



U.S. Department of Housing and Urban Development
Community Planning and Development

Special Attention of:

Notice CPD-14-02

- All Regional Directors
- All Field Office Directors
- All CPD Division Directors
- All States
- All Entitlement Jurisdictions
- All NSP Grantees

Issued: February 11, 2014
Expires: February 11, 2015

Cross Reference 24 CFR 570
Supersedes Notice 12-004, expired
February 13, 2013

SUBJECT: Closeout Instructions for Community Development Block Grant (CDBG) Programs Grants

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Please note that this CPD Notice is being published in DRAFT format, pending completion of the Paperwork Reduction Act process at OMB. No grant can be closed until this Notice is published in final form.



I. Purpose

This Notice replaces Notice CPD -12-004 and provides policy guidance and procedural instructions for CPD Field Offices and State, Entitlement and NSP grantees, Insular Areas and Non-Entitlement counties in Hawaii on how to close out the following grants only: State/Entitlement Community Development Block Grant (CDBG), Community Development Block Grant Disaster Recovery (CDBG-DR), Community Development Block Grant-Recovery (CDBG-R), and Neighborhood Stabilization Programs (NSP) 1, 2, and 3.

The regulatory requirements in 24 CFR 570.509 apply to all entitlements, Non-entitlement counties in Hawaii and insular areas grantees unless the requirements were revised by the *Federal Register* Notice for CDBG-R, NSP or CDBG-DR grants.

The closeout of a grant is a process in which HUD determines that all applicable administrative and program requirements of the grant were completed. Once HUD determines that all of the funds were expended and the activities were completed, or if the grantee requests initiation of the closeout process, the assigned HUD office should proceed with grant closeout. In general, a grant is ready for closeout when the following conditions are met:

- 1) All activities are eligible, were completed and met a national objective.
- 2) All grant funds were expended in full or all remaining funds are to be returned to HUD.
- 3) All reporting requirements were completed and submitted (except for the final report that is submitted during the closeout process, if applicable).
- 4) Any special conditions were met.
- 5) All audit and monitoring issues affecting the grant were resolved.

By signing the Grant Agreement, the grantee agreed to the general and special conditions of the contract and to cooperate with any reviews, including making available records requested by HUD or any other duly authorized representatives (e.g., the Government Accountability Office (GAO) and the Office of the Inspector General (OIG)).

*To close out a grant, the following actions
must have occurred:*

- ✓ *All Eligible Activities Completed and Met a National Objective*
- ✓ *All Grant Funds Expended in FULL or Unexpended Funds to be Returned to HUD*
- ✓ *All Reporting Requirements in RAMPS, DRGR and IDIS Completed and Submitted, as Required by the Grant Program*
- ✓ *Special Conditions Met*
- ✓ *Monitoring Findings Closed*
- ✓ *Audits Closed, if applicable*



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The reporting submission requirement may vary by program to determine readiness for closeout. It should be noted that indicating that a grant is complete in the Integrated Disbursement and Information System (IDIS) and Disaster Recovery Grant Reporting system (DRGR) does not mean that the grant is closed. (Note: The January 17, 2014 enactment of the Omnibus Spending bill, ended the reporting requirements in FederalReporting.gov.) To close out the grant, NSP1, NSP2, NSP3, State/Entitlement CDBG, CDBG-R and CDBG Disaster Recovery grantees must send the completed and signed copy of the certification and closeout agreement and other required documentation requested by HUD to its local field office. **Please Note: This Notice also contains an updated version of the HUD form 7082 (dated 04/1993) (<http://portal.hud.gov/hudportal/documents/huddoc?id=7082.pdf>); as modified, the form includes the submission of the grantee's DUNS Number.**

This notice includes instructions that outline and explain the general criteria for the closeout process. Additional information regarding the compliance requirements for each specific program is provided in separate sections of this Notice. For every grant, *grantees and the appropriate CPD staff must review the applicable Federal Register Notices and any other waivers to determine the procedures and requirements (i.e. administrative, planning, public services, affordable rental housing or other limitation or set-asides) which apply to the specific grant.* Rather than repeat the basic program rules of the CDBG program such as activity eligibility, national objective and audit requirements for each of the specific programs contained in this Notice, they are provided in this section:

A. Activity Eligibility and National Objective Requirement for State/Entitlement CDBG and CDBG-R Programs

All activities undertaken must be eligible and meet one of the CDBG program national objectives, i.e. benefit low and moderate-income (LMI) persons, prevent or eliminate slums or blight, or meet community development needs having a particular urgency (Section 105(a) of the Housing and Community Development Act (HCDA)); 24 CFR 570.482(a) and 570.483 - State, 24 CFR 570.201 - 570.208 - Entitlement). The HCDA requires State and entitlement CDBG grantees to certify that over a one- two- or three-year certification period, not less than 70 percent of CDBG funds will be spent on activities that benefit low- and moderate-income persons [see 24 CFR 570.200(a)(3) for non-entitlement CDBG grantees in Hawaii and insular area grantees]. The eligible activities, overall benefit requirement and national objectives have been modified for CDBG-R and CDBG Disaster Recovery grants by waivers and alternative requirements. **Although the Neighborhood Stabilization Program (NSP) is considered a component of the CDBG program, it has different national objective requirements. Please refer to the eligibility and national objective standards for NSP in this Notice.**

B. Audits and Monitoring

States, local government and nonprofit organizations are required to comply with OMB Circular A-133 "Audits of States, Local Governments and Non-profit Organizations". CDBG grantees and



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subrecipients that expend \$500,000 or more in a year in Federal awards must have an audit conducted in accordance with OMB Circular A-133. If a grantee or subrecipient expends less than \$500,000 a year in federal awards, it is exempt from the A-133 audit requirements for that year; however, it is recommended the grantee or subrecipient extensively review its own files. Grantee and subrecipient records must be available for review or audit by officials of the federal agency, the grantee and the GAO.

Please note the following: 1) A grant that has open monitoring or audit findings affecting the grant cannot be closed out until all monitoring or audit findings have been resolved; and 2) Any costs paid with CDBG funds which were not audited previously shall be subject to coverage in the grantee's next single audit performed in accordance with OMB Circular A-133. The grantee may be required to repay HUD any disallowed costs based on a) the results of the audit, and/or b) additional HUD monitoring reviews conducted per the closeout agreement.

Grantees may contact the appropriate HUD office for further advice and guidance in closing out grants. Field Offices may contact the appropriate Division (Entitlement Communities, State and Small Cities, Disaster Recovery and Special Issues, and Neighborhood Stabilization Program) in the Office of Block Grant Assistance to discuss closeouts.

FOR FURTHER INFORMATION CONTACT: Either contact your CPD Field office, (http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/staff/fodirectors) or contact, Stanley Gimont, Director, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 7286, Washington, DC 20410, telephone number 202-708-3587. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at 800-877-8339. FAX inquiries may be sent to Mr. Gimont at 202-401-2044. (Except for the "800" number, these telephone numbers are not toll-free.)



Grant Closeout Instructions

State Community Development Block Grant Program



Please note that this CPD Notice is being published in DRAFT format, pending completion of the Paperwork Reduction Act process at OMB. No grant can be closed until this Notice is published in final form.



I. Overview

The closeout process is a series of procedures to verify the State CDBG grant was properly spent and that the grantee has completed the requirements of the grant.

II. Criteria for Closeout

CPD Field Office and State CDBG staff must make the necessary reviews and audits to ascertain that State CDBG statutory and regulatory requirements have been met prior to closing out a grant. A State CDBG grant can be closed out when the following criteria have been met:

1. The state disbursed funds to units of general local governments (UGLGs) and the UGLGs expended all CDBG funds included in the Method of Distribution (MOD) for the fiscal year grants to be closed out.
2. As part of the financial review, the CPD Field Office confirmed that the 15 percent public services and 20 percent planning and administration caps were not exceeded; the administrative costs and technical assistance (TA) did not exceed the 3 percent combined threshold for CDBG funds received after January 23, 2004 (or the regulatory amounts for administration for grants before January 23, 2004); and the state met the required match for administration.
3. The audit(s) of the state covered all funds in the grant to be closed; there should be no outstanding monitoring and/or audit findings affecting the grant. Where CDBG program grant funds were expended since the most recent audit, the closeout agreement must require the state to repay HUD the amount of any costs not allowed by subsequent audits or HUD's reviews.

III. Closeout Process

A. Determination of Readiness for Closeout

Once the grantee and HUD staff jointly determines that a grantee appears to have drawn down all of its grant funds and complied with all applicable program requirements, HUD will inform the grantee that the closeout process has commenced and of the next steps to be taken. The Grantee should be provided with the Grantee Closeout Certification (**Appendix 1 Attachment A**) and the Closeout Checklist (**Appendix 1 Attachment C**).

Please Note: To ensure the timely closeout of future grants, the State and Small Cities Division (SSCD) will conduct an annual review to determine if there are any grants that may be eligible to be closed out. An alert



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notice will be sent to local field offices to 1) verify the status of their State CDBG grant and 2) encourage the field offices to proceed with the grant closeout process.

Documents to be submitted by the grantee to HUD:

- **Grantee Closeout Certification (Appendix 1, Attachment A)** *The grantee should only complete the relevant sections of the Grantee Closeout Certification*
- **Closeout Checklist (Appendix 1, Attachment C)**

If the grantee has not submitted all of the required documentation to complete the closeout, the HUD field office should notify the grantee in writing and request the necessary documentation to officially close out the award.

To ensure that the criteria for closeout were met, the appropriate HUD office should review the closeout documents submitted by the grantee for consistency with the following HUD files and systems.

1. **Integrated Disbursement and Information System.** Check to determine if all funds have been drawn down and all activities have been completed.
2. **Line of Credit.** Check to determine if the grantee has any remaining funds in the line of credit. Any remaining funds will be cancelled through the closeout process.
3. **Audit Reports and Monitoring Letters.** Review files to determine if there were any unresolved monitoring, audit findings and/or citizen complaints.

It is recommended that the field office should take no longer than 45 days from the date of receipt to review the documents and determine whether the criteria for closeout were met. Once it has been determined that the criteria for closeout were met, HUD will complete and execute the Grantee Closeout Certification.

B. Closeout Actions

Within 90 days of the execution date of the Closeout Certification, the State CDBG grantees shall submit to HUD a copy of the final performance and evaluation report described in 24 CFR part 91 and Federal Financial Report SF-425 (Appendix 6) or a State financial report that meets the criteria in 24 CFR 570.489(d). If the State CDBG grantee has already submitted its final performance and evaluation report, no additional report is required to be submitted. If an acceptable report is not submitted, an audit of the recipient's grant activities may be conducted by HUD.



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Based on the information provided in the final performance report and other relevant information, HUD will prepare a closeout agreement (**Appendix 1, Attachment B**). The agreement shall be prepared by the HUD field office in consultation with the grantee. The agreement shall identify the grant being closed out and must be executed by the grantee and the appropriate HUD official and forwarded to the HUD Fort Worth Accounting Center. The grant shall be considered closed on the date that the appropriate HUD official executes the closeout agreement.

Any costs paid with CDBG funds which were not previously audited shall be subject to coverage in the grantee's next single audit performed in accordance with OMB Circular A-133. The grantee may be required to repay HUD any disallowed costs based on the results of the audit or on additional HUD reviews provided for in the closeout agreement.

HUD will cancel any unused portion of the grant. The appropriate HUD staff will prepare the HUD Form 7082 in **Appendix 3 (CDBG-R Appendix), Attachment G** and send to the Fort Worth Accounting Center for processing. The amount of CDBG funds to be recaptured is indicated in Box 11c.

IV. Recordkeeping Requirement

State CDBG regulations for recordkeeping responsibilities at 24 CFR 570.490(d) require states and UGLGs to retain records for 3 years from the time of closeout of HUD's grant to the State or for the period provided in the CDBG regulations at 24 CFR 570.487 (other applicable laws and program requirements) and 24 CFR 570.488 (displacement, relocation, etc.) or for 5 years after the completion of a CDBG funded project pursuant to 42 USC 12707(a)(4), whichever may be longer. Records involving acquisition and improvement of real property must be kept for 5 years after closeout of the local government's grant, as stated in 570.489(j)(2). Records that are the subject of investigation, audit or review should be retained until the reviews are completed in order to allow HUD to complete its oversight functions.

It should be noted that the Department recommends that States and State recipients should retain all applicable documents for 5 years after closeout of the grant to the State to ensure that all applicable record retention requirements are met.



Appendix 1

State Community Development Block Grant Program Closeout Forms





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Attachment: A

OMB Approval No. 2506-0193 (exp 1/31/2015)

**State CDBG Program Grant Closeout
Certification**

Grantee Name: _____

	State CDBG Program			
(Insert) Grant Year				
Grant Number				
Grant Amount				
Cumulative Grant Funds Disbursed				
Balance of Grant Funds Remaining to be Recaptured				

The Grantee hereby certifies that: (1) the grant as described in the approved application has been performed in accordance with the terms and conditions of the executed Grant Agreement and that there are no known outstanding programmatic or financial issues; and (2) all data provided above fairly reflect costs and sources of funds of the CDBG grant and are taken from HUD-approved reports and other project-related documents.

