



U.S. Department of Housing and Urban Development
Public and Indian Housing

Special Attention of: **Notice:PIH 2000-44(TDHEs)**

ONAP Administrators;
Tribes; and Tribally
Designated Housing
Entities

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1000

Subject: Line of Credit Control System/Voice Response
System (LOCCS/VRS) for the Indian Housing
Block Grant Program

- Purpose:** This Notice provides specific guidance on the use of the Line of Credit Control System (LOCCS) and the Voice Response System (VRS) for the Indian Housing Block Grant (IHBG) Program. The Notice includes guidance for both the grant recipient and Office of Native American Programs (ONAP) staff. This Notice includes minor changes to the previous notice to bring the information current.
- Background:** The IHBG Program is authorized by the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) and the regulations governing the program that are found at 24 CFR Part 1000. This Notice provides program-specific guidance for the IHBG Program area created in LOCCS. General(non-program specific) guidance is provided in the LOCCS User Guide. (The most recent publication of the LOCCS User Guide is October 1996 and is the Guide referenced thorough out this notice.) A previous LOCCS Notice was published on June 26, 1998 and reinstated on August 19, 1999 (PIH 98-36 (ONAP)).
- Overview:** LOCCS is an automated payment system used by HUD to provide grant recipients with a convenient

system for requesting funds. The system allows for timely disbursements and accountability of funds. LOCCS provides ONAP with a method of establishing payment thresholds and reviewing the history of payments to the grant recipient. The grant recipient uses the LOCCS/VRS to requisition grant funds as needed with a touch-tone telephone.

4. Program Guidance:

- a. **Program Area:** Each program within LOCCS has a three or four-character program area identifier code. The LOCCS program area code for the Indian Housing Block Grant Program is **IHBG**. Grant recipients will note this code is preprinted in block 2 of the LOCCS/VRS Indian Housing Block Grant Payment Voucher, form HUD-50080-IHBG (Attachment 1). ONAP staff will use this code at the initial sign-on screen in LOCCS for access to the IHBG Program area.
- b. **VRS Number:** Each grant established in LOCCS is automatically assigned a unique 10-digit number. This number is used by the grant recipient in the LOCCS/VRS to specify which grant is being accessed. The LOCCS VRS number format is #####-***@@@, where:

#####	represents a base number assigned by LOCCS to the recipient.
**	is a numeric code assigned by LOCCS to the program area. The numeric code for the IHBG program area is 79 .
@@@	is a sequential number beginning with 001 representing the number of grants assigned to the recipient within the program area.

The VRS number is generated by LOCCS after the Area ONAP staff divides the grant funds to one or more specific funding activities. LOCCS automatically generates a letter to the grant recipient notifying them of the assigned VRS number.

- c. **Establishing a Grant in LOCCS:** To establish a grant in LOCCS, the Funding Approval/Agreement, form HUD-52734-B, (Attachment 2) must be submitted to the Chief Financial Office Accounting Center (CFOAC) to the following address by the Area ONAP.

U.S. Department of Housing and Urban Development
CFO Accounting Center
PO Box 901013
Fort Worth, TX 96101

The CFOAC will enter the fund obligation amount from the HUD-52734-B into the Program Accounting System (PAS). LOCCS will automatically retrieve this information from PAS. For a detailed listing of the various actions that must take place before a grant is established in LOCCS, please refer to pages 2-3 and 2-4 of the LOCCS User Guide. NAHASDA Guidances 98-7 (Tribe/TDHE) and 98-3A (ONAP) also provide additional details on the various forms required for an IHBG project.

If the grant recipient is a tribally designated housing entity (TDHE) and the TDHE submits an Indian Housing Plan (IHP) for each tribe it serves, a HUD-52734-B should be executed for each tribe. If the TDHE submits one IHP for all the tribes it serves, a single HUD-52734-B should be executed with an addendum identifying the tribes and amounts included in the HUD-52734-B. In this case, ONAP will use the representative tribe (in agreement with the representative tribe for the IHP in the Lotus Notes system) to determine the grant number for block 5 of the HUD-52734-B. If the TDHE submits one IHP, but provides separate tables within the IHP for each tribe it serves, the Area ONAP should contact the TDHE to verify whether a single or multiple HUD-52734-B should be executed.

