



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

JUL 13 2007

MEMORANDUM FOR: All Multifamily Hub Directors  
All Multifamily Program Center Directors  
All Multifamily Operations Officers  
Owners and Management Agents of Project Based Section 8  
Properties  
All Contract Administrators  
All HUD Servicing Mortgagees

FROM: *John L. Garvin*  
John L. Garvin, Senior Advisor to FHA Commissioner/Acting  
Deputy Assistant Secretary for Multifamily Housing Programs, H

SUBJECT: Expedited Processing for Use of Residual Receipts and  
Reserve Replacement Funds

Multifamily properties with HUD project-based Section 8 Housing Assistance Payment (HAP) contract(s) rely on the payment of the Section 8 subsidy to assist in paying the mortgage and operating expenses of the property. Currently some properties are experiencing delays in receiving Section 8 subsidy from HUD through no fault of their own. This may result in inadequate operating funds to meet the needs of the property. When this occurs, property owners may request HUD approval to use available residual receipts and/or reserve for replacement funds to meet mortgage and other necessary operating expenses of the property.

In recognition of the current Section 8 funding delays, and the necessity for owners to access available residual receipts and/or reserve for replacement funds as quickly as possible, I am requesting all Multifamily Offices to assure that priority processing be given to these requests. Our goal is to process these requests within one business day of receipt.

The following conditions will apply:

- Residual receipts and/or reserve for replacement funds may only be used if there are insufficient funds in the property's operating account to meet current expenses, including the mortgage payment.
- Owners must use all available residual receipts funds prior to using replacement reserve funds.
- Residual receipts and/or replacement reserve funds must only be used for mortgage payment and necessary operating expenses.

- To expedite processing, owners/management agents should fax the Funds Authorization (Form HUD 9250) to the local HUD office. The request should be processed within one business day and HUD will fax the approved form to the owner/lender (if appropriate), and if it's a direct or HUD-held loan to HUD Headquarters. The form with the original approval signature will be mailed to the lender.
- Inasmuch as these funds are needed to meet necessary operating and mortgage expenses, funds should be released from the reserve for replacement account irrespective of normal minimum threshold balance requirement.
- The financial institution holding the funds should release the funds based on the fax copy of the 9250 form to expedite the owner receiving the needed funds.
- All funds advanced to the owner under the emergency expedited processing procedures authorized by this memorandum, must be promptly repaid to the reserve account when the Section 8 funds are received and the property has the needed funds to operate.

If a 202 direct loan property does not have sufficient residual receipts or reserve for replacement funds to meet normal operating expenses, the owner should request that HUD consider temporarily suspending the mortgage offset payment. This request should be sent to the local Multifamily HUD Office servicing the loan.

I want to emphasize that this approval is limited only to those Section 8 properties experiencing delays in receiving Section 8 payment from HUD. These expedited processing procedures will remain in effect for six months from the date of this memorandum.

We want to thank you for your assistance in expediting these requests.