

**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

Special Attention of:

Notice: PIH-2014-21(ONAP)

Tribes, Tribally Designated
Housing Entities, Indian
Housing Authorities, ONAP
Administrators

Issued: September 15, 2014

Expires: Effective until Amended, Superseded or
Rescinded

Cross Reference: 24 CFR 1000.58; Notice
PIH 2010-31

1. SUBJECT: Depository Agreements for Investing and Administering Indian Housing Block Grant (IHBG) Funds

2. PURPOSE: This Notice transmits the current depository agreement forms that must be used when investing IHBG funds; form HUD-52736-A (11/2013) for banking accounts and form HUD-52736-B (11/2013) for brokers/dealers. In addition, this Notice clarifies when to use the depository forms and when tribes or tribally designated housing entities (TDHEs) may utilize brokers in the investment of IHBG funds under 24 CFR 1000.58.

3. BACKGROUND: Section 204 of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), authorizes a recipient to invest IHBG funds in investment securities and other obligations as approved by the Secretary of Housing and Urban Development for a period of no more than five years. These investment securities and other obligations must be made for the purposes of carrying out affordable housing activities. Further, Section 202(9) of NAHASDA authorizes recipients to establish reserve accounts for the purposes of accumulating amounts for administration and planning expenses related to affordable housing activities. The recipient must invest NAHASDA funds in accordance with 24 CFR §1000.58 which states that "... these accounts shall be subject to an agreement in a form prescribed by HUD sufficient to implement the regulations in this part and permit HUD to exercise its rights under §1000.60." The form prescribed by HUD is the Depository Agreement, form HUD-52736-A (3/2016) for funds deposited in bank accounts and form HUD-52736-B (3/2016) for funds managed by brokers/dealers.

4. DEPOSITORY AGREEMENTS: The HUD depository forms may be found at www.hudclips.org and the forms may not be altered by the depository or the recipients. There are three instances where depository agreements must be used.

IHBG Investments: If a recipient is approved to invest IHBG funds in accordance with 24 CFR 1000.58 a Depository Agreement form HUD-52736-A (11/2013) for banking accounts (such as saving and certificates of deposit accounts) or form HUD-52736-B (11/2013) when using brokers/dealers is required. PIH Notice 2011-43, “*Extension: Administrative Requirements for Investing Indian Housing Block Grant Funds*” establishes the basis upon which the Department will determine if a recipient of IHBG funds has the administrative capacity to draw down IHBG funds for investment purposes. When investing, IHBG funds can only be invested in obligations of the United States or securities that are guaranteed or insured by the United States.

IHBG Administration and Planning Reserve Accounts: IHBG funds drawn down from LOCCS to establish an Administration and Planning Reserve accounts must establish one or more separate accounts for Administrative and Planning Reserve in accordance with 24 CFR §1000.239. Amounts deposited in Administration and Planning Reserve Accounts may only be invested in accordance with 24 CFR §1000.58 (c). The recipients must use form HUD-52736-A (11/2013) for banking accounts (such as saving and certificates of deposit accounts) and form HUD-52736-B (11/2013) when using brokers/dealers to perform brokerage services to invest the reserve account funds. These funds can only be invested in obligations of the United States or securities that are guaranteed or insured by the United States. Amounts deposited in Administration and Planning Reserve Accounts may not exceed an amount equal to ¼ of the 5-year average of the annual amount used by the recipient for administration and planning.

Housing Act of 1937 (1937 Act) Reserve Accounts: A Depository Agreement is needed when an IHBG recipient has 1937 Housing Act funds that are held in reserve accounts. In this case, the procedures outlined in PIH Notice 96-33 as extended indefinitely in Notice 2002-13 (HAs), titled “*Required HA Cash Management and Investment Policies and Procedures*” apply (see Question 46 of the IHBG Program -- Revised Notice of Transition Requirements, 64 FR 15779 (4/1/1999)). The limit on maturity dates outlined in Section 6 of Notice 96-33 does not apply.

5. USE OF BROKERS: Recipients may use brokers to invest IHBG funds if the brokers invest grant funds exclusively in approved financial instruments outlined at 24 CFR §1000.58. Such instruments must be one of the following:

- 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;
- 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.

Each broker/dealer must be a member of the Securities Investor Protection Corporation (SIPC). Selection of a broker must be made in accordance with the procurement and Indian Preference requirements at 24 CFR §85.36.

7. Paperwork Reduction Act: The information collection requirements contained in this Notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-35200) and assigned OMB control number 2577-0218 (Exp. 3/31/2016). In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

6. CONTACTS: Should you need additional information, please contact your Area Office of Native American Programs. Persons with hearing or speech impairments may access their Area Office of Native American Programs via TTY by calling the Federal Information Relay Service at (800) 877-8339.

/s/

Jemine A. Bryon, Acting Assistant Secretary for
Public and Indian Housing

Attachments

- A - **Depository Agreement** - Banking Accounts
- B - **Depository Agreement** - Brokers/Dealers