Receipt Fund Types in the HOME Investment Trust Fund Local Account: Program Income, Repayments, & Recaptured Funds 3-9-16

Chantel Key: From here, I'm going to turn it over to Bill and Vashawn.

Vashawn Banks: Good afternoon. How's everybody? And good morning to those of you who are on the West Coast. Welcome to the "HOME IDIS Webinar for PJs." My name is Vashawn Banks, and I'm the acting director in the Financial and Information Services Division in CPD's Office of Affordable Programs.

Bill Kubal: I am Bill Kubal with Usona Development, and I'm acting as a subcontractor to ICF International. We also have Chantel Key from ICF joining us. She's going to help us out with the questions and some of the technical issues. One of the things we really want you to do is ask a lot of questions. We've already seen that quite a few questions have been asked, so keep it up, that's great. There is a written questions box in the GoToWebinar panel. So if you can't find it, just look at those vertical bars in the GoToWebinar box and you should be able to expand them and ask your questions there. So go ahead and ask your questions at any time throughout the presentation. We're not going to answer them immediately. We're going to take certain breaks throughout the presentation and at the end of the presentation. So go ahead, and any question we don't get to because of lack of time or if we just need to follow up, we'll make sure we get those handled as well.

So our agenda is we want to give a quick review of the grants-based account webinar we did in August. And then we're going to take a look at a really cool new feature in IDIS, which allows us to categorize the different types of local funds you have. And then we're going to take that and we're going to roll with it, and we're going to show you how to adjust the funding. This is something that's going to be necessary now with the grants-based accounting that you'll have to actually adjust for funding before you're doing your drawn downs. So we want to walk you through that, show you a couple of ways to do that to make sure that you're spending your local funds first before drawing additional funds. We'll also go through the draw process as well. Then we're going to point out a couple of useful reports and just provide a couple of reminders and next steps in resources we think will help you out in your grant administration.

So what we want to do is we want to keep you guys involved. We want to make sure you're not checking out Facebook throughout the presentation, so we have a poll question here. Did you attend or listen to the first home grants-based accounting webinar that we did in August of last year. And your choices are: yes, of course I did; (b) no; or (c) unsure -- my mind is still digging out from Snowzilla 2016. So Chantel, if you can open up that poll for us and we'll give everybody on the phone a minute to answer that question. We just want to see how much time we should spend on that review.

Chantel Key: Okay. About 83 percent of our participants have voted so far. Okay. About 90 percent of our participants have voted, so I'm going to go ahead and close the poll now, and I am sharing the results with our participants. We have 49 percent voted yes, of course; 44 percent voted no; and 7 percent voted at unsure.

Bill Kubal: All right, let's do one more quick poll here, and we just want to get a gauge of the experience level of the folks on the phone. So poll question number two. How would you describe your level of experience with IDIS -- using IDIS for the home program: Beginning with less than one year of experience; an intermediate user with one to three years of experience; a proficient user with more than three years; or an expert user who should be facilitating this webinar. So Chantel, if you can go ahead and open up that poll.

Chantel Key: Okay. The polls are now open. Okay. We had about 89 percent of our participants voted. I'm going to go ahead and close it down. I'm sharing the results now. We have 26 percent voted beginning with less than one year of experience; 29 percent voted intermediate user with one to three years of experience; 43 percent at proficient user with more than three years of experience; and 2 percent at expert.

Bill Kubal: Great. It looks like we have a nice mix. I'm going to turn it over to Vashawn now and Vashawn's going to give a recap on the grants-based accounting.

Vashawn Banks: All right. Thank you, Bill. Now those of your who joined us for the webinar last summer will probably recall the lively discussion about IDIS' transition from first-in/first-out accounting method, commonly referred to as FIFO to the grant-based accounting method. To give you a recap, under FIFO, IDIS identifies the grants with the oldest available balances and automatically commits those funds each time a PJ funds an activity. The same process happens when PJ created vouchers. The system searches for the oldest undrawn balances and disburses funds from those grants prior to drawing funds from the newer allocation. The net result is that the activity commitment will be from one grant year and the draws will likely be processed from another.

That all changed under grant-based accounting. Starting with fiscal year 2015 home allocations, commitments and draws will be grant-year specific. Simply put, when PJ commits FY 2015 funds to an activity FY 2015 funds will be drawn from that activity. Plain and simple, no guesswork. Please keep in mind that FY 2014 and prior year grants will continue to be processed under FIFO until those funds have been fully disbursed.

There are several resources on grant-based accounting now available on the HUD exchange. So if you haven't already done so, we highly recommend you review the materials shown on the grant-based accounting webpage, which includes general fact sheet, memos, and a matrix of key changes that are broken down by program office.

Now, if we look at or think about HOME funds incrementally, there are four possible places to locate the funds. At the very top of this slide, you'll see the home treasure accounts, where PJs can draw down entitlement, CHDO reserve, and other funds to cover home eligible costs. At the very bottom under the CHDO section, you'll see CHDO proceeds. CHDO proceeds are the funds generated from the investment of CHDO set-aside funds. Please note that CHDO proceeds are not considered HOME funds unless a written agreement between the PJ and the CHDO requires the funds to be returned to the PJ. More information on CHDO proceeds can be found in CPD Notice 97-09, which will be a resource at the end of the presentation.

So for the purposes of this webinar, we will focus on the funds shown in the two sections in the center, the non-allocated portions of HOME funds that are deposited in PJs local home investments and sub-recipients local investment accounts. In addition, we'll describe the process PJs has used the current funds to state recipients, sub-recipients, and CHDO in IDIS.

Let's start by defining each of the acronyms you saw on the previous slide. Program income, HOME regulations define program income as, "gross income from a PJ, state recipient, or sub-recipient directly generated from the use of HOME funds or activities funded from match contribution. The most common form of program income is principal and interest payments on HOME-funded loans. But other sources of program income include, but aren't limited to, rent receipts generated from a HOME-funded property, proceeds from the disposition of a HOME-funded property, and interest earned on program income pending its disposition.

Then we have PA, or program income for administration. HOME regulations allows PJs to use up to 10 percent of all program income received for HOME administration costs. The 10 percent limit is based solely on the amount of program income receipt in IDIS each program year. Please be advised that no other receipt fund types allow up to 10 percent of funds to be set aside for administration under the HOME program.

The third receipt fund type for HOME is HP, which is brand new and indicates recapture of funds from a homebuyer program. HOME regulations require PJs that administration homebuyer programs to include either resale or recapture provisions on each HOME-assisted homebuyer unit. The purpose the recapture provision is to ensure that the PJ recoups all or a portion of the HOME-funded direct homebuyer assistance if the housing ceases to be the homebuyer's principal residence during the period of affordability.

If the PJ received funds due to the recapture provisions on a homebuyer unit, the PJ will receive these funds in IDIS using the HP received fund type. In contrast, if the PJ receives loan payments associated with the homebuyer unit during or after the period of affordability, those payments should be considered PI or program income. Let's say, for example, the property is rented out or sold during a period of affordability. The proceeds received by the PJ are considered HP. However, if the loan payments are received while the unit is occupied by the assisted homebuyer or sold at the end of the affordability period, those proceeds are considered PI.

Let's talk about IU, which is the other new receive fund types. IU is an acronym for repayments to PJs local account for ineligible use. How in the world do we squeeze that in two letters? Please be advised that in most cases, HUD is directing PJs to deposit all HOME repayments into the HOME Investment Trust Fund local account, regardless of the source of the original disbursement. Let me say that another way. PJs will likely be advised to repay an eligible entitlement, CHDO reserve, as well as program income draws, to their local account, and then receipt the funds IU and IDIS.

HUD uses the words, "in most cases" intentionally here because there will be exceptions. Well, what are the exceptions? Well, one, where PJs repay Treasury accounts that were recently drawn in error; and two, when PJs repay ineligible administration expenses to their Treasury accounts. In those cases, HUD will provide alternative instructions. The larger takeaway here is that not repaying HOME funds correctly may result in obligations or recapture by the U.S. Treasury. And unfortunately, these repayment errors every single year, and HUD is not always able to reverse these types of issues. That's why it's extremely important that PJs contact our CPD representative to seek guidance prior to repaying any amount of HOME funds.

All right, are we ready for another quiz? So which of the following are considered IU funds: (a), repayments of principal and interest from a homeowner rehabilitation loan; (b) repayment of HOME funds rental housing project foreclosed upon by a third party lender in year five of a 10-year affordability period; or (c) repayment of HOME funds on a homebuyer loan under a recapture provision in year five of a 10-year affordability period? Tough question. What do you think? Chantel, will you please launch the quiz question.

Chantel Key: Okay. The polls are now open. And we have about 55 percent of our participants voted so far. We had about 80 percent of our participants have voted so far. I'm going to go ahead and close down the poll and share the results. And we have 7 percent voted as principal and interest from the homeowner, 7 percent of principal and interest from a homeowner rehab loan; 74 percent voted for repayment of home funds when housing project foreclosed upon a third party lender and a five year affordability period; and then we have 19 percent voted at repayment of HOME funds on a homebuyer loan under a recapture provision in year five of a 10-year affordability period.

