**CHOICE NEIGHBORHOODS GRANTEE FINANCIAL INSTRUCTIONS**

**Summary of the LOCCS Payment Process**

The Line of Credit Control System (LOCCS) is the system HUD uses to track and disburse grant funds. All Choice Neighborhoods Grantees (i.e., Lead Grantee) use eLOCCS to manage and request program funds. eLOCCS is the Internet system used by Grantees to access LOCCs. It  provides Grantees Internet-based drawdown and query capabilities.

There is a single sign on through Web Access Secure Systems (WASS) also referred to as Secure Systems to get into eLOCCS, which requires the User to enter a User ID and Password to ensure that the User has authority to access eLOCCS and request grant funds. The requested payment amount is checked against the grant's available balance in LOCCS to ensure that the request is consistent with the grant's authorized funding limits.

Once the request is approved, funds are wired from the U.S. Treasury directly into the Grantee's bank account, usually within 48 hours from the day the request is made. In some cases, the Office of Public Housing Investments is required to approve the request before it is processed for payment.

Choice Neighborhoods grants are administered in HUD Headquarters by the Office of Public and Indian Housing (the Office of Public Housing Investments (OPHI)). The Team Coordinator may be located in Washington, DC at HUD Headquarters or may be in a HUD Field Office.

Eligible grant activities that may be paid for with Choice Neighborhoods funds are listed in the Notice of Funding Availability (NOFA) and Grant Agreement that govern the Choice Neighborhoods grant.

1. **Account Set-Up and Access**
2. **Key Dates** -(theObligation of Grant Funds (Form HUD 1044) and Grant Agreement)

The date of obligation of the funding to the Grantee is the date HUD signed the form HUD-1044. OPHI will send one copy of the HUD-signed 1044 to HUD's CFO Accounting Center for entry of the obligation into LOCCS.

Then the 1044 (3 copies) is sent with the Grant Agreement to the Grantee. The Grantee signs the 1044s and the Grant Agreement signature page and returns it to HUD (with supporting documentation, as needed). The date of fund availability and the program effective date are described in the grant agreement. OPHI will send one copy of the executed Grant Agreement signature page and HUD-1044 to HUD's CFO Accounting Center for entry into LOCCS.

1. **Establishing a Grant Account**
2. The Grantee must submit a Standard Form SF-1199A, Direct Deposit Sign-Up Form, as described below.
	1. Each Grantee must complete and submit a Direct Deposit Sign-Up Form (SF-1199A). This form identifies the bank account into which grant funds will be deposited. All funds will be wire transferred from the U.S. Treasury directly into the Grantee's bank account. The form is available from GSA.gov, and instructions for its completion are included in Attachment 1. After the Grantee has completed Section 1 and the Grantee's financial institution has completed Section 3, email the form, with a check marked “VOID” or a deposit slip from the account to FWAC-sf1199a@hud.gov.
3. **Getting Access to Web Access Secure Systems (WASS)**
4. *e*LOCCS is accessed through the HUD internet portal called Web Access Secure Systems, also referred to as WASS or Secure Systems. Secure Systems supports many HUD applications, of which eLOCCS is one of them. In order for grantees to use *e*LOCCS, there are steps which must be completed prior to accessing eLOCCS.
5. Only Grantee representatives with valid User IDs and Passwords may access LOCCS once the Approving Official (Coordinator) has assigned them eLOCCs roles to use the system. Users are allowed access to only those programs, projects, and functions that have been requested by the User and approved by the Office of Public and Indian Housing (or a specific program area) and OCFO User Support Branch at HUD Headquarters.
6. Currently, only Public Housing Authorities (PHAs) are pre-approved by the Office of Public and Indian Housing’s Web Access Secure Systems (WASS). Because of this, Choice Neighborhoods Grantees that are not PHAs should register their organization as Multifamily Housing and select two of their employees to serve as their Multifamily Business Partner(s) “Users”. These are the Grantee’s employees who will draw funds from LOCCS. The organization of the selected grantee should first register once at the following address as a Multifamily Business Partner and wait 24 hours to proceed: <http://www.hud.gov/offices/reac/online/reasyst.cfm>. The Approving Officials must register as a Coordinator which is a supervisory role in Secure Systems. The Coordinator role is specifically for Approving Officials only who sign the HUD form 27504E.
	1. **NOTE**: Federal Security guidelines mandate that the Approving Official for any User of a financial system must **recertify** the User that s/he is in good standing and may continue to keep the access for which they have applied. If that criterion is not met, the Approving Official can then have your access removed.
7. Each organization will need to have a Coordinator and a User. Both parties will need to register on Secure Systems to obtain the system ID. The new coordinator waits 7-10 days to receive a Coordinator ID. The new User will await the User ID from the Coordinator. If the Coordinator is existing and the User is new, after registering as a User, the system ID will be available for the Coordinator within 24 hours.

