



OCT 19 2018

Ms. Diana Serna
Director, Hidalgo County Urban County Program
427 E. Duranta, Suite 107
Alamo, Texas 78516

Dear Ms. Serna:

SUBJECT: Hidalgo County – Foreclosure – IDIS Activity #5202

The Hidalgo County, Urban County Program (UCP) used CDBG and HOME program funds in the amount of \$39,486.88 to fund a housing rehabilitation activity under the UCP's Owner Occupied Single-Family Rehabilitation program. The home referenced in this letter was rehabilitated in 2005 and is identified in HUD's Integrated Disbursement Information System (IDIS) as Activity #5202. According to the UCP, after completion of the rehabilitation, the family was later found to be in non-compliance with program requirements and resulted in the foreclosure and sale of the property which was sold to the highest bidder at \$31,250. Based on the information provided by the UCP, the following guidance is provided:

CDBG: The amount of CDBG funds used for this project was \$32,000. The project is considered an eligible activity, and therefore the UCP is not required to repay the total amount of CDBG funds drawn (\$32,000) for this activity. However, the \$31,250 that the UCP received from the foreclosure sale is considered Program Income (PI) and will need to be receipted as such in IDIS. We have attached Chapter 7 of the IDIS CDBG Entitlement Manual which provides the County procedures on "adding a PI receipt" in IDIS. As a reminder, when adding the PI receipt, the County should enter IDIS Activity #5202 as the activity that generated the program income. **Action Item:** Within 30 days from the date of this letter, please provide us a copy of the supporting documentation to confirm that the \$31,250 has been properly receipted in IDIS.

HOME: The amount of HOME funds used for this project was \$7,486.88. The use of HOME funds for an Owner-Occupied Single-Family Rehabilitation program is an eligible use of HOME funds. However, the County failed to enter into a written agreement for the HOME investment and as a result the following finding is noted:

U.S. Department of Housing and Urban Development
San Antonio Field Office, Region VI
Office of Community Planning and Development
H.F Garcia Federal Bldg/U.S Courthouse
615 E. Houston Street, Suite 347
San Antonio, Texas 78205-3601
Phone (210) 475-6806 Fax: (210) 472-6825
www.hud.gov www.espanol.hud.gov

PHOTO
COPY
REPRODUCTION
PROHIBITED
EXCEPT
AS AUTHORIZED
BY THE
U.S. DEPARTMENT
OF HOUSING
AND URBAN
DEVELOPMENT
OFFICE OF
COMMUNITY
PLANNING
AND DEVELOPMENT
SAN ANTONIO
FIELD OFFICE
REGION VI
H.F. GARCIA
FEDERAL
BUILDING
615 E. HOUSTON
STREET, SUITE
347
SAN ANTONIO,
TEXAS 78205-3601
PHONE (210) 475-6806
FAX (210) 472-6825
WWW.HUD.GOV
WWW.ESPAÑOL.HUD.GOV
OR

If you have any questions or require assistance regarding this matter, please contact David Rios, Senior Community Planning & Development Representative at 210-475-6847 or, via email at david.rios@hud.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read "Elva F. Garcia".

Elva F. Garcia, Director
Office of Community Planning
and Development

Attachments

cc: Honorable Ramon Garcia, Hidalgo County Judge

ADD FORMULA GRANT RECEIPT SCREEN

Selecting the Formula Grant Receipt option on the Add Receipt menu displays this screen for adding Program Income (PI), Revolving Loan (RL), and Grant-Specific Repayment to Local Account (LA) receipts:

Receipt	
Add Receipt	
<input type="button" value="Save"/> <input type="button" value="Reset"/> <input type="button" value="Return to Add Receipt Menu"/>	
*Indicates Required Field	Receipt Status: Original
Receipt Created For: UTICA	