Grantee Authorized Representative's Signature

CPD Division Director Signature

Typed Name of Signatory

Typed Name of Signatory

Title

Title



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Date

Date

The above signature by HUD signifies approval of grant closeout.

Note: Any false statements knowingly or deliberately made are subject to civil or criminal penalties under Section 1001 of Title 18 of the U.S. Code.

HUD Form 40151(1/2012)



GRANT CLOSEOUT AGREEMENT
For
State Community Development Block Grant Program

Between

U.S. Department of Housing & Urban Development
(Address)

AND

Name and address of the State

This agreement sets forth the terms for final disposition and conditions associated with the closeout of HUD State CDBG Grant (**Number**) provided pursuant to the grant agreement dated (**date of grant agreement**) and any applicable amendments. The (**name of state**) certifies that to the best of its knowledge:

- All activities were completed consistent with the Grantee's action plan and as described in the grantee's final performance report dated (**date of final report**).
- No fraud, waste or mismanagement has occurred in carrying out the grant. In cases where one or more of these actions have occurred, appropriate action has been taken to address it.
- Statements and amounts set forth in the Federal Financial Report (SF-425) or other state form are true and accurate as of this date.

Further, the (**name of grantee**) hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

- All records and documents pertaining to this grant will be maintained for a period of 3 years after execution of this closeout agreement or for 5 years after the completion of a CDBG funded project pursuant to 42 USC 12707(a)(4), whichever may be longer. It should be noted, the Department recommends that States and State recipients should retain all applicable documents for 5 years after closeout of the grant to the State to ensure that all applicable record retention requirements are met.
- **To secure an audit in accordance with OMB Circular A-133, as applicable.**



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Insert as Applicable

- Any real property within a State recipient’s control which was acquired or improved in whole or part using CDBG funds in excess of \$100,000 is governed by the principles described in 24 CFR 570.489 (j).
- Submitted to HUD a Federal Financial Report using Standard Form 425 or other state form, as a result of the completion of the final audit and resolution of any findings.
- A total of \$ (amount) in grant funds has been previously cancelled and returned to the Department on (date) **OR** A total of \$ (amount) in grant funds will be recaptured by HUD upon execution of this closeout agreement. **(Optional)**

HUD maintains the right to conduct future monitoring of this grant, either on site or by review of information or copies of documents requested from the (name of grantee). The (name of grantee) acknowledges that a finding of noncompliance resulting from such a review and failure to take appropriate corrective actions satisfactory to HUD may be taken into account by HUD as evidence of unsatisfactory performance in consideration of future grant awards. Further, the (name of grantee) may be required to repay HUD any disallowed costs based on the results of a future audit or HUD monitoring finding.

For the (name of State):

Typed Name /Title of Authorized Official

Date

Signature

For the Department of Housing and Urban Development:

Type name of CPD Director

Date

Signature

HUD Form 40152 (1/2012)



Attachment: C

OMB Approval No. 2506-0193 (exp 1/31/2015)

State CDBG Closeout Checklist

Submission of this form will expedite the grant closeout process

Grantee Name _____	Grant Number _____
Official Contact Name _____	DUNS Number _____
Email Address _____	Fax Number _____
Telephone Number _____	

1. Criteria for Closeout

1. Regarding the grant to be closed out:
 - (i) The State disbursed all funds to Units of General Local Governments (UGLGs) as described in the Method of Distribution
Yes No if no, explain:
 - (ii) All grant funds were expended
Yes No if no, explain:
 - (iii) The State closed out all grants to UGLGs
Yes No if no, explain:

Explanation box

2. Pursuant to statutory requirements of the Housing and Community Development Act of 1974 (as amended) (42 USC 5301 et seq.), the State
 - (i) Carried out all of its certifications
Yes No if no, explain:
 - (ii) Ensured that all CDBG-funded activities were eligible and met a national objective
Yes No if no, explain:
 - (iii) Monitored UGLGs to determine whether applicable performance criteria were met
Yes No if no, explain:

Explanation box



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3. As part of the financial review, the state confirmed that:
- (i) 15 percent public services cap was not exceeded
Yes No if no, explain:
 - (ii) 20 percent planning and administration cap was not exceeded
Yes No if no, explain:
 - (iii) Administrative costs and technical assistance did not exceed the 3 percent combined threshold for CDBG funds received after January 23, 2004 (or regulatory amounts for grants received before January 23, 2004)
Yes No if no, explain:
 - (iv) The state met the required match for administration
Yes No if no, explain:
 - (v) Is there any program income on hand?
Yes No if yes, explain:

Explanation box

4. With regard to audits and monitoring of the State CDBG grant
- (i) Any outstanding Audit findings
Yes No if yes, explain:
 - (ii) All grant expenditures were covered by an audit
Yes No if no, expenditures after the last audit must be addressed in closeout agreement with HUD
 - (iii) Any outstanding monitoring findings
Yes No if yes, explain:

Explanation box

Grantee

By: _____
Authorized Representative's Signature

Date

HUD Form 40153 (1/2012)



Grant Closeout Instructions

Entitlement/Insular/Nonentitlement Counties in Hawaii Community Development Block Grant (CDBG)



Please note that this CPD Notice is being published in DRAFT format, pending completion of the Paperwork Reduction Act process at OMB. No grant can be closed until this Notice is published in final form.



I. Overview

The policy guidance and instructions in this Notice apply to the closeout process of Entitlement CDBG grants authorized under the Housing and Community Development Act of 1974.

Entitlement CDBG grants are closed out only if one or more of the following limited circumstances apply:

- A metropolitan city that was a direct grantee decides to relinquish its entitlement status in order to become part of an urban county.
- A metropolitan city that was a direct grantee opts to enter into a joint agreement with an urban county to have the county receive and administer the city's future CDBG allocations.
- A metropolitan city or urban county elects to relinquish its entitlement status, become a nonentitlement jurisdiction and seek funding through its State's CDBG program.
- A metropolitan city or urban county no longer meets the statutory requirements for Entitlement CDBG program eligibility.
- A metropolitan city or urban county chooses, for other reasons, to terminate its participation in the Entitlement CDBG program for convenience.
- HUD may terminate a metropolitan city or urban county's grant under the provisions of 24 CFR 570 Subpart O.

Before a grant can be closed out, all CDBG formula grant funds must be drawn down, all CDBG-assisted activities must be physically complete, and all activities must meet one of the national objective requirements identified at 24 CFR 570.208.

II. Criteria for Closeout - 24 CFR 570.509

A grant will be closed out when HUD determines that the following criteria have been met:

- 1) All costs to be paid with CDBG funds have been incurred. In the event of a contingent liability, such as a contractual dispute between the grantee and a contractor where the work has been performed by the contractor, the grantee may draw down funds to be set aside in a separate account until the resolution of the contractual dispute as the costs have been incurred. Contingent liabilities include, but are not limited to, third-party claims against the grantee, as well as related administrative costs. **NOTE:** HUD anticipates that most contingent liabilities will involve incomplete audits or contractor disputes. Grantees with contingent liabilities should consult their Field Office to determine how best to manage these liabilities.
- 2) With respect to activities (such as rehabilitation of privately-owned properties) which are financed by means of escrow accounts, loan guarantees, or similar mechanisms, the work to be assisted with



CDBG funds (but excluding program income) have been completed.

- 3) Other responsibilities of the grantee under the grant agreement and applicable laws and regulations appear to have been carried out satisfactorily, or there is no further Federal interest in keeping the grant agreement open for the purpose of securing performance.

III. Closeout Process

A. Determination of Readiness for Closeout

Once the grantee and HUD staff jointly determine that a grantee is prepared to begin the closeout process, HUD will inform the grantee that the closeout process has commenced and of the next steps to be taken. See sample closeout letter (**Appendix 2, Attachment A**). Attached to the letter will be a Grantee Closeout Certification (**Appendix 2 Attachment B**) and the Closeout Checklist (**Appendix 2 Attachment C**). The grantee should return the completed documents, as well as the partially-completed certification, to HUD.

Documents to be submitted by the grantee to HUD:

- **Grantee Closeout Certification (Appendix 2, Attachment B)** *The grantee should only complete the relevant sections of the Grantee Closeout Certification*
- **Closeout Checklist (Appendix 2, Attachment C)**

If the grantee has not submitted all of the required documentation to complete the closeout, the appropriate HUD office should notify the grantee in writing and request the necessary documentation to officially close out the award.

To ensure that the criteria for closeout were met, the appropriate HUD office should review the closeout documents submitted by the grantee for consistency with the following HUD files and systems:

1. **Integrated Disbursement and Information System.** Check to determine if all funds have been drawn down and all activities have been completed.
2. **Line of Credit.** Check to determine if the grantee has any remaining funds in the line of credit. Any remaining funds will be cancelled through the closeout process.
3. **Audit Reports and Monitoring Letters.** Review files to determine if there were any unresolved monitoring, audit findings, and/or citizen complaints.

Once it has been determined that the criteria for closeout were met, HUD will complete and execute the Grantee Closeout Certification.



B. Closeout Action

Within 90 days of the Closeout Certification execution, the grantee shall submit to HUD a copy of the final performance and evaluation report described in 24 CFR Part 91 and Federal Financial Report SF - 425 (**Appendix 6**). If the grantee has already submitted its final performance report, no additional report is required to be submitted. If an acceptable report is not submitted, an audit of the grantee's activities may be conducted by HUD.

Based on the information provided in the final performance report and other relevant information, HUD will prepare a closeout agreement. The agreement shall be prepared by the HUD field office in consultation with the grantee. The agreement shall identify the grant being closed out and must be executed by the grantee and the appropriate HUD official and forwarded to the HUD Fort Worth Accounting Center. The grant shall be considered closed on the date that the appropriate HUD official executes the closeout agreement.

Any costs paid with CDBG funds which were not previously audited shall be subject to coverage in the grantee's next single audit performed in accordance with OMB Circular A-133. The grantee may be required to repay HUD any disallowed costs based on the results of the audit or on additional HUD reviews provided for in the closeout agreement.

HUD will cancel any unused portion of the grant. The appropriate HUD staff will prepare the HUD Form 7082 in **Appendix 3 (CDBG-R Appendix), Attachment G** and send to the Fort Worth Accounting Center for processing. The amount of CDBG funds to be recaptured is indicated in Box 11c:

C. Closeout Agreement

Any obligations remaining as of the date of the closeout shall be covered by the terms of a closeout agreement. See **Appendix 2, Attachment D** for sample grant closeout agreement. The agreement shall be prepared by the HUD field office in consultation with the grantee, must be executed by the grantee and the appropriate HUD official, and be forwarded to the Fort Worth Accounting Center. The agreement shall identify the grant being closed out and include provisions with respect to the following:

- (1) Identification of any contingent liabilities.
- (2) Identification of any program income on deposit in financial institutions at the time the closeout agreement is signed.
- (3) Description of the grantee's responsibility after closeout for:



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(i) Compliance with all program requirements, certifications and assurances in using program income on deposit at the time the closeout agreement is signed and in using CDBG funds for contingent liabilities.

(ii) Use of real property assisted with CDBG funds in accordance with the principles described in 24 CFR 570.505.

(iii) Compliance with requirements governing program income received subsequent to grant closeout, as described in 24 CFR 570.504(b)(4) and (5).

(iv) Ensuring that flood insurance coverage for affected property owners is maintained for the mandatory period.

(4) Other provisions appropriate to any special circumstances of the grant closeout, in modification of or in addition to the obligations in paragraphs (1) through (4) of this section. The agreement shall authorize monitoring by HUD and shall provide that findings of noncompliance may be taken into consideration by HUD when making future grant awards.

IV. Termination of grant for convenience

CDBG Entitlement grants may be terminated for convenience in whole or in part before the completion of the assisted activities, in accordance with the provisions of 24 CFR 85.44. The grantee shall not incur new obligations for the terminated portions after the effective date and shall cancel as many outstanding obligations as possible. HUD shall allow full credit to the grantee for those portions of obligations which could not be canceled and which had been properly incurred by the grantee in carrying out the activities before the termination.

V. Termination for cause

In cases in which HUD terminates the grantee's grant under the authority of Part 570, Subpart O, or under the terms of the grant agreement, the closeout policies apply, except where the approved grant is cancelled in its entirety. The provisions in 24 CFR 85.43(c) on the effects of termination also apply.

VI. Program Income on hand at Closeout and received after Closeout

It is not necessary for a grantee to disburse all program income on hand before closeout. (If a grantee is receiving a regular stream of program income, such as from revolving loan fund repayments, it might never reach the point of having a zero balance in its program account, and thus could never close out its grant.) The use of program income on hand with the grantee or its subrecipients at closeout is governed by the requirements at 24 CFR 570.504(b)(3); the program income continues to be subject to all CDBG



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requirements, even after execution of the closeout agreement, until it is fully expended. Program income received by a grantee or its subrecipients after closeout is subject to the provisions of 24 CFR 570.504(b)(4) or (5). As long as the jurisdiction does not receive any other CDBG grant directly from HUD, any program income received after closeout must be used in accordance with the statutory eligibility provisions of Section 105 of the HCDA, as amended, and its use must comply with the CDBG national objectives criteria at 24 CFR Part 570, Subpart C. Other CDBG program requirements do not apply. If, after closeout, a jurisdiction participates in an urban county's or a state's CDBG program and receives funds from the urban county or the state, those funds are not a grant received directly from HUD.

