

CHAPTER 4. RESERVATION AND OBLIGATION OF FUNDS

4-1 OBJECTIVE. The objective of this chapter is to describe the financial procedures to be followed in order to make funds available to the applicants selected for funding through a grant agreement executed by HUD and the applicant.

4-2 HEADQUARTERS FUND ASSIGNMENT. The regional fund assignments for the applications selected for funding and the approved grant amounts are prepared by PIH Budget Division and sent to Headquarters Office of Finance and Accounting (OFA) for validation of fund availability. The Assistant Secretary for PIH then executes form HUD-185. Headquarters Budget Division then transmits the HUD-185s to the Regional Accounting Division (RAD). In the future, a form HUD-718 may be used.

4-3 REGIONAL FUND SUBASSIGNMENT. Once Regional Program Offices and Offices of Native American Programs have received the Headquarters fund assignment, they will then prepare form HUD-185.1 subassigning grant funds to each FONAP in their jurisdiction for the applicants selected for funding. Once the HUD-185.1s have been prepared, they will be forwarded to the RAD.

4-4 RAD VERIFIES FUND AVAILABILITY. The RAD will validate that sufficient funds are available and then return the HUD 185.1s to the Regional program office. The FONAP Administrator (FA) will execute the HUD-185.1s. A signed copy of the HUD-185.1s is provided to RAD.

4-5 RAD COMPLETES FUND RESERVATION. The RAD records the reservation of funds into the Program Accounting System (PAS) based on the signed copy of the HUD-185.1 and the signed copy of the award documents.

4-6 PROJECT/GRANT AGREEMENT NUMBERS.

A. HOMI Grant Number Structure.

The Indian HOME Program is identified in LOCCS as HOMI. Under the system, each Indian HOME Program grantee can receive Indian HOME Program funding from more than one grant per year. In addition, each grantee can receive Indian HOME Program funding for new projects from one year to the next.

The format for the eleven position HOMI grant number is:

MyyIGssnnnn

Where "M" is the first character for all HOME grants

"IG" identifies the HOME grant as an Indian grant

"ss" is the two digit Indian Region Code identified in system no.

N17--Management Information Retrieval System (MIRS), i.e. 91 (Denver), 93 (Chicago), 94 (Anchorage), 95 (Oklahoma City), 97 (Seattle), 99 (Phoenix)

"nnnn" is a sequential number (e.g., 0001, 0002, 0003, etc.)

Example: The Oglala Sioux Tribe of South Dakota may have a HOMI grant number of: M92IG910001.

- B. VRS Grant Number Structure. When the Regional Accounting Division (RAD) assigns an Indian HOME Program grant to a taxpayer identification number (TIN), and after FONAP staff enters the amounts for each Budget Line Item (BLI) in the system, LOCCS will automatically assign a ten digit VRS Grant Number for the grant. The VRS Grant Number is all numeric and is used to identify the grant to LOCCS when the caller uses a touchtone telephone. It is not convenient to attempt alpha-numeric entry via a touchtone keypad as alpha characters, such as "M" and "IG" are difficult to enter. The 10-digit VRS Grant Number is mailed to the grantee automatically by LOCCS following the assignment of the grant to the grantee's TIN and the entry of the BLIs.

4-7 GRANT AGREEMENT PREPARATION.

- A. FONAPs must maintain a supply of the following forms/documents to be distributed to each grantee as needed. FONAP Administrative Officers should be made aware of this requirement. They include:
1. Form HUD-52570, "Indian HOME Investment Partnership Program Grant" and Form HUD-52570-A, "Agreement and Funding Approval."
 2. Form HUD-1044, "Assistance Award/Amendment."
 3. Form HUD-27056, "Change of Address Request for Recipients of HUD Grants or Contracts."
 4. Form HUD-27054, "LOCCS Voice Response System Access Authorization" with instructions and completed SAMPLE form. For Grantee staff.

5. Form HUD-27054A, "LOCCS Voice Response Access Authorization Form with instructions. For HUD staff.
6. SF 1199A, "Direct Deposit Sign-up Form."

7. Instructions for Completing SF 1199A.
 8. Form HUD-50080-HOMI, "LOCCS/VRS Indian HOME Program Payment Certification Voucher."
 9. Line of Credit Control System (LOCCS) User Guide, Part 1, October 1993. (For Grantees.)
 10. Line of Credit Control System (LOCCS) User Guide for PIH, January 1994. (For HUD staff.)
- B. With respect to applications that have had the requested grant amount reduced by HUD during the scoring process or that contain items that are noted as being questionable based on the inclusion of apparently ineligible or unreasonable costs the local HUD FONAPs will add special conditions to be met prior to HUD execution of the grant agreement.
- C. The special conditions will specifically describe any reductions to the requested grant amount or list proposed expenditures that appear to be ineligible or unreasonable and require grantees to either provide adequate information to clarify that the proposed expenditures are eligible or reasonable or provide an adjustment to the work plan/budget that reallocates the questioned expenditures to other activities that are eligible and reasonable. With local HUD FONAP approval of any clarifications by the grantee, a grant agreement shall then be executed based on such changes.
- D. FONAPs will prepare a grant agreement package for each grantee. A grant agreement package consists of three complete copies of a Form HUD-52570, "Indian HOME Investment Partnership Program Grant" and Form HUD-52570-A, "Agreement and Funding Approval." The two documents together constitute a complete grant agreement.
- E. The local HUD FONAPs are responsible for preparing and executing grant agreements with the applicants selected for funding.