Vashawn Banks: Okay. Thank you, Chantel. I know everyone is itching to know the answer -- and it is -- correct answer is (b). If directed to repay by a HUG Field Office, a rental housing project that does not complete its affordability period should be receipted as IU. Answer (a) is an example of program income, and (c) is an example of recaptured funds, so please keep that in mind. But these mistakes happen all the time, which is why we're having the webinar.

We just described the four receipt fund types for the HOME program. Now let's talk a little bit about the process for entering the funds in IDIS. First and foremost, the HOME program requires PJs to receive local funds in a timeframe consistent with their HUD-approved policies and procedures. In all cases, PJs must receive local funds within 30 days or less in accordance with PPD Notice 97-09. You're going to hear us this reference this quite often throughout the presentation.

Number two: HUD strongly recommends that PJs increase the authorized amount of their PA subfund in IDIS each time they receive PI. Now why is that? Well, IDIS will not permit PJs to increase the PA set aside after a PI has been committed and drawn. So receiving PI and then immediately the PA subfund helps ensure PJs can access the maximum amount of local funds for administration every single year. It's also important to note that using the PA subfund is optional, and PJs do not have to use any of its local funds for administrative costs.

Number three: HOME regulations also permit PJs to subgrant available PI for rent income, HP, recaptured homebuyer, and IU, ineligible use funds directly to state recipients, sub-recipients, and CHDOs. In addition, the regulation allows state recipients and sub-recipients to retain PI, HP, IU, and PA funds in their local account to cover upcoming HOME-eligible costs.

Number four, all right, guys, now things are starting to heat up a little bit. The HOME regulations require that PJs fully disburse funds in the local account prior to drawing down funds in their HOME Treasury account. This rule applies to all PI, IU, and HP funds. Similarly, all PA funds in PJs local account must be disbursed prior to drawing down any funds from PJs HOME Treasury account. Subgranted local funds must be drawn before HOME Treasury accounts for that specific recipient. So in other words, if PJs local funds are subgranted entirely to CHDO (a), it can immediately disburse Treasury funds for CHDO (b), and still be in compliance with HOME regulations. Bill and I will show you several methods to view local account balances in IDIS, including the activity funding screen, as well as several micro-strategy reports.

Number five: Identify which activities will be included in the next drawdown. Here, you'll need to answer important questions, such as, which HOME fund type are currently committed to this activity. Is the draw for administration or project-related costs? And how much HOME Treasury funding needs to be reduced and replaced with HOME local account money?

Number six: Now, we execute, replace HOME Treasury funds with the balance of money in PJ's local account. For instance, the City of Boston has zero PI, zero HP on hand. But it recently repaid $25,000 of IU funds to its local account. Now this is all hypothetical Boston occasion on the line, never been money, right. Anyway, let's say the city receipted, repaid $25,000. As luck would have it, they need to draw down a $100,000 for CHDO activity undertaken by Habitat for Humanity. The first step is for the city to reduce the CHDO funding by $25,000. Next, it will reduce the CHDO subgrant to Habitat for Humanity by $25,000. And lastly, the city will fund the CHDO activity with the $25,000 of IU that it has on hand.

And finally, seven: The PJ creates and approves the voucher.

So folks, that's pretty much an overview of the process. And before we dive into the nitty-gritty, though, I think it would be easier to follow along if we only displayed the screenshot while describing each step. So what we'll do is we'll go through the receipt section, receipt creation process together, by skipping the narrative and allowing us to describe the screen shot. You might want to download the slides and place the description next to each screenshot if you haven't done that already.

So with that in mind, I'm going to skip the narration here, the narrative on slide 14 and go straight to slide 15. All home funds receipted in IDIS or created first by clicking the funding/drawdown tab that's highlighted in the beige section along the top ribbon. PJs will then click the add link located in the receipt submenu circled in red on the left side of the screen. IDIS will then advance the add user to the add receipt screen that you're currently viewing, where PJs will click the formula grant receipt link displayed next to the bright yellow arrow. Was hoping everybody could see that.

Just like last time, I'm going skip slide 16 and discuss what PJs actually see on slide 17. On this screen, we start by selecting HOME from the program dropbox next to the letter A. The PJ will then acknowledge the programs year of the receipt next to the letter B, which is now a read-only field space on PJ's current program year. So one quick note: PJs should not be concerned if their jurisdiction recently began their 2016 program year and has a receipt that should have been assigned to 2015. Simply use the comments section located on the add receipt screen to say the receipt was earned in the 2015 program year.

Again, just a friendly reminder that PJs should receipt local funds at intervals not to exceed 30 days, and you also may want to receipt all of your local money before the end of the program year. Over the summer, Bill gave us a great tip on setting your calendar to the beginning and the end of your program year, and then ensuring that all receipts are in by a certain deadline. That way, you can always make sure that none of your receipts are bleeding over to the following programs years. I want to emphasize this is not a big deal.

Okay. Back to the screenshots. There we are. Now back to the screenshot. Letter C is the two-letter source type which identifies whether the PJ is a state, SG, metropolitan city, MC, urban county, UC, ancillary area, SP, or consortium, BC. The fund-type dropbox is next to the letter D. The three available options are program income, PI, recaptured homebuyer, HP, and repayments to the local account, IU. Some of you might be thinking, well, what about the PA fund-type. Don't worry about PA right now; we're going to talk about that in the next section. The IDIS activity ID field next to the letter E is for PJs to enter the home activity that generated the local fund. Be advised that the field is only required if you're receiving IU funds.

Letter F: This is the grantee receipt number. It's an optional field, and some PJs use it as a numbering system for their local HOME receipt transactions and it can help with their reconciliation. In other words, great if you use it, fine if you don't. G is the total amount being receipted. This is required information. H -- sorry about that, folks. I'm getting ahead of myself there. There we go. H, the comments field. It's optional for all receipt fund types, except for IU. But we're going to talk more about comments for IU on the next slide.

Next, click the save button located on the bottom of the page and the receipt will be successfully created. The last item we want to mention on this slide is that it's good practice to print this page or take a screenshot if you maintain an electronic filing system, and include it in your supporting financial documentation for the HOME program.

The IU receipt is a slightly different animal compared to receiving PI and HP and IDIS. Here, again, we're going to skip the narrative and go straight to the screenshot. First, selecting the IU repayments to local account fund type automatically enables the show activity fund button located next to the letter A. The section outlined under B represents all home expenditure information, including drawn amount, maybe at local account repayment and remaining balance. The local account repayment receipt amount, next to letter C, is the amount being repaid for each disbursement roll. In this example, the City of Hammond is repaying the entire balance for activity number 1444. However, in reality, there are other scenarios where PJs might need to only repay a portion of the total disbursement, or perhaps had received approval from HUD to

repay an eligible cost and installment. In any case, the receipt amount should only include the amount being repaid at the time entered in IDIS.
D, grantee receipt ID, optional, same as we discussed earlier. E, the total amount repaid is a read-only field calculated based on PJs entries on the local account receipt amount bill. F, that's our add activity button, which simply allows users to include more than one activity in the same receipt. It's a simple convenience feature that presents from having to toggle in and out of the [audio distortion]. And finally G, the comments fill is required for IU receipts. HUD recommends PJs enter one, the reason for the repayment, two, the amount required [audio distortion], a partial payment. I'll say that again. The amount required to be repaid, the reason for the repayment, and whether this is a full or partial repayment.

Step 2 involves the optional process of assigning PI to administration. As we discussed earlier, HUD permits PJs to set aside up to 10 percent of program income for administration. However, PJs must first establish a PA subplan in IDIS in the current program year and each subsequent year desired. So if, for example, the City of Houston received $1 million of PI in its 2016 program year. IDIS would allow it to authorize the lesser of $100,000, which is 10 percent of a million, or the uncommitted amount of PI for administration. The emphasis on uncommitted funds reiterates the importance of increasing the authorized amount of PA subfunds at the same time PI funds are receipted in IDIS.

Step 3 is also an optional process and involves separating IU, HP, and PI to state recipients, sub-recipients, and CHDOs. It may also involve subgranting PA funds to state recipients and sub-recipients. The benefit of subgranting funds is that it effectively assigns the money to a specific sub-recipient or state recipient in IDIS, which should then coincide with PJs local accounting records. So piggybacking off the previous example, the City of Housing with that $100,000 in program income for admin, it could have retained $50,000 of PA for its own use, and then subgrant at the other half of PA to a local non-profit developer that's administering the city's homeowner rehab program. Just a thought. Keep in mind that any available IU, PI, and HP funds could be subgranted in a similar manner. More information on creating PA subfunds and subgranting local account fund types can found in HOME FACTS Vol. 4, No. 2.

Also, just as a quick reminder, please keep your phones on mute. We are hearing quite a bit of background noise and we don't want it to interrupt other listeners.

All right. So Bill, I will turn it over to you, sir.