Formula Receipt	
*Program: <input type="text" value="CDBG"/>	Receipt Type: <input type="text" value="Select Type"/>
*Program Year of Receipt: <input type="text" value="2015"/>	Description: <input type="text"/>
*Source Type: <input type="text" value="Select Source"/>	Grantee Receipt #: <input type="text"/>
*Fund Type: <input type="text" value="Select"/>	Total Amount: \$ <input type="text" value="0.00"/>
IDIS Activity ID: <input type="text"/> <input type="button" value="Show Activity Funds"/>	
<input type="button" value="Add Activity"/>	
Comments: 	
<input type="button" value="Save"/> <input type="button" value="Reset"/>	

Receipting PI and RL

Field	Description
Receipt Created For	A read-only field, and always the entitlement grantee.
Receipt Status	This read-only field is always Original on the add screen.
Program	Select CDBG .
Program Year of Receipt	Defaults to your current program year. It may be changed to your prior program year provided the receipt is created within the first 90 days of the current program year. The PI/RL will be associated with the CDBG grant having the same GRANT YEAR as the PROGRAM YEAR OF RECEIPT input here.
Source Type	Select the source type of your CDBG grant for the PROGRAM YEAR OF RECEIPT you input above. For CDBG entitlements, it will be either MC or UC .
Fund Type	Select PI or RL , as appropriate.

ADD SECTION 108 LOAN RECEIPT SCREEN

The screen for adding a Section 108 loan receipt is very similar to the add PI/RL receipt screen. Once receipted, Section 108 program income (SI) can only be used to fund activities with the following matrix codes:

- 19F Planned Repayment of Section 108 Loan Principal
- 19G Unplanned Repayment of Section 108 Loan Principal
- 24A Payment of Interest on Section 108 loans
- 24B Payment of costs of Section 108 financing
- 24C Debt service reserve

The loan receipt screen looks like this:

Receipt	
Add Receipt	
<input type="button" value="Save"/> <input type="button" value="Reset"/> <input type="button" value="Return to Add Receipt Menu"/>	
*Indicates Required Field	
Receipt Created For: UTICA	Receipt Status: Original
Section 108 Loan Receipt	
*Section 108 Loan Guarantee: <input type="text" value="SELECT"/>	*IDIS Activity ID: <input type="text"/>
*Program Year of Receipt: <input type="text" value="2015"/>	Grantee Receipt #: <input type="text"/>
Fund Type: SI- SECTION 108 INCOME	
*Amount: \$ <input type="text" value="0.00"/>	
Comments: <input type="text"/>	
<input type="button" value="Save"/> <input type="button" value="Reset"/>	

Field	Description
Receipt Created For	A read-only field, and always the entitlement grantee.
Receipt Status	This read-only field is always Original on the add screen.
Section 108 Loan Guarantee	Select the loan the funds are being receipted for from the dropdown.
Program Year of Receipt	The program year the income was received, defaulted to the current program year. The default may be changed to the prior program year provided today's date is within 90 days of the start of the current program year.
Fund Type	A read-only field. The FUND TYPE for Section 108 loan receipts is always SI.
Amount	Enter the amount, in dollars and cents, to be receipted.
IDIS Activity ID	Input the ID of the Section 108 activity that generated the program income.

EDIT RECEIPT SCREEN

Five fields can be updated on this screen: RECEIPT STATUS, AMOUNT, IDIS ACTIVITY ID, GRANTEE RECEIPT NUMBER, and COMMENTS. A list of activities funded with CDBG PI/RL/SI can also be accessed.

Receipt	
Edit Receipt	
Save Return to Search Receipts View Activities	
*Indicates Required Field	
Receipt Created For: UTICA	Receipt Status: [CANCELED] v
Receipt Number: 5166994	Associated Grant #: B-15-MC-36-0110
Receipt Program: CDBG	Receipt Type:
Program Year of Receipt: 2015	Description:
Source Type: MC	IDIS Activity ID: 1434
Fund Type: RL	Matrix Code: 18A - ED Direct Financial Assistance to For-Profits
*Amount: \$14198.66	Grantee Receipt Number: []
Comments: To receipt program income earned for the economic reinvestment program during the month of May 2015.	
Save Return to Search Receipts View Activities	