4-3

7472.01

- F. FONAPs will include a "LOCCS Voice Response System Access Authorization," form HUD-27054 and instructions. A "Direct Deposit Sign-up Form," Standard Form 1199A and instructions shall also be attached.
- G. FONAPs will transmit the grant agreement package to each grantee with a cover letter. The cover letter should request that the prospective grantee complete the appropriate portions of the grant agreement. In addition, the letter should state that the grantee should sign all three copies and that the grantee should return all materials to the local HUD FONAP from which the material was sent within two weeks except for one copy (not the original) of form HUD-27054 which is to be retained by the grantee. Finally, the letter must state that all required

materials are to be received by HUD within two weeks of the date of the HUD transmittal letter.

- H. Grantees will receive grant agreement packages and will review and complete documents. They will then sign grant agreements in triplicate signifying acceptance of terms and return the documents to the FONAP along with the following forms and documentation as required:
1. A "Direct Deposit Sign-Up Form," SF-1199A and, to confirm the bank routing number and account number, a canceled check or copy of a canceled check;
 2. A revised program plan or other materials as required by any special conditions of the grant award; and
 3. A completed "LOCCS Voice Response Access Authorization," form HUD-27054 (one copy of which is to be retained by the grantee) with the original and one signed/notarized copy returned to the local HUD FONAP.

4-8 GRANT AGREEMENT EXECUTION.

- A. The local HUD FONAP will receive and review the signed grant agreement copies and forms returned by the grantee and check for the following:
1. Ensure the taxpayer identification number (TIN) is included on the form HUD-52570-A;

4-4

7472.01

2. Check that authorized user and the approving official on the "LOCCS Voice Response System Access Authorization," form HUD-27054 are different and that the form is notarized;
3. Check that any other forms are properly completed as a part of the grant agreement; and
4. Check that the SF-1199A was completed by the grantee and that the grantee information is correct in accordance with the instructions in Appendix 3 (not the instructions on the reverse of the original printed SF-1199A form) and that a canceled check or facsimile of a cancel check has been provided to facilitate bank routing number. The SF-1199A should include the grant number in Block B, even though the instructions indicate to leave Block B blank. The grant number is needed on the SF-1199A in order to link to the grant in LOCCS.
5. FONAPs will retain a copy of the completed form HUD-27054 and will send the original to HUD Headquarters at the following address:

U.S. Department of Housing & Urban Development
Office of Information Policies and Systems,
AISA0
451 Seventh Street, S.W.
Washington, D.C. 20410-3600

6. The SF-1199A and canceled check are to be forwarded, noting on the face of the envelope, "SF-1199A," to the following address:

U.S. Department of Housing & Urban Development
Office of Finance and Accounting
Cash & Credit Management; ATTN: ACH
P. O. Box 44816
Washington, D.C. 20026-4816

- B. Once the review is complete the FONAP Indian HOME Director takes the following actions:

1. Advises the grantee that draw downs of grant funds will be possible upon subsequent notification from HUD of grantee's LOCCS-VRS number for this grant. Includes copies of "LOCCS/VRS Indian HOME Program Payment Certification Voucher," form HUD-50080-HOMI.

4-5

7472.01

2. Sends one copy of the grant agreement to the RAD, retains one copy in the grant file, and returns one copy to the grantee. These actions should be completed within one week after receipt of acceptable materials from the grantee.

4-9 ALTERNATIVE PROCEDURE. After Departmental Clearance of the above procedure, the Phoenix ONAP shared the following variation, based on their experience processing two FY 93 grantees.

- A. The following steps/forms must take place before the new HOME grantee's Line of Credit and program reservation can be completed and processed in RAD:

1. Form HUD 718, Funds Reservation and Contract Authority. This form authorizes the reservation of funds for the specific project/grantee. It is prepared by the field office CPD Program Assistant and signed by the Source Officer, the CPD Director, and the FO Administrator (in that order) and then is forwarded to RAD. This step/form comes after the subassignment of funds.
2. Form HUD 52570, Grant Agreement. On this "official contract" between the grantee and HUD, the HUD Administrator's signature should be entered FIRST (as is done in Indian CDBG grant agreements). The Grantee's signature comes second. Then, the form, as signed by both signatories, is forwarded to RAD.

- B. At this point, RAD is able to record the funds reservation into the Program Accounting System and assign the taxpayer information number, after which the FONAP staff can enter budget line information into LOCCS for the grantee.