Bill Kubal: All right. Thank you, Vashawn. So again, one of the big rules we're talking about here is using all of the local funds you have on hand before pulling down Treasury funds. So step number 4 is really just about looking in the system, where to look in the system to find out where those funds are. So you have a couple of options. Number one, you can go to the activity funding screen, and we're going to talk about that in the next step. You can also go to a couple of functionality in the system. One is due receipt accounts. It gives you a little bit more detail than on the subfunds and subgrants mimic.

And then you also have the micro-strategy reports. One thing about the micro-strategy reports is if you just received it in a lot of programming today, that income won't show up on the reports until tomorrow. Remember that the reports are current as of the end of the prior day. And we're going to take a look at couple of IDIS reports, one being PR09, at the end of the presentation.

Okay. So Step 4 is your receipt accounts. Again, this is basically in the same place that the add receipts was. So you would go to the funding drawdown at the top of the screen, and then over on the left -- you can't see it on the slide -- but there's a view accounts. Up at the top, we have a pretty standard feature in IDIS when you're looking for things is, you know, all the different parameters you can search for -- program, year, fund type. You hit search and then you're going to get your results. Now it's going to look a little different in the system. It was just too wide to fit it on the screen. But you can see that it breaks it out by program, by year, by fund type. So in this example, we have some program income, we have some recapture, and we have some repayments for ineligible use. They give us the total amount. Then they give us the sub-allocated amount. So sub-allocated, that's the money that you've given out to specific subgrants or maybe you took some of your PA money and you put in it to the -- or PI money and you put it into the PA subaccounts.

And then you have committed amount and drawdown amount. So on this screen, there's also a lot of pending amounts over here, so these are drawdowns that are pending. So you can use this to determine how much you have available before doing your next drawdown.

Okay. Most of you will probably just go to Step 5 because you're going to have to go to Step 5 anyway. This is where you'll have to go in and basically reduce your entitlement, or other fund types, and then replace those funding commitments with program income, or those other local accounts. And you have to do this for your 2015 grant and subsequent grants going forward with 2015. In 2014 -- because if you don't do this, then basically, the information will not show up on the drawdown. It's not going to automatically happen as it does for your pre-2015 grants.

So again, we have the steps laid out for you on this slide. We're going to go ahead and just take a look at the screenshot. Lots of direction on this one. So this is also under the funding and drawdown screen at the top of the ribbon. And it defaults to the activities, the searched-for activity funding. So again, we would look for -- use our search criteria to pull up a specific activity. In this case, you know, remember, we're preparing for a drawdown, so we need to basically ensure that the activities that will be included on that draw use up all of our local funds if we're going to be drawing that amount. So we find those activities, and we would click on add-edit to select that one.

On the next screen, this is where you're going to see the breakout. And we've actually kind of made a more complicated example than a lot of you will see. But we wanted to do that just to point out some of the differences. So column A over here is recipient name, and you can see Hammond in some examples, and you can also see Hammond Enterprise Development Corp. So that would be a sub-recipient who is holding onto, in their own bank account outside of the grantee's bank account, they're holding onto some of those home dollars. And again, as Vashawn mentioned, you're allowed to do that with your written agreements. Column B, we have HP for homebuyer recapture, IU for repayments, PA for program income for admin, and then PI. So again, if you have more than one PI account, you want to make sure you're choosing the right recipient as well.

One thing -- and, again, we kind of consolidated the screen just for -- there was just too much to fit on the screen. There is a filter, so especially for you Consortia or State grantees who just have a ton of different funding options, go ahead and make good use of that filter, and then you can shorten this list drastically and just find the funding types you want. And finally on Column C, we have available for funding. Once you identify which of the local funds you want to use, we'll come over here and click on add-edit to go ahead and modify those amounts.

Okay. So the next steps would be to just review that HOME activity funding certification, and then actually plug in some numbers. A quick shot of the HOME funding certification. I won't make you read through it right now, but just know that it is here.

So this is a screen that we highlighted in the last webinar to a great extent. This is really where you see that grant dates accounting play out. Up at the top, we have just a summary of the activity information. And so what I want you to know right her is look at the total funded amount, $117,220. And now, if we're going to go ahead and fund this activity out of program income, that's just a cash management issue. We have to use that cash we have on hand before drawing additional funds. We don't necessarily want to increase the funding commitment for this activity. That's why it's a two-step process. We increase the PI, and then we reduce an equal amount out of one of the existing funding types. I mean, there may be a few situations where the total funded will go up; but, in most cases, you're not increasing the funding amount to the funding commitment. You're just swapping out the funds.

The red section here is what you're used to seeing, it's pre-2015. So this is what it looked like before we switched to grants-based accounting. And again, it's going to stay first in-first out until you use up all those monies. In this particular case, you'll see that Hammond, they don't have any available for funding in pre-'15. They do have available for funding down here, where they do break it out under the grants-based accounting. So just because this '15 income, let's say this is a '14 activity -- and you can see it is a 2014 activity -- that doesn't mean you don't use these funds. Again, the rule is use local funds first before entitlement without regard to the year. So here, we would go ahead and, let's say, we had to draw -- I don't know -- $50,000 for this activity. We would increase the funding commitment. We would use all this program income right here, this $30,000, and then in the next step, we would reduce the entitlement commitment by that same amount.

So just make sure that you look in both spots. You look under the FIFO, under the pre-2015, and you also look down here under the grants-based accounting for those available local funds.

Okay. So again, I'm going to kind of harp on this quite a bit is the next step would be to adjust the commitment of Treasury funds, whether it be a subgrant, whether it's entitlement. And I think the next slide does a nice visual job of kind of describing this. So let's say we have an activity that's funded for $100. So at the beginning, look over here at the table first. You can see entitlement, there's no money available, $100 is funded to this activity. Then we went in and we created a receipt for $20, and none of that money is funded to the activity.

Again, you guys think back to this webinar and say, well, Vashawn and Bill told me I need to use that money first; I need to do a draw for this activity. So step one is I take that $20 and I move it over to the funding column, I increase the funding of PI, and I reduce entitlement by that same amount. So if you look at the chart now, you can see that the activity would stay at $100 total funding, just that the composition of that funding is going to be different.

The last step, and we're really not going to talk about it too much, but when you're ready to reprogram that $20, you're not going to reprogram it out of PI. You're going to reprogram it out of entitlement that that's the money that was freed up as a result of using the PI for this activity.

Okay. Time for another quiz. True or false -- IDIS allows PJs to fund an activity from local account balances in more than one program year, if available. So Chantel, if you can go ahead and open up that quiz, see what we get.

Chantel Key: Okay. We have about 74 percent of our participants have voted so far. Okay. And I'm going to go ahead and close the poll now and share the results. We have 94 percent of our participants voted true, and 6 percent voted false.

Bill Kubal: All right, good job. So we'll get back to the slideshow here, just advance the slide one more. It is true, notice it's underlined for effect -- must disburse all local account balances in both the FIFO and grants-based accounting layers prior to drawing down funds from their HOME Treasury accounts to pay for eligible costs. The one exception is when sub-recipients or state recipients are holding onto those dollars in their own local accounts. And then it's basically you need to spend -- or they need to report to you that those funds will be spent first before reimbursing them from the Treasury accounts.

So Vashawn indicated before, if sub-recipient A has money in the bank and you need to do a drawdown for sub-recipient B, if you have it properly structured in IDIS with PI subgranted to those agencies, you can still drawdown Treasury funds for sub-recipient B, even though sub-recipient A has money in the bank. So that's the whole purpose of those subgrants.

All right, so I'm going to hand it back to Vashawn, and he's going to walk through the drawdown process.

Vashawn Banks: Thanks, Bill. The steps required to drawdown local fund didn't change in the transition from FIFO to grant-based accounting. But please remember these two things: (a), vouchers can only be requested by PJ users that have the drawdown privilege enabled in IDIS; and (b), the user that approves the voucher must be different from the user that created the voucher. If you're not sure of who the users are in your office that are able to update voucher information, then run a PR30, security administrator profile list, or contact your CPD representative for assistance.

So with that said, let's look to the screenshot and walk through the process of creating a voucher. We start by clicking the funding drawdown tab located along the top ribbon next to the letter A. That should be familiar ground. Bill just covered that for us. But what's different now is that we're going to click the create voucher link in the drawdown submenu on the left beside the letter

B. The voucher created for dropbox next to the letter C is automatically going to default to the PJs name. We can leave the section as is, unless the local funds were subgranted to a state recipient, subrecipient, or a CHDO. If the funds were subgranted, we would select the organization's name from the voucher created for a dropbox. Keep in mind that IDIS will only allow users to create vouchers for one state recipient, subrecipient, or CHDO organization at a time. Next step, PJs will enter all activities they wish to create under this voucher next to the letter D. As we can see, there are enough cells for PJs to enter up to 60 activities at once. Here again, PJs will want to make sure that the activity funding is for the same recipient for all activities. But if not, don't worry, IDIS will give us a friendly error message if we did something wrong and we'll start all over -- no big deal.