Field	Description
Receipt Created For	For CDBG, always the entitlement grantee.
Receipt Status	To cancel a receipt, change the RECEIPT STATUS from Modified to Canceled and click the [Save] button. The receipt can be canceled only if there will still be sufficient funds to cover the amount of PI/RL/SI that has been committed to activities and used to increase the AD subfund.
Receipt Number	The system-generated receipt ID.
Associated Grant # (PI, RL, and LA)	For PI and RL, the CDBG grant with the same GRANT YEAR as the PROGRAM YEAR OF RECEIPT. For LA, the grant from which the repaid funds were drawn.
Associated 108 Loan # (SI)	For SI, the Section 108 loan number that was selected on the Add Receipt screen.
Program through Fund Type	Same as the Add Receipt screen (see page 7-3), but not editable.

VIEW RECEIPT ACCOUNTS

To view summary information about receipt accounts, click the Receipt [Search Accounts](#) link on any Funding/Drawdown screen to display the View Receipt Accounts screen:

User: C00063 Role: Grantee Organization: UTICA - Switch Profile - Logout	Plans/Projects/Activities Funding/Drawdown Grant Grants/PJ Admin
Receipt View Receipt Accounts	
Activity Funding - Search	Search Criteria
Drawdowns - Create Voucher - Search Voucher - Approve Voucher	Programs: <input type="text" value="All"/> Grant Year / Program Year of Receipt: <input type="text"/> Fund Type: <input type="text" value="All"/> Receipt Created For: <input type="text"/> State/Territory: <input type="text" value="NY"/> Associated Grant #: <input type="text"/>
Receipt - Add - Search - Search Accounts	<input type="button" value="Search"/> <input type="button" value="Reset"/>
Section 168 Loan - Search	

Enter as many or few of the following search criteria as you wish to retrieve the accounts to be viewed.

Field	Description
Program	To limit the results to a particular program, select it from the dropdown.
Receipt Created For	For CDBG, leave blank.
Grant Year/Program Year of Receipt	For PI, RL, and SI: To limit the results to accounts received in a particular program year, enter it here. For LA: To limit the results to accounts where returned funds were drawn from a particular grant year, enter that year here.
Fund Type	To limit the results to a particular fund type, select it from the dropdown.
Associated Grant #	Limit the results to accounts associated with the grant (for SI, the loan #) that starts with the text string you input here.

Click the [Search] button to display the results:



HOME FACTS - Vol. 7, No. 1, January 2016

Topic

This HOME FACTS will explain and illustrate how to use program income (PI), repayments to the local account (IU), and recaptured homebuyer (HP) funds that are deposited in a Participating Jurisdiction's (PJ's) HOME Investment Trust Fund local account. This HOME FACTS will also explain the impact of local account funds on committing and disbursing HOME Treasury account funds in IDIS, including changes due to the implementation of grant based accounting for fiscal year (FY) 2015 and subsequent years' grants. Please refer to <https://www.hudexchange.info/manage-a-program/grant-based-accounting> for more information on grant based accounting.)

Background

The HOME Regulation at 24 CFR 92.2 defines program income as, "...gross income received by the PJ, State recipient, or a subrecipient directly generated from the use of HOME funds or activities funded from matching contributions...." The most common form of program income is principal and interest payments of HOME-funded loans. Other sources of program income include, but are not limited to, rent receipts generated from HOME-funded property, proceeds from the disposition of HOME-funded property, and interest earned on program income pending its disposition.