A grantee that closes out its direct grants from HUD and subsequently receives an award of CDBG funds from a state or from an urban county (either as a member of the urban county or through a joint agreement) should be advised not to co-mingle income received after closeout with income on hand at closeout or with CDBG funds received from an urban county or state. If the jurisdiction cannot account for the separation of these funds, the jurisdiction runs the risk of having all income subject to all CDBG program requirements.

However, HUD can envision situations in which a jurisdiction might wish to "get out of the business" of administering its program income. For example, a grantee might have relinquished its entitlement status in order to join an urban county, because it no longer has the capacity to administer grant funds. The jurisdiction and the urban county could enter into an agreement whereby the jurisdiction agrees to transfer (or assign its rights to) its program income to the county. The county would have to agree to treat this income as program income to its own Entitlement CDBG program and agree to administer the funds in compliance with all CDBG requirements. The jurisdiction and the county should provide any agreement to the field office, because it may be necessary for HUD to amend the closeout agreement to reflect this change.

Grantees are advised that there is no statutory authority under which HUD may transfer grant funds from an entitlement city to an urban county. If, for example, HUD is closing a metro city's CDBG grant and the grant has funds left in its Line of Credit, HUD cannot move those funds to the County's Line of Credit. Either the grantee must expend its remaining funds itself, or HUD will recapture the unused funds at closeout.

VII. Recordkeeping Requirement

The grantee must maintain records demonstrating compliance with CDBG requirements. Grantees and subrecipients in entitlement communities shall comply with the 4 year record retention requirement, as described in 24 CFR 570.502 (a)(16) or for 5 years after the completion of a CDBG funded project pursuant to 42 USC 12707(a)(4), whichever may be longer. Grantees are reminded that the provisions of 24 CFR 570.505, **Use of real property**, govern any changes in the use of CDBG-assisted real property for 5 years after closeout of the jurisdiction's grant from HUD.

It should be noted that the Department recommends that grantees retain all documents for 5 years after closeout of the grant to ensure that all applicable record retention requirements are met.



Appendix 2

Entitlement/Insular/Nonentitlement Counties in Hawaii CDBG Program Closeout Forms





U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment A

LETTERHEAD

Date _____

Dear _____:

SUBJECT: Entitlement Grant Closeout and Recapture of Unspent Grant Funds
Community Development Block Grant –
Grant Number: xxxxxxxxx

[Insert name of jurisdiction] (hereinafter referred to as the “Grantee”) was awarded a Community Development Block Grant (CDBG) in the amount of [insert amount] on [date], also identified as grant number [insert grant number], under title I of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. 5301 et seq.

It appears that the activities are completed, all funds have been drawn down and the grant is ready for closeout. In accordance with the U.S. Department of Housing and Urban Development CDBG Closeout Procedures regulation at 24 CFR 570.509(b)(3), any unspent funds remaining in the account of an expired grant period are to be recaptured. Our records indicate that your CDBG grant has a remaining balance of \$ _____.

In order to proceed with this grant closeout and recapture of the remaining funds, the following documentation must be submitted by the grantee:

- A completed copy of the enclosed “CDBG Entitlement Program Grantee Closeout Certification” signed by the grantee’s authorized representative
- A completed copy of “CDBG Entitlement Program Closeout Checklist” signed by the grantee’s authorized representative

The Grantee Closeout Certification has been completed for your review, and your signature confirms the accuracy of the information. HUD retains the right to monitor and follow up on monitoring and audit findings. In addition, the Department may recover disallowed costs for ineligible activities or actions in 24 CFR part 570, Subpart O, or pursue other sanctions, if HUD determines that the information provided by the grantee was false, erroneous or did not meet statutory or regulatory requirements.

Please return the signed certification and the other listed documents to our office within 15 days of the date of this letter. If you have any questions, please contact the CPD Representative (**NAME/ CONTACT INFO**).



U.S. Department of Housing and Urban Development
Community Planning and Development

Sincerely,

CPD Director

Attachment B

**Community Development Block Grant – (CDBG) Entitlement Program
Grantee Closeout Certification**

Grantee Name:

Grant Number:

The Grantee hereby certifies that: (1) the grant as described in the approved application has been performed in accordance with the terms and conditions of the executed Grant Agreement and that there are no known outstanding programmatic or financial issues; and (2) all data provided below fairly reflects costs and sources of funds of the CDBG grant and are taken from HUD-approved reports and other project-related documents.

- 1. Grant amount \$ _____
- 2. Cumulative grant funds disbursed \$ _____
(Grantee should draw down amounts for any final audit costs or unsettled third-party claims. Any such amounts not subsequently disbursed must be immediately reimbursed to HUD.)
- 3 Previously-recaptured grant funds \$ _____
- 4. Balance of grant funds. \$ _____
(These funds will be recaptured by HUD.)

Grantee Authorized Representative's Signature

CPD Division Director's Signature

Typed Name of Signatory

Typed Name of Signatory

Title

Title

Date

Date

The above signature by HUD signifies approval of grant closeout.



Note: Any false statements knowingly or deliberately made are subject to civil or criminal penalties under Section 1001 of Title 18 of the U.S. Code.

HUD Form

Attachment C XXXXXXXX

Grantee Name _____	Grant Number _____
Official Contact Person _____	Telephone Number _____
Email Address _____	Fax Number _____
DUNS NUMBER _____	

CDBG Closeout Checklist

For the purposes of expediting the grant closeout process, HUD asks applicants to submit the following checklist.

1. Program Income

(i) Is there any program income on-hand?

Yes No If yes, explain:

Explanation box

2. CDBG Activities

(i) Are any of the activities ineligible under the regular CDBG program, or do any of the activities provide insufficient public benefit per 24 CFR 570.209(b)(3)? (Please refer to your current Consolidated Plan timeframe with respect to these activities.)

Yes No If, yes explain:

(ii) Any unused grant funds cancelled by HUD?

Yes No If yes, explain:

Explanation box

3. Draw Downs

As part of its financial review, the grantee confirmed that:

(i) No more than 20 percent of the grant amount was spent on administration and planning during each program year covered by your current Consolidated Plan.

Yes No If yes, explain:



U.S. Department of Housing and Urban Development
Community Planning and Development

- (ii) No more than 15 percent of the grant amount was spent on public services during each program year covered by your current Consolidated Plan.

Yes No If yes, explain:

HUD Form 40157 (1/2012)

- (iii) At least 70 percent of the grant amount principally benefitted persons of low- and moderate- income, as measured over your current 1, 2, or 3 year certification period.

Yes No If no, explain:

- (iv) Where applicable, identified activities meet the public benefit standard underwriting guidelines as described in 24 CFR 570.209(a) during each program year covered by your current Consolidated Plan.

Yes No If no, explain:

Explanation box

4. Activity Eligibility and Meet a National Objective

- (i) Are all activities eligible and does each activity meet a national objective? (Please refer to your current Consolidated Plan timeframe with respect to these activities.)

Yes No if no, explain:

Explanation box

5. Audits

- (i) Did the grantee make reviews and audits of subrecipients?

Yes No if no, explain:

Explanation box

6. Monitoring

- (i) Does the grantee have any open monitoring findings?

Yes No if yes, explain:

Explanation box



7. Reporting Systems

(i) Did the grantee report on the number of jobs created or retained for each activity carried out?
(Please refer to your current Consolidated Plan timeframe with respect to these jobs.)

Yes No N/A if no, explain:

(ii) Did the grantee report on the name, location, and contact information for the entity that carried out each activity? (Please refer to your current Consolidated Plan timeframe with respect to these activities.)

Yes No if no, explain:

Explanation box

8. Certifications

(i) Have all Federal Requirements been met? For example, Affirmatively Furthering Fair Housing, Section 3, Lead-based paint procedures, Environmental Review, Davis Bacon, etc.

Yes No if no, explain:

Explanation box

GRANTEE

By: _____
Grantee Authorized Representative's Signature

Date



Attachment D

GRANT CLOSEOUT AGREEMENT
For
Entitlement Community Development Block Grant Program

Between

U.S. Department of Housing & Urban Development
(Address)

AND

Name and address of Grantee

This agreement sets forth the terms and conditions associated with the closeout of HUD CDBG Grant (Number) dated (date of grant approval), and any applicable amendments, awarded pursuant to title I of the Housing and Community Development Act of 1974, 42 U.S.C. 5301 et seq. The (name of grantee) certifies that, to the best of its knowledge:

- All activities were completed consistent with the Grantee's action plan and as described in the grantee's final performance report dated (date of final report).
- No fraud, waste or mismanagement has occurred in carrying out the grant. In cases that one or more of these has occurred, appropriate action has been taken to address it.
- Statements and amounts set forth in the Federal Financial Report (SF-425) are true and accurate as of this date.

Further, the (name of grantee) hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

- All records and documents pertaining to this grant will be maintained for a period of 4 years after execution of this closeout agreement as described in 24 CFR 570.502(a)(16) or for 5 years after the completion of a CDBG funded project pursuant to 42 USC 12707(a)(4), whichever may be longer.

Insert as Applicable

- Any real property within the (name of grantee)'s control which was acquired or improved in whole or part using CDBG funds in excess of \$25,000 is governed by the principles described in 24 CFR 570.505.



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Community Planning and Development

- If any rehabilitated property falls within a flood plain, flood insurance coverage must be maintained for the mandatory period for affected property owners.

HUD Form 40158 (1/2012)

- Identify any contingent liabilities subject to payment after the closeout agreement is signed.
- Submitted to HUD a Federal Financial Report using Standard Form 425 upon the completion of the final audit and resolution of any finding.
- A total of \$ **(amount)** in grant funds has been previously cancelled and returned to the Department on **(date)**. **OR** A total of \$ **(amount)** in grant funds will be recaptured by HUD upon execution of this closeout agreement. **(Optional)**
- At this time, the amount of program income on hand is \$_____.
- The use of program income received subsequent to this agreement will be governed by 24 CFR 570.504(b)(4) or (5) as appropriate.

HUD maintains the right to conduct future monitoring of this grant, either on site or by review of information or copies of documents requested from the **(name of grantee)**. The **(name of grantee)** acknowledges that a finding of noncompliance resulting from such a review and failure to take appropriate corrective action satisfactory to HUD may be taken into account by HUD as evidence of unsatisfactory performance in consideration of future grant awards. Further, the **(name of grantee)** may be required to repay HUD any disallowed costs based on the results of a future audit or monitoring finding.

For the **(name of grantee):**

Typed Name and Title of Authorized Official

Date

Signature

For the Department of Housing and Urban Development:

Typed name of CPD Director

Date



Signature

HUD Form 40158 (1/2012)

Grant Closeout Instructions

Community Development Block Grant – Recovery (CDBG-R) Program



Please note that this CPD Notice is being published in DRAFT format, pending completion of the Paperwork Reduction Act process at OMB. No grant can be closed until this Notice is published in final form.



I. Overview

The policy guidance and instructions in this Notice apply to the closeout of CDBG-R grants authorized under the American Recovery and Reinvestment Act of 2009 (Recovery Act), which was enacted on February 17, 2009. The statutory and regulatory provisions governing the CDBG program, including those at 24 CFR Part 570 Subpart I for states and Subparts A, C, D, E, F, J, K, and O for CDBG entitlement communities, apply to the use of CDBG-R funds, except for those alternative requirements and waivers granted in the *Federal Register* Notice issued on May 4, 2009 for the CDBG-R program. Note: The regulatory closeout requirement at 24 CFR 570.509 for entitlements applies to Insular Areas and non-entitlement counties in Hawaii.

Before a grant can be closed out, all CDBG-R funds must be drawn down, and all activities must meet national objective requirements and be physically complete. All CDBG-R grantees were required to expend their entire CDBG-R grant by September 30, 2012. All CDBG-R grant projects should be ready for grant closeout no later than six months after the expenditure deadline or no later than March 31, 2013. This may be of particular importance for housing activities and activities designed to create jobs. In many situations, jobs will not be created or housing units will not be occupied for some time after the activity is physically completed and all funds have been expended.

Any costs a grantee incurs in conjunction with the closeout process after September 30, 2012 (such as an audit or other administrative costs of completing the closeout documents) cannot be charged to the CDBG-R grant. A grantee may charge such costs to its regular CDBG program, to the extent that a grantee does not exceed the 20 percent planning and administrative costs cap.

II. Criteria for Closeout

A grant will be closed out when HUD determines, in consultation with the grantee, that the following criteria have been met:

A. Entitlement CDBG-R Program Grant (24 CFR 570.509)

- 1) All CDBG-R funds were expended on eligible activities.



U.S. Department of Housing and Urban Development
Community Planning and Development

-
- 2) The grantee completed all eligible activities included in the Substantial Amendment of the 2008 Action Plan.
 - 3) The grantee did not expend more than: a) 10 percent of its grant on eligible planning and general administrative activities; and b) 15 percent of its grant on public services. In addition, not less than 70 percent of the funds were expended on activities that benefit low- and moderate-income persons. If a grantee exceeded the general administrative/planning and public services caps, then grant funds must have been repaid.
 - 4) Other responsibilities of the grantee under the grant agreement and applicable laws and regulations have been carried out satisfactorily (such as the reporting requirement), or there is no further federal interest in keeping the grant agreement open for the purpose of securing performance.