Once everything looks good, you press the continue button and continue to the letter E. For Step 2, PJs are going to select the source of funds and the amount they wish to draw for each activity. So you're going to start -- there we go -- we're going to start by verifying the correct activity was entered. Specifically, PJs will examine the field capture under Section A near the top of the page. Next, eyeball the fields marked B, C, and D, to make sure that the program year of the receipt, fund type, and amount available to draw matches what was entered on the activity funding screen that Bill described to us earlier. Quick sidebar: If I could direct everyone's attention to the second row in the drawdown section, where grant year/program year receipt shows pre-2015 and the city is preparing to drawdown $21,296.34. We point this out because IDIS will continue to present PJs with the option of replacing pre-2015 EN with all available pre-2015 PI during the voucher creation process.

If pre-2015 PI is drawn in lieu of the pre-2015 EN, IDIS will automatically update the activity funding information after the voucher has been created. And that's what you're seeing happening on this screenshot. So in this case, HOME regulations require PJs to drawdown EN -- excuse me. HOME regulations require PJs to draw down less EN if it was originally committed with pre -- let's start that over. Essentially, HOME regulations are requiring you to replace that EN with PI. If the EN is replaced with PI on this screen, the auto adjust feature is going to kick in, which will ensure that the EN and program income are returned back to balance. The option to replace EN with PI has been in place for now about four years, but it's going to continue to operate until all pre-2015 funds have been fully disbursed.

Starting with FY 2015 HOME grants, IDIS will no longer provide PJs with the option of replacing EN with PI when creating vouchers. Therefore, PJs must explicitly fund HOME activities with program year 2015 and future years' PI when creating vouchers to cover project-related costs. The same is true for 2015 and future years' IU and HP funds in PJs HOME local account. What all this means is that PJs should fund activities with local funds only to the extent that funds will be included in the next voucher. In other words, local funds should not be committed to activities until PJs are ready for drawdown. You can find additional information on this process in the HOME IDIS Training Manual for PJs.

Now back to our screenshot. If all of our information looks accurate, the PJ will enter the amount it needs to draw down from the corresponding line item under letter E. If the voucher is only being created for one activity, the PJ will click the letter G to confirm its entries. However, if the voucher creates multiple activities, then click the letter F and proceed to the next activity.

Step 3 takes the PJ to the drawdown certification screen. The first item to note is that this screen only appears when PJs draw down HOME entitlement funds. However, the certification is applicable whenever PJs disburse HOME funds from their HOME Treasury account, regardless of the fund type. The reason being the PJ is certifying, number one, that expenditures are in compliance with HOME regulations; number two, it has disbursed all funds located in its HOME local account; three, the disbursement of funds is consistent with HUDs uniform administrative requirements; and four, it will not exceed its HOME line of credit. If all of the statements are true and correct, great, let's move forward. But before we do, as we stated during the grant-based accounting webinar over the summer and we try to repeat it every IDIS training that our office puts on, please be sure that your staff have met the requirements shown that's described here before clicking the certification. In fact, HUD would even recommend that you cancel out of this voucher and return to it later after you verified you've met the requirements. But once confirmed, click the continue and you can proceed to the next step.

All right, folks, we've come to the final screen required in order to create the voucher. Essentially, the PJ verifies one last time that all of its entries are correct. We know this may seem somewhat repetitive, but you'd be surprised how many voucher errors HUD fixes every year. So PJs must not overlook this screen -- can't emphasize that enough. Once entries are confirmed, click either the generate voucher button -- either of the generate voucher buttons that are shown on this screen. And you can move forward to voucher created successfully -- nice work, we did it.

Okay. So we just finished generating the voucher, which is more than half of the drawdown process. The next step is for the PJ to approve the voucher. As we'll see in a moment, the search voucher screen allows users to query using various criteria. Once PJs have results, they can approve, cancel, or even revise vouchers. As a reminder, only PJ users with the drawdown approval privilege in IDIS can approve vouchers. If you're not sure who that person is in your office, again, you can run a PR30 security administrator list or contact your CPD representative in the HUD office.

So this slide, I'm going to demo two different screenshots on the next two slides. The first step in approving a voucher -- again, we're getting redundant, but can't drive it home enough -- select funding drawdown link located along the top ribbon. Then select the search voucher link located under the drawdown section on the left next to the yellow arrow. Now let's take a look at the search criteria that's circled in green. Here, PJs can enter as many or as few fields as they choose in order to limit the results. But if you already know the activity number, go ahead and enter that here. In this case, Bill and I did the legwork for you and we queried all open vouchers and the results at the bottom is shown on this screen. So let's presume we click the maintain approved link located under the action column circled in red, and that's going to take us to the next screenshot.

IDIS is now giving the PJs four options: One, view the voucher, and that's just if we're not quite ready to make an action but want more details; two, we can approve all line items in the voucher at the same time or one-by-one; three, we can cancel the voucher; or, four, we can revise the voucher. Presuming we click the approved link or approve all line items button shown at the bottom, IDIS will promote the voucher status from open to approved. The funds drawn from the HOME Treasury account will be transferred from LOCCS, the line of credit control system, to PJs bank account within 24 to 72 hours. But please keep in mind that HP, IU, PA, all of those draws will not be transferred from LOCCS because, guess what? They're in your local account. But we do get that question quite a bit, so be mindful there. Now Bill is going to talk with us about revising and canceling vouchers.

Bill Kubal: All right. Thank you, Vashawn. So during our revisions, you know, used in a limited situation. Number one, to apply funds that were drawn in excess to another activity within 15 days of the original drawdown. So maybe you just typed in the number, you transposed two numbers -- it happens. You can use the drawdown revision to fix a mistake such as that. To reconcile expenditures, the funds were drawn for the wrong activity; again, maybe you just typed in the wrong number when you were drawing down funds, and you need to credit it to the right activity.

Remember, IDIS, it's a record. It's reporting what should have happened, so that's why they give us this functionality to correct mistakes. In some cases, you might mistakenly set up two or more activities for a single HOME project. For example, maybe you have a CHDO who's building a house and you have a down payment assistance program where somebody wants to buy that house. It should be one activity, and you might draw those funds as two separate activities, so you would want to consolidate those vouchers into a single HOME activity which represents this single HOME project.

There's some really good guidance on this under HOME Facts Vol. 1, No. 4, that allows you to switch the homebuyer to rental, and you might need to do some drawdown revision in that regard too. We're not going to get deep into that, but use that resource as a guide if you ever come across that situation.

One of the neat things about program income vouchers, since this money is not coming from Treasury, we can actually cancel a program income voucher. We don't have to actually revise it to another activity. So we're going to walk you through that process. And there's one item that we want to specifically point out, and that is the reduce activity funding option. It's now checked as a default, and you definitely want to keep that as the default option. So again, we're just going to go to the screenshots.

So when you're cancelling a program income voucher, again, we're always under funding and drawdown. And over on the left side, you would hit search vouchers under the drawdown section. Depending on how you want to find the voucher, you might not know the voucher number. You might know the activity number. In this case, we typed in the activity number, we hit search, and then we get a list of the vouchers down here. At that point, you'd hit maintain-approve. And then on the next screen -- we skipped a screen, I think -- but you would see a cancel for the program income vouchers.

And then you would get to this screen where you can confirm the voucher line item cancellation. And this is the checkbox I was talking about where it says it's automatically by default checked, so just as long as you don't uncheck it, you'll be good. It says, also reduce the activity, in this case, by $20.22 and return it to that program income account. The only reason you would want to uncheck that box is if you were just going to turn around and draw the same amount against the same activity, and I really can't think of a situation where that would happen. So this kind of saves you that step of after cancelling the voucher, actually going and manually adjusting the funding, so it's a nice little feature.

Once you have that ready to go and you confirmed the amount, you would hit cancel this voucher line item. And then back here, you can see that that drawn line item status is now cancelled. So that's going to have the effect of reducing the total drawn against the activity, and if we had that box checked, it's also going to reduce that funding. So the next time you go to that funding screen, you're going to see that $20.22 available for funding for all of your HOME activities.

Vashawn Banks: Hey, Bill, can I add just a quick note here? Folks, all of this is presuming that the activity is in open status. So if you're trying to edit the funding or drawdown on a completed activity, you will need to first reopen the activity and then proceed the funding drawdown screen, search for the voucher, and you can edit the program income HP, IU, PA line item as you see fit from there. And then be sure to make sure all of your accomplishment data, your funding drawdown information looks great and re-complete that activity in IDIS after the fact. So I just wanted to make sure that folks were clear there.

Bill Kubal: Yeah, that's a great point. And when you change the status back to complete for the activity, you can go back to the original completion date as well. So that'll be important for your affordability.

All right, so we're going to do a couple of more slides, but then we'll get to your questions. I think we got quite a few, so thank you for asking those. Hopefully, we could clarify some things that maybe weren't so clear, and just whatever else is on your mind. I just want to point out a couple of useful reports for tracking local funds. Some of these you're probably used to. The PR09 is the one that we have highlighted here.

That's the one that was updated to specifically show that additional new breakout between HP, IU, and PI. The other reports are handy as well, though. The PR05 is a drawdown report by activity. So if you're trying to get a list of all the drawdowns by activity, that's the one you go to, and you can just get a line item detail for all the draws for each activity. If, on the other hand, you're trying to reconcile to a specific time period, maybe all the draws for a certain quarter or a certain program year, PR07 is probably your best bet. You can bring that one into Excel fairly easily, add some sorts and some filters, and you'll be good to go.

