

June 12, 2000

**MEMORANDUM**

TO: Persons Interested in State CDBG Program

FROM: Nick D. Bailey  
Acting Director

SUBJECT: Rescinding of Policy Letter Number 10 (Revision 1)

Effective immediately, the Policy Letter Number 10 (Revision 1) involving drawdowns under the state letter of credit is rescinded. Therefore, the drawdown requests for CDBG funds will no longer be limited to a minimum of \$10,000 nor no more than two drawdowns per month. Due to this change, it no longer will be necessary for grantees to drawdown funds in excess of those necessary for items listed under the state approved Detailed CDBG Budget. This change has become necessary due to the inability of the State to account for funds drawn down as "cash-on-hand" under the HUD's Information Disbursement and Information System (IDIS).

Even though no longer prohibited, it is the State's desire that grantees will limit drawdowns to no more than two per month and drawdown amounts of no less than \$5,000-\$10,000.

Grantees should be aware that the State reserves the right to reduce requested amounts if they appear to exceed allowable amounts for administration or engineering.

NDB:md