- d. **Budget Line Items:** Disbursements from IHBG will be directed against specific funding activities called Budget Line Items (BLIs). The BLIs for

IHBG are specific to this program and have unique four-digit numbers associated with each BLI as follows:

<u>Line Item #</u>	<u>Line Item Activity</u>
1600	Current Assisted Stock (CAS) Operating Subsidy - This BLI identifies the amount of operating subsidy from the Formula Current Assisted Stock for each grant recipient as identified in the formula listing; however, disbursements from this BLI may be used by the grant recipient for operating subsidy purposes or for any other eligible affordable housing activity.
1601	Investments - This BLI is used to record the maximum amount of funds from the grant that may be invested. Disbursements from this BLI may be used by the grant recipient for investment purposes or for any eligible affordable housing activity. According to 24 CFR 1000.58(b) and 1000.58(f), a grant recipient that demonstrates to HUD the capacity to invest IHBG funds may invest a portion of its IHBG annual grant. PIH Notice 99-4 provides the basis for determining if a tribe or TDHE has the administrative capacity to invest IHBG funds. Because the regulations established a two-year limitation on the term of the investments, this BLI will be used by ONAP to monitor the timing of investment activity as discussed in item f. below.
1602	IHBG Balance - This BLI will reflect the balance of the grant funds (annual grant amount minus FCAS Operating Subsidy and Investments). Funds disbursed from this BLI may be used for any eligible affordable housing

activity.

9900 Post Audit Adjustment - This is a "Protected", "Undisbursable" BLI used to record any funds that may be recaptured when the grant is "closed-out" in LOCCS. For additional information on "Protected," "Undisbursable" BLIs refer to page 2-8 in the LOCCS User Guide. The "close-out" of IHBG in LOCCS is discussed in item g. below.

While environmental review requirements apply to most IHBG activities, due to the nature of the IHBG Program and the range of activities that may be performed under the IHBG, ONAP will not control the release of funds in LOCCS. **It is the grant recipient's responsibility to ensure that prior to obligating or expending funds, all environmental review requirements have been met according to 24 Parts 50 or 58. HUD may, under certain circumstances, choose to limit a recipient's access pending completion of the environmental review requirements.**

e. Grant Thresholds and Edits

- i) **BLI Edits** - The three BLIs specific to the IHBG Program (1600, 1601, and 1602) have been established with a "hard" edit that prevents a grant recipient from exceeding the BLI. The LOCCS/VRS will not accept such voucher requests. Because of the nature of the IHBG Program and its BLIs, once the budgeted amount is reached for either BLI 1600 (CAS Operating Subsidy) or BLI 1602 (IHBG Balance) the grant recipient may drawdown funds from the other BLI until both BLI 1600 and 1602 are fully disbursed. However, if the budgeted amount is reached on BLI 1601 (Investments) the grant recipient may not draw funds from either of the two other BLIs for investment purposes.

Area ONAP staff are responsible for

dividing the IHBG funds between the three BLIs according to 24 CFR 1000.58(f) and formula amounts using the F01 screen in LOCCS. If the grant recipient has not requested or been approved to invest funds, then **no funds** should be put into BLI 1601. Instead all funds would be divided according to the preceding instructions for BLIs 1600 and 1602.

- ii) **Monthly Thresholds** - The IHBG Program in LOCCS has a monthly threshold of 10 percent. If a grant recipient's voucher request in LOCCS/VRS would cause the sum of drawdowns for that month to exceed 10 percent of the full grant amount, the voucher request will be sent to the Area ONAP for review and approval. LOCCS/VRS will notify the caller if an Area ONAP review is required before a payment can be disbursed. The grant recipient should notify the Area ONAP after the voucher has been entered into LOCCS/VRS so that the approval may be expedited. In some cases, the Area ONAP may request supporting documentation in order to approve the request. If the voucher request is for BLI 1601, Investments, the Area ONAP will approve such vouchers without requesting supporting documentation once verifying that the grant recipient has been approved to invest IHBG funds. Because of the anticipated size of drawdowns, any voucher that follows an investment disbursement will most likely exceed the 10 percent threshold; therefore, it is suggested that investment drawdowns be requested from VRS toward the end of a month.

