



No.2002-03
February 08, 2002

PROGRAM GUIDANCE

PROGRAM: Indian Housing Block Grant (IHBG)

FOR: All Tribal Government Leaders and Tribally Designated Housing Entities (TDHE)

FROM: Ted Key, Acting Deputy Assistant Secretary, PN

TOPIC: Investment of Indian Housing Block Grant (IHBG) Funds

Purpose: This guidance is to reiterate the availability and general guidelines of the IHBG investment program.

Background: IHBG recipients may invest IHBG funds for the purposes of carrying out affordable housing activities in investment securities and other obligations as provided in 24 CFR 1000.58.

Beginning in FY 2001, a recipient may invest 100% of its IHBG annual grant formula amount minus the operating subsidy element of the Formula Current Assisted Housing Stock component of the formula (see §1000.316(a) and §1000.320).

A recipient may invest IHBG funds so long as it demonstrates to HUD:

- (1) That there are no unresolved significant and material audit findings or exceptions in the most recent annual audit completed under the Single Audit Act or in an independent financial audit prepared in accordance with generally accepted auditing principles; and
- (2) That it is a self-governance Indian tribe or that it has the administrative capacity and controls to responsibly manage the investment. For purposes of this section, a self-governance Indian tribe is an Indian tribe that participates in tribal self-governance as authorized under Public Law 93-638, as amended (25 U.S.C. 450 et seq.).

Documentation submission requirements are outlined in PIH Notice 99-4 extended by PIH Notice 01-21 dated July 12, 2001. A tribe/TDHE's request for approval to invest should be sent to your Area ONAP. All requests will be reviewed within 60 calendar days from receipt.

Recipients can invest IHBG funds only in:

- (1) Obligations of the United States; obligations issued by Government sponsored agencies; securities that are guaranteed or insured by the United States; mutual (or other) funds registered with the Securities and Exchange Commission and which invest only in obligations of the United States or securities that are guaranteed or insured by the United States; or
- (2) Accounts that are insured by an agency or instrumentality of the United States or fully collateralized to ensure protection of the funds, even in the event of bank failure.

Please Note: Invested funds must meet the fund obligation performance standard specified in §1000.524. This standard specifies that “Within 2 years of grant award under NAHASDA, no less than 90 percent of the grant must be obligated”. Investment of funds does not constitute obligation of funds.

For additional information about the IHBG Investment program, please contact your Area ONAP Office.