B. State CDBG-R Program Grant

A State CDBG-R grant can be closed out when the following criteria have been met:

- 1) The State disbursed to recipient units of general local government all CDBG-R funds included in the Substantial Amendment of the Action Plan.
- 2) a) All activities were completed and all grant funds expended; and b) the State made the required reviews and audits to determine whether recipients satisfied the performance criteria in the Recovery Act. Section 1512 subsection (c)(4) of the Recovery Act states that funding recipients are required to report information.
- 3) The costs charged to the grant did not exceed the combined 10 percent planning and general administrative cap for expenditures of the State and units of general local governments or the 15% cap for public service expenditures. The 10 percent limitation includes any funds the State expends for technical assistance to units of general local government and nonprofit organizations pursuant to 42 USC 5306(d)(5). In addition, not less than 70 percent of the funds were expended on activities that benefit low- and moderate-income persons. **Please note: If the State has violated these requirements, a grant can be closed out only if the issue has been satisfactorily resolved by repayment.**
- 4) The audit(s) of the State covers all funds in the grant to be closed and there are no open outstanding monitoring or audit findings affecting the grantee. If grant funds were expended since the most recent audit that HUD determines are ineligible through subsequent audits and field office reviews, the State may be required to repay HUD and the funds will be returned to the U.S. Treasury.
- 5) Other responsibilities of the grantee under the grant agreement and applicable laws and regulations have been carried out satisfactorily, or there is no further Federal interest in keeping the grant agreement open for the purpose of securing performance.

III. Closeout Process



A. Determination of Readiness for Closeout

Once the grantee and HUD staff jointly determine that a grantee is prepared to begin the closeout process, HUD will inform the grantee that the closeout process has commenced and of the next steps to be taken. See the sample closeout letters (**Appendix 3, Attachments A and B**). Attached to the letter will be a Grantee Closeout Certification (**Appendix 3 Attachment C**) and the Closeout Checklist (**Appendix 3 Attachment D**). The grantee should return the completed documents, as well as the partially completed certification, to HUD.

Documents to be submitted by the grantee to HUD:

- **Grantee Closeout Certification (Appendix 3, Attachment C)** *The grantee should only complete the relevant sections of the Grantee Closeout Certification.*
- **Closeout Checklist (Appendix 3, Attachment D)**

If the grantee has not submitted all of the required documentation to complete the closeout, the appropriate HUD office should notify the grantee in writing and request the necessary documentation to officially close out the award.

To ensure that the criteria for closeout were met, the appropriate HUD office should review the closeout documents submitted by the grantee for consistency with the following HUD files and systems:

1. **Integrated Disbursement and Information System (IDIS).** Check to determine if all funds have been drawn down and all activities have been completed.
2. **Line of Credit.** Check to determine if the grantee has any remaining funds in the line of credit. Any remaining funds will be cancelled through the closeout process.
3. **Audit Reports and Monitoring Letters.** Review files to determine if there were any unresolved monitoring, audit findings, and/or citizen complaints.

Once it has been determined that the criteria for closeout were met, HUD will complete and execute the Grantee Closeout Certification.

B. Closeout Action

Within 90 days of the Closeout Certification execution, the grantee shall submit to HUD a copy of the final performance and evaluation report described in 24 CFR Part 91 and Federal Financial Report SF-425 (**Appendix 6**). If the grantee has already submitted its final performance report, no additional report is required to be submitted. If an acceptable report is not submitted, an audit of the grantee's activities may be conducted by HUD. **Please Note for State CDBG-R grantees:** State CDBG-R grantees may submit the SF-425 but it is not required. If the State chooses to submit its own financial report, the report must meet the criteria provided at 24 CFR-570.489(d).



U.S. Department of Housing and Urban Development
Community Planning and Development

Section 1512 of the Recovery Act imposed additional reporting requirements on CDBG-R grantees. The January 17, 2014 enactment of the Omnibus Spending bill ended these additional reporting requirements in FederalReporting.gov. Indication of a final Section 1512 report does not replace any other closeout procedures required by the grantee or Federal agency.

Based on the information provided in the final performance report and other relevant information, HUD will prepare a closeout agreement. Any obligations remaining as of the date of the closeout shall be covered by the terms of a closeout agreement. See **Appendix 3, Attachments E and F** for sample closeout agreements. The agreement shall be prepared by the HUD field office in consultation with the grantee. The agreement shall identify the grant being closed out, must be executed by the grantee and the appropriate HUD official, and be forwarded to the Fort Worth Accounting Center.

Any costs paid with CDBG funds which were not previously audited shall be subject to coverage in the grantee's next single audit performed in accordance with OMB Circular A-133. The grantee may be required to repay HUD any disallowed costs based on the results of the audit or on additional HUD reviews provided for in the closeout agreement.

HUD will cancel any unused portion of the grant. The appropriate HUD staff will prepare the HUD Form 7082 in **Appendix 3 (CDBG-R Appendix), Attachment G** and send to the HUD Fort Worth Accounting Center for processing. The amount of CDBG funds to be recaptured is indicated in Box 11c:

IV. Recordkeeping Requirement

To ensure transparency and accountability in the implementation of the Recovery Act, the applicant must maintain records on the CDBG-R requirements. Per 24 CFR 570.490(d), records for the State and units of general local government, including supporting documentation, shall be retained for the greater of 3 years from closeout of the grant to the state or for 5 years after the completion of a CDBG funded project pursuant to 42 USC 12707(a)(4), whichever may be longer. Grantees and subrecipients in entitlement communities shall comply with the 4 year record retention requirement, as described in 24 CFR 570.502 (a)(16) or for 5 years after the completion of a CDBG funded project pursuant to 42 USC 12707(a)(4), whichever may be longer.

It should be noted that the Department recommends that CDBG-R grantees, as well as CDBG-R grantees of States, retain all documents for five years after closeout of the HUD grant to ensure that all applicable record retention requirements are met.



Appendix 3

Community Development Block Grant – Recovery (CDBG-R) Program Closeout Forms





U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: A

OMB Approval No. 2506-0193 (exp 1/31/2015)

LETTERHEAD

Date _____

Dear _____:

**SUBJECT: Grant Closeout and Recapture of Unspent Grant Funds Entitlement
Community Development Block Grant – Recovery
Grant Number: xxxxxxxxx**

[Insert name of jurisdiction] (hereinafter referred to as the “Grantee”) was awarded a Community Development Block Grant – Recovery (CDBG-R) grant in the amount of [insert amount] on [date], also identified as grant number [insert grant number], pursuant to title XII of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5; 123 Stat. 217) and title I of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. 5301 et seq.

It appears that the activities are completed and the grant is ready for closeout. In accordance with the U.S. Department of Housing and Urban Development CDBG Closeout Procedures regulation at 24 CFR 570.509(b)(3) and section II.F of the Notice of Program Requirements for Community Development Block Grant Program Funding under the American Recovery and Reinvestment Act of 2009, Docket No. FR-5309-N-01, published May 4, 2009, any funds remaining in the account after September 30, 2012 must be recaptured. Our records indicate that your CDBG-R grant has a remaining balance of \$_____.

Program income generated from the use of CDBG-R funds will be treated as program income of the regular CDBG program, not as program income of the CDBG-R program. In order to proceed with this grant closeout and recapture of the remaining funds, the following documentation must be submitted by the grantee:



U.S. Department of Housing and Urban Development
Community Planning and Development

-
- A completed copy of the enclosed “CDBG-R Program Grantee Closeout Certification” signed by the grantee’s authorized representative.
 - A completed copy of “CDBG-R Closeout Checklist” signed by the grantee’s authorized representative.

The Grantee Closeout Certification has been completed for your review and your signature confirms the accuracy of the information. HUD retains the right to monitor and follow-up on monitoring and audit findings. In addition, the Department may recover disallowed costs for ineligible activities or actions in 24 CFR Part 570, Subpart O or pursue other sanctions, if HUD determines that the information provided by the grantee was false, erroneous or did not meet statutory or regulatory requirements

HUD Form 40154 (1/2012)

OMB Approval No. 2506-0193 (exp 1/31/2015)

Please return the signed certification and the other listed documents to our office within 15 days of the date of this letter. If you have any questions, please contact the CPD Representative (**NAME/ CONTACT INFO**).

Sincerely,
CPD Director

Enclosure



U.S. Department of Housing and Urban Development
Community Planning and Development

HUD Form 40154 (1/2012)

Attachment: B

OMB Approval No. 2506-0193 (exp 1/31/2015)

LETTERHEAD

Date _____

Dear _____:

SUBJECT: Grant Closeout and Recapture of Unspent Grant Funds State Community Development Block Grant – Recovery Grant Number: xxxxxxxxx

[Insert name of state] (hereinafter referred to as the “Grantee”) was awarded a Community Development Block Grant – Recovery (CDBG-R) grant in the amount of [insert amount] on [date], also identified as grant number [insert grant number], pursuant to title XII of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5; 123 Stat. 217) and title I of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. 5301 et seq.

It appears that the activities are completed and the grant is ready for closeout. In accordance with the U.S. Department of Housing and Urban Development CDBG Closeout Procedures for States and section II.F of the Notice of Program Requirements for Community Development Block Grant Program Funding under the American Recovery and Reinvestment Act of 2009, Docket No. FR-5309-N-01, published May 4, 2009, any funds remaining in the account after September 30, 2012 must be recaptured. Our records indicate that your CDBG-R grant has a remaining balance of \$_____.

Program income generated from the use of CDBG-R funds will be treated as program income of the regular CDBG program, not as program income of the CDBG-R program. In order to proceed with this grant closeout and recapture of the remaining funds, the following documentation should be submitted by the grantee:



U.S. Department of Housing and Urban Development
Community Planning and Development

-
- A completed copy of the enclosed “CDBG-R Program Grantee Closeout Certification” signed by the state’s authorized representative.
 - A completed copy of “CDBG-R Closeout Checklist” signed by the state’s authorized representative.

The Grantee Closeout Certification has been completed for your review and your signature confirms the accuracy of the information. HUD retains the right to monitor and follow up on monitoring and audit findings. In addition, the Department may recover disallowed costs for ineligible activities or take other appropriate actions identified at 24 CFR 570.496, if HUD determines that the information provided by the grantee was false, erroneous or did not meet statutory or regulatory requirements.

HUD Form 40155 (1/2012)

Please return the signed certification and the other listed documents to our Office within 15 days of the date of this letter. If you have any questions, please contact the CPD Representative **(NAME/ CONTACT INFO)**.

Sincerely,
CPD Director

Enclosure

HUD Form 40155 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: C

OMB Approval No. 2506-0193 (exp 1/31/2015)

**Community Development Block Grant – Recovery (CDBG-R) Program
Grantee Closeout Certification**

Grantee Name:

Grant Number:

The Grantee hereby certifies that: (1) the grant as described in the approved application has been performed in accordance with the terms and conditions of the Grant Agreement and that there are no known outstanding programmatic or financial issues; and (2) all data provided below fairly reflect costs and sources of funds of the CDBG-R grant and are taken from HUD-approved reports and other project-related documents.

- 1. Grant amount \$ _____
- 2. Cumulative grant funds disbursed \$ _____
- 3. Previously recaptured grant funds \$ _____
- 4. Balance of grant funds \$ _____
(These funds will be recaptured by HUD.)

Grantee Authorized Representative's Signature

CPD Division Director's Signature

Typed Name of Signatory

Typed Name of Signatory

Title

Title

Date

Date

The above signature by HUD signifies approval of grant closeout.