The Area ONAP also has the ability to establish a lower, project-specific, monthly threshold using the M09 screen. Area ONAPs may only take this action according to 24 CFR 1000.530, 1000.532, or 1000.538.

- f. **Investments** - According to 24 CFR 1000.58(g), investment of IHBG funds may be for a period no

longer than two years. Therefore, it is the responsibility of the Area ONAP to monitor disbursements from BLI 1601 (Investments) and verify that within two years of disbursement, the funds have been expended for affordable housing activities under section 202 of NAHASDA.

- g. **Control Dates** - The IHBG program area in LOCCS has only one control date that is maintained by the Area ONAP, the close-out date. The Area ONAP will use the A01 screen to record the close-out date when it has received an Annual Performance Report that the recipient has designated as the final report and all funds have been expended. The close-out date is the date of the Area ONAP's letter notifying the recipient the final APR is complete. Entry of the close-out date will automatically stop any further disbursements and all LOCCS reporting requirements. Any funds remaining in the grant will be recaptured by HUD. (It is not anticipated that a project will be closed before all funds are disbursed; however, exceptions may occur that will require the recapture of funds. This will probably occur when pennies remain in a grant but must be accounted for to comply with HUD accounting procedures.) Recaptured funds will be reflected on BLI 9900, Post Audit Adjustment.

h. **Reporting Requirements**

- i) **Federal Cash Transaction Report, HUD-272-I**
- According to 24 CFR 85.41, the HUD-272-I (Attachment 3) must be submitted to the Area ONAP within 15 working days of the end of each quarter (i.e., April 21st, July 21st, October 20th, and January 22nd). (For more information on this requirement see Notice PIH 99-29 (TDHEs)). LOCCS will automatically generate a letter for each grant without a close-out date 15 days before the end of each quarter, to remind the grant recipient to submit the HUD-272-I. The Area ONAP would instruct LOCCS (through the A-18 screen) to discontinue sending reminder and delinquent letters when a HUD-272-I is received that shows all

IHBG funds have been drawdown from the line of credit and expended. The Area ONAP is responsible for entering in LOCCS the receipt date of the form using the M10 screen. If the Area ONAP does not acknowledge receipt of the HUD-272-I in LOCCS within 30 calendar days after the end of the quarter, LOCCS will automatically notify the grant recipient that the report is overdue. ONAP may proceed with actions according to 24 CFR 1000 Subpart F to address this deficiency.

- ii) **Annual Performance Report** - According to 24 CFR 1000.514, Annual Performance Reports must be submitted to the Area ONAP within 60 calendar days of the end of the grant recipient's program year. Because LOCCS cannot perform the following functions automatically, the Area ONAPs are responsible for notifying the grant recipient before the end of the grant recipient's program year to submit the APR covering each grant without a close-out date. If the APR is not received by the Area ONAP within 60 calendar days of the end of the grant recipient's program year, the Area ONAP will notify the grant recipient that the report is overdue. ONAP may impose edits on BLIs which require documentation that planned expenditures comply with NAHSDA statutory and regulatory requirements.
- iii) **General edits** - The normal system set-up establishes edits only for the total BLI and for monthly drawdown as discussed in i) and ii) above. Under certain circumstances, principally for failure to comply with environmental review requirements, for failure to submit an acceptable Annual Performance Report, or for documented concerns on the part of ONAP regarding the use of grant funds, edits may be placed in LOCCS which require a recipient to provide supporting documentation to the ONAP before funds are released to the recipient. Before imposing

such edits, ONAP will inform the recipient of the reasons for the edits and the documentation required to support future drawdown requests.