The HOME Program requires that all PI received by PJs be deposited in their HOME Investment Trust Fund local accounts and be reported in IDIS. PJs may also permit State recipients and subrecipients to retain PI for additional HOME projects pursuant to its written agreement. The total amount of PI reported in IDIS includes funds deposited in PJs' HOME Investment Trust Fund local accounts and PI retained by their recipients and subrecipients. If the funds are held by a State recipient or subrecipient, the PJ can use program income subgrants in IDIS to separate the funds held by each subrecipient from the funds held in its own local account. In addition, the HOME Regulation at 24 CFR 92.502(c)(3) requires that PJs disburse funds in their HOME Investment Trust Fund local accounts prior to drawing funds from their HOME Investment Trust Fund Treasury accounts. However, PJs should be advised that drawing funds in their local accounts prior to Treasury account funds may require that they manually adjust activity funding before creating drawdown vouchers. Specifically, IDIS will not give PJs the option of replacing FY 2015 HOME Entitlement (EN) funds with the uncommitted balance of 2015 and subsequent years' PI during the voucher creation phase. Also, IDIS Version 11.10 introduced functionality that allows PJs to fund and draw local account funds from specific program years. For example, committing 2015 PI to an activity will result in 2015 PI being disbursed for that activity. PJs will find this functionality similar to how FY 2015 and subsequent years' HOME Treasury account funds are processed under grant based accounting. Local account funds associated with program years 1992-2014 will continue to be committed and disbursed on a first-in, first-out (FIFO) basis in IDIS. Further, the system will continue to allow PJs to replace pre-2015 EN with pre-2015 PI at voucher creation when drawing down funds.

8. For PI and HP receipts, the "Comments" (H) field is optional. PJs are encouraged to use this field to enter information that will assist in reconciliation with local financial records. If the IDIS receipt represents more than one deposit in the local account, it is helpful to use this field to provide detail in terms of what is included. The "Comments" field is required when PJs enter IU receipts IDIS. PJs should include: the reason for the repayment, the amount required to be repaid, whether the repayment entered is a full or partial amount, and if additional repayments are necessary.
9. Click the "Save" button to record the receipt. The system will provide a receipt number at the top of the screen. For auditing purposes, it is good practice to print the screen with the receipt number and attach it to the supporting documentation for record keeping purposes.

Plans/Projects/Activities	Funding/Drawdown	Grant	Grantee/PJ	Admin
Add Receipt				
<input type="button" value="Save"/> <input type="button" value="Reset"/> <input type="button" value="Return to Add Receipt Menu"/>				
*Indicates Required Field		Receipt Status:		
Receipt Created For: HAMMOND		Original		
Formula Receipt				
A	*Program: HOME	Receipt Type: Select Type		
B	*Program Year of Receipt: 2015	Description:		
C	*Source Type: MC METRO CITY	F	Grantee Receipt #: 	
D	*Fund Type: PI PROGRAM INCOME	G	Total Amount: \$ 999	
E	IDIS Activity ID: <input type="text"/> Show Activity Funds <input type="button" value="Add Activity"/>			
H	Comments: Homeowner Rehab Loan payments received in the month of June 2015			
<input type="button" value="Save"/> <input type="button" value="Reset"/>				

Step 5b: Adjusting Activity Funding – The *Edit Activity Funding* screen

At the bottom of the *Edit Activity Funding* screen for any non-administrative activity, the system will list all local fund accounts, including the organization associated with the account (A in the screenshot below), the fund type (B), and the amount available for funding (C). The amounts available for funding are aggregated for all years by recipient and fund type.

To fund the activity from a local account fund type, click on the "Add-Edit" link for the line item.

The example in the screenshot below demonstrates many of the functions associated with local account funds, including:

- The City has available balances of program income (PI), recaptured homebuyer (HP), and repayments to local account (IU). These funds must be used before drawing funds from the HOME Treasury account to pay for project related costs. These accounts reflect the amounts entered in IDIS as receipts using the "Add Receipt" functionality, less the amounts already committed to activities or allocated to subgrants or subfunds.
- The City has reserved a portion of its program income for administrative costs by creating a program income for administration (PA) subfund. This is reflected in the PA line item with the PJ's name listed as the "Recipient Name" (A).
- The City has created a program income (PI) subgrant to reflect a subrecipient that retains program income to be used for additional HOME-eligible activities. This is reflected in the PI line item with the subrecipient's name listed as the "Recipient Name" (A).
- The City has created a PA subgrant to reflect a subrecipient that is reserving a portion of its program income for administrative costs. This is reflected in the PA line item with the subrecipient's name listed as the "Recipient Name" (A).

the "Total Funded" amount for the activity listed at the top of the page should equal the original "Total Funded" amount before local account funds were committed to the activity.