Note: Any false statements knowingly or deliberately made are subject to civil or criminal penalties under Section 1001 of Title 18 of the U.S. Code

HUD Form 40156 (1/2012)



Attachment: D

OMB Approval No. 2506-0193 (exp 1/31/2015)

CDBG-R Closeout Checklist

Grantee Name _____	Grant Number _____
Official Contact Person _____	Telephone Number _____
Email Address _____	Fax Number _____
DUNS NUMBER _____	

1. Program Income

- (i) Is there any program income on hand?
Yes No If yes, explain:

Explanation box

2. CDBG-R Activities

- (i) Are any of the activities ineligible under the Recovery Act, including swimming pools, golf courses, zoos, aquariums, and casinos or other gambling establishments?
Yes No If yes, explain:
- (ii) Are activities consistent with the provisions in President Obama’s Ensuring Responsible Spending of Recovery Act Funds Memo, including the section on Avoiding Funding of Imprudent Projects?
Yes No If no, explain:
- (iii) Any unused grant funds cancelled by HUD?
Yes No If yes, explain:

Explanation box

3. Draw Downs

- (i) 10 percent planning and administrative cap was not exceeded.
Yes No If no, explain:
- (ii) 15 percent public services cap was not exceeded.
Yes No If no, explain:



U.S. Department of Housing and Urban Development
Community Planning and Development

-
- (iii) 70 percent of the grant amount principally benefitted persons of low- and moderate- income.
Yes No If no, explain:
- (iv) Did the grantee comingle regular CDBG and CDBG-R funds?
Yes No If yes, explain:

Explanation box

4. Activity Eligibility and Meet a National Objective

- (i) Are all activities eligible and does each activity meet a national objective?
Yes No If no, explain:

Explanation box

5. Audits

- (i) Did the grantee make reviews of subrecipients and/or state recipients?
Yes No If no, explain:

Explanation box

6. Monitoring

- (i) Does the grantee have any open monitoring findings?
Yes No if yes, explain:

Explanation box



7. Reporting Systems

- (i) Were all quarterly reports current and accurate in FederalReporting.gov? (Note: The January 17, 2014 enactment of the Omnibus Spending bill, ended the reporting requirements in FederalReporting.gov)
Yes No If no, explain:
- (ii) Did the grantee report on the number of jobs created or retained for each activity carried out?
Yes No If no, explain:
- (iii) Did the grantee report on the name, location, and contact information for the entity that carried out each activity?
Yes No If no, explain:
- (iv) Does the RAMPS data system indicate that the environmental review is complete?
Yes No N/A If no, explain:
- (v) Did the grantee indicate that the grant is complete in FederalReporting.gov?
Yes No If no, explain:

Explanation box

8. Certifications

- (i) Did the grantee comply with all certifications of the CDBG-R Notice, for example, Buy American provisions, Affirmatively Furthering Fair Housing, Section 3, Lead-based paint procedures, etc.?
Yes No If no, explain:

Explanation box

GRANTEE

By: _____
Grantee Authorized Representative's Signature

Date



GRANT CLOSEOUT AGREEMENT
For
Entitlement Community Development Block Grant-Recovery Program

Between

U.S. Department of Housing & Urban Development
(Address)

AND

Name and address of Grantee

This agreement sets forth the terms and conditions associated with the closeout of HUD CDBG-R Grant (**Number**) provided pursuant to the grant agreement dated (**date of grant approval**) and any amendments. The (**name of grantee**) certifies that, to the best of its knowledge:

- All activities were completed consistent with the Grantee's action plan and as described in the grantee's final performance report dated (**date of final report**).
- No fraud, waste or mismanagement occurred in carrying out the grant.
- Statements and amounts set forth in the Federal Financial Report (SF-425) are true and accurate as of this date.

Further, the (**name of grantee**) hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

- All records and documents pertaining to this grant will be maintained for a period of 4 years after execution of this closeout agreement or for 5 years after the completion of a CDBG funded project pursuant to 42 USC 12707(a)(4), whichever may be longer.

Insert as Applicable

- Any real property within the (**name of grantee**)'s control which was acquired or improved in whole or part using CDBG funds in excess of \$25,000 is governed by the principles described in 24 CFR 570.505.
- If any rehabilitated property falls within a flood plain, flood insurance coverage must be maintained for the mandatory period for affected property owners.



U.S. Department of Housing and Urban Development
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- Submitted to HUD a Federal Financial Report using Standard Form 425 upon the completion of the final audit and resolution of any finding.
- **A total of \$ (amount) in grant funds will be recaptured by HUD upon execution of this closeout agreement. (Optional)**
- The use of program income received subsequent to this agreement will be governed by 24 CFR 570.504(b)(4) or (5) as appropriate.

HUD maintains the right to conduct future monitoring of this grant, either on site or by review of information or copies of documents requested from the (name of grantee). The (name of grantee) acknowledges that a finding of noncompliance resulting from such a review and failure to take appropriate corrective actions satisfactory to HUD may be taken into account by HUD as evidence of unsatisfactory performance, in consideration of future grant awards. Further the (name of grantee) may be required to repay HUD any disallowed costs based on the results of a future audit or monitoring finding.

For the (name of grantee):

Typed Name /Title of Authorized Official

Date

Signature

For the Department of Housing and Urban Development:

Typed name of CPD Director

Date

Signature

HUD Form 40158 (1/2012)



GRANT CLOSEOUT AGREEMENT
For
State Community Development Block Grant-Recovery Program
Between

U.S. Department of Housing & Urban Development
(Address)

AND

Name and address of the State

This agreement sets forth the terms for final disposition and conditions associated with the closeout of HUD State CDBG-R Grant (**Number**) provided pursuant to the grant agreement dated (**date of grant approval**) and any applicable amendments. The (**name of state**) certifies that to the best of its knowledge:

- All activities were completed consistent with the Grantee's action plan and as described in the grantee's final performance report dated (**date of final report**).
- No fraud, waste or mismanagement has occurred in carrying out the grant.
- Statements and amounts set forth in the Federal Financial Report (SF-425) or other state form are true and accurate as of this date.

Further, the (**name of grantee**) hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

- All records and documents pertaining to this grant will be maintained for a period of 3 years after execution of this closeout agreement or for 5 years after the completion of a CDBG-funded project pursuant to 42 USC 12707(a)(4), whichever may be longer. It should be noted, the Department recommends that States and State recipients should retain all applicable documents for 5 years after closeout of the grant to the State to ensure that all applicable record retention requirements are met.



U.S. Department of Housing and Urban Development
Community Planning and Development

Insert as Applicable

OMB Approval No. 2506-0193 (exp 1/31/2015)

- Any real property within a State recipient’s control which was acquired or improved in whole or part using CDBG funds in excess of \$100,000 is governed by the principles described in 24 CFR 570.489(j).
- If any rehabilitated property falls within a flood plain, flood insurance coverage must be maintained for the mandatory period for affected property owners.
- Identify any contingent liabilities subject to payment after the closeout agreement is signed.
- Submitted to HUD a Federal Financial Report using Standard Form 425 or other state form, as a result of the completion of the final audit and resolution of any findings.
- A total of \$ (amount) in grant funds has been previously cancelled and returned to the Department on (date). **OR** A total of \$ (amount) in grant funds will be recaptured by HUD upon execution of this closeout agreement. (Optional)

HUD maintains the right to conduct future monitoring of this grant, either on site or by review of information or copies of documents requested from the (name of grantee). The (name of grantee) acknowledges that a finding of noncompliance resulting from such a review and failure to take appropriate corrective actions satisfactory to HUD may be taken into account by HUD as evidence of unsatisfactory performance in consideration of future grant awards. Further, the (name of grantee) may be required to repay HUD any disallowed costs based on the results of a future audit or HUD monitoring finding.

For the (name of State):

Typed Name /Title of Authorized Official

Date

Signature

For the Department of Housing and Urban Development:

Type name of CPD Director

Date

Signature

HUD Form 40159 (1/2012)



**U.S. Department of Housing and Urban Development
Community Planning and Development**

Attachment G

Funding Approval/Agreement

Title I of the Housing and Community Development Act (Public Law 930383)
HI-00515R of 20515R

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Community Development Block Grant Program

1. Name of Grantee (as shown in item 5 of Standard Form 424)		3a. Grantee's 9-digit Tax ID Number:	3b. Grantee's DUNS Number:	4. Date use of funds may begin (mm/dd/yyyy):
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424)		5a. Project/Grant No. 1	6a. Amount Approved	
		5b. Project/Grant No. 2	6b. Amount Approved	
		5c. Project/Grant No. 3	6c. Amount Approved	

Grant Agreement: This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions/addendums, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name)		Grantee Name	
Title		Title	
Signature	Date (mm/dd/yyyy)	Signature	Date (mm/dd/yyyy)

7. Category of Title I Assistance for this Funding Action (check only one) <input type="checkbox"/> a. Entitlement, Sec 106(b) <input type="checkbox"/> b. State-Administered, Sec 106(d)(1) <input type="checkbox"/> c. HUD-Administered Small Cities, Sec 106(d)(2)(B) <input type="checkbox"/> d. Indian CDBG Programs, Sec 106(a)(1) <input type="checkbox"/> e. Surplus Urban Renewal Funds, Sec 112(b) <input type="checkbox"/> f. Special Purpose Grants, Sec 107 <input type="checkbox"/> g. Loan Guarantee, Sec 108	8. Special Conditions (check one) <input type="checkbox"/> None <input type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy)	10. check one <input type="checkbox"/> a. Orig. Funding Approval <input type="checkbox"/> b. Amendment Amendment Number
		9b. Date Grantee Notified (mm/dd/yyyy)	
		9c. Date of Start of Program Year (mm/dd/yyyy)	
11. Amount of Community Development Block Grant			
a. Funds Reserved for this Grantee		FY ()	FY ()
b. Funds now being Approved			
c. Reservation to be Cancelled (11a minus 11b)			

12a. Amount of Loan Guarantee Commitment now being Approved	12b. Name and complete Address of Public Agency
Loan Guarantee Acceptance Provisions for Designated Agencies: The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.	12c. Name of Authorized Official for Designated Public Agency
	Title
	Signature

HUD Accounting use Only

Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153											
	176											
			Y					Project Number		Amount		
			Y					Project Number		Amount		

Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By
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Link to the Form: <http://portal.hud.gov/hudportal/documents/huddoc?id=7082.pdf>



Grant Closeout Instructions

Community Development Block Grant Disaster Recovery Program



Please note that this CPD Notice is being published in DRAFT format, pending completion of the Paperwork Reduction Act process at OMB. No grant can be closed until this Notice is published in final form.



I. Overview

This Notice applies to grantees of a Community Development Block Grant (CDBG) disaster recovery award. CDBG disaster recovery grants must be closed out in accordance with the instructions below. Entitlement communities that received CDBG disaster recovery grants must continue to follow the requirements at 24 CFR 570.509 supplemented by the information in this Notice.

Grantees have received CDBG disaster recovery funds because the President declared a major disaster and Congress provided a disaster recovery supplemental appropriation to the CDBG program encompassing the grantee's state or jurisdiction. Generally, the appropriations contain a timeframe, specified disaster, and/or location for which funds are to be provided. In allocating CDBG disaster recovery funds, the Department analyzed available data from the Federal Emergency Management Agency, the Small Business Administration, and other sources to determine the: (1) estimated costs of unmet recovery needs and (2) grant amounts.

CDBG disaster funds are subject to the CDBG program requirements in 24 CFR Part 570 except where waivers and alternative requirements were granted to grantees in Notices published in the *Federal Register*. For example, under the CDBG program, 70 percent of funds must benefit persons of low- and moderate-income; generally, this threshold was reduced to 50 percent for disaster recovery grantees. Nevertheless, all CDBG disaster recovery activities must meet a national objective.

To ensure compliance with the CDBG disaster recovery grant requirements, all CDBG disaster recovery grantees must report their progress quarterly via the Disaster Recovery Grant Reporting (DRGR) system.

II. Criteria for Closeout

A CDBG disaster recovery grant may be closed out when the following criteria have been met:

1. All CDBG disaster recovery funds were spent on eligible activities.
2. **Administrative, Planning, and Public Services Costs** - Each CDBG disaster recovery grant has waivers or alternative requirements regarding the percentage of funds allowed for general administration and planning. However, CDBG disaster recovery grants are still subject to the 15 percent public services cap, unless a waiver has been granted. The appropriate HUD staff must review the applicable *Federal Register* Notices and any other waivers to determine the administrative, planning, public service, affordable rental housing or other limitations or set-asides that apply to the specific grant. Expenditures must not exceed the permitted amounts.



3. Other responsibilities of the grantee under the grant agreement and applicable laws and regulations have been carried out satisfactorily (such as the reporting requirement), or there is no further federal interest in keeping the grant agreement open for the purpose of securing performance.

III. Closeout Process

A. Determination of Readiness for Closeout

Once the grantee and HUD staff jointly determine that a grantee is prepared to begin the closeout process, HUD will inform the grantee that the closeout process has commenced and of the next steps to be taken. The Grantee should be provided with the Closeout Checklist (**Appendix 4, Attachment A**) and the Grantee Closeout Certification (**Appendix 4, Attachment B**). The grantee should return the completed documents, as well as the partially-completed certification, to HUD.

Documents to be submitted by the grantee to HUD:

- **Closeout Checklist (Appendix 4, Attachment A)**
- **Grantee Closeout Certification (Appendix 4, Attachment B)** *The grantee should only complete the relevant sections of the Grantee Closeout Certification.*

If the grantee has not submitted all of the required documentation to complete the closeout, the assigned HUD office should notify the grantee in writing and request the necessary documentation to officially close out the award.

To ensure that the criteria for closeout have been met, the assigned HUD office should review the closeout documents submitted by the grantee for consistency with the following HUD files and systems.

1. **Line of Credit.** Check to determine if the grantee has any remaining funds in the line of credit. Any remaining funds will be cancelled through the closeout process.
2. **Audit Reports and Monitoring Letters.** Review files to determine if there are any unresolved monitoring, audit findings, and/or citizen complaints.
3. **DRGR Reports or Financial Status Reports.** Check to determine all grant funds have been drawn down and all activities have been completed.

Upon determining that the criteria for closeout were met, HUD will complete and execute the Grantee Closeout Certification.

B. Closeout Action

Within 90 days of the Closeout Certification execution, the grantee shall submit its final performance report in the DRGR system. If the grantee has already submitted its final performance report, no additional report is



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required to be submitted. If an acceptable report is not submitted, an audit of the grantee's activities may be conducted by HUD.