- i. **Vouchers** - The grant recipient must prepare a voucher for every payment request made using LOCCS/VRS. The grant recipient should complete items 3-14 of LOCCS/VRS Indian Housing Block Grant Payment Voucher, form HUD-50080-IHBG (Attachment 1), before placing the call to LOCCS/VRS. During the call, LOCCS/VRS will generate the voucher number to be inserted in item 1. All voucher numbers for the IHBG Program area begin with the number **079** that has been pre-printed on the form HUD-50080-IHBG. For detailed steps and information on the LOCCS/VRS call-in process, see pages 4-1 through 4-8 of the LOCCS User Guide. The grant recipient must keep the original voucher and backup documentation on file to support the drawdown request. Copies of the voucher are not to be sent to HUD unless specifically requested by the Area ONAP.

2. **LOCCS Security:** To gain access to the IHBG Program area in LOCCS, all users of either LOCCS or LOCCS/VRS must be authorized for that program area. To obtain authorization, the staff person for the grant recipient must submit a LOCCS Voice Response System Access Authorization, form HUD-27054, (Attachment 4), with the IHBG code in block 5a and Indian Housing Block Grant in block 5b. The form must specify what type of access is being requested in block 5c (Query Only or Drawdown), based on the activities that staff person will perform in LOCCS/VRS. If the staff person is requesting access as a new user in LOCCS, the form must be notarized. The form should then be sent to the Area ONAP for review. The Area ONAP will retain a copy and forward the original HUD-27054 to the following address:

U.S. Department of Housing and Urban Development
Chief Financial Officer, FYM
P.O. Box 23774
Washington, DC 20026-3774

ONAP staff must also request authorization for access to the IHBG Program area in LOCCS. To do so, ONAP staff must complete the LOCCS Access Authorization Security Form for HUD Staff, form HUD-27054-A. (Attachment 5 - This form is available to ONAP staff from HUDCLips. Existing users forward the completed form to the address above including the IHBG code in block 12 along with the type of access requested (see the form instructions for additional information on the types of access available). New users must send the completed form to the following address:

Employee Service Center
77 West Jackson Blvd., 22nd Floor
Chicago, IL 60604-3507

LOCCS will automatically generate a notification letter when the request for access has been processed. For additional information see pages 3-1 through 3-13 of the LOCCS User Guide.

6. **Banking Information:** If a grant recipient has not previously used LOCCS, the grant recipient must submit to the Area ONAP a Direct Deposit Sign-Up, form SF-1199A (Attachment 6) and a cancelled check or copy of a cancelled check from the bank account where the funds are going to be deposited. The Area ONAP will review the form, retain a copy, and then forward the original SF-1199A and cancelled check to:

U.S. Department of Housing and Urban Development
CFO National Accounting Center
P.O. Box 901013
Fort Worth, TX 76101

The information contained on the form allows for the automatic deposit of funds requested from LOCCS/VRS. The form identifies the grant recipient's Tax Identification Number (TIN), bank name, account number, and the type of account.

Since banking information can be maintained in LOCCS at three different levels (i.e., TIN, Program Area,

or Grant), if a grant recipient has previously used LOCCS for other programs, an SF-1199A would be used to establish different banking information specific to either the IHBG Program area or to the grant itself. To establish banking information specific to the IHBG Program area, specify IHBG in Section 1, block G of the SF-1199A. If a grant recipient wishes to have banking information specific to a project or projects, the project number(s) must be listed in Section 1, block G or on an attachment to the SF-1199A. See pages 2-1 through 2-5 of LOCCS User Guide for further information.

NOTE: The Area ONAP will mail the reviewed original SF-1199A and canceled check to the above address and not the address identified in the last paragraph of section 2.1 of LOCCS User Guide. The banking policy stated in the second paragraph of section 2.1 of the LOCCS User Guide does not pertain to IHBG. Grant recipients may designate a different bank account for the deposit of IHBG funds.

7. **Additional Guidance:** For program specific guidance, grant recipients should contact their Area ONAP. For detailed, non-program specific LOCCS/VRS guidance please refer to the LOCCS User Guide. To obtain copies of the User Guide, please call (800) 767-7468.

_ /s/ Harold Lucas
Assistant Secretary for Public
and Indian Housing