The new Coordinator (Approving Official) serves as the system Administrator who assigns roles to use eLOCCS and retrieves User IDs. It is recommended that the Coordinator assign roles to themselves first before Users. Existing Coordinators will assign roles to the new User and provide the ID.

1. **Access to LOCCS**
2. Each representative (“User”) must submit a LOCCS Access Authorization Form (Form HUD-27054E). The **Business Partner Registration** and **Secure Systems Registration** are independent of **LOCCS 27054E registration.** However, the User needs a Secure Systems ID in order to complete the HUD 27054E form and registration.  The User can find the Instructions on the form.

HUD -27054E LOCCS Access Authorization Form:

<https://www.hud.gov/sites/dfiles/OCHCO/documents/27054e.pdf>

The Grantees (all new or reinstated users who need to access eLOCCS) need to complete the LOCCS HUD-27054E form, have it notarized, send the *original* HUD-27054E LOCCS Access Authorization Form (with the original signature and notary seal) via U.S. Mail to the **Program Office** for review. Each User must mail it to OPHI at this address, regardless of the address listed on the form:

U.S. Department of HUD

Office of Public Housing Investments (OPHI)

451 7th Street S.W., Room 4130

Washington, DC 20410

Attn: LaShawn Pinkney, (202) 402-4513

 Please note that OCFO User Support Branch will only accept the version of Form HUD-27054E dated 4/2017 at the bottom right corner. Instructions for the completion of this form are included on the last page of the form. The Program Office will complete Section 8 an initial and date the second page of the form before submitting to OCFO User Support Branch. Again, at least two Grantee representatives should be authorized to draw down funds as Users.

After receipt of the HUD-27054E, the OCFO User Support Branch will enter the information from the Form HUD-27054E into LOCCS within three days of receipt or return it for corrections. The User will receive an email within ten days regarding access. The email will state that the User must access eLOCCS by a certain date. If the system is not accessed by that timeframe, the authorization will be canceled. If the grantee does not receive a response within ten days, they should contact the Program Office. The Program Officer will review the 27054E status and contact the OCFO User Support Branch if necessary. The User will not have to request a drawdown in order to access the system.

* + 1. **If a Grantee has not received Choice Neighborhoods funds in the past, even if it has received other HUD program funds through LOCCS, Users must be authorized for the “URP” LOCCS Program Area in order to have access to the Choice Neighborhoods grant funds.**
		2. If a User has any problems completing the LOCCS Form, please contact OPHI for direction.

**2. Requesting Payment**

1. Payments must be requested using eLOCCS (as described below). Initially OPHI will place all Choice Neighborhoods grant funds into Budget Line Item 2000 in LOCCS, which is a holding account that the Grantee cannot access.
2. **eLOCCS**
	1. To enter eLOCCS, a User must first enter WASS (see instructions above) at <http://www.hud.gov/offices/reac/online/reasyst.cfm>. After entering WASS, the User should select Line of Credit Control System (eLOCCs). If LOCCS is not listed as one of the systems that the Grantee has access to, the User should contact the Coordinator to see if roles were assigned for them to have access to eLOCCs. The Coordinator must assign themselves access first and then access to the User(s).
	2. If a reasonable amount of time has passed since the HUD-27054E was submitted, and the SF-1199A and a VOID check or deposit slip were emailed to FWAC-sf1199a@hud.gov, the User may contact the HUD Team Coordinator, who has access to LOCCS. The HUD Team Coordinator will verify that the budget has been applied and will check with HUD’s Fort Worth Accounting Office.