The PR27 and the PR35, these are kind of grant-level summary reports, so it will give you kind of an overall base of where you're at. If you have funds available to draw, just to let you know how much you've receipted for each program year, how much has been committed. So those are all at the grant-level though. So the status of HOME grants report, that gives you a really high level. But then the grants subfund and subgrant, that will be useful for, again, the grant, the PJs out there who have a lot of subrecipients, that maybe a HOME consortium if you're allowing to keep the local funds. That's going to give you the breakout of how much money is in each subfund and subgrant, so that can be very helpful as well.

We've got one more slide and then we'll get to another quiz. So this is just an example of the PR09 report. You can see it's organized first by program year, then by fund type, and then it's going to break it down and it's going to show you both your receipts, including the date and the amount, and the drawdowns. So here, it's showing you both the PI and the PA, so it's going to break out different fund types. It's just a nice summary report, something you can use to reconcile with your local financial information.

Okay. We got one more quiz for you. Which report would be the best one to run to summary grant year information by fund type? And our options are PR09, that's the one I was just talking about, the receipt fund type detail report; the PR27, which is the status of HOME grants; PR35 -- I'm sorry, PR27 is the HOME grants; PR35 is the the subfund, subgrants report; and PR05 is the drawdown by activity number; or a combination of E and C. So Chantel, if you can go ahead and open up that quiz and test our listeners' knowledge here.

Chantel Key: Okay. The polls are now open. About 50 percent of our participants have voted so far, so I'll keep it open for a couple more seconds. I'll go ahead and close that now and share the results with our viewers. We have 25 percent voted PR09; 6 percent voted PR27; 4 percent PR35; 2 percent voted PR05; and 54 percent B and C.

Bill Kubal: Just a reminder, folks, if you are -- you want to mute your line. We can hear some of you out there, those looking for the answer. So if we're looking for summarized by grant year, so basically, not the detail. We would probably either the PR27 or the 35, that's going to give us the information at the grant year. It's not going to give us all the nitty-gritty detail that the PR09 or the PR05 will give us.

One just quick note there that the reports, again, are going to be current as of the close of business yesterday or the last business day. So if you just went in and created a lot of receipts, it's not going to show up on the reports. You can go in and take screenshots from the system itself; that, of course, is live and up to date. But for the reports, you got to wait until the next business day.

All right, I'm going to pass it back to Vashawn, who's going to wrap it up, and then we're going to take some questions.

Vashawn Banks: All right. Thanks again, Bill. So let's talk about some tips. First tip is always use the correct fund type when reporting the use of local funds in IDIS. We spent a lot of time today talking about the differences between PI, HP, and IU, but the most glaring distinction you're going to find is that HOME regs do not permit PJs to spend 10 percent of the receipted IU and HP for administration. And that's an important point because we don't want PJs out there getting findings and having to repay money for exceeding their admin cap, so let's just make sure we're receipting properly.

Number two, report the receipt of local account funds in intervals not to exceed 30 days. So I think it's probably the third or fourth time we've mentioned it. We want to keep you in compliance with CDP Notice 97-09. But also, be mindful that IDIS now prepopulates the program year of each receipt, so entering receipts timely helps improve your data accuracy. Number three, update the amount of PI-related subfunds and subgrants immediately after the receipts are created. This is the best way to set aside local monies for administration.

Fourth bullet, for 2015 and later allocations, PJs must first commit local funds using the activity funding screen before drawing local funds. We spent a significant amount of time harping on this point, so be sure to adjust the funding immediately before drawdown. If you have local funds on hand in the program specific layers, which is 2015 and onward. If you have program income on hand in the pre-2015 layer, you do not have to explicitly fund those EN activities with program income. You can adjust it at the drawdown level, so just keep those distinctions in mind. And the fifth bullet, pre-2015 program income, as I mentioned before, will be available to replace even if you don't explicitly fund it. But here's the catch -- if PJs next draw is for a CHDO project, the PJ will need to manually adjust the CR funding in subgrants, then commit the balance of local funds to the pre-2015 or 2015 and beyond program income vouchers. Just make sure you make the swap regardless for CHDO reserve any funds that you have on hand that hasn't been -- any local funds you have on hand that have not yet been explicitly subgranted to a CHDO or subrecipient. All right?

Resources, all right. Bill and I refuse to leave anybody empty handed today, so accept these resources as our parting gifts to you. First and foremost, PJ's first line of assistance should always be your CPD representative in your HUD field office. It's particularly important that you reach out to your rep before repaying funds. I don't think we can say that enough times. The second resource is HOME Facts Vol. 7, No. 1, which serves as the basis for this webinar. So if you read it, that's great, this training would have largely been review for you. If you haven't read the HOME Facts, we still recommend that you take a look at it and use it as a reference document.

Third is HOME Facts Vol. 1, No. 1, which describes repayments to the Treasury account. Now until recently, repaying the Treasury account was the primary method PJs used to repay ineligible costs. Today, it's the exception, only used when repaying an incorrect drawdown that was recently processed or when repaying ineligible administration funds. Again, we emphasize contacting your CPD rep regardless before repaying a dime of HOME money.

CPD Notice 97-09. Now it's the fifth time I've said it. It's been around nearly 20 years, but the information remains applicable, particularly in regards to receipting program income and using CHDO proceeds. I think I'm going to actually flip the order of the last two bullets and talk about the HOME IDIS manual for PJs first. This is your guide for every system process related to the HOME pathway. So we strongly recommend that you acquaint yourself with the manual; in fact, we just finished updating the latest version, so that should be available on the HUD Exchange within the next couple of weeks. And we can assure you that the information in those 20-plus chapters will answer 90 percent of your HOME IDIS questions. Now in regard to that last 10 percent, we offer you the "ask a question" portal located on the HUD Exchange. HUD employees, including myself, personally review every HOME response that gets drafted by our knowledgeable and experienced PA providers, and our goal is to reply within 48 hours of your submission. So hopefully, we're meeting that mark. So please take advantage of AAQ and our other fine resources.

So with that being said, thank you, and we will now open it up for some questions. So please allow us just a minute or two to collect some questions and we will respond momentarily. Thank you. So folks, here we go. The first question: Could you please recap the scenarios used to explain recaptured funds. And yes, absolutely. So recaptured homebuyer funds are any monies that PJs receives back at the sell due to the sale of a HOME-assisted unit, or any time the HOME-eligible recipient that occupied the unit no longer occupies that unit. So if the unit is sold or foreclosed upon during the period of affordability, PJs that receive any money back from that sale was direct homebuyer assistance is considered recapture, right. So if you decide in your -- if the PJ decides in its written agreement with the buyer that they will split the proceeds, the half that the PJ receives back becomes homebuyer proceeds, and it's receipted in IDIS as HP. The distinction we're making between HP and PI is that program income, you can use up to 10 percent for administration; with HP, you cannot use up to 10 percent for administration. You just replace it with your next project eligible HOME cost.

Number two, how many [audio distortion].

Bill Kubal: I mean, just to make it real clear and simple is if you are getting funds because you're enforcing your homebuyer recapture provisions, it's recaptured. If you're getting money and you're not enforcing that, it's program income. So if you are enforcing the provisions in the recaptured agreement, it's recaptured, so just like all the situations that Vashawn pointed out. But if they're just making amortized payments or they're outside of the affordability period and you're getting income not because of the recaptured provision, not because of that agreement, then it's PI.

Vashawn Bank: Fantastic. Thank you, Bill, very clear. Okay. Next question. How will the grant-based accounting affect the deadline commitment requirements for FY15? What should PJs be doing to ensure they meet the disbursement deadline? Wow, great, great question. Okay. So I'm going to answer that question in two different ways. The first way we're going to answer that is that yes, currently in IDIS, FY 2015 and onward HOME funds have [audio distortion] are a function under grant-based accounting. So you disburse -- you commit from one from 2015, you disbursed in 2015, that is not going to change. However, what does need to change is in order for the HOME program, HUD in particular, to enforce a grant-specific commitment of disbursement deadlines, we need to undergo rule making because right now, the regulations say that we must use a cumulative method to determine compliance with the commitment and disbursement requirements. So until HUD completes its rule making, all 2015-2016, any grants that are subject to requirements before we change the rule, will be calculated using the cumulative method. Peter, Bill, do you want to add anything?

Bill Kubal: Sure. I don't know if this is part of the question, but this is a good thing to keep in mind, folks. In terms of meeting your commitment deadlines, any receipt of local funds is going to adversely affect you, right? So if you look at your commitment tests right now and it says, well, by the end of July, I have to spend or I have to commit $100,000, remember what happens when we use PI. We swap out entitlement or other funding sources. So when you look at that shortfall on HOME compliance report, I want you to add in the expected amount of PI you plan on drawing between then and the deadline. Because every time your drawdown program income or local funds, it's going to make your commitment shortfall go up a little bit because you're using PI in place of entitlement and you're reducing the entitlement commitment. So keep that it mind if programs income's a good thing, right? We don't want to get rid of that, but you need to plan for it when you're looking at your commitment shortfalls.

