

CHAPTER 1

- 1-1. PURPOSE. This Handbook implements procedures for Public Housing Agencies (PHAs)/Indian Housing Authorities (IHAs) designed to improve the collection of Public Housing (PH) receipts by wire transfer.
- 1-2. BACKGROUND.
- a. The use of a check as a vehicle of payment delays the availability of funds to the Government by 4 to 14 days.
 - b. HUD's management of receipts can be improved by requiring that all remittance exceeding \$2,000 be deposited directly in the Treasury Department by having all PHAs and IHAs make their payments by wire transfer.
- 1-3. REASONS FOR REMITTANCE. PHAs and IHAs under the PH Program may, on occasion, make payments to the Department of Housing and Urban Development (HUD) for the following reasons:
- a. Disposition is the repayment of obligations of net disposition proceeds and net proceeds of sales/recaptures under homeownership programs or net proceeds from the sale of dwelling or non-dwelling structures and/or excess land.
 - b. Excess financing is the amount of development or modernization funds advanced above the approved actual development cost or the approved actual modernization cost.
 - c. Audit findings are sustained costs due and payable to HUD resulting from audit findings in reports issued by the Office of the Inspector General or Independent Auditors (IAs). The sustained cost can be disallowed or questioned cost which may be applicable to development or construction type expenditures, operating or administrative type expenditures, fund reserves, distribution of project equity, or revenue activities that could cause higher net expenses.
 - d. Residual Receipts are the amounts of a PHA/IHA's operating reserve which are over and above the maximum operating reserve level approved by HUD in the Operating Budget which covers the PHA/IHA's fiscal year immediately following the year for which the Form HUD-52599, Statement of Operating Receipts and Expenditures, is prepared.

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- e. HUD Technical Services Fee is the amount charged the PHA/IHA for HUD providing representatives in connection with the construction of project(s) which is computed at 0.2% of total development cost (excluding estimated amount

of this fee) as shown in the approved Development Cost Budget submitted at the time of award of Main Construction Contract or upon execution of contract of sale.

- f. Principal and/or interest repayments include reasons not specifically covered by any other category.

1-4. REMITTANCE PROCEDURES.

- a. A remittance of \$2,000 or less must be sent to the following location:

Department of Housing and Urban Development
Office of Finance and Accounting
Cash and Securities Section
451 7th Street SW
Washington, DC 20410

- b. A remittance over \$2,000 shall be wired in accordance with the instructions in Exhibit 1. These instructions have been provided by the Treasury Department and are presently being used by the banking industry. When remitting funds, the PHA/IHA is to request its financial institution to wire the funds using the appropriate formats on Exhibits 2, 3, 4, 5, 6, 7, 8, 9, and 10.

- c. The following exhibits are to be used for a specific reasons for remittance:

Exhibit 2 - Principal and/or interest repayment
Exhibit 3 - Excess Financing
Exhibit 4 - Residual Receipts
Exhibit 5 - Audit/Excess Financing
Exhibit 6 - Audit/HUD Technical Service Fees
Exhibit 7 - Audit/Residual Receipts
Exhibit 8 - Audit/Multi Findings
Exhibit 9 - HUD Technical Service Fees
Exhibit 10 - Disposition

- d. After funds have been remitted by wire transfer, the PHA/IHA will write a letter to the Director, Regional Office of Public Housing or the Director, Regional Office of Indian Programs detailing all funds remitted.

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1-5. WIRE TRANSFER PROCESS.

- a. The Treasury Department has established a computer interface with the Federal Reserve Bank which offers a secure instantaneous transfer mechanism between Treasury and the commercial banking industry. The Treasury Financial Communications System (TFCS) provides the Treasury with "online" access to the Federal Reserve Bank of New York computer and utilizing the Federal Reserve

Communication System (FRCS or Fedwire System) with access to all other Federal Reserve Banks, their branches, member banks and correspondents of member banks.

- b. When remitting funds, PHAs/IHAs shall indicate under Field 10, Third Party Information the reason for the remittance, the appropriation number, the project number, and the PHA/IHA name.
- c. The following is a step-by-step explanation of the actual TFCS deposit transaction:
 - (1) The PHA/IHA notifies its general depository to wire funds to the Department of Treasury, supplying the bank with the specific information required by HUD.
 - (2) If the general depository is an on-line member of the Federal Reserve System, it prepares the standard funds transfer wire message noting HUD's requirements, and enters this message into the Fedwire System. Off-line members would initiate the funds transfer by contacting a servicing Federal Reserve Bank. If the general depository is not a member of the Federal Reserve System, the bank can make the transfer through a correspondent bank that is a member.
 - (3) Via a computer-to-computer link, information on all TFCS fund transfers is transmitted from the New York Federal Reserve Bank's computer to a computer maintained by the Treasury Department in Washington, D.C.
 - (4) As deposit data is received by the Treasury computer, it is categorized and maintained according to the Agency Location Code for HUD and all other receiving agencies as indicated on the wire message.

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- (5) When accessed, the complete deposit message for each transaction is immediately transmitted from the Treasury computer to a teleprinter located at HUD on the day of funds transmission.
 - (6) At the end of each day, Treasury prepares a computer listing, which details each deposit message. This listing is sent to HUD Headquarters the following work day.

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