Step 6a: Drawdown Creation - Select Activities

The *Create Voucher* screen allows the PJ to input one or more voucher numbers for draws.

The screenshot shows the IDIS 'Create Voucher' screen. At the top, there is a ribbon with tabs: 'Plans/Projects/Activities', 'Funding/Drawdown' (marked with 'A'), 'Grant', 'Grantee/PJ', 'Admin', and 'It'. Below the ribbon, the page title is 'Drawdown' and the subtitle is 'Create Voucher - Page 1 of 4 (Select Activities)'. On the left side, there is a sidebar menu with options: 'User: C16964', 'Roles: Grantee', 'Organization: ILLINOIS', '- Switch Profile', '- Logout', 'Activity Funding - Search', 'Drawdown - Create Voucher', '- Search Voucher', '- Approve Voucher', 'Receipt - Add', '- Search', '- Search Accounts', 'Section 198 Loan - Search', 'Utilities - Home', '- Data Downloads', '- Print Page', '- Help', and 'Links'. The main form area contains the following fields and controls:

- 'Continue' button (marked with 'E') and a 'Help' icon.
- '* Indicates Required Field' label (marked with 'C').
- '*Voucher Created For: (tip)' dropdown menu with 'ILLINOIS' selected.
- 'Requested LOCCS Submission Date: (tip)' field with a date format '(mm/dd/yyyy)'.
- 'Activity Owner: (tip)' field with 'ILLINOIS' selected.
- '*IDIS Activity ID' label.
- A grid of 60 input fields for activity IDs, with the first field (marked with 'D') containing '10'.
- 'Search for Activities' and 'Reset' buttons.

1. Login to IDIS and select the *Funding/Drawdown* tab (A) located along the top ribbon.
2. Select *Create Voucher* from the *Drawdown* sub-menu (B) along the left side of the screen.
3. In the "Voucher Created For" field (C), use the dropdown to select the correct organization. For most activities, select the PJ's name. For activities funded from CHDO reserve (CR) and general subgrants (SU), select the name of the organization that received the subgrant that funds the activity.
4. Enter the activity number(s) in the *IDIS Activity ID* field(s) (D). IDIS allows users to enter up to 60 activities for each voucher. Alternatively, click the "Search for Activities" button to manually query and select activities.
5. Press the "Continue" button (E) after all IDIS Activity IDs have been entered.

Step 6b: Drawdown Creation - Amounts

The *Create Voucher Page 2 of 4* screen, which now includes grant based accounting functionality, will display the specific accounts (e.g., Pre-2015 or FY 2015 and later grant years) selected on the *Activity Funding* screen. If these are incorrect, return to the *Activity Funding* screen to verify the correct accounts were selected.

Reminders and Next Steps

In summary, the additions of the new fund types to track local funds, including repayments to the local account (*IU*), and recaptured homebuyer (*HP*) funds, will help PJs properly track the source of each receipt. The shift from first-in, first-out (FIFO) accounting to grant based accounting alters the process for drawing funds in PJs' HOME local accounts. Keep the following in mind:

- Use the correct fund type when reporting the use of local funds.
- Report the receipt of local account funds in intervals not to exceed 30 days. It is recommended to record local account funds as a receipt every time funds will be drawn.
- Update the amount of program income allocated to subrecipients and administration immediately after the receipts are created by adjusting the size of the program income subfunds and subgrants.
- Pre-2015 program income will appear as available to draw even if the PJ did not fund an activity from pre-2015 income. To draw local funds associated with 2015 and later allocations, PJs must first commit the funds to the activity using activity funding in IDIS.

Do You Have Questions?

For further questions, please work with your CPD HUD representative in your local HUD Office or contact the IDIS Ask a Question (AAQ) website at <https://www.hudexchange.info/get-assistance/my-question/>.