Vashawn Banks: Absolutely. And just to piggyback on Bill's point, PJs may consider, as we talked about before, subgranting its local funds to a specific state recipient or several recipients, right, or CHDO. By doing that, you're already anticipating having to use the local money for that organization, and then you can change your focus and just change your sites to only additional EN money that needs to be disbursed. You know that's going to increase your disbursement totals, commitments that need to come from your CHDO sources. You know that your set aside will increase based on any commitments you make there. So it'll be a little easier to manage. And also before you get to that point, recognize your trends. PJs typically receive -- know in advance approximately how much money they're going to receive in program income from year-to-year. Run your PR27, take a look at page 2, take a look at your HP and IU. Historically, how much money have you paid back? So you can start to recognize are there trends here, and the move forward based on what your history is telling you.

All right, number 3. Will the field office be able to track funds in the IU account? Absolutely. In fact, the reports that Bill pointed out for us are perfectly suited for this, specifically the PR09, program income report. There is a HOME version and a CPD version, so take a look at that report. Also, at a grants level, take a look at your PR27. Your PR35 is really good because it gives you that high level grant breakdown, the subfund breakdown, and then the subgrant breakdown by subrecipient and CHDO as well. So those are outstanding resources.

Bill, I think I'm going to punt this next one to you. If we're still pulling money out of 2011, but we get to a 2015 project, are we supposed to pull from the 2015 grant; what happens to money in 2011 through 2014 grant years?

Bill Kubal: So that's a great question. The guidance we provided back on the grants-based accounting webinar, you know, we typically want the funding and IDIS to reflect what's in the action plans in the con plans. So basically, if you have 2011 funds committed to a certain type of activity, or the pre-'15 money committed to a certain type of activity, you'd want to follow that. I know a lot of you guys when you do a new action plan or con plan, you reprogram those older years. So it's not going to be, you know, an exact amount, so I think it's okay if you use those older funds -- those 2011 funds for a 2015 activity. But, again, we would like you to, as much as possible, get IDIS to match up what it says in your action plan in your con plans.

Vashawn Banks: Absolutely, and I was just going to echo that. So folks, make sure that you are following your citizen participation plan when you're funding 2015 activities with pre-2015 funds. Because essentially, that's extra money, right? So if you need to do any type of citizen participation, make sure that you take care of that. But if you're just doing a straight swap thing, okay, we're only going to use up to the amount of our HOME allocation and we're going to base that on some pre-2015 and some from 2015 HOME funds, that's fine if you expect the amount to stay the same. But if you are really leveraging essentially older money, pre-2015 money, in 2015 or onward projects, you really want to make sure that you are in compliance with your citizen participation plan and perhaps consulting with your field office support doing so. But as far as system functionality, it's definitely there. It allows you to use pre-2015 money for 2015 and onward activities and the same thing by source.

Okay. Number five. If the cap for HOME admin is 10 percent, does that allow for admin to go over the 10 percent if using PA, or does admin stay capped at 10 percent using both the HOME cap and PA?

Let me see if I can make this real simple. Your PA subfund is capped at 10 percent of the program income that gets receipted. Your HOME AD subfund, Treasury subfund, is automatically set at 10 percent of your allocation. So in no sense can you go over that combination. You can't exceed the 10 percent in Treasury; you can't exceed the 10 percent of program income. Now there are limited situations such as Presidentially-declared disaster where you may have a waiver in place where HUD will allow you in specific years to use up to 20 percent of your HOME grant for administration. Aside from those circumstances, it's just the 10 percent.

Bill Kubal: And the technical side of it, folks, is, you know, when you want to use some of your income for admin, you have to create that PA subfund. You can't just increase the admin account itself, the AD subfund. You need to actually go in, create a PA subfund. And then as you receive that income, what we recommended is as soon as you create that receipt for PI, you go into subfunds and subgrants and you increase the size of the PA subfund. It'll clearly tell you how much you can increase it to. Because if you don't do that right away, what's going to happen is you guys are going to be good grantees and you're going to spend all that program income first on your next activity. And then if you wait until the end of the year, you're going to find out that all that PI is gone and you're not going to have any ability to increase that PA subfund. So if you do it throughout the year as you receive that income, you're going to be in a lot better shape.

Vashawn Banks: Thank you, Bill. Okay. Number six. How do you treat interest payments on IU funds, e.g., original HOME funds as IU and interest at PI? Do you even need to collect interest on eligible-use repaid funds? So am I understanding -- I hope I'm understanding this question correctly. The interest from the bank account or interest earned from the bank account? I believe the HOME regs allows -- what is it, is it up to $100 a year? Okay. We actually have a Part 200 expert in the room, Danielle Frasier. We're going to allow her to answer that question.

Danielle Frasier: You're allowed to keep up to $500. The rest of it must be remitted to the Treasury, paid via HHS.

Vashawn Banks: Danielle, can you say that one more time?

Danielle Frasier: So anything that's -- you're allowed to retain up to $500; anything above that, you must repay back to the Treasury, and it is remitted to HHS and that's actually in Part 200. It has the address of where you should send the money, but it goes through HHS. Now, all repayments for that go through HHS, every agency.

Vashawn Banks: Health and Human Services.

Danielle Frasier: It's in Part 200.

Vashawn Banks: Fantastic. Thank you so much, Danielle, for taking that question. Number seven: For HP fund types, does it have to be used only a homebuyer program, or can it be used for other activities, e.g., rehab or rental? Folks, absolutely. HP is just like program income, just like IU, you're using it for your next eligible HOME disbursement. And we want to, again, we can't emphasize the point enough, it's your disbursement, not your commitment. So whatever's coming down the pike, if you're drawing money for project costs, replace those Treasury monies with HP, PI, and IU funds. And if we're talking about admin money that's being disbursed, replace those AD draws with PA.

All right, number eight, give this one to you, Bill. If we replace EN with local funds, then will the money from EN be released? And we can use the increase to overall funding -- can we use the increase in overall funding for specific projects?

Bill Kubal: Very good question. So basically, you know, when you say release, it's going to be available to you to commit to increase your commitments. It's not just going to disappear into some black hole. You know, you're going to keep that money. But yeah, so you'll basically look at your action plan. If your action plan specified a certain amount of program income is going towards certain activities, you can go ahead and program that and budget it. Next time you get a written commitment on something that qualifies as a commitment, you can go ahead and use that money and commit those funds. If you don't have anything in your action plan that specifies how you're going to use that new program income or, you know, basically, the budget increase as a result of that program income, you can (a) do a substantial amendment, or (b) you could just wait until your next plan cycle and budget it as part of your next plan cycle.

Vashawn Banks: Fantastic. Thank you, Bill. Next question is: If you, for whatever reason, didn't enter your 2014 program income yet, can you still enter it even though we are already in 2016, or will you have an issue? Folks -- wow, first of all, that's quite a delay in entering program income receipts. I mean, as you heard us talk about, the CPD Notice 97-09 requires PJs to receipt PI in intervals not to exceed 30 days. So we appreciate your being forthright and wanting to rectify the issue because sometimes we understand money is not always -- you don't always know the source immediately. So as far as getting this corrected? Yes, please, immediately receipt the 2014 program income in IDIS. But be advised that the system is going to pre-populate the program year of receipt to 2016. And you'll just enter in the comments section that the city or state's intent was to receipt the money in 2014. But the bigger takeaway here is that you use that program income or already used it for a Treasury draw and you're just entering it in the system as a reconciliation exercise.

All right, next question, I'm going to give this one to you, Bill. So if you were saying every single time when we get a check, that it is PI, we should enter it, not wait until, let's say, the end of the year and then enter the total amount received. Go ahead, Bill.

Bill Kubal: I got anxious. So it depends on your process. But basically what I always encourage grantees to do is just make the receipts process the first step of the drawdown process. So if you're going in and drawing on a monthly basis, the first step of that drawdown process should be looking in your local accounts to see if you have any PI or other local funds available. If so, you want to go ahead and create that receipt and then do the drawdown. And if you do that, if you incorporate it into the drawdown process, and a lot of times it's the same person who's creating the receipts and doing the drawdown creation, you're never going to have an issue with this rule.

I think there was a second part of that question, which was, you know, do I have to create a receipt -- for every single check? And the answer is no. The system does allow you to batch up your receipts or batch up all of your checks into maybe, like, one receipt. What I would recommend, though, is go ahead and, in your comments section, be very clear as to what that receipt in IDIS ties back to on your local account. So for example, it may be that you have 30 payments for your homeowner rehab loans every single month, you could create one receipt in IDIS for all 30 payments. You create that receipt, you print it out, and you attach the supporting documentation. Maybe it's a report from your GL, and you put that in your file and that way, your auditors will have no problem tying IDIS back to your local financial system. But, again, the rule is create your receipt as often as you're doing your drawdowns. And as Vashawn said, you know, in 9710 I believe -- 09, go ahead and they say at least every 30 days.