1. **Preparing the Choice Neighborhoods Voucher**
	1. When preparing to enter WASS and *e*LOCCS to draw funds, the User should have at hand the total amount of the draw that is going to be entered into *e*LOCCS along with backup invoices that must be kept on file for post-closing audit and possible HUD inspection. Invoices and receipts should not be sent to HUD, unless specifically required by the HUD Team Coordinator.
	2. Ongoing totals for obligated and expended (drawn down) funds will have to be entered into *e*LOCCS each month.
2. **Drawdown Restrictions**
	1. Grantee may not request more than one payment request per day per grant.
	2. 2 CFR Part 200.305. Regulations at 2 CFR Part 200.305 state that when advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.
	3. Practically, Grantees should draw down funds no more than once or twice per month.
3. **Program Edits**
	1. If a request is consistent with all program requirements, the payment is automatically paid. The requested funds are wired to the Grantee's bank account, in most cases within 3 business days of the request.
4. In order to ensure that payments are appropriate and consistent with Choice Neighborhoods program guidelines, LOCCS uses payment controls called edits. There are hard edits and soft edits, as described below.
5. Specific program edits are as follows:
	* 1. **Hard Edits.** Hard edits are those that prevent the payment requested from being processed. They cannot be overridden by the Team Coordinator. Hard edits include:
			1. **Total Amount Requested**. LOCCS will automatically reject any payment request that exceeds the total amount authorized for the entire grant.
			2. **BLI Limits – Choice Neighborhoods Planning Grants**. LOCCS will automatically reject payment requests for any BLIs other than BLI 1408 Management Improvements (Capacity Building), 1410 Administration, 1430 Fees and Costs, and 1481 Action Activities (applicable if grant has Action Activities funding). LOCCS will automatically reject payment requests that exceed the amount approved for each BLI.
			3. **BLI Limits – Choice Neighborhoods Implementation Grants**. LOCCS will automatically reject payment requests for any BLIs other than the BLIs listed in the table below, which are for Choice Neighborhoods Implementation Grants. LOCCS will automatically reject payment requests that exceed the amount approved for each BLI.

|  |  |
| --- | --- |
| **Summary by Budget Line Item** | **Budget Line Item** |
| Supportive Services | 1405 |
| Management Improvements | 1408 |
| Evaluation | 1409 |
| Administration | 1410 |
| Fees and Costs | 1430 |
| Site Acquisition | 1440 |
| Site Improvement | 1450 |
| Dwelling Structures | 1460 |
| Dwelling Equipment-Nonexpendable | 1465 |
| Nondwelling Structures | 1470 |
| Nondwelling Equipment | 1475 |
| Critical Community Improvements | 1480 |
| Demolition | 1485 |
| Relocation Costs – Residents  | 1495 |
| Relocation Costs – Non-Residents | 1496 |

 Note: There is also BLI U2000, which is for “Funds held in Reserve.”

**b. Soft Edits.** Soft edits are those that send payments "out for review" for the reasons listed below:

* + - 1. **Percentage Limit**. A request will go out for review if more than 10 percent of the total grant budget is drawn in any one month.
			2. **Automatic Review**. HUD Team Coordinators may determine that they must review every request for payment for a specific Grantee before it can be paid. Grantees will be notified in writing if they are placed on Automatic Review. Grantees must submit all backup invoices and receipts to the HUD Team Coordinator for this type of edit.

