

Youthbuild participant, including such information as age, high school drop out status, income level, gender, employment status, and racial and ethnic characteristics.

(7) *Housing information.* If Youthbuild grant funds are used for acquisition, architectural and engineering fees, construction, rehabilitation, operating costs or replacement reserves for housing used in a Youthbuild program, the recipient must maintain records on family size, income, and racial and ethnic characteristics of families renting or purchasing Youthbuild properties.

(8) *Relocation Assistance and Real Property Acquisition.* The recipient shall maintain records sufficient to demonstrate compliance with relocation assistance and real property acquisition requirements, as described in chapter 6 of HUD Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition. See § 585.308.

(b) Implementation grant recipients must submit reports pursuant to section 3 regulations at 24 CFR part 135.

(c) *Access by HUD and the Comptroller General.* For purposes of audit, examination, monitoring, and evaluation, each recipient must give HUD (including any duly authorized representatives and the Inspector General) and the Comptroller General of the United States (and any duly authorized representatives) access to any books, documents, papers, and records of the recipient that are pertinent to assistance received.

(Approved by the Office of Management and Budget under control number 2506-0142)

#### § 585.402 Grant agreement.

(a) *General.* The recipient will provide education and job training in accordance with the requirements of this part as incorporated in a grant agreement executed by HUD and the recipient.

(b) *Enforcement.* HUD will enforce the obligations in the grant agreement through such actions as may be appropriate, including repayment of funds that have already been disbursed to the recipient.

#### § 585.403 Reporting requirements.

(a) *Quarterly Progress Reports.* Each recipient of a Youthbuild grant must submit a report on a quarterly basis.

The form and substance of the quarterly progress report will be provided to recipients. The Performance Evaluation Report noted in paragraph (b) of this section will constitute the final Quarterly Report.

(b) *Performance Evaluation Report.* Each recipient of a Youthbuild grant must submit a Performance Evaluation Report on activities undertaken and completed in accordance with the grant agreement. The form and substance of the Performance Evaluation Report shall be provided to recipients.

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#### § 585.404 Program changes.

(a) There are three basic types of changes that recipients may wish to make to their programs:

(1) Grant Agreement amendments.

(2) Material changes, which include, but are not limited to changes in housing sites, changes in significant participating parties, and changes in approved activities. All material changes require HUD approval.

(3) Self-implementing program changes, which may include changes in recipient staffing and content of curriculum. All self-implementing changes require documentation in the recipient's files.

(b) Approval for Grant Agreement amendments and material changes is contingent upon the application ranking remaining high enough after the approved change to have been competitively selected for funding in the year the application was selected.

#### § 585.405 Obligation and deobligation of funds.

(a) *Obligation of funds.* When HUD and the applicant execute a grant agreement, funds are obligated to carry out approved activities consistent with § 585.205 or 585.305 of this part and in accordance with the grant agreement.

(b) *Increases.* After the initial obligation of funds, HUD will not make revisions to increase the amount obligated.

(c) *Deobligation.* (1) HUD may deobligate all or parts of grants if the grant amounts are not expended within the term of the grant or if there is a condition of default as defined in the grant agreement.

**§ 585.406**

**24 CFR Ch. V (4-1-04 Edition)**

(2) HUD may award deobligated funds to applications previously submitted in response to the most recently published NOFA, and in accordance with subpart B of this part.

**§ 585.406 Faith-based activities.**

(a) Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the Youthbuild program. Neither the Federal government nor a State or local government receiving funds under Youthbuild programs shall discriminate against an organization on the basis of the organization's religious character or affiliation.

(b) Organizations that are directly funded under the Youthbuild program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the programs or services funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.

(c) A religious organization that participates in the Youthbuild Program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct Youthbuild Program funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide Youthbuild Program-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, a Youthbuild Program-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

(d) An organization that participates in the Youthbuild program shall not, in

providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

(e) Youthbuild funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Youthbuild funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. Where a structure is used for both eligible and inherently religious activities, Youthbuild funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to Youthbuild funds in this part. Sanctuaries, chapels, or other rooms that a Youthbuild-funded religious congregation uses as its principal place of worship, however, are ineligible for Youthbuild-funded improvements. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).

(f) If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

[68 FR 56407, Sept. 30, 2003]

**Subpart F—Applicability of Other Federal Requirements**

**§ 585.501 Application of OMB Circulars.**

(a) The policies, guidelines and requirements of OMB Circular Nos. A-87 (Cost Principles Applicable to Grants, Contracts and other Agreements with State and Local Governments) and 24 CFR part 85 (Administrative Requirements for Grants and Cooperative