And also, too, folks, just to piggyback on batching receipts. If you had a process in place where you used a specific grantee receipt ID as we talked about, the optional fields that I brought up earlier, that's another mechanism where you can say, hey, everything that's coded GA15-05 -- I'm just making up alpha-numerics here -- that represents these 30 receipts. So that way, you can do a direct search in IDIS for that grantee receipt number and know that, hey, this is where all 30 receipts are represented under this single voucher. Because it's good that you enter the information under comments, but we don't always -- you can't query your comments, but you can query the grantee receipt ID.

Vashawn Banks: So number 11: With IU, do you also receive AD from the repayment to the local account? No. So I think that we really want to harp on the takeaway that IU, neither IU nor HP, allow PJs to set aside up to 10 percent for admin. Only PI, folks, only PI.

Next question: When should we start using the new HP fund type? Yesterday. The HP fund tape is readily available. In fact, it's been IDIS's production since release 11.10, which I want to say was May of last year, 2015 -- excuse me -- May of 2015. So please utilize that, utilize IU, whatever fits the appropriate situation.

Bill, I'm going to give this one to you. Is creating a PA subfund required if we want to use PI for admin expenses, or can we pay for admin expenses directly from PI?

Bill Kubal: Yeah. So when you get to the funding screen -- I haven't tested it in a while, but I believe that you would not be able to fund an admin activity with PI. You'd have to fund it out of PA.

Vashawn Banks: You're absolutely right. So yeah, folks, and again, that drives home the importance of setting aside or increasing the authorized amount of the PA subfund at the same time you're receipting PI so you can maximize the amount of funds you have available. Because once that program income is committed to an activity, you no longer have the luxury of setting aside the amount that you want for administration costs.

Okay. This is a long one here, folks. If a PJ is still spending its previous year's money, but PI is coming in for the current program year, is there a way to spend the PI before the previous year's funds? I'm going to read that one more time and then we'll break it up into sections. If PJ is still spending its previous year's money, and I presume we're talking about Treasury money, but PI is coming in for the current program year, is there a way to spend the PI before previous year's funds? Absolutely, and that's the process we just talked about, folks. You would adjust the funded amount before you draw down for an activity and disburse that program income.

Bill Kubal: So even if it's, like -- let's say it's a 2013 rental development that you've been working on for years. And it was funded in 2013, it's described in your 2013 action plan, but you have 2015 PI? Again, PI is a cash management issue. It's not a budgeting issue. You want to use the cash in your local accounts, for whichever activity, as the next draw down, regardless of what year it was described in the action plan, regardless of what year it was committed from.

Vashawn Banks: And I think we answered the second half, Bill, but let's take this on. I have not yet found a way to do this, so Bill and I just described that. I received the PI, which shows 2015, but when spending pre-2015 money, there's not an option to use that PI first. Do we have to wait for the activity that's there for 2015 to spend down of 2015 PI? And as we just indicated, absolutely not. You would just adjust the activity funding before you process the draw down and explicitly commit that 2015 program income to the activity. Next, you would adjust the EN, CRSU funding by an equal amount of the program income that's being drawn down.

Folks, I also just want to emphasize too. We're talking about suballocated money, specifically CR or SU, that will require an additional step of reducing the subgrants. So if you subgrant general subgrants for program, those count as commitments. You will be losing commitment credit when you lower your subgrant by the amount of program income you're using for an activity. The same is true for CR commitment, you will lose that CR commitment credit. So we know we've said it before, but just want to make sure that that is very clear to everyone. So anticipate that ahead of time and to the extent possible, use EN funds so you're not losing CHDO commitment or CHDO disbursement credit.

Bill Kubal: So it sounds like the issue that person was having was they were not going into activity funding and explicitly funding that activity from the 2015 PI. And again, that's the difference between grants-based accounting and in the FIFO. The FIFO PI is automatically going to show up on your next drawdown. The grants-based accounting, the 2015 PI and later PI is not going to show up. So even if you did a drawdown for a 2015 activity, it's not automatically going to show up on the drawdown. You have to go to funding and make that funding adjustment that Vashawn was talking about.

Vashawn Banks: Thank you, Bill. Okay. So two issues here. First, if you have both PI and IU, which ones should you send first? Great question, we've been getting that a lot over the last few months. The answer to the question is, there's no priority, just spend the local account funds first before you touch your Treasury money. As long as you're abiding by that general rule, you're fine, and the HUD funding folks will not come knocking at your door.

We also wanted to just make a quick reminder. Work with your field offices before creating IU receipts or otherwise repaying funds. This is a process that involves multiple parties. So not only your jurisdiction, your field office, but there's a headquarters component too because we actually go in and cancel the activities after reviewing your documentation showing that the funds were repaid and receipted properly. So we're looking at your cancelled checks. We're looking at the bank statements and so forth. So be sure that you are in constant contact with your field office, and then your field office will follow up with us accordingly.

All right, next question I'm going to give to you, Bill. Can a PJ revise a voucher after it's been approved?

Bill Kubal? Yeah. You're going to test my knowledge here. I can't remember exactly what the rules are. But number one, if it's still in approved status and it needs to be changed, you can always revoke that approval status and then it's not sent to HUD in the first place. At that point, you can just cancel it out. So if it's still in the approved status, what I would recommend is go ahead and revoke it, and then you can cancel it or adjust it as necessary. So I guess -- I hope that answers the question. If it's already been completed, you can still revise it. So that would be a case where HUD has sent you the money and you need to revise it back to another activity. The slide we went over went through a couple of different scenarios. Either it was the wrong amount, it was an excessive draw, it was the wrong activity, or case where you had to maybe combine two activities into one.

So yes, you know, depending on what the status of that line item is will determine your path forward. If it's still in approved status, just go ahead and revoke the approval. It won't get sent to HUD and you can cancel it out. If the status is completed, then you have to go into revisions. And again, if it's a case that you need to revise it because of an ineligible use, your first call should be to your local HUD field office.

Vashawn Banks: Absolutely, folks. I echo everything that Bill just said there. Revising vouchers has now become more complicated under grants-based accounting. But beyond that, the HOME program has specific eligible reasons, only allows PJs to revise vouchers for specific reasons. So again, that's why you want to contact your field office to make sure that your situation fits the criteria before going down the revision pathway.

Next question: If we receipt PI for a pre-2015 activity and decrease the commitment to its original level, but the commitment time for pre-2015 funds has passed, what happens to the funds? Can we commit the funds even though the commitment time for pre-2015 money has passed? And the answer to that question is yes, you can, absolutely. So you're receipting the money. There is no HUD -- keep in mind, folks, where you're looking at a cumulative measurement. Whether we're talking about deadline compliance, you are measured cumulatively. So it's all of your grants combined, including 2015, 2016, all of your commitments through the deadline period. So if your deadline period is 7-31-2016, we're looking at all grant funds that have been committed up until that date. So that means if you are in the process of replacing eligible pre-2015 entitlement with program income or other funds, you will have a reduced amount total -- cumulative total -- of the funds that represent your commitment.

I'll also say this with a caveat. We mentioned earlier that we're undergoing rulemaking to most likely ensure that the IDIS system, which is grants-specific for 2015 and 2016, matches what we are doing in -- matches our HOME regulations. So if changes do occur, you will be the first to know, and that could impact how we calculate commitments. But there have been no changes to date. So until that time, we will be using the cumulative method.

Number 18: If funds were entered as PI, but should have been recaptured, but have not been drawn yet, can or should it be changed? And the answer to that is absolutely. If you recognize that there was an error in receipting your recaptured homebuyer funds, please correct that as soon as possible because, again, it makes the point that you do not want to ultimately use any of this recaptured money for administration costs.

All right, next question I'm going to give to you, Bill. On Step 6 of your example, when you draw down, did you say the pre-2015 PI automatically replaces EN if PI is available for use; but after 2015, there's no auto replace and we have to fund an activity with PI prior to draw down? First of all, whoever entered this question, I thank you so much. This is my moment for redemption because I think I stammered a little bit when I talked about this. So here's the answer, increase -- if you fund an activity with pre-2015 entitlements, and then you are preparing to draw down for that same activity, IDIS will give you the option of replacing all pre-2015 entitlement money with all pre-2015 program income that you have on hand. I'll say that one more time. If an activity is funded with pre-2015 EN, the system's going to give you the option -- just the option -- of making the replacement. You know the HOME regulation requires it, but, again, we don't -- HUD doesn't know what's happening behind the scene. That receipt could have been entered in error.

So the expectation is yes, you will replace the entitlement funds with program income, and the system will then auto adjust, as Bill showed us in our example. If an activity was funded with $100 of entitlement, the auto adjust feature, if you're using $20, you have $20 of program income on hand, the auto adjust will automatically fund that activity with the $20 and then draw down that $20 and only $80 of EN. So thank you for giving me the opportunity to correct that, and I hope that the explanation makes sense.

Next question we'll give to you, Bill. Can you discuss more about needing to revise AD, CO, CR, subfunds if you don't have enough EN draw to use all PI on hand.

Bill Kubal: Give me a second to reread this, folks. Yeah, we may need to kind of massage this inquiry a little bit to make sure we're answering it properly.