If a payment request hits a soft edit, the request cannot be processed and must be approved by HUD before it can be paid. When the Grantee gets a message from LOCCS that says that the request for funds has been put “out for review,” it means that the request has triggered a soft edit that the HUD Team Coordinator must override before payment can be made.

When a voucher goes out for review, it is the responsibility of the Grantee to contact its HUD Team Coordinator. Although the message may indicate that the Grantee should contact its HUD Field Office, the proper person to contact is the HUD Team Coordinator, whether he or she is located in HUD Headquarters or a Field Office. HUD does NOT automatically monitor vouchers that are out for review and LOCCS does not alert HUD staff about the voucher.

The Grantee must explain the situation and provide any documentation requested by the HUD Team Coordinator in order for the draw to be reviewed for approval for payment.

The Team Coordinator must review the request with supporting documentation, and may either recommend that the edit be overridden, cancel the request, or request further information before overriding the edit and recommending payment.

 **c. Suspension of Payment**

* + - 1. Manual Hold. In cases of default or other serious problem, HUD will place the grant on hold so that requests for payment cannot be made.

**3. Cumulative Obligation and Expenditure Data**

1. **Nature of Report**
	1. Grantees must enter cumulative totals directly into eLOCCS with each draw request. Grantees must report the total cumulative obligation and expenditure amounts for each grant for which funds are being requested. If no obligation or expenditure activity has occurred through the last month, the Grantee must enter information that indicates there were zero obligations and zero draws for each month preceding the current month.
2. **Obligations**
	1. Choice Neighborhoods Planning Grants – Obligations refers to the cumulative amount of commitments a Grantee has entered into, i.e., contract execution for planning activities, start and continuation of administrative expenses. Contract execution means execution of the contract by both the Grantee and the contractor.
	2. Choice Neighborhoods Implementation Grants – Obligations refers to the cumulative amount of commitments a Grantee has entered into, i.e., contract execution for demolition activities, contract execution for construction activities, start and continuation of administrative expenses. Contract execution means execution of the contract by both the Grantee and the contractor.
3. **Expenditures**
	1. When funds have been obligated, Grantees are expected to show reasonable progress toward completion of the grant activities and submissions to HUD.

**Attachment 1**

How to Complete the SF-1199A

Direct Deposit Sign-up Form

**Section 1 - to be completed by the Grantee**

Block A: Print or type the name and address of the Grantee and the telephone number of the person completing the form.

Block B: Leave Blank.

Block C: Print or type the Grantee’s TIN.

Block D: Mark with an "X" the type of account into which Choice Neighborhoods funds will be directly deposited. Choose either checking or savings.

Block E: Print or type the number of the account into which Choice Neighborhoods funds will be deposited. If the financial institution does not use account numbers, up to 17 characters of the depositor's name or other identification may be entered. Dashes are acceptable as part of the number, but spaces are not acceptable. The depositor's account number must be formatted exactly as it appears in the financial institution's records.

Block F: Check other and print or type the Choice Neighborhoods grant number, which is on the award notification letter.

Block G: Leave Blank.

Payee/Joint Payee Certification

The Certification should be signed by the Grantee’s chief elected official or other Grantee employee that has the authority to expend Grantee funds and enter into contracts for the Grantee. If additional signature lines are required, use a plain sheet of paper and attach it to the form. All signatures must be original. Forms containing duplicated copies of signatures will not be processed and will result in delays.

**Section 2**

U.S. Department of Housing and Urban Development

**Section 3 - to be completed by the financial institution**

Print or type the name and address of the Grantee's financial institution, the Routing Number and Check Digit.

Enter the name of the entity to receive the funds in the "Depositor Account Title" block.

The financial institution's representative signs and dates the form. The telephone number, including the area code, must also be provided so that HUD can verify information.

This completed form, AND A BLANK CHECK or DEPOSIT SLIP marked CANCELED or VOID, must be emailed to the FWAC-sf1199a@hud.gov. Failure to include the canceled check or deposit slip will delay receipt of funds.