Based on the information provided in the final performance report and other relevant information, HUD will prepare a closeout agreement. Any obligations remaining as of the date of the closeout shall be covered by the terms of a closeout agreement. See **Appendix 4, Attachment C** for sample grant closeout agreement. The agreement shall be prepared by the HUD field office in consultation with the grantee, must be executed by the grantee and the appropriate HUD official, and be forwarded to the HUD Fort Worth Accounting Center.

Any costs paid with CDBG disaster recovery funds which were not previously audited shall be subject to coverage in the grantee's next single audit performed in accordance with OMB Circular A-133. The grantee may be required to repay HUD any disallowed costs based on the results of the audit or on additional HUD reviews provided for in the closeout agreement.

HUD will cancel any unused portion of the grant. The appropriate HUD staff will prepare the HUD Form 7082 in **Appendix 3 (CDBG-R Appendix), Attachment G** and send to the HUD Fort Worth Accounting Center for processing. The amount of CDBG funds to be recaptured is indicated in Box 11c.

IV. Closeout in DRGR

The HUD office responsible for the grant should complete the following steps:

- A. Log into the DRGR reporting system.
- B. Click on "Grants," then click "Grant Number" to be closed, and then click "Edit" from the side menu. Click "Grant Closeout Checklist". Check "Submit for Approval" and add any comments necessary. Click "Add Additional Documents" to upload the completed documents (certification and closeout agreement). Supporting Documents must have a valid file extension of: .png .gif .jpg .jpeg .doc .docx .xls .xlsx .ppt .pptx or .pdf. Click "Close Page" to continue to step "C" below.
- C. Change the grant status at the bottom of the page to "Ready to Close" and click "Save."

The Disaster Recovery and Special Issues Division will verify that the documentation is complete and in agreement with LOCCS.

VI. Termination of grant for convenience

CDBG disaster recovery grants may be terminated for convenience in whole or in part before the completion of the assisted activities, in accordance with the provisions of 24 CFR 85.44. The grantee shall not incur new obligations for the terminated portions after the effective date and shall cancel as many outstanding obligations as possible. HUD shall allow full credit to the grantee for those portions of obligations which could



not be canceled and which had been properly incurred by the grantee in carrying out the activities before the termination.

VII. Termination for cause

In cases in which HUD terminates the grantee's grant under the authority of Part 570, Subpart O, or under the terms of the grant agreement, the closeout policies apply, except where the approved grant is cancelled in its entirety. The provisions in 24 CFR 85.43(c) on the effects of termination also apply.

VIII. Program Income

Program income waivers and alternative requirements may vary by appropriation; therefore, the *Federal Register* Notice contains requirements for the specific grant on program income. The use of program income is often subject to the CDBG disaster recovery grant's alternative requirements and waivers until grant closeout. Upon closeout, any program income on hand or received subsequently generally becomes program income of the grantee's CDBG formula program. HUD should ensure that each grantee maintains an inventory of acquired real property and equipment during the duration of the grant and properly reports program income in DRGR.

IX. Recordkeeping

Unless provided otherwise in an applicable Federal Register Notice, 24 CFR 570.490 will apply to any CDBG disaster recovery State grantee, while 24 CFR 570.506 will apply to any CDBG disaster recovery Entitlement grantee. 24 CFR 570.506 requires retention of all documents for 3 years after closeout of the grant or for 5 years after the completion of a CDBG-funded project, pursuant to 42 USC 12707(a)(4), whichever may be longer.

Generally, records at the grantee and local level, including supporting documentation, must be retained for 3 years from grant closeout for states and 4 years for other grantees. Each CDBG disaster recovery grantee should maintain files documenting its certifications, the eligibility and national objective classification for each funded activity, and all financial records. Each grantee should also maintain files documenting its compliance with the unique requirements applicable to CDBG disaster recovery supplemental funds.

For grants managed by the HUD Field Office, the Field Office should maintain all records regarding termination and/or grant closeout in accordance with HUD Handbook 2225.6, Appendix 69 - Records Disposition Management. For grants managed by HUD Headquarters, this information will be maintained by the Disaster Recovery and Special Issues Division.



It should be noted that the Department recommends that grantees retain all documents for 5 years after closeout of the grant to ensure that all applicable record retention requirements are met.

Appendix 4

Community Development Block Grant Disaster Recovery Program Forms





Attachment A

OMB Approval No. 2506-0193 (exp 1/31/2015)

Grant Closeout Review/Checklist

Date Grant Opened: _____

GRANTEE: _____ GRANT #: _____
Grant Amount: _____

Method of Distribution: _____

FUNDS WERE ADMINISTERED BY:

STATUS OF FUNDS:

- The State Disbursed all funds to units of general local governments (UGLGs)
- Entitlements received and disbursed all funds

Total Budget per Grant Agreement _____

Total Amount of Funds Disbursed _____

Total Unliquidated obligations _____

Required Measures (Proposed vs. Actual)

Specified Limit or Minimum

Minimum Overall benefit: Projected \$ _____ Actual \$ _____

Limit on Public services: Projected \$ _____ Actual \$ _____

Limit on Admin/Planning: Projected \$ _____ Actual \$ _____

Limit on Grantee Administration: Projected \$ _____ Actual \$ _____

SUBMISSION OF QUARTERLY PROGRESS REPORTS:



U.S. Department of Housing and Urban Development
Community Planning and Development

Has the grantee submitted the QPR in DRGR? ___ Yes ___ No

HUD Form 40161 (1/2012)

OMB Approval No. 2506-0193 (exp 1/31/2015)

Is the final QPR accurate, complete, and consistent with LOCCS, the Action Plan, and/or approved Action Plan amendments? ___ Yes ___ No

STATUS OF MONITORING:

Date of last monitoring visit by HUD: _____

Were there any findings?

___ Yes ___ No

Have all issued findings been cleared? ___ Yes ___ No

Program Income

(ii) Is there any program income on hand?

Yes No If yes, explain:

Explanation box

Activity Eligibility and Meet a National Objective

(ii) Are all activities eligible and does each activity meet a national objective?

Yes No if no, explain:

Explanation box

Audits

(ii) Did the grantee make reviews and audits of subrecipients?

Yes No if no, explain:

Explanation box



U.S. Department of Housing and Urban Development
Community Planning and Development

HUD Form 40161 (1/2012)

Certifications

(iii) Have all Federal Requirements been met? For example, Affirmatively Furthering Fair Housing, Section 3, Lead-based paint procedures, Environmental Review, Davis Bacon, etc.

Yes No if no, explain:

Explanation box

Grantee maintained an inventory of real property and equipment acquired with grant funds

Yes No if no, explain:

Explanation box

Grantee Authorized Representative's Signature

Date

RECOMMENDATION

The Grant is ready to close _____ Not ready to close _____ (explain if not ready to close)

Explanation box



U.S. Department of Housing and Urban Development
Community Planning and Development

HUD CPD Director's Signature

Date
HUD Form 40161 (1/2012)

Attachment B

OMB Approval No. 2506-0193 (exp 1/31/2015)

CLOSEOUT CERTIFICATION

Grantee Name:

Grant Number:

The Grantee hereby certifies that: (1) the grant as described in the approved application has been performed in accordance with the terms and conditions of the Grant Agreement and that there are no known outstanding programmatic or financial issues; and (2) all data provided below fairly reflect costs and sources of funds of the CDBG-DR grant and are taken from HUD-approved reports and other project-related documents.

- 1. Grant amount \$ _____
- 2. Cumulative grant funds disbursed \$ _____
- 3. Previously recaptured grant funds \$ _____
- 4. Balance of grant funds \$ _____
(These funds will be recaptured by HUD.)

Grantee Authorized Representative's Signature

CPD Division Director's Signature

Typed Name of Signatory

Typed Name of Signatory

Title

Title

Date

Date

The above signature by HUD signifies approval of grant closeout.



U.S. Department of Housing and Urban Development
Community Planning and Development

Note: Any false statements knowingly or deliberately made are subject to civil or criminal penalties under Section 1001 of Title 18 of the U.S. Code

HUD Form XXXXXXX

Attachment C

OMB Approval No. 2506-0193 (exp 1/31/2015)

GRANT CLOSEOUT AGREEMENT

For

Community Development Block Grant Disaster Recovery Program

Between

**U.S. Department of Housing & Urban Development
(Address)**

AND

Name and address of the Grantee

This agreement sets forth the terms for final disposition and conditions associated with the closeout of HUD CDBG Disaster Recovery Grant (**Number**) dated (**date of grant approval**) and any applicable amendments and waivers. The (**name of grantee**) certifies that to the best of its knowledge:

- All activities as authorized by this grant and any applicable amendments, Notices, alternative requirements, and waivers have been completed as described in the grantee's final performance report dated (**date of final report**).
- No fraud, waste, or mismanagement has occurred in carrying out the grant. If so, has been adequately addressed in accordance with the recommendations and concurrence of the HUD Office of the Inspector General or the Office of Community Planning and Development.

Further, the (**name of grantee**) hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

- States: All records and documents pertaining to this grant will be maintained for a period of 3 years after execution of this closeout agreement or for 5 years after the completion of a CDBG-funded project pursuant to 42 USC 12707(a)(4), whichever may be longer.
- Entitlement Communities: All records and documents pertaining to this grant will be maintained for a period of 4 years after execution of this closeout agreement or for 5 years after the completion of a CDBG funded project pursuant to 42 USC 12707(a)(4), whichever may be longer.



HUD Form 40164 (1/2012)

Grant Closeout Instructions

Neighborhood Stabilization Programs (NSP) 1, 2 and 3



Please note that this CPD Notice is being published in DRAFT format, pending completion of the Paperwork Reduction Act process at OMB. No grant can be closed until this Notice is published in final form.



I. Overview

The Neighborhood Stabilization Program (NSP), authorized under the Housing and Economic Recovery Act (HERA) of 2008 (NSP1), American Recovery and Reinvestment Act (Recovery Act) of 2009 (NSP2), and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (NSP3), as special appropriations to the Community Development Block Grant program, provides assistance to state, local governments, nonprofits and consortia to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.

The closeout instructions in this section of the Notice provide guidance to field offices and grantees on closing out NSP1, NSP2, and NSP3 grants. **The instructions and checklists must be completed separately for each NSP grant, even if a NSP grantee has more than one NSP grant ready for closeout.**

II. Criteria for Closeout of NSP Grants (Notice of Neighborhood Stabilization Program Closeout Requirements and Recapture)

A grant may be closed when HUD determines that the following conditions have been met:

1. All costs to be paid with NSP funds have been incurred, with the exception of closeout costs (e.g., audit costs) and costs resulting from contingent liabilities pursuant to section Y, paragraph (c) of the Notice of Neighborhood Stabilization Program Requirement and Recapture. Contingent liabilities include, but are not limited to, third-party claims against the grantee, as well as related administrative costs.
NOTE: HUD anticipates that most contingent liabilities will involve incomplete audits or contractor disputes. Grantees with contingent liabilities should consult their assigned HUD office to determine how best to manage these liabilities.
2. With respect to activities (such as rehabilitation of privately-owned properties) which are financed by means of escrow accounts, loan guarantees, or similar mechanisms, the work to be assisted with NSP funds (but excluding program income) has been completed and met a national objective.
3. The NSP grantee has met the requirement for the initial grant allocation to expend at least 25 percent of NSP funds to house individuals or families whose incomes do not exceed 50 percent of area median income.



-
4. Other responsibilities of the grantee under the grant agreement and applicable laws and regulations have been carried out satisfactorily or there is no further Federal interest in keeping the grant agreement open for the purpose of securing performance.

III. Closeout Process

A. Determination of Readiness for Closeout

Once the grantee and HUD staff jointly determine that a grantee is prepared to begin the closeout process, HUD will inform the grantee that the closeout process has commenced and of the next steps to be taken. See sample closeout letter (**Appendix 5 Attachment A.**) Attached to the letter will be a Grantee Closeout Certification (**Appendix 5 Attachment B**), the Closeout Checklist (**Appendix 5 Attachment C**) and the Neighborhood Stabilization Program Management Plan for Continued Affordability (**Appendix 5 Attachment E**). The grantee should return the completed documents, as well as the partially completed certification, to HUD.

Documents to be submitted by the grantee to HUD:

- **Grantee Closeout Certification (Appendix 5, Attachment B) *The grantee should only complete the relevant sections of the Grantee Closeout Certification.***
- **Closeout Checklist (Appendix 5, Attachment C)**
- **NSP Management Plan for Continued Affordability (Appendix 5, Attachment E)**
- **An Inventory of any Real Property and Equipment Purchased with Grant Funds**
- **A Land Bank Plan for the Ten Year Maximum Land Holding Requirement. This plan should include a list of all NSP properties in the Land Bank at the time of closeout.**

NOTE: Rather than submit the NSP Management Plan for Continued Affordability, a grantee may submit an Excel spreadsheet with a column for each of the following categories: Grantee Name, Grant Number, Responsible Organization, Description of Affordability (Resale, Recapture, Rental or Other [for other, provide an explanation]), Property Address, DRGR Activity Number, Start of Affordability Period, End of Affordability Period; or a DRGR report or reports with the same information. This may entail a separate report for each responsible organization.



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Community Planning and Development

If the grantee has not submitted all of the required documentation to complete the closeout, the appropriate HUD office should notify the grantee in writing and request the necessary documentation to officially close out the award.