Vashawn Banks: So for AD, at least -- oh, it's a cover. Okay. Now that makes sense. Can you describe -- okay, I'll do my best. Let's say, folks -- okay, so your EN fund type, you automatically have 10 percent for AD, up to 5 percent of your grant can be used for CHDO operating costs. And then what was the other? And then CR, that's flow on your CR, it's 15 percent.

So if I'm understanding this correctly, if the PJ doesn't have enough EN to dedicate to, let's say, CR, can it use its program income? And actually, that's mandatory. Sure, you can. If program income, you're replacing your program that's the CR with program income. But if you need to increase your CR set aside, absolutely. You can either subgrant that program income to CR, to your CHDO in this case, and execute a written agreement with the CHDO for those funds.

Danielle Frasier: If they don't have enough money in EN.

Bill Kubal: Should they use PI before CO for AD?

Danielle Frasier: And then if there's not enough PI, then you might need to decide your AD sales PR subfunds to lower it.

Vashawn Banks: Okay. Thank you, Danielle. Okay. So now I think we get it. With AD, you're only going to be able to set aside up to 10 percent of your program income for admin. So that's the bottom line there. For CHDO operating, it gets a little more complicated because with CHDO operating, it's 5 percent of your grant. If your next draw is for CHDO operating and you have program income on hand, you can use a total amount up to 5 percent of whatever you've authorized for CHDO op, plus the program income.

So let's say, for example, you got a $100,000 HOME grant. So the maximum of CHDO funds you can use in that year is $5,000. Your combined CHDO ops fund, plus program income, cannot exceed $5,000 in that year. So absolutely, you can use program income for CHDO op; you can program income for admin only to the extent that you're setting it aside in the PA subfund.

Danielle Frasier: Well, what if you don't have enough EN and you don't have enough PI for that activity; can you lower your CR and your AD down?

Bill Kubal: So I mean, folks, it all comes down to a timing issue for me. I've worked with a lot of grantees where, you know, they were just getting by on the skin of their teeth giving 15 percent to CHDO reserves. So a lot of them would be scared with the new, so you have to use PI before you use CR. Now what you can do is, you know, as long as you follow the cash management rules and say, okay, that cash is going out the door, you can wait in terms and drawdown the PI against your next entitlement draw, and then do your CHDO reserve draw against CR as long as, again, that the cash leaving your local bank accounts is going out the door before you draw down in terms of additional entitlement or other Treasury funds.

So I guess what I'm saying is, you know, if the system is forcing you to spend PI -- or the rule is forcing you to spend PI on a CR activity, is just wait to do that draw into IDIS, the PI draw, until you have another entitlement draw. And I hope that makes sense. But, again, you can kind of delay reporting it in IDIS until you have that next entitlement draw.

Vashawn Banks: Delay reporting it up to the 30 days. I want to be very clear there, folks. It's the 30-day requirement, and Bill made a great point in that if you can delay that CHDO reservation disbursement and replace the EN with program income or the local funds, absolutely. That is the preferred method to take to maximize your amount of CR, so thanks for saying that.

Next question: In pre-2015 activities that are completed in IDIS, if I use PI, but did not increase the funding commitment -- okay, excuse me, let me start all over. In pre-2015 activities that are completed in IDIS. If I use PI, but did not decrease the funded commitment amount in IDIS, do I need to go back and do that; if so, how? Okay. So if you've already done this, I would say have a conversation with your CPD repo as far as reconciliation. But for the most part, folks, if this is something that you catch right away that you should have made a reduction of your funded amount, go ahead and do that. If there is, for instance, you know, you've been kind of just going along drawing down EN ahead of program income, that's a practice you want to stop right away and make sure that going forward, you're following the correct procedure here.

If you have recaptured funds that you receipt as HP, you have to reduce the amount funded by the amount of HP funds receipted. So again, here, folks, the requirement, the HOME regulation requires that PJs disburse local funds before Treasury funds. So it's less a matter of a commitment, and more of a recognition of what type of draw do I have, what activity am I drawing for? Am I drawing admin funds; am I drawing project costs?

Because if I'm drawing project costs, then yes, immediately before the drawdown, I reduce the funding. But if we're talking about hey, just agreements that you're executing and we don't know whether activity A or B is going to have a disbursement first, keep those local monies where they are uncommitted and wait until you have a drawdown and make the adjustment at that point.

Bill Kubal: And next, HP and IU are going to be treated just like PI in terms of using the first. So if you have HP funds, but you don't have PI funds, you want to use the HP funds before you draw down for Treasury.

Vashawn Banks: Bill, I'm going to give this one to you. Can you add multiple years to the PR09 report?

Bill Kubal? Yeah, that's a very good question. I believe there's some parameters when you first run the report, and you can do a date range or you can just leave it blank and get all years. But, yeah, you can definitely do more than one program year on the PR09.

Vashawn Banks: Give this next one to you, sir. If the PJ does not reduce the funding activity for PI, won't the funds be put back into EN when the activity is completed in IDIS? Great question.

Bill Kubal: Yeah, that is a very good question, and the answer is yes. So basically, when you complete an activity, they take any money that's unspent -- so, basically, the balance of funds over the drawn amount -- and those funds will go back into your available to commit. And from my understanding, that would work the same for any funding source, whether it was PI, EN, HP, or IU.

Vashawn Banks: Echo that sentiment. Here we go, next: Is there a micro-strategy report that will show all sources of funding for open activities in a program year? Great question.

Bill Kubal? No, I don't think there's a report that will do that. But if you guys use -- or there's a search HOME activities function under the planned projects activities screen, that one has a fund type option, I believe. And so, that might be your best bet is to use the search HOME activities function within the system itself, as opposed to going to a micro-strategy report.

Vashawn Banks: Absolutely, I agree with that. And folks, just so you know what's kind of in our pipeline. The home office is looking to establish a receipt audit trail report within -- it's going to be several months. But that report will display each instance where an activity has been funded and increases the funding, so that's something to look forward to. But right now, the information is really difficult to obtain. You can run a PR22 status of HOME activities report, which will give you a roll up of all funding in an activity.

You can run a PR02, which will give you a breakdown by program year and will show the funding line items for each activity. But nothing to the level of detail that you're asking for. The PR05 that Bill mentioned earlier, the drawdown by activity report will give you each line item disbursement for activities. Very similar with the PR07, you can filter that report for disbursements across activities. So we are recognizing that what you're talking about with line items fund type status is important, so we want to get that out as soon as we possibly can.

Next question: What report will show daily PA receipts? Okay. Now, folks, here, this is the PA receipt is almost a misnomer. While you are actually receipting program income, but you're setting aside or authorizing a PA subfund. So the report that Bill showed us earlier, the PR09, that's going to show us PA draws. And the PR35, the PR27, that will show us PA funds for each program year. So you'll get an entire roll up and you can see from day-to-day on the 27 and on the 09, as well as the 35 when those amounts go up or go down. But there isn't, again, a daily receipt log where you're going to see this is where an increase happened, this is when it decreased. You would have to do that type of analysis on your own.

Last question here, folks. If our action plan anticipated PI for a specific activity when the PI is received, could it be held in the local account for that activity, rather than using it for the next draw, which may be a different activity? Bill, please.

Bill Kubal: No. So again, folks, if you have PI in your local bank account -- let's say you get a check for $50,000 and you say in your action plan, that's $50,000, because we got this $50,000, we're going to do more homebuyer activities. You can't do that. You can't encumber the funds and set aside the funds aside for a certain activity. If those of you on the phone are familiar with CBDG, that's kind of like a revolving loan account, right, where the funds are set aside for a certain activity. You can't do that in HOME. If the funds in your local account, it's a cash management system. That means you need to spend that cash in your local account before you draw down additional funds, regardless of what activity it is.

I mean, there are some exceptions like we talked about with admin. But, you know, for the most part, before the Treasury funds come out, the money has to leave your local bank account. So I know a lot of you may, in your local financial systems, you might have PI set up as a separate account and you are encumbering from those funds. This may mean that you have to do a lot of journal entries to basically adjust the encumbrance as that PI actually flows out the door.

So I know I worked with Jacksonville on this and, you know, they actually had to go to City Council and change their ordinance to give them some flexibility and basically moving that PI around to different activities because they had that same problem that was addressed in the question. You know, according to their City Council resolution, they said this PI in this certain account will be used for this certain activity. And then they ran into problems when they couldn't draw down that PI for the next drawdown. So they actually had to go and get a change to their City Council resolution to give them that ability and that flexibility to spend the PI and move it around for the next drawdown. So that might be something you have to look at.

Vashawn Banks: Fantastic. Thank you, Bill. All right, folks, that was the last question that we have time to answer today. If you do have any further questions, please, by all means, submit it to the ask-a-question portal located on the HUD Exchange. Again, it's folks like Bill, HUD employees review each and every one of those questions that come in for the HOME program before we submit a response. So know that we will try to get back with you within 48 hours on those. Again, use all the resources that you have at your disposal that we talked about here.

We thank you, we appreciate you and all the hard work you're doing out there, and we look forward to talking with you again on the next webinar. Take care.

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