given fiscal year. The maximum amount that can be maintained in the Contingency Reserve at the end of a fiscal year shall in no event exceed 10% of the maximum annual contribution stated in the ACC. The balance in the Contingency Reserve shall only be used when the amount of annual contributions required in any given year exceeds the maximum annual contribution available as set forth in the ACC. A separate account shall be maintained for each project.
33. ESTABLISHING AMOUNTS TO BE CREDITED TO PROJECT/ACC RESERVE ACCOUNT AND CONTINGENCY RESERVE. The estimated amount to be credited to the Project/ACC Reserve Account (Section 8) will be reflected in the PHA's Estimate of Total Required Annual Contributions, Form [HUD-52673](#). The amount to be credited to the Contingency Reserve (Section 23) will be shown on Form HUD-52666, Estimate of Total Annual Contributions Required. However, the actual amount to be credited will not be known until the end of the fiscal year and after preparation of Form [HUD-52681](#), Voucher for Payment of Annual Contributions. The amount to be credited will be shown on Line 25a for Section 8 projects and on Line 27a for Section 23 projects of Form [HUD-52681](#), and shall be recorded in the books of account as follows:

a. Section 8.

Debit: Account 7027, Provision for Project/ACC Reserve Account  
- Section 8 HAP

Credit: Account 2827, Reserved Surplus - Project/ACC Reserve  
Account - Unfunded - Section 8 HAP

b. Section 23.

Debit: Account 7025, Provision for Contingency Reserve  
Section 23 HAP

Credit: Account 2825, Reserved Surplus - Contingency Reserve  
- Unfunded - Section 23 HAP

34. ESTABLISHING AMOUNTS TO BE CHARGED TO PROJECT/ACC RESERVE ACCOUNT AND CONTINGENCY RESERVE. If the total annual contributions required in any fiscal year exceeds the maximum annual contributions stated in the ACC as shown in the PHA's Estimate of Total Required Annual Contributions, Form [HUD-52673](#) (Section 8) or Form HUD-52666 (Section 23), such excess shall be funded from amounts available in the Project/ACC Reserve Account or Contingency Reserve to the extent of the credit balance in Account 2827 or 2825. The entry to record such charges shall be made after preparation of Form [HUD-52681](#), and will be in the amount shown on Line 25b for Section 8 or Line 27b for Section 23 of Form [HUD-52681](#), and would be recorded as follows:

a. Section 8.

Debit: Account 2827, Reserved Surplus - Project/ACC Reserve  
Unfunded - Section 8 HAP

Credit: Account 7027, Provision for Project/ACC Reserve  
Account - Section 8 HAP

b. Section 23.

Debit: Account 2825, Reserved Surplus - Contingency Reserve  
Unfunded - Section 23 HAP

Credit: Account 7025, Provision for Contingency Reserve  
- Section 23 HAP

35-36. RESERVED.