

Submission of Monthly Account Statements

Requirements: Section 108 Loan Guarantee Borrowers are required to establish certain bank accounts and submit monthly statements as described in the Contract for Loan Guarantee Assistance (Section 108 Contract). The Guaranteed Loan Funds (GLF) requirement is described in Section II Part 2, the Loan Repayment Account (LRA) is described in Section II Part 6, and the Debt Service Reserve (Debt) is described in Section II Part 15 if applicable. These accounts types may also have associated investment accounts if the balance in the accounts exceeds \$250,000. If an investment account is used, the account statements should also be submitted. The Section 108 Contract limits investments to Government Obligations (as defined in paragraph 10). The transaction statements must be submitted by the 15th day of the month following statement closing date for the previous month.

Method of Submission of statements: Monthly statements should be submitted electronically. The preferred method is an email containing an attachment for each account required based on the contract. The email containing the statement balances should be sent to 108Reports@hud.gov.

Account Statement Requirements: Each Account type requires monthly submission of statements while the account is open. Some accounts will eventually terminate based on the contract specifications or project timelines. Once the account is eligible to be closed, the final statement should be submitted showing a \$0 balance. The documents should be sent in a .pdf format. If the accounts are no longer required (e.g., all funds have been disbursed from GLF), please submit documentation that the account has been closed along with the final account balance statement (if applicable) in lieu of a monthly statement.

Required Information with Statements: In addition to the actual monthly account statements provided by the depository financial institution, additional information must be submitted to identify the Section 108 project to which the account is related. For each type of account submitted, the following information must be provided (if not specified in the financial institution's statement):

1. Section 108 Borrower Name
2. Project # (B number)
3. Name of financial institution
4. Type of account represented by the statement (checking, savings, etc.)
5. Category of account in Section 108 Contract (GLF, LRA, Debt, Investment)
6. Account number assigned
7. Account balance
8. Closing date of period

Special Cases: Some borrowers have chosen to combine account types in a single account. Combination of these accounts is allowed, but it requires borrowers to maintain subsidiary records differentiating the amounts by category (i.e., Guaranteed Loan Funds or program income). Typically, there are two scenarios when a Borrower opts to combine accounts:

combination of all accounts (e.g., GLF, LRA, Debt Service) for one loan in a single account OR combination of account types (e.g., GLF, LRA, Debt Service) for multiple loans.

If accounts required for a single loan are combined (e.g., the GLF Account), the Borrower must maintain separate identifiable general ledger cash accounts in its accounting records and the amounts in the accounting records must reconcile with the balance in the depository account.

If accounts required for multiple loans are combined (e.g., the GLF Accounts for multiple loans), the borrower must maintain separate identifiable general ledger cash accounts in its accounting records that identify account balances for each loan. The cash accounts in the accounting records for the multiple loans must reconcile with statement balances provided by the Borrower's depository financial institution.

If the Borrower proposes to combine accounts, it must notify the Section 108 office of its intent. Notification will result in an amendment to the Section 108 Contract for each affected loan authorizing the combination and specifying the requirements described above.

Investment: If the account represents a temporary investment account for the main account types, additional information is required. For investment accounts, we also require the following information:

1. Type of investment(s)
2. Maturity date of the investment(s)
3. Date account was opened

Termination of Account statement submission:

When an account is no longer in use or determined to be no longer needed by the borrower, the borrower is required to submit the termination of account letter for the loan. In addition, the closing statement for the account(s) should be submitted as proof that account has been terminated. Please see samples of termination letters if you need assistance in completing this task.