

CHAPTER 1. INTRODUCTION

1-1. PURPOSE. This Handbook sets forth policies and procedures for the requisition of public and Indian Housing development and modernization funds by a Public Housing

* Agency (PHA), Indian Housing Authority (IHA), and Resident Council (RC)/Resident Management Corporation (RMC) under * the Rapid Housing Payment System (RHPS). This Handbook also provides: reviewing, processing and monitoring instructions to HUD Field and Regional Offices and historical and current information on the financing of public and Indian Housing development and modernization.

* Unless otherwise noted, use of PHA refers to PHA, IHA, and RC/RMC. *

1-2. RAPID HOUSING PAYMENT SYSTEM (RHPS) DESCRIPTION.

a. General. RHPS is an on-line, automated requisition and approval system for development and modernization funds based on PHA submission of requisitions for which payment is due within the next 60 calendar days. Requisitions are reviewed and approved for payment at the Field Office level. After Field Office entry of the approved payment into RHPS, the funds are electronically deposited into the PHA's bank account on the payment due date. The PHA is required to disburse the funds within three days of receipt.

b. Shared Databases. The Field Office and the Office of Finance and Accounting (OFA) in Headquarters share the same database and can quickly provide financing information to the PHA. The Regional Office has access to this database for monitoring purposes, but has no review and approval authority.

c. Interface with Other Departmental Systems.

(1) Assisted Housing Accounting System (AHAS). AHAS is the Departmental accounting system for development and modernization loan funds approved before Fiscal Year (FY) 1987. RHPS interfaces with AHAS, which tracks these fund reservations and obligations (Annual Contributions Contracts (ACCs)). RHPS uses disbursement (past payment) information which has been extracted from Departmental accounting records.

(2) Program Accounting System (PAS). PAS is the Departmental accounting system for

development and modernization grant funds approved in FY 1987 and thereafter, as well as for operating subsidy payments, Section 23 lease adjustments and other Departmental programs. RHPS interfaces with PAS, which tracks these fund reservations, obligations and disbursements. Where the same development project is funded from both loans under AHAS and grants under PAS, RHPS automatically will exhaust the loan funding before using the grant funding.

- (3) Letter of Credit Control System (LOCCS).
LOCCS is the Departmental disbursement system for development and modernization loan and grant funds, as well as for operating subsidy payments and Section 23 lease adjustments. RHPS interfaces with LOCCS, which creates a magnetic tape for the automatic payments (see paragraph 1-4).

1-3. DIRECT DEPOSIT/ELECTRONIC FUNDS TRANSFER (DD/EFT).
Under RHPS, all requisitions are paid through DD/EFT, which requires that the PHA have approved payments electronically deposited directly into a single designated bank account. This designated bank account is the same account used for deposit of operating subsidy payments and Section 23 lease adjustments.

- a. Standard Form (SF)-1199A, Direct Deposit Sign-Up Form. The SF-1199A is required to initially establish the single designated bank account or to change existing information such as the bank's routing number, type of account (checking or savings) or the depositor's account number. To establish or change the SF-1199A, the PHA shall obtain the form from its financial institution and send the completed form, along with a voided check, to the Regional Accounting Division (RAD). Where the PHA submits a revised SF-1199A to change existing information, the PHA should not close the existing account number until the first DD/EFT has been made to the new bank account number. Complete instructions for preparing the SF-1199A are contained in Appendix 1. Use of Form HUD-274, Designation of Depository for Direct of Loan and/or Grant Funds, commonly known as the Depository Card, is obsolete and has been replaced by the SF-1199A.

- b. Form HUD-51999, General Depository Agreement. For

the SF-1199A on record in the RAD, the PHA shall execute Form HUD-51999 as required in Chapter 4 of the Financial Management Handbook 7475.1 REV, CHG-1. In addition, a Form HUD-51999 is required with every financial institution where the PHA has an account. Forms HUD-51999 previously executed into by the PHA and the financial institutions remain in force and do not require re-execution unless (1) the collateralization or uninsured deposits provision of the existing agreement is inconsistent with or contrary to the standards set forth in the latest version of Form HUD-51999 or (2) the PHA wishes to change or add depositories. A copy of the Form HUD-51999 shall be attached and sent with the SF-1199A to the RAD.

- c. Bank Mergers. If the PHA's financial institution is merged with or acquired by another financial institution, the institution's name, routing number (American Banking Association (ABA) number), or check digit may change. Where a merger occurs, the PHA should complete a new SF-1199A to avoid delay or rejection of payment.
- d. Correspondent Banks. Some financial institutions do not have the capacity to receive electronically transferred funds. Where this is the case, the PHA's financial institution requires the assistance of a correspondent bank with the capacity to accept deposits on its behalf. Information on the correspondent bank shall be annotated on the SF-1199A. If any information on the correspondent bank changes, the PHA shall obtain a new SF-1199A from its financial institution and send the completed form to the RAD.
- e. LOCCS. Upon receipt of the SF-1199A from the PHA, the RAD enters bank and account information into LOCCS. LOCCS interfaces daily with RHPS to provide authorization to process requisitions for PHAs with an approved bank record in LOCCS. If there is no bank record in LOCCS, RHPS will not accept data entry of the PHA's requisitions.
- f. EFT Addendum Information. The PHA is encouraged to use financial institutions that provide all EFT addendum information immediately upon receipt of funds and in monthly bank statements so that the type of funds received is clearly identified. The

for Proposals in securing banking services.

- g. Minority Owned or Controlled Financial Institutions. Although DD/EFT requires that all payments for development, modernization and operating subsidy funds and Section 23 lease adjustments be made to a single designated bank account, once funds are received, the PHA may move funds into other program specific bank accounts in other financial institutions. The PHA is strongly encouraged to use minority owned or controlled financial institutions.

1-4. AUTOMATED CLEARING HOUSE (ACH) PAYMENTS. ACH payments are payments with a due date of six or more working days from the date of entry into RHPS. These payments are made through the ACH System, which is an U.S. Department of Treasury processing and delivery facility. ACH provides for the electronic clearing of debits and credits. From information, entered into RHPS by the Field Office, OFA produces a system-generated tape using LOCCS. The tape, which contains all banking information, as well as the PHA name, amounts to be paid, due dates and project numbers, is delivered daily to the Treasury Department. The Treasury Department uses the ACH to automatically transfer the approved funds through the Federal Reserve into the PHA's bank account.

1-5. WIRE TRANSFER PAYMENTS. Wire transfer payments are payments with a due date of two to five working days from the date of entry into RHPS. These payments are made through the Treasury Department's FEDLINE System. From information entered into RHPS by the Field Office, OFA supplies the Treasury Department with a payment schedule (SF-1166, Schedule and Voucher of Payment) produced by LOCCS which indicates, for each payment, the amount, bank, PHA name and project. Each payment is then rekeyed, on a manual basis, by Treasury staff. This may result in keying errors and payment delays if the volume of wire transfer payments is not controlled. Therefore, such payments should be the exception, not the rule. It is essential that the PHA work out with its contractors a reasonable timetable for payment of accepted work in order to avoid the need for wire transfer payments.

1-6. DISCOUNTS. Some suppliers offer discounts for early payment. Where this is the case and the discount payment due date is shown clearly on the invoice, the

discount payment due date as the payment due date on Form HUD-5402A, Requisition for Development or Modernization Funds.

1-7. SURCHARGES. Since some banks may impose a surcharge on each electronic transfer, the PHA should check with its bank to determine if this is the case. Bank surcharges are not eligible development or modernization costs, but are eligible operating costs.