

CHAPTER 9. SPECIAL PROVISIONS FOR HOUSING FINANCE AGENCIES

45. GENERAL. A Housing Finance Agency (HFA) does not qualify for a fee for administration or for preliminary administrative expenses under (1) 24 CFR, Part 883, which provides special procedures for new construction and substantial rehabilitation projects where the HFA provides permanent financing without Federal mortgage insurance, or (2) 24 CFR, Parts 880 or 881. the Section 8 New Construction and Substantial Rehabilitation Regulations, if in the case of (1) or (2) the effective rate of interest, including the servicing charge, payable by the Owner is greater than the net interest cost on the obligations issued by the HFA to provide the permanent financing. If the effective rate of interest payable by the Owner is equal to or less than the interest cost to the HFA, the HFA qualifies for the fees as if it were a PHA not qualifying as an HFA.
- a. Where the HFA does not qualify for the fees, HUD will execute an ACC with the HFA with respect to the project in an amount equal to (1) the amount of housing assistance payments payable during each fiscal year by the HFA, subject to reduction by the amount of any project receipts, plus (2) amounts to compensate the HFA for the costs of audits required by HUD.
 - b. Since HUD does not provide the HFA with funds to cover preliminary administrative expenses or an administrative fee for the regular costs of administration, many of the requirements set forth in Chapters 1 through 8 of this Handbook are not applicable to projects under this type of ACC. Accordingly this Chapter modifies the accounting instruction for use by HFA's administering Section 8 projects under an ACC which does not provide for the payment of preliminary costs or an administrative fee. Unless specifically modified herein, the accounting requirements set forth in other Chapters of this Handbook shall be applicable to HFAs. The procedures in this Chapter are not applicable to any projects owned by a HFA.
46. LIST OF ACCOUNTS. The following list of accounts shall be used by HFAs administering Section 8 New and Rehab projects pursuant to Title 24 CFR, Part 883, Subpart C. The definitions of these accounts are contained in Chapter 2, paragraph 7.

- 1111.1 Cash - General Fund
- 1125 Accounts Receivable - HUD

HOUSING ASSISTANCE PAYMENTS
PROGRAM ACCOUNTING HANDBOOK

7420.6

CHAPTER 9

1129 Accounts Receivable - Other
1156 Advances - Unlimited Revolving Fund
1157 Advances - Other
1162 Investments - General Fund
2111 Accounts Payable
2118 Accounts Payable HUD
2210 Deferred Credits - Prepaid Annual Contributions
2810 Unreserved Surplus
2827 Reserved Surplus -Project/ACC Reserve Account
 - Unfunded - Section 8 HAP
2840 Cumulative HUD Annual Contributions
7027 Provision for Project/ACC Reserve - Section 8 HAP
 Projects
8026 Annual Contributions Earned - HAP Projects
3610 Interest on General Fund Investments
3690 Other Income
4170 Accounting Auditing Fees 1
4715 Housing Assistance Payments

47. BOOKS OF ACCOUNT AND RELATED RECORDS.

- a. The following are the minimum HUD requirements for maintaining books of account and records. For a description of these records see Chapter 3 of this Handbook.

1/ This account shall only be charged with the cost of the periodic audits required by HUD under the Annual Contributions Contract.

- (1) General Ledger
 - (2) Journal Vouchers
 - (3) Voucher Check
 - (4) Housing Assistance Payments Register
- b. It will not be necessary for the HFA to main a Cash Receipts Register, Cash Disbursement Register, Income Ledger, or Expense Ledger. The Income and expense accounts may be made a part of the general ledger and the entries shall be made directly from the source documents i.e., cash receipts, voucher check, etc.

48. PROPERTY ASSETS. Since annual contributions will not be made available to the HFA for the purchase of nonexpendable equipment or other property, any property made available for use in the HFA's administration of its Section 8 program shall not be accounted for in the Section 8 books of account. The HFA may, however, establish memorandum accounts to account for property assets used in the Section 8 program, if desired.

49-50. RESERVED.