To ensure that the criteria for closeout have been met, the appropriate HUD office should review the closeout documents submitted by the grantee for consistency with the following HUD files and systems.

1. **Applicable NSP Substantial Amendment or NSP2 NOFA Application, DRGR Action Plan, Additional Amendments.** (These documents may be found in DRGR for some NSP1 and 3 grantees.)
2. **Line of Credit.** Check to determine if the grantee has any remaining funds in the line of credit. Any remaining funds will be cancelled through the closeout process.
3. **Audit Reports and Monitoring Letters.** Review files to determine if there are any unresolved monitoring, audit findings, and/or citizen complaints.
4. **DRGR Reports or Financial Status Reports.** Check to determine all grant funds have been drawn down and all activities have been completed.

Upon determining that the criteria for closeout were met, HUD will complete and execute the Grantee Closeout Certification.

B. Closeout Actions

Within 90 days of the Certification execution, the grantee will submit its final Quarterly Performance Report (QPR) in the DRGR System. If the grantee has already submitted its final performance report, no additional report is required to be submitted. If an acceptable report is not submitted, an audit of the grantee's activities may be conducted by HUD.

Based on the information provided in the final performance report and other relevant information, HUD will prepare a closeout agreement (**Appendix 5, Attachment D**). Any obligations remaining as of the date of the closeout shall be covered by the terms of a closeout agreement. The agreement shall be prepared by the HUD field office in consultation with the grantee. The agreement shall identify the grant being closed out and must be executed by the grantee and the appropriate HUD official and forwarded to the Fort Worth Accounting Center. The grant shall be considered closed on the date that the appropriate HUD official executes the closeout agreement.

Any costs paid with CDBG funds which were not previously audited shall be subject to coverage in the grantee's next single audit performed in accordance with OMB Circular A-133. The grantee may be required



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to repay HUD any disallowed costs based on the results of the audit or on additional HUD reviews provided for in the closeout agreement.

HUD will cancel any unused portion of the grant. The appropriate HUD staff will prepare the HUD Form 7082 in **Appendix 3 (CDBG-R Appendix), Attachment G** and send to the HUD Fort Worth Accounting Center for processing. The amount of NSP funds to be recaptured is indicated in Box 11c.

III. Closeout Issues Involving Program Income

NSP grantees must have a system in place to effectively account for and manage all program income earned as a result of grant-supported activities. This includes program income on hand at closeout and program income earned after closeout, as well as program income retained by subrecipients. Revenue received by an NSP grantee or subrecipient (as defined in the October 19, 2010 Unified Notice at 75 Fed. Reg. 64326 [II. A subrecipient]) that is directly generated from the use of NSP funds constitutes program income. In general, annual program income received in excess of \$25,000 shall be used in accordance with all NSP requirements. If annual NSP program income does not exceed \$25,000 in aggregate, the funds must be used for general administrative costs related to ensuring continued affordability of NSP units or added to the grantee's CDBG program income receipts and the CDBG requirements at 24 CFR 570.500(a)(4) apply, which may exclude such amounts from the definition of program income. If, and only if, a grantee's annual NSP program income exceeds \$250,000, 25 percent of the program income must be used to house families below 50 percent of area median income. Program income will be receipted at least annually after closeout in DRGR until grantees are notified that IDIS has been upgraded to accommodate this function.

NSP2 grantees that are not CDBG entitlement communities or States must use post-closeout revenues generated and received from NSP-assisted activities funded before closeout for NSP purposes in accordance with the closeout notice (published November 27, 2012 at 77 Fed. Reg. 70802). If the grantee does not have another ongoing CDBG grant received directly from HUD at the time of closeout, then program income received after closeout shall not be governed by NSP or CDBG rules, except that such income shall be used for activities that meet one of the national objectives in 24 CFR 570.208 and the eligibility requirements described in section 105 of the HCD Act. Any program income received 5 years or more after grant closeout as well as program income from funds outlaid after the date of the closeout agreement may be used without restriction.

NSP3 grantees that are not entitlement CDBG grantees will be treated as state subgrantees if they have an open CDBG grant from a state. NSP3 grantees with no active CDBG grant at the date of closeout will follow the procedures for NSP2 grantees that are not CDBG entitlement communities or States described above.



V. 25 Percent Set Aside Requirement

Before grantees can close out, they must demonstrate they have expended an amount equal to 25 percent of their initial grant to house individuals at or below 50 percent of the area medium income (AMI). This amount may be made up of any combination of line of credit funds or program income. NSP grantees must also expend an amount equal to 25 percent of all program income earned to house individuals at or below 50 percent AMI, again made up of any combination of program income or line of credit funds. HUD encourages grantees to meet this requirement before closeout, but grantees have an option to close out their grant and demonstrate within 3 years of closeout that they have met the 25 percent set aside requirement for program income on hand at the time of closeout. Grantees that choose this option may use any combination of line of credit funds already expended and program income earned before or after closeout. It should be noted that choosing this option does not change any requirements applied to program income earned after the closeout of the grant.

VI. Land Banks

Any property held in a land bank at the time of grant closeout will be subject to future monitoring for compliance with the 10 year time limit requirement. The 10 year period will begin on the execution date of the grant closeout. Grantees must use DRGR to track the properties until the forthcoming upgrades to IDIS are complete. DRGR or IDIS will be used to demonstrate that a property land banked at closeout has been obligated or otherwise committed. A land banked property will be considered obligated or otherwise committed for a specific use that supports neighborhood stabilization when it meets one of the following requirements or otherwise meets a national objective in a manner consistent with the Closeout Notice:

- Owned by a local government or nonprofit entity and identified under a Consolidated Plan approved by HUD for use as a CDBG-eligible public improvement such as parks, open space, or flood control.
- Owned by a community land trust to create affordable housing.
- Transferred to and committed for any other use in the grantee's CDBG program, included in an annual Action Plan, subject to all CDBG regulations and no longer part of the NSP program.
- Designated for affordable housing in accordance with HERA and under development by an eligible development entity which has control of the site and has expended predevelopment costs.
- Included in a redevelopment plan that has been approved by the local governing body.

Any NSP-assisted properties remaining in the land bank 10 years after the date of grant closeout shall revert entirely to the CDBG program and must be immediately used to meet a national objective or disposed of in accordance with CDBG use of real property requirements at 24 CFR 570.505.



VII. **Loan Loss Reserves**

While grantees are required to document their methodology used to determine the loss rate for any loan loss reserve, it is possible that grantees had fewer loans default than their methodology estimated. This would mean that the grantee would have funds in the loss reserve that were never used to cover defaulted loans. These remaining funds would be considered NSP funds and must be used in accordance with all NSP requirements for initial grant funds.

VIII. **Record Retention**

The grantee must maintain records demonstrating compliance with NSP requirements. The regulations for recordkeeping responsibilities at 24 CFR 570.490(d) require states and their subrecipients to retain records for 3 years from the time of closeout of HUD's grant to the state or for 5 years after the completion of a NSP funded project pursuant to 42 USC 12707(a)(4), whichever may be longer. Grantees and subrecipients in entitlement communities shall comply with the 4 year record retention requirement, as described in 24 CFR 570.502 (a)(16) or for 5 years after the completion of a NSP funded project, pursuant to 42 USC 12707(a)(4), whichever may be longer.

It should be noted that Department recommends that grantees retain all documents for 5 years after closeout of the grant to ensure that all applicable record retention requirements are met.



Appendix 5

Neighborhood Stabilization Programs (NSP) 1, 2 and 3

Closeout Forms





U.S. Department of Housing and Urban Development
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Attachment: A

Dear _____:

SUBJECT: Grant Closeout and Recapture of Unspent Grant Funds **Neighborhood Stabilization Program (specify which NSP program)**
Grant Number: xxxxxxxxx

[Insert name of jurisdiction] (hereinafter referred to as the “Grantee”) was awarded a Neighborhood Stabilization (NSP) [insert 1, 2 or 3] grant in the amount of [inset amount] pursuant to the [Housing and Economic Recovery Act of 2008, the American Recovery and Reinvestment Act of 2009 or the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010] on [date], also identified as grant number [insert grant number].

It appears that the activities are completed and the grant is ready for closeout. In accordance with the grant closeout procedures found in the Notice of Neighborhood Stabilization Program Closeout Requirements and Recapture, any unspent (name the grant program) funds remaining in the account of an expired grant period are to be recaptured. As of _____ our records indicate that your (name the grant program) grant has a remaining balance of_____.

In general, program income generated from the use of (name the grant program) funds continued to be treated as program income, subject to all of the applicable NSP regulations unless otherwise stated in the Notice of Neighborhood Stabilization Program Closeout Requirements and Recapture. In order to proceed with this grant closeout and recapture of the remaining funds, the following documentation should be submitted by the grantee.

- An inventory of any real property and equipment purchased with grant funds
- Relevant Sections of the enclosed “Neighborhood Stabilization Program Grantee Closeout Certification” signed by the grantee’s authorized representative
- A completed Management Plan for Continued Affordability



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-
- A Plan detailing how any property in a land bank will meet the 10 year maximum land holding requirement Neighborhood Stabilization Program Management Plan for Continued Affordability. This plan should include a list of all NSP property in the Land Bank.
 - Neighborhood Stabilization Program Closeout Checklist

The Grantee Closeout Certification has been partially-completed for your review and your signature confirms the accuracy of the information. HUD retains the right to monitor and follow up on monitoring and audit findings. In addition, the Department may recover disallowed costs for ineligible activities or actions in 24 CFR part 570, subpart I or O, or pursue other sanctions, if

HUD Form XXXXXXX

HUD determines that the information provided by the grantee was false, erroneous or did not meet statutory or regulatory requirements.

Please return the signed Certification and the other listed documents to our Office. If you have any questions, please contact your CPD Representative (**NAME/ CONTACT INFO**).

Sincerely,

Enclosure

CPD Director

HUD Form XXXXXXX



Attachment: B

**Neighborhood Stabilization Program
Grantee Closeout Certification**

Grantee Name:

Grant Number:

The Grantee hereby certifies that: (1) the activities as described in the approved (name the grant program) Substantial Amendment or NSP2 NOFA Application have been performed in accordance with the terms and conditions of the executed Grant Agreement and applicable statutory and regulatory requirements and that there are no known outstanding programmatic or financial issues; and (2) all data provided below fairly reflect costs and sources of funds of the (name the grant program) and are taken from HUD-approved reports and other project-related documents.

- | | |
|---|----|
| 1. Grant amount authorized | \$ |
| 2. Cumulative grant funds disbursed
(Grantee should draw down amounts for any final audit costs or unsettled third-party claims
Any such amounts not subsequently disbursed must be immediately reimbursed to HUD.) | \$ |
| 3. Grant funds recaptured | \$ |
| 4. Balance of grant funds remaining
(These funds will be canceled by HUD in order for the funds to be returned to the U.S. Treasury.) | \$ |

(Note: Grantees which spent funds for acquisition, rehabilitation or new construction through the Neighborhood Stabilization Program are required to continue to maintain long term affordability for the time period stated in their (name the grant program Substantial Amendment or NSP2 NOFA application). Therefore, notwithstanding this Grantee Closeout Certification, grantees failing to comply with this requirement shall be required to repay all or a portion of the grant amount, as provided in the appropriate regulation.)



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Grantee Authorized Representative's Signature and Date

CPD Division Director's Signature and Date

Typed Name of Signatory

Typed Name of Signatory

Jurisdiction Name _____	Grant Number _____
Official Contact Name _____	Telephone Number _____
Email Address _____	Fax Number _____

Title

Title

The above signature by HUD signifies approval of grant closeout

Note: Any false statements knowingly or deliberately made are subject to civil or criminal penalties under Section 1001 of Title 18 of the U.S. Code.

HUD Form XXXXXXX

Attachment: C

Neighborhood Stabilization Program Closeout Checklist

For the purposes of expediting the grant closeout process, HUD asks that applicants submit the following checklist.

1. NSP Activities

(i) Are any of the activities ineligible under the HERA, Recovery Act or Dodd-Frank Act (s) or published *Federal Register* Notices?

Yes No if yes, explain and specify which NSP program:

Explanation box

2. Expenditures

(i) Is there evidence that no more than 10 percent of the grant amount and program income earned was spent on administration and planning?

Yes No if no, explain:

(ii) Is there evidence that 25 percent set aside requirement has been met?



