



ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

June 25, 2024

Dear Executive Director and/or
HCV Program Representative:

Subject: Updated Guidance Related to Remittances of Interest Earned in the HCV Program to Health and Human Services (HHS).

This communication supersedes the communication shared with public housing agencies (PHAs) on April 2019, which provided updated guidance in the remittance of interest earned originated from the Housing Choice Voucher (HCV) Program funding, which include the following sub-programs:

- PIH - Section 811 Mainstream Vouchers, (MS),
- PIH - Moderate Rehabilitation (Mod Rehab) Program
- PIH - Single Room Occupancy (SRO), and
- PIH - Emergency Housing Voucher (EHV) Program. **(new)**

In accordance with 2 CFR 200.305(b)(9), PHAs administering the HCV, Mainstream, Mod Rehab, SRO and EHV Programs must remit interest earned originated from Housing Assistance Payment (HAP) and restricted net position (RNP) balances in excess of \$500 for the entire program and sub-programs and based on the PHA's fiscal year-end. Interest earned on all HCV Program and sub-programs up to \$500 per PHA fiscal year, may be retained by the PHA for administrative expenses.

Also, PHAs administering the EHV Program, must include the interest earned that originated from administrative fees and unrestricted net position (UNP) balances to the interest earned from Housing Assistance Payment (HAP) and Restricted Net Position (RNP) balances when calculating the excess of \$500 for the entire HCV program and sub-programs and based on the PHA's fiscal year-end.

Additionally, this notification reinstates the revised guidance announced in April 2019 for reporting interest earned on the HUD Form-52681, Year-end Settlement. PHAs will continue to report a portion of interest earned on the annual HUD Form 52681, Year-end Settlement for Mod Rehab and SRO; however, there may be occasions when no interest is reported. Effective with this revised reporting requirement, interest income earned on excess HAP funds will no longer be reported on Line 21, Program Receipts. Interest earned on excess HAP funds that exceeds \$500 must be remitted to HHS. Interest earned on excess HAP funds that is less than \$500 will be reported on Line

31 – Interest earned on Operating Reserve. Interest reported on this line should not be included on any other line of the HUD-52681.

Again, the interest earned amount on each Mod Rehab and SRO contract, and the HCV Program (to include MS and EHV Programs) should be considered in the overall total of \$500 that the PHA is allowed to retain. Interest earned on excess HAP that exceeds \$500 and remitted to HHS will not be reported on the HUD-52681.

PHAs are also reminded that allocation of any interest earned must be reasonable and supported by appropriate documentation and the application of any retained interest must be similarly reasonable and documented.

Please note that these reporting requirements are effective immediately. Any HUD Form-52681 received or submitted to the Financial Management Center (FMC) as of the date of this notification will be reviewed using the procedures in place prior to this change. Going forward, any new form HUD Form-52681 Year-end settlements received by the FMC after the updated guidance, will be subject to the new procedures and guidelines set forth in this correspondence.

Guidance in 2 CFR 200.305 (b)(9) states the following:

“ (9) Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Remittances must include pertinent information of the payee and nature of payment in the memo area (often referred to as “addenda records” by Financial Institutions) as that will assist in the timely posting of interest earned on federal funds.” Pertinent details include the PHA name, number, and address.

For monitoring and record control, find attached a PHA Certification sample for remittances of interest to HHS. The certification is a form that HUD is recommending using and not a requirement. This is for the PHAs to keep for internal records, which can be made available to auditors and the Quality Assurance Division during financial reviews, or as needed. HHS guidance related to funds remittances can be found on the HHS Division of Payment Management website at the following link: <https://pms.psc.gov/>. Click on “Returning Funds/Interest” on the left-hand side menu.

Finally, PHAs are reminded of the importance of complete, timely and accurate reporting in Public and Indian Housing Information Center (IMS/PIC), the Voucher Management System (VMS) and the Financial Assessment Subsystem (FASS).

The VMS Guidebook, Appendix A, provides the following guidance related to reporting interest:

Interest or other income earned this month from the investment of HAP funds and Net Restricted Assets: Interest or other income earned this month from the investment of HAP funds and Restricted Net Position. *Note: the amount of interest earned from the UNP account should not be reported in this field.*

Should you have any question regarding this guidance, please do not hesitate to contact your designated FMC Financial Analyst, or the Financial Management Division at PIH.Financial.Management.Division@hud.gov.

Sincerely,

Miguel A. Fontáñez
Director
Financial Management Division

Attachment

Office of Housing Voucher Programs
Remittance of Interest Earned - HCV Program
PHA Annual Certification for Internal Records
(This Document is Optional - not Mandatory)

PHA Name: _____
PHA Code: _____
PHA FYE: _____

Select one or more:

- Housing Choice Voucher (HCV) Program
- Mainstream Vouchers (MS)
- Moderate Rehabilitation Program
- Single Room Occupancy Program
- Emergency Housing Vouchers (EHV) Program (new)
- Other HCV-Related Program: (Program Name)

This is to certify the PHA Name (Code) interest earned in excess of \$500 originated from the HCV Program funds selected above was remitted to Health and Human Services (HHS) in accordance with 2 CFR 200.305(b)(9) requirements. Interest earned was remitted to the Treasury via the HHS Payment Management System within 45 days following our FYE.

Remitted Amount: _____ Date: _____

(Remittances included interest earned originated from HAP funds for the programs selected and originated from HAP and Admin Fees for the EHV Program.)

Certification: I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Authorized PHA Official

Date

Printed Official's Name and Title

- This Certification is not mandatory for public housing agencies. It is offered as a template for tracking the remittance of interest earned to HHS and can be provided to auditors and HUD's Quality Assurance Division (QAD) if necessary.
- HHS guidance related to funds remittances can be found on the HHS Division of Payment Management website at the following link:
http://www.dpm.psc.gov/grant_recipient/funding_requests/returning_interest.aspx
Click on "Returning Funds/Interest" for specific information.)