



U.S. Department of Housing and Urban  
Development

Office of Public and Indian Housing

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Special Attention:  
Directors, Offices of Public Housing;  
Administrators, Offices of Native American  
Programs; Section 8 Public Housing  
Agencies and Indian Housing Authorities

Notice PIH 96-54 (HA)

Issued: 7/26/96  
Expires: 7/31/97

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Cross References:

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Subject: Accounting and Financial Management Procedures for the Portability provisions of the Section 8 Certificate and Voucher programs

1. **Purpose.** This Notice provides guidance and procedures to HUD Field Offices, public housing agencies and Indian housing authorities (HAs) for financial management and accounting of Section 8 portability payments and receipts. **This Notice supersedes Notices PIH 92-14 and 95-56.**

2. **BACKGROUND.** HUD Notice PIH 92-14 (HA) detailed the procedures for payment of special preliminary fees under portability, and the required accounting procedures for portability transactions.

The Conforming Rule, published in the Federal Register July 3, 1995, and issued by HUD in Notice PIH 95-63 (HA) changed many aspects of the Section 8 certificate and voucher programs, including portability procedures. This Notice provides the financial requirements of portability, as detailed in the Conforming Rule, to HAs and HUD staff. Program participants should refer to the Conforming Rule for more detailed information.

3. **APPLICABILITY.** The procedures set forth in this Notice apply to initial HAs and receiving HAs as those terms relate to portability of rental vouchers and rental certificates.

4. **SPECIAL PRELIMINARY FEES UNDER PORTABILITY.** Prior to the Conforming Rule, the receiving HA was entitled to a special preliminary fee under portability, not to exceed \$250, if the receiving HA incurred intake expenses in admitting the family under the portability provisions.

A provision for these fees was not included in the Conforming Rule, and, therefore, effective October 1, 1995, special preliminary fees under portability are no longer available to the receiving HA. HUD continues to allow preliminary fees of up to \$275 for each Section 8 certificate and voucher unit supported by a **new** funding increment.

5. **BILLING PROCEDURES.** If the receiving HA does not absorb the portable family into its program and chooses to bill the initial HA for housing assistance payments (HAP) and on-going administrative fees, the first bill must be forwarded from the receiving HA to the initial HA within ten working days from the date a HAP contract is executed on behalf of the portable family, but must be received within six months from the date the initial HA issued the certificate/voucher to the family. If the receiving HA does not bill the initial HA within six months, the assisted portable family must be absorbed into the receiving HA's program.

The first bill submitted by the receiving HA must be paid within 30 calendar days of receipt. Subsequently, the initial HA must make payment each month the billing arrangement is in effect, unless the HAs mutually agree to another payment schedule.

The receiving HA is entitled to receive 100% of the HAP paid on behalf of the portable family, and 80% of the on-going administrative fee for each unit month HAP is paid on behalf of the portable family. If a portable family moves into a Section 8 unit owned by the receiving HA, the receiving HA will bill the initial HA the lesser of 80% of the initial HA's administrative fee for the unit, or 3% of the receiving HA's two bedroom fair market rent. If applicable, the receiving HA may also receive a \$45 fee for the cost to help families who experience difficulty renting appropriate housing (formerly hard-to-house fee).

HAP for the portable units is calculated in the same manner as for non-portable units in the receiving HA's program. The on-going administrative fee must be calculated using Column A of the latest fee chart published in the Federal Register for the initial HA's jurisdiction. (The unit months of administrative fee paid to the receiving HA must be counted as part of the 7,200 unit month maximum for column A for the initial HA.)

The bill submitted by the receiving HA to the initial HA must be on form HUD-52665, "Family Portability Information". In addition to the HUD-52665, the HAs must provide supporting documentation as reflected on the HUD-52665. HAs cannot require any additional supporting documentation other than what is stated on the HUD-52665. Attachment I to this Notice is a copy of the HUD-52665.

6. **ADMINISTRATIVE SANCTIONS.** The participating HAs must comply with the financial procedures required by HUD, including the use of form HUD-52665. HAs must also comply with the billing and payment deadlines outlined in this Notice. Failure to comply with these provisions may result in administrative sanctions, including the reduction of administrative fees, for either the initial or receiving HA.

Administrative sanctions, including the reduction of on-going administrative fees, can be levied against initial HAs who fail to promptly reimburse allowable expenses billed by the receiving HA. HAs are encouraged to resolve all billing problems without HUD's involvement. Situations that cannot be resolved should be referred to the local HUD Field Office.

A separate Notice will be issued providing instructions to State and Area Offices for imposing sanctions on HAs who fail to promptly reimburse receiving HAs.

7. **ACCOUNTING FOR PORTABILITY.** Both the initial and receiving HA must implement an accounting system that will be able to identify all transactions related to portability. The accounting transactions related to portability must be supported by a HAP register established for portability payments.

A. At a minimum, the receiving HA must:

- (1) establish a separate accounts receivable on the general ledger for housing assistance payments, ongoing administrative fees, and fees for the cost to help families who experience difficulty renting appropriate housing due from the initial HAs;
- (2) establish a separate subsidiary ledger for each initial HA;
- (3) provide a certification on form HUD-52681 that the year-end rental certificate and/or rental voucher financial statements do not include as an expense portability payments due from other HAs; and

- (4) footnote the balance sheet listing HAs and amounts relative to portability accounts receivable (and payable if the HA is also an initial HA with other portable units).

B. The initial HA must:

- (1) establish a separate accounts payable on the general ledger for housing assistance payments, ongoing administrative fees, and fees for the cost to help families who experience difficulty renting appropriate housing due to receiving HAs;
- (2) establish a separate subsidiary ledger for each receiving HA to identify the amount payable to the HA, and
- (3) footnote the balance sheet and list HAs and amounts relative to portability accounts payable (and receivable if the HA is also a receiving HA with other portable units).

Attachment II reflects the suggested accounting entries for both the initial and receiving HAs. The accounting entries for the receiving HA have changed significantly from the procedures detailed in Notice 92-14.

The receiving HA should no longer record an expense when paying HAP to owners. HUD found that this entry often resulted in HAs overstating HAP expenses and receiving excess subsidy from HUD. Receiving HAs should now record an accounts receivable when paying HAP to an owner. After receiving reimbursement from the initial HA, the receiving HA should credit accounts receivable.

8. **RECORDS RETENTION.** HAs are no longer required to submit supporting documentation for the number of portable families with the HUD-52681. HAs must, however, maintain accurate files of all portability transactions for three years and make those files available to HUD upon request.
9. **CONTACT.** If additional information or clarification is needed, please contact the Finance Division at (202) 708-2934.

\_\_\_\_\_/s/\_\_\_\_\_  
Kevin Emanuel Marchman, Acting Assistant  
Secretary for Public and Indian Housing

Attachments

ACCOUNTING REQUIREMENTS

**Initial HA.** The initial HA should record housing assistance payments and ongoing administrative fees for portable rental vouchers or rental certificates in the following manner:

DR 4000 Expenses-Control  
CR 2115 Accounts Payable - Portable Vouchers  
CR 2116 Accounts Payable - Portable Certificates  
Subsidiary (Account 4000)

DR 4715.P Housing Assistance Payments  
DR 4590.P Administrative General Expense

To record reimbursement to the receiving HA, the initial HA shall record the following entries:

DR 2115 Accounts Payable - Portable Vouchers  
DR 2116 Accounts Payable - Portable Certificates  
CR 1111.1 General Fund Cash

**Receiving HA.** The receiving HA must record the following when paying HAPs to owners for tenants who have not been absorbed into its program:

DR 1125.P Accounts Receivable - Initial HA (HAP and ongoing administrative fee)  
CR 3300.P Income (Administrative Fee)  
CR 1111.1 General Cash Fund (Payment of HAP)

To record receipt of payment from the initial HA, the receiving HA should:

DR 1111.1 General Fund Cash  
CR 1129.P Accounts receivable - issuing HA