Yes No if no, explain:

Explanation box

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3. Activities eligible and meet a national objective

- (i) Do all activities meet a National Objective?
Yes No if no, explain:
- (ii) Is there evidence that 100 percent of the grant amount principally benefitted persons of low, moderate and middle income (individuals or families whose incomes do not exceed 120 percent of AMI)?
Yes No
- (iii) Did grantee use more than 10 percent of its NSP2/NSP3 grant for demolition activities?
Yes No N/A if yes, date(s) of wavier:
- (iv) Are all NSP-assisted homes occupied by income-eligible residents?
Yes No if no, explain:
- (v) Did all NSP-assisted rental units meet the "affordable rents" standards?
Yes No N/A if no, explain:
- (vi) Do all NSP assisted units have appropriate mechanisms in place to ensure compliance with the required minimum affordability period?
Yes No
- (vii) Do all rental projects meet the NSP proportional requirements of units occupied by income-eligible households or the CDBG criteria in 24 CFR 570.208(a)(3)?
Yes No N/A if no, explain:
- (viii) Does the grantee have property(s) still held in a land bank? (NSP properties can be land banked for a maximum of 10 years after closeout.)
Yes No If yes, are the properties logged into DRGR? Yes No
- (ix) Does the grantee have a feasible plan to obligate each property in a land bank for redevelopment?
Yes No N/A if no, explain:
- (x) Will the end use of the property still in a land bank meet a National Objective?
Yes No N/A if no, explain:
- (xi) Does the grantee still have unused funds held in a Loan Loss Reserve?
Yes No If yes, explain:
- (xii) **NSP2 only** - Did the grantee meet all energy efficiency improvement and sustainable development plans laid put in their application? (Factor 5 of the NSP2 NOFA included: green building standards,



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transit accessibility, re-use of cleared sites, deconstruction, sustainable development practices)

Yes No N/A if no, explain:

- (xiii) **NSP2 only** – Did the grantee work in all of the census tracts provided as part of its target area in its application or amended application?

Yes No if no, explain:

- (xiv) **NSP2 only** - Is there evidence that a NSP2 grantee has either returned a minimum of 100 abandoned or foreclosed homes back to productive use or otherwise eliminated or mitigated their negative effects on the stability of the target geography?

Yes No N/A If no, did the grantee do its due diligence?

HUD Form XXXXXXX

- (xv) **NSP3 only** - Did all gut rehabilitation or new construction of residential buildings up to three stories meet or exceed the Energy Star Qualified New Homes standard?

Yes No N/A if no, explain:

Explanation box

4. Program Income

- (i) Is there any program income on hand at the time the close out agreement is signed?

Yes No



-
- (ii) If yes, does the grantee understand that all rules and regulations that currently govern NSP Program Income will continue to apply to the funds on hand at the time of closeout?
Yes No

HUD Form XXXXXXX

5. Monitoring and Audits

- (i) Does the grantee currently have an audit being performed on its grant funds?
Yes No If yes, explain:
- (ii) Are there any open Audit Findings?
Yes No If yes, explain:
- (iii) Did the grantee monitor review and/or audit subrecipients, state grant recipients and/or developers?
Yes No If no, explain:
- (iv) Are there any open HUD monitoring findings?
Yes No If yes, explain:

Explanation box

6. Reporting

- (i) Within 90 days of the execution by HUD of the closeout certification, will the final quarterly performance report (QPR) in DRGR be current and accurate?
Yes No N/A If no, explain:
- (ii) Did the grantee report on the name, location, and contact information for the entity that carried out each activity?
Yes No If no, explain:
- (iii) Does the RAMPS data system, as applicable, indicate that the environment review is complete?
Yes No N/A If no, explain:



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(iv) Did the grantee maintain sufficient documentation about the purchase and sale amounts of each property to ensure compliance with applicable NSP regulations?

Yes No If no, explain:

Explanation box

7. Certifications

(i) Did the grantee adhere to all of the following certifications included in their NSP Substantial Amendment or NSP2 NOFA application?

Yes No If no, explain:

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States and Entitlement:

- Affirmative Furthering Fair Housing
- Anti-displacement and Relocation Plan
- Anti-lobbying
- Authority of jurisdiction or State
- Consistency with Plan
- Acquisition and Relocation
- Section 3
- Citizen Participation
- Following a Plan
- Use of Funds
- Excessive Force
- Compliance with anti-discrimination laws
- Compliance with lead-based paint procedures
- Compliance with laws
- Continued affordability

Nonentitlement Local Governments or Nonprofit, Consortium (Not Led By an Entitlement Community):

- Affirmative Furthering Fair Housing
- Anti-displacement and Relocation Plan
- Anti-lobbying
- Authority of jurisdiction
- Consistency with Plan
- Acquisition and Relocation
- Section 3
- Citizen Participation
- Following a Plan
- Use of Funds



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- Excessive Force
- Compliance with anti-discrimination laws
- Compliance with lead-based paint procedures
- Compliance with laws
- Continued affordability

Explanation box

GRANTEE

By: _____
Type name/ Grantee Authorized Representative's Signature

Date
HUD Form XXXXXXX

Attachment: D

GRANT CLOSEOUT AGREEMENT
For
Neighborhood Stabilization Program (specify)

Between

U.S. Department of Housing & Urban Development
(Address)

AND

Name and address of Grantee

This agreement sets forth the terms for final disposition and conditions associated with the closeout of HUD (name of the grant program) Grant (Number) provided pursuant to the grant agreement dated (date of grant approval), and any applicable amendments. The (name of grantee) certifies that to the best of its knowledge:

- All activities as authorized by the grantee's action plan or NSP2 NOFA application and any applicable amendments have been completed as described in the grantee's final Quarterly Performance Report (QPR) in the Disaster Recovery Grant Reporting (DRGR) system dated (date of final report).



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-
- No fraud, waste or mismanagement has occurred in carrying out the grant. If fraud, waste or mismanagement has occurred, appropriate action has been taken to address it.

NSP grantees were statutorily required to use not less than 25 percent of the NSP grant (initial allocation plus program income) to house individuals or families whose incomes do not exceed 50 percent of area median income.

INSERT ONLY ONE OF THE FOLLOWING BULLETS AFTER COMPLETING THE ATTACHED WORKSHEET

- **(Name of grantee)** has expended and met a national objective with an amount equal to or greater than the total set-aside requirement for program income and the original grant, and HUD acknowledges that the grantee has met the 25 percent set aside requirement.
- **(Name of grantee)** acknowledges that it has expended and met a national objective for an amount equal to a total of 25 percent of its original NSP grant, but the grantee has not yet met this statutory requirement for all program income generated prior to closeout. **(Name HUD Form XXXXXX**

of grantee) understands that it must expend and meet a national objective in compliance with the statutory requirement for the remaining program income of \$ **(Amount from (B,5) in the worksheet)** within 3 years of the execution of this document. This amount may be made up of program income earned before or after the execution of this agreement. This provision in no way affects any other requirements of program income earned after the agreement's execution.

Further, the **(name of grantee)** hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

- All of the applicable NSP regulations will apply to program income generated unless otherwise stated in the Notice of Neighborhood Stabilization Program Closeout Requirements and Recapture published on November 27, 2012 at 77 F.R. 70799.
- All records and documents pertaining to this grant will be maintained for a period of 4 years after execution of this closeout agreement, or 5 years after the completion of a project whichever may be longer. Additionally all records related to the affordability of a project must be maintained for 5 years after the affordability period comes to an end.

Insert as Applicable



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- For grantees with ongoing CDBG grants, any real property within the (name of grantee)'s control which was acquired or improved in whole or part using NSP funds in excess of \$25,000 is governed by the principles described in 24 CFR 570.505.
- If any rehabilitated property falls within a flood plain, flood insurance coverage must be maintained for the mandatory period for affected property owners.
- Identify any contingent liabilities subject to payment after the closeout agreement is signed: _____
- A total of \$ (amount) in grant funds has been previously cancelled and returned to the Department on (date). **OR** A total of \$ (amount) in grant funds will be cancelled by HUD upon execution of this closeout agreement.

HUD maintains the right to conduct future monitoring of this grant, either on site or by review of information or copies of documents requested from the (name of grantee). The (name of grantee) acknowledges that a finding of noncompliance resulting from such a review and failure to take

HUD Form XXXXXX

appropriate corrective action satisfactory to HUD may be taken into account by HUD as evidence of unsatisfactory performance, in consideration of future grant awards. Further the (name of grantee) may be required to repay HUD any disallowed costs based on the review results of a future audit or monitoring.

For the (name of grantee):

Typed name of CEO/ Title of CEO

Date

For the Department of Housing and Urban Development:

Typed name of CPD Director

Date



Attachment: D Worksheet

25 percent set aside worksheet for NSP Closeout Agreement

Grantee Name:

Grantee Grant Number:

Date of Closeout Execution:

	A 100%	B 25%
1	Original Grant	Total NSP Grant
		25% of total grant
2	Program Income (PI)	All PI as of date Closeout Agreement Execution
		25% of All PI as of date Closeout Agreement Execution
3	Total	Total of amounts in (A,1) and (A,2)
		Total of amounts in (B,1) and (B,2)



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4	Total Amount Grantee Expended and has met National Objective towards 25 percent set aside		This amount must be more than the amount in (B,1) before the grantee can close out
5	Amount left to expend to meet the 25 percent set aside for Program Income		Subtract the amount in (B,3) from the amount in (B,4) it may be a negative number

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Attachment: E

**Neighborhood Stabilization Program
Management Plan for Continued Affordability**

Grantee Name:

Grant Number:

Responsible Organization:

(USE A SEPARATE FORM FOR EACH RESPONSIBLE ORGANIZATION)

The Grantee hereby certifies that the above responsible organization will ensure that the appropriate mechanism is in place to enforce affordability requirements for NSP properties as defined in the October 19, 2010 Unified Notice (75 Fed. Reg. 64328, II.B.3.a) or the NSP2 NOFA (Appendix I, B.2.).

The activities listed below have their affordability requirements enforced by RESALE PROVISIONS as defined by 24 CFR 92.254(a)(5)(i): **(PLEASE USE ATTACHED WORKSHEET IF MORE SPACE IS NEEDED)**



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Address	DRGR Activity #	Start of Affordability Period	End of Affordability Period

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The activities listed below have their affordability requirements enforced by RECAPTURE PROVISIONS as defined by 24 CFR 92.254(a)(5)(ii): **(PLEASE USE ATTACHED WORKSHEET IF MORE SPACE IS NEEDED)**

Address	DRGR Activity #	Start of Affordability Period	End of Affordability Period



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The activities listed below have their affordability requirements enforced by **RECAPTURE PROVISIONS** as defined by 24 CFR 92.252(e): **(PLEASE USE ATTACHED WORKSHEET IF MORE SPACE IS NEEDED)**

Address	DRGR Activity #	Start of Affordability Period	End of Affordability Period

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The activities listed below have their affordability requirements enforced by **OTHER PROVISIONS** as defined below.

DEFINE METHOD HERE

Address	DRGR Activity #	Start of Affordability Period	End of Affordability Period



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Grantee Authorized Representative's Signature

Typed Name of Signatory

Date

NOTE: Rather than submit the NSP Management Plan for Continued Affordability, a grantee may submit an excel spreadsheet with a column for each of the following categories: Grantee Name, Grant Number, Responsible Organization, Description of Affordability (Resale, Recapture, Rental or Other, for other provide an explanation), Property Address, DRGR Activity Number, Start of Affordability Period, End of Affordability Period; or a DRGR report or reports with the same information; this may entail a separate report for each responsible organization.

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Attachment E Work Sheet **(USE AS MANY AS NEEDED, BUT ONLY ONE FOR EACH METHOD AND RESPONSIBLE ORGANIZATION)**

METHOD: (RENTAL, RECAPTURE, RESALE or OTHER)			
Address	DRGR Activity #	Start of Affordability Period	End of Affordability Period



Appendix 6

Federal Financial Report - Standard Form 425

FEDERAL FINANCIAL REPORT							
(Follow form instructions)							
1. Federal Agency and Organizational Element to Which Report is Submitted				2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)		Page	of
						1	
3. Recipient Organization (Name and complete address including Zip code)							
4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)			6. Report Type	7. Basis of Accounting	
					<input type="radio"/> Quarterly <input type="radio"/> Semi-Annual <input type="radio"/> Annual <input type="radio"/> Final	<input type="checkbox"/> Cash <input type="checkbox"/> Accrual	
8. Project/Grant Period From: (Month, Day, Year)				To: (Month, Day, Year)		9. Reporting Period End Date (Month, Day, Year)	
10. Transactions						Cumulative	
<i>(Use lines a-c for single or multiple grant reporting)</i>							
Federal Cash (To report multiple grants, also use FFR Attachment):							
a. Cash Receipts							
b. Cash Disbursements							
c. Cash on Hand (line a minus b)							
<i>(Use lines d-o for single grant reporting)</i>							
Federal Expenditures and Unobligated Balance:							
d. Total Federal funds authorized							
e. Federal share of expenditures							
f. Federal share of unliquidated obligations							
g. Total Federal share (sum of lines e and f)							
h. Unobligated balance of Federal funds (line d minus g)							
Recipient Share:							
i. Total recipient share required							
j. Recipient share of expenditures							
k. Remaining recipient share to be provided (line i minus j)							
Program Income:							
l. Total Federal program income earned							
m. Program income expended in accordance with the deduction alternative							
n. Program income expended in accordance with the addition alternative							
o. Unexpended program income (line l minus line m or line n)							
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
g. Totals:							
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and intent set forth in the award documents. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)							
a. Typed or Printed Name and Title of Authorized Certifying Official					c. Telephone (Area code, number and extension)		
					d. Email address		
b. Signature of Authorized Certifying Official					e. Date Report Submitted (Month, Day, Year)		
14. Agency use only:							

Standard Form 425 - Revised 5/28/2010
OMB Approval Number: 0348-0061
Expiration Date: 10/31/2011

Paperwork Burden Statement
According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Washington, DC 20503

Link to the Form: http://www.whitehouse.gov/sites/default/files/omb/grants/approved_forms/SF-425.pdf