



U.S. Department of Housing and Urban
Development

Office of Public and Indian Housing

Special Attention:
Secretary's Representatives;
State and Area Coordinators;
Directors, Offices of Public Housing;
Administrators, Offices of Native American
Programs

Notice PIH 96-43 (HUD)

Issued: June 21, 1996

Expires: June 30, 1997

Cross References:

Subject: Obligation of Section 8 Funds and Related Matters

1. **Purpose:** This Notice alerts HUD Offices of Public Housing and Offices of Native American Programs to a formal change in the point of obligation for program funds under PIH administered Section 8 programs.
2. **Applicability:** This Notice is applicable to all funding under the Section 8 Rental Certificate, Rental Voucher, and Moderate Rehabilitation programs. It is also applicable to the Moderate Rehabilitation Single Room Occupancy program funded by the Office of Community Planning and Development.
3. **Background:** Until this policy change, Section 8 funds were considered obligated when the ACC was executed by both the housing authority and HUD.
4. **Commitments:** A commitment is a firm administrative reservation of funds which authorizes the creation of an obligation. The approval and processing of the reservation (RV document) in HUDCAPS constitutes the legal commitment of Section 8 funds.
5. **Obligations:** An obligation is a legal reservation of funds established by a binding legal transaction which results in a valid charge against an appropriation. The execution of a notification letter constitutes the legal obligation of Section 8 funds.

6. **Notification Letter:** To effectively implement this policy revision, Offices of Public Housing and Offices of Native American Programs must review and amend, as appropriate, the language used in their Section 8 funding notification letters to housing authorities. The notification letter must include the following:

A statement that the Department has **obligated** \$(dollar amount) under (funding increment number) for (specified purpose); and

A statement that the housing authority cannot draw upon the obligated funds until the ACC is executed by both the housing authority and HUD.

The notification letter should continue to transmit the ACC for signature by the housing authority (or indicate that it will be transmitted separately), and when appropriate, should request the housing authority to submit revised budgets and requisitions.

7. **HUDCAPS Procedures:** No changes are required in HUDCAPS procedures. The CO document should only be approved and processed in HUDCAPS when the ACC is executed by both the housing authority and HUD. Approval and processing of the CO document sets the status indicator on the Funding Increment Status Line Table (FISL) to "Contracted", allowing funds to be disbursed from the funding increment.
8. **HUDCAPS Printing:** Many offices have reported HUDCAPS printing problems. Most, if not all, of these printing problems have been resolved. If printing problems persist or recur, the problem must be reported to Daniel B. Hutton in the Office of Information Technology via cc:mail at ITPOST4 or by telephone on (202) 708-7583.
9. **Funding Exhibits:** Unless precluded by printing problems, all Section 8 Funding Exhibits must be printed from HUDCAPS. Alternate means of generating funding exhibits must be approved by the Finance Division of the Office of Rental Assistance. Regardless of the means of preparation, funding exhibits attached to ACCs must be accurate, current, and complete. Please do not, under any circumstance, knowingly send out erroneous funding exhibits.

10. **Contract Authority:** A Contract Authority Table (CAUT) and update process have been developed for HUDCAPS. These enhancements are included in HUDCAPS release 2.5, scheduled to go into production June 18, 1996. Contract authority values for older funding increments were converted from CFS and/or PAS data. Contract authority values for funding increments created in HUDCAPS were calculated based on the budget authority and funding term.
11. **Contacts:** If you or your staff have any questions, please contact the Office of Rental Assistance, Finance Division, on (202) 708-2934.

/s/ Michael B. Janis for
Kevin Emanuel Marchman,
Acting Assistant Secretary
